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### Copy of RFP



050001-EI

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 correlease, 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

<u>Pipeline</u>	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 Midpoin', 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 919-546-2922

Fax:

E-mail: edward.mccluskey@pgnmail.com

FIDENTIAL INFO age #1 - RESPO	PGN	LOCATION		TERM			VOLUME		 	PRICE		<del></del>
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CONFIDENTIAL INFORMATION HIGHLIGHTED YELLOW CONFIDENTIAL FPC Natural Gas Commodity Contracts Entered Into since January 1, 2004

Supplier	Contract Contract Start Date End Date	Min Volume	Max Volume	Receipt Points	Price Type	Price Description		Notas	
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COAL SOLICITATION—"A" & "D" COAL CRYSTAL RIVER UNITS 1, 2, 4 & 5

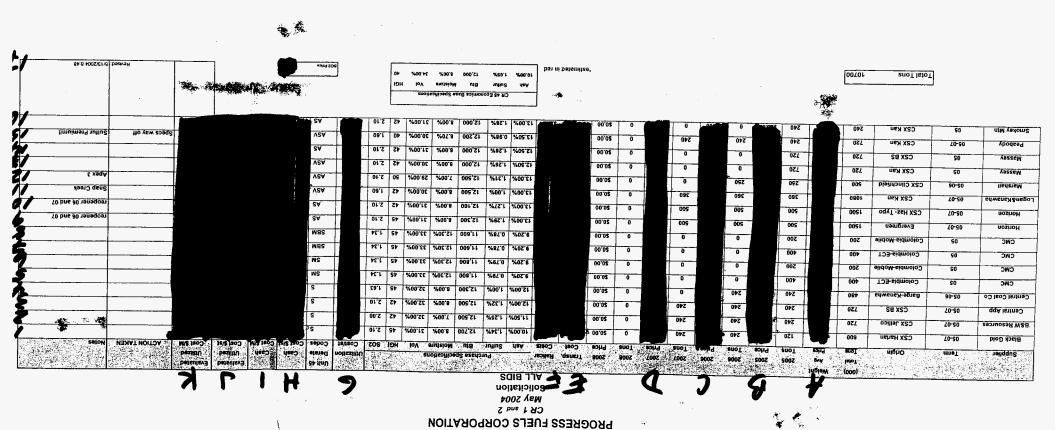
RFP'S RELEASED 04/12/04

**EVALUATION WORKPAPERS** 

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Supplier   Term	Weight	2008 Transp. Railcar Purchase Specifications Price Cost Cost Ash Sulfur Btu Moisture Vol	Utilization   Dergits   Cash    ilitized set SM ACTION TAKEN Notes New Ridge(Goff  A-h//S/Out  Bandmill  Note reopener 05 and 07 SO2 set to 1,6  Snap Creek  Sulfur Premium @ 1,6 reopener 05 and 07	
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CR 1 and 2 May 2004

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CR 1 and 2 May 2004 Solicitation Short List 1 Year Bids

Supplier   Term   Origin   Tons   Price   Tons   Price   Cost   Costs   Ash   Sulfur   Bits   Moisture   Vol   HGI   SO2   Costs   Codes   C	
Supplier   Term   Origin   Tens   Price   Tons   Price   Cost   Costs   Ash   Sulfur   Biu   Moisture   Vol   HG    SO2   Cost/st   Codes	
Massey         05         CSX BS         720         720         1,250%         1,26%         12,100         8,00%         31,00%         42         2,08         AS           Marshall         05-06         CSX Clinchfield         250         250         13,00%         1,31%         12,500         7,00%         29,00%         50         2,10         ASV           Black Gold         05-07         CSX Harlan         120         120         10,00%         1,34%         12,700         8,00%         31,00%         45         2,10         S           B&W Resources         05-07         CSX Jellico         240         240         11,50%         1,25%         12,500         7,00%         32,00%         42         2,00         S	
Black Gold 05-07 CSX Harlan 120 120 ( ) 10,00% 1.34% 12,700 8,00% 31,00% 45 2.10 S B&W Resources 05-07 CSX Jellico 240 240 11.50% 1.25% 12,500 7.00% 32.00% 42 2.00 S	18 month deal
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Water -	
Central Coal Co 05-06 Barge-Kanawha 240 240 240 12.00% 1,00% 12,300 8,00% 32,00% 45 1.63	
	•
CR 12 Economics Base Specifications	
Ash Sulfur Btu Moisture Vol HGI	
*estimated in red 10.00% 1.05% 12,000 8,00% 34,00% 40 S02 Price	Revised: 5/13/2004 11:31

CR 1 and 2 May 2004 Solicitation Short List

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Supplier Rail	Term	Origin	(000) Total	Weight Avg Price	2005 Tons	* 4 * 1 * 1 * 1 * 1 * 1 * 1 * 1 * 1 * 1	Transp. Cost		the beauties.	5.55.15		pecification Moistur		HG	S02	Unit 49 n Derate Codes	Cast	27 625 635	h U	luated tilized ost \$/st	Evaluated Utilized Cost \$/I		KEN No	oles	
Marshall	05-06	CSX Clinchfield	250		250				13.00%	1.31%	12,500	7.00%	29.00%	50	2.10	ASV							Ap	ex 3	,
Black Gold	05-07	CSX Harlan	120		120				10.00%	1.34%	12,700	8.00%	31.00%	45	2.10	s									2
B&W Resources	05-07	CSX Jellico	240		240	\$			11.50%	1.25%	12,500	7.00%	32.00%	42	2.00	s									>
Massey	05	CSX BS	720		720				12.50%	1.26%		17	31.00%	1	2.10	AS		ĬĬ							1
Central App	05-07	CSX BS	240		240					1.32%		1	32.00%	T	2.10	s									5
Water													-												
Central Coal Co	05-06	Barge-Kanawha	240		240				12.00%	1.00%	12,300	8.00%	32.00%	45	1.63	s					Į				6
		[			-														_	_	_	-			
										CR 12 Ec	onomics B	ase Specifi	cations		]										
									Ash	Sutfur	Btu	Moisture	Vol	HGI				_							
							*estimate	d in red	10.00%	1.05%	12,000	8.00%	34.00%	40		902 Price									1
																									7

CR Units 4 and 5
May 2004
Solicitation

				1		A				-		=	· _		Solicitat DS by F											10			
86°8 86°5. 1568°	us de de en	parengi parengi paren	(000)	Weight	1980 (1943)	P	98 FAC	L.	800 T S T 18	7	252	/ 3,400 to	98- 55775	ALL E	DO DY P	Call/VV		agrati (Kita	arever ka	0.5.56.985	32 P 65 T P	#		Distant.	SI JONE		Evaluated	Tita us askit kalenski	Park Constant
			Total	Avg	2005	2005	2006	2006	2007	2007	2008	2008	Transp.	Ralica		Pu	rchase S	ecificatio	ns .			Utilization	Unit 45 Derate	Cash	Cash	Evaluated Utilized	Utilized	4 7 2 3	
Supplier	Term	Orlgin	Tons	Price	Tons	Price	Tons	Price	Tons	Price	Tons	Price				Sulfur	Btu	Moisture	Vol	HGI	SO2	Cost/st	Codes	Cost \$/s	Cost \$/N	Cost \$/st	Cost \$/M	ACTION TAKEN	Notes
Rail		7	1												•		·			т т		_	Γ					Ţ	1
Massey	05	Bandmill	720		720		0		0		0				13,00%	0.73%	12,100	8.00%	31,00%	42	1.20		ΑΑ		I	}	-	ļ	
Progress	05-07	Diamond May	1080		360		360		360		0		į		12.00%	0.75%	12,500	8.00%	32.00%	43	1.20						-	ļ	<b>~</b>
Alliance	04-07	MC Mining	900	_	150		150		600		0	_			10,00%	0.74%	12,300	9,00%	32.00%	39	1.20		н		-			<u></u>	06 & 07 reopener
		Total Rail	2700	-									-	-	-													<u> </u>	
		-		<u></u>																									4
DTE	2005	PRB/Cora	504		504		0		0	1	0	\$0.00			5,64%	0.30%	8,795	26.70%	31.65%	51	0.68		ВМ						4
Kennecott	05-07	Barge Cahokia	1500		500		500		500		0	\$0.00			4.00%	0.38%	9,350	22.36%	31.00%	45	0.80		ВМ				i		<u></u>
Arch	1/05-12/07	Thunder Basin	1500		500		500		_500	+	0	\$0.00		4	5.50%	0.30%	8,800	28.00%	30.78%	_50	0.68		вму				ļ		
Triton	05	PRB N. Rochelle	1000		1000		0		0	4	0	\$0.00		!	5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		ВМ						<b></b>
Triton	05-07	PRB-Buckskin	3000		1000		1000		1000	1	0	\$0.00		<u>!</u>	5.50%	0.34%	8,400	30.00%	31,00%	65	0.80_		8M						<i>&amp;</i>
Triton	05-07	PRB N. Rochelle	3000		1000		1000		1000		0	\$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		ВМ						7
Peabody	05-07	Antelope	900		300		300		300	1	0	\$0.00			5.50%	0.27%	8,900	28.00%	30.00%	56	0.61		BMV						
Kennecott	05-07	Barge Cahokia	1000		200		400		400		0	\$0.00			5,00%	0.59%	9,963	13.22%	32.00%	45	1.18		8м						
Oxbow	05-08	Colorado	1550	-	50		500		500	ļ	500				12.00%	0.72%	11,900	9.00%	31.00%	50	1.20		s						ground storage included
Interocean	07	Colombia-Mobile	1000	-	0		0	į.	1000		0	\$0.00			5,50%	0.70%	11,700	14.00%	31,00%	43	1.20		ВМ					· · · · · · · · · · · · · · · · · · ·	
Central	1/05-12/06	Winifred Dock	600		300		300	į	0		0	\$0.00			12.00%	0.73%	12,300	8.00%	31.00%	42	1.19								75
Massey	. 05	FOB Ceredo	720		720		0		0	-	0	\$0.00			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20	-	. А						
CMC	05	Colombia-Mobile	200	-	200		0		.0	-	0	\$0.00			8.30%	0.70%	11,600	12.00%	33.00%	45	1.20		ВМ						
CMC	05	Colombia-ECT	400		400		0		_ 0	-	0	\$0.00			8.30%	0.70%	11,600	12.00%	33.00%	45	1.20		Вм						
CMC	05	Colombia-Mobile	200		200		0		0		0	\$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
Glencore	2005	Colombia-IMT_	150		150		0		0		. 0	\$0.00			9,00%	0.69%	12,000	10.00%	34.00%	46	1.15								SO2 guaranteed at 0.8
CMC	05	Colombia-ECT	400		400		_0		0		0	\$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
Glencare	2005	Colombia-IMT	150		150		0		0		0	\$0.00			8.00%	0.71%	12,400	9.00%	35.00%	46	1.15								
Guasare	05-07	Pasa Diablo - IMT	990		330		330		_330		0	\$0.00			7.00%	0.77%	12,800	8.00%	34.00%	45	1,20		s						
Guasare	05-07	Mina Norte-IMT	700		200		250		250		0	\$0.00			8.00%	0.78%	13,000	8.00%	31.00%	45	1.20								<u> </u>
		Total Water	19464																										
																CR 45 Ec	onomics 8	se Specific	ations										
															Ash	Sultur	Btu	Moisture	Vol	HGI					_				
		Total Tons	22164										'estimated	d in red	10.00%	0.70%	12,000	8.00%	31.00%	40			SO2 Price	. 4				Revised	: 5/13/2004 11:55
																								_					

PROGRESS FUELS CORPORATION
CR Units 4 and 5

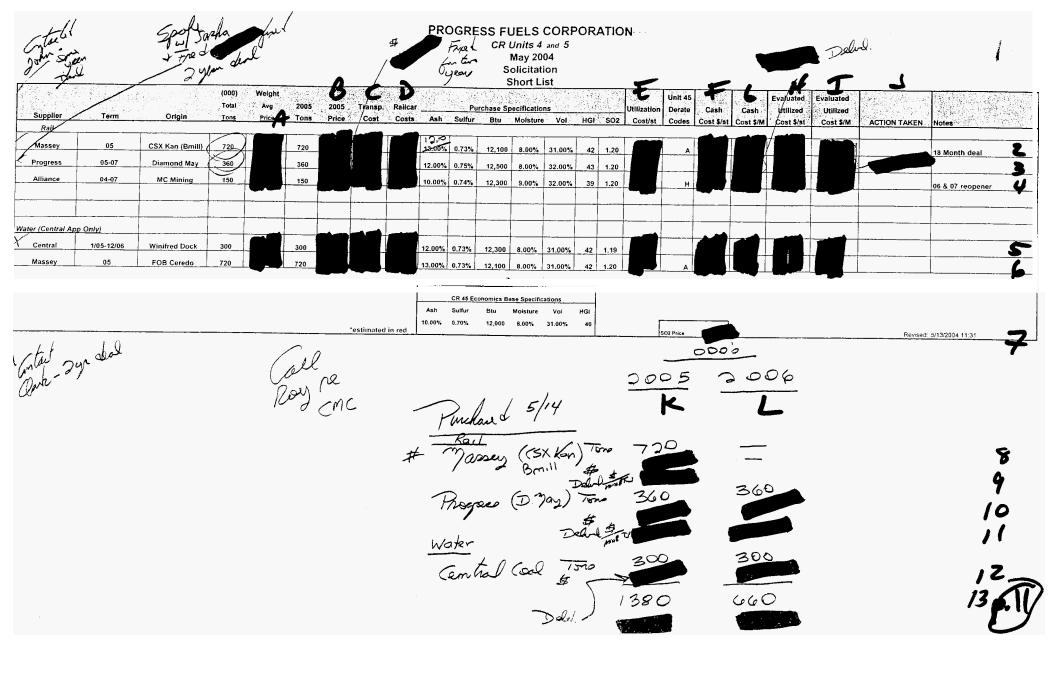
CR Units 4 and 5 Solicitation Asy 2004

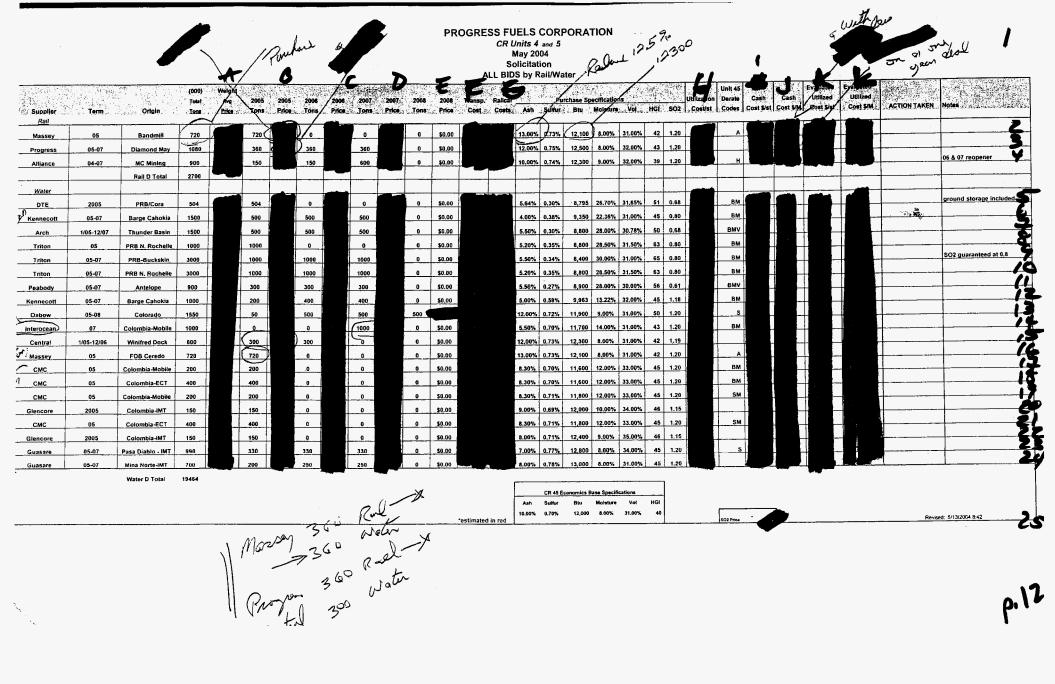
							2 Price	ال		09	%0	34.0	%00'E	12,000	<b>%07.0</b>	%00.01	bas of batsmite	••								22164	enoT tato	•	
										45	эн к	۰۸ •	Moisture	uta	Sulfur	42A													
											•	nodapjiji	sse Speci	8 esimono	CK 42 Ec														
,														-			•			_	_	_	_						
	19neqoe1 TO & 80			-			н		0	Z-1 60	%0	32.0	%00°6	12,300	%P1.0	%00°01		00.02	D		009	0	4	150		006	MC Mining	70-50	ance
									0	2.1 21	7 %01	.15	%00.8	13,000	%87.0	%00.8		20.00	0	1	SSO	0	35	200		007	TML-shoM sniM	70-20	9162i
							S		. 0:	Z'l 91	7 %00	34.0	%00.8	12,800	%11.0	%00.T		00.0\$	0		330	0	: €	320	H	966	TM1 - oldsiQ ezsq	10-50	9162
									S	r.r 81	%00	).et ,	%00`6	12,400	%17.0	%00°8		20.00	0		0	<u>†                                     </u>	)	150	7	091	TMI-sidmolo D	2002	9100
						Î	WS	T	0	Z'1 St	%00	.55 %	12.009	11,800	%12'0	%0£.8		00.0\$	0		0	<del> </del> -	)	400	+	400	TD3-sidmoloD	\$0	31
8.	SO2 guaranteed at (						1		S	L'L 91	%00	)°\$E 9	400.01	15,000	%69'0	%00'6		00.0\$	0	1	0		,	150	+	150	TMI-sidmolo3	2002	core
							WS		0.	r 1 51	%00	7 33.0	12.009	11,800	%11.0	%0£.8		20.00	0	H	0			200	+	300	Solombia-Mobile	\$0	- 3
							- Ma		0	2.1 ZB	<b>%00</b>	FEE 1%	12.009	11,600	%0Z.0	%0£'8		00.0\$	0	H	0			001	+	400	TD3-sidmolo3	50	- 5
									Oi	1 2	%00	35.0	%00.8	12,500	%54'0	12.00%		00'0\$	0	Ħ.	360	09	ε	360	+	0801	yeM bnomeid	<b>Z0-90</b>	less
							MB		03	°1 St	%00	.EE %	12.007	11,600	<b>%01.0</b>	%00'8		00.0\$	0		0	ď	_	500	+	002	Colombia-Mobile	50	21
							∀	7	07	1 Zb	%00	115 5	%00.8	12,100	%£7,0	%00.C1		20.00	0		0	- 0		720		720	FOB Ceredo	50	Kəs
_							4	+	00	L Zb	%00	118 9	%00.8	12,100	%£7.0	13,00%		00.0\$	0		0	0		720	+	720	Mmbnsd	50	ZéX
							<del></del>	+	61	·1 Z#	%00	32.	%00.8	12,300	%EZ'0	12.00%		00.0\$	0		0	00	3	90€	-	009	Winited Dock	90/21-50/1	len
•		-				H	N8		0.5	43 1.	%00	15 %	14.09	11,700	%D7.0	%09°S		00'0\$	0		1800			0	-	1000	Colombia-Mobile	40	DEBOO
papı	ground storage incl						Ś	+	OZ	1 09	%00	15 %	400'6	11,900	%ZT.0	%00.51			909		005	00		09	+1	1220	Colorado	80-50	MOC
						Н	WB	+	81	'L SP	%00	ZE %	13.22	6,963	%65'0	%00°S		00.08	0		000	00		200		1000	Barge Cahokia	Z0-50	цоээ
•				+-1		H	VMB	H	19	0 95	%00	30	.00.8Z	006,8	%LZ 0	%05°S		00.0\$	0		300	00		300		006	Antelope	20-90	Крос
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-						-	MB	#					30.00		1	%05.2		00.08	0		1000	000		1000		L	PRB N. Rochelle	70-80	noti
	-			-	<del>     </del>	Н	Wa	+					28.50			%02'9		00.02	0		0	000				3000	PRB-Buckskin	ZD-90	not
_				-			AWB	+					28.00			%05°5		00.02	0					1000		0001	PRB N. Rochelle	50	not
							MB		Ш.				22.36			%00°*					009	009	į:	005		1500	nizeB rabnuर्ती	10/21-50/1	rich
					1		MB				_i	j						00.0\$	0		909	009		200		1500	Barge Cahokia	Z0 <del>-</del> 90	Hoosen
48,011	Selon	NTRY NOTE:				4							26.70		<u> </u>	%+9°S		00.02	0		0	•		<b>70</b> 9		P0S	6103(889	2005	3TC
	Sejon	ACTION TAKEN	Destition Cost	besilit	Cash C	100		notissil		S 191	Author Carlo			S ezedər Liti	A 25th	4 45 5 11 125	Tansp. Railear Cost Costs	2008 Price	2 2 2 4 4 2	2001.	700S 80		2005 Price 1		Bay	ledoT grioT	nighO	mig)	yeliqq

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CR Units 4 and 5 May 2004

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area la comita de l La comita de la comi		ATT OF STREET	(000)	Welgh	r Anglijan	U		1 2 3 1 5 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		_ J		L BIDS by R	ii/vvatei	av stetorik	-1 F8 T0 1 28 8	व्यक्तिस्य स्टब्स	$\mathcal{H}$	No. 1. acces	A 30.84	100	ar Februari	<u>, L</u>	· · Lengeren er von	N43 - 128 GAST 28-10	ar i siyesi daar da
			Total	Avg	2005	2005	2006	2006 2007	2007	2008 2008	Transp, Railo		Purchase S	pecificatio			Utilization	Unit 45 Derate	Cash	Cash	Evaluated Utilized	Evaluated			VALUE OF
Supplier	Term	Origin	Tons	Price	Tons			Price Tons				ts Ash Sulfi				HGI SO2			Cost \$/st		Cost \$/st	ば かもとしど ぐこ	ACTION TAKEN	Notes	raje e
Water			<del> </del>	-													-				-				
DTE	2005	PRB/Cora	504	<del> </del>	504		0	0		0 \$6.00	<u> </u>	5,64% 0.30	8,800	26.70%	31.65%	51 0.68		ВМ					<u> </u>	Incl ground storage- St	02 prem@0.8
Kennecott	05-07	Barge Cahokia	1500	-	500	4	500	500		0 \$0.00	-	4.00% 0,38	9,350	22.36%	31.26%	61 0.80	ļ.	ВМ				Ш			
Arch	1/05-12/07	Thunder Basin	1500	1	500		500	500		0 \$0.00		5.50% 0.30	8,800	28.00%	30.78%	50 0.68		BMV					<u> </u>	SO2 prem@0.8	
Triton	05	PRB N. Rochelle	1000		1000		0	0		0 \$0.00	_	5.20% 0.35	, a,800	28.50%	31.50%	63 0.80		ВМ						SO2 prem@0.8	
Triton	05-07	PR8-Buckskin	3000	-	1000		1000	1000		0 \$0.00	_	5.50% 0.34	8,400	30.00%	31.00%	65 0.80		ВМ						SO2 prem@0.8	
Triton	05-07	PRB N. Rochelle	3000		1000		1000	1000		0 \$0.00		5.20% 0.35	8,800	28.50%	31,50%	63 0.80		Вм				4		SO2 prem@0,8	
Peabody	05-07	Antelope	900		300		300	300		0 \$0.00		5.50% 0.275	8,900	28.00%	30.00%	56 0.60		BMV		Ţ				SO2 prem@0.8	
(ennecott	05-07	Barge Cahokia	1000		200		400	400		0 \$0.00		5,00% 0.59	9,963	13.22%	30.75%	61 1.18	<u> </u>	BMV						Check vol on IB Coal	
Oxbow	05-08	Colorado	1550		50		500	500		500		12.00% 0.729	11,900	9.00%	31.00%	50 1.20		s						ground storage include	đ
nterocean	07	Colombia-Mobile	1000		0		0	1000		0 \$0.00		5.50% 0.70%	11,700	14.00%	31.00%	43 1.20		вм							
Central	1/05-12/06	Winifred Dock	600		300		300	0		0 \$0.00		12.00% 0.745	12,300	8.00%	31.00%	42 1.20								_i	
Massey	05	FOB Ceredo	720		720		0	0		0 \$0.00		13,00% 0.73%	12,100	8.00%	31.00%	42 1.20		A		4				18 month	
Massey	05	Sydney-Ceredo	600		600		. 0	0		0 \$0.00		12.50% 0.749	12,300	8.00%	31.00%	42 1.20		ΑΑ						18 month	
CMC	05	Colombia-Mobile	200		200		.0	0		0 \$0.00		8.30% 0.71%	11,800	12.00%	33.00%	45 1.20		SM							
Glencore	2005	Colombia-IMT	150		150		0	0		0 \$0.00		9.00% 0.69%	12,000	10.00%	34.00%	46 1.15								SO2 guaranteed at 0.8	
CMC	05	Colombia-ECT	200		200		0	0		0 50.00		8.30% 0.71%	11,800	12.00%	33.00%	45 1.20		SM	ļ						
Slencore	2005	Colombia-IMT	150		150		o l			o \$0.00	1	8.00% 0,75%	12,400	9.00%	35,00%	46 1.20		s	-	Ì					
Guasare	05-07	Pasa Diablo - IMT	990		330		330	330		o \$0.00		7.00% 0.77%	12,800	8.00%	34.00%	45 1.20			j						
Guasare	05-07_	Mina Norte-IMT	700		200		250	250		B \$0.00		8.00% 0.78%		8.00%		45 1,20	1		i						
																									و ا
												_						4						<del></del>	
Massey	05	Bandmill	720		720		0	0		0 \$0.00		13.00% 0.73%	12,100	8.00%	31.00%	42 1.20		A		Y				18 month	20 1
rogress	05-07	Diamond May	1080		360		360	360				12.00% 0.75%		8.00%		43 1,20								15 month	21
Milance	05-07	MC Mining	900		150		150	600		0 \$0.00		10.00% 0.74%				39 1.20		н						DE 9 07 07000	
Massey	05	NS-Sydney	600		600		0	a		0 \$0.00		12.50% 0.74%		8.00%		42 1.20		, ,						NS Move-NO FREIGHT	
						-							,,		- //22 /*						-		<u> </u>	ING MOVE-NO FREIGHT	included
												CR 45	Economics B	asa Specific	ations										-9
												Ash Sulfur	Btu	Moisture		GI									
		Total Tons	19984								*estimated in red	10.06% 0.70%	12,000	8.00%	31.00%	40		SO2 Price					_		94
																		GRUZ PRICE					Revis	ed: 5/14/2004 17:18	4





Solicitation	_	
May 2004		
CR Units 4 and 5		
SS FUELS CORPORATION	<b>CBE</b>	ВС

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							HGH.	IOV VOI		nomics Base M use	Sulfue	neA.												_	
							L_		ragiova 5 e	ar g asjuna	CB 45 E.c.														
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			ľ		N8		.0 63	1	1	2 008,8		%0Z'S		00.08	0		0	0		1000		1000	PRB N. Rochelle	90	uc
8.0 ts beetneseug 2	00				NB	11				008,8	%\$£.0	%0Z'S		00.08	0		1000	1000		1000		3000	PRB N. Rochelle	Z0-50	U
	OS .			8f - 11_	MB	1 08	65 0.	31.00%	%00.0€	004,8	%98.0	%05.2		00.08	0		1000	1000		0001		3000	PRB-Buckskin	Z0-50	u
	-				/M8			1		006,8	1	%0\$'S		00.02	0		300	000		300	1	006	agolatnA	10-50	Дре
					3	02.	t 05	%00.1£	%00'6	006,11	%27.0	%00.St			200		005	200		09		1220	Colorado	90-50	
		- 1			1	oz.	45 1	%00.1€	<b>%00'8</b>	12,100	%£7.0	%00.E1		00.0\$	0		0	0		720		720	FOB Ceredo	50	- Хә
					NB B	08.	0 50	31.00%	%9£.25	9,350	%8C.0	%00'\$	i	00.08	0	+1	009	005		009		1200	Barge Cahokia	10-50	_L
					BY	81.	1 57	32.00%	13.22%	6,963	%69'0	%00'9	i	00.08	0	+	009	400	-	200		1000	Barge Cahokia		Hos
					В	02.	43 1	31.00%	%00°#1	002'11	%0Z.0	%09'9		20.00	0		1000	0	4	0		1000	Colombia-Mobile	20-50	Hos
						02.	L SP	31.00%	<b>%00.8</b>	13,000	<b>%87.0</b>	%00'8	H	00'0\$		H	320	520		<u>  </u>				70	egu
				1		02.	l SÞ	34.00%	%00'B	12,800	%4L'0	%00°Z		00'0\$	_ [		330			200		007	TMI-shoM sniM	70-20	911
	<del></del>	#								12,400			4	00.02				330		330		066	TMI - oldsiQ szs9	20-50	9116
				H H-		SL'			1	12,000		1					0	0		051	1	051	TMI-sidmolo3	2002	910
onnd storage include	0.6				18		_ 1		1	267,8	1 1	- 11		00.0\$			0	0		150	Ī	081	TMLsidmoloO	2005	910
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				∀		1.20	77	31.00%	%00°8	12,100	%E1.0	13.00%		90.08	0		0			720		720	Nimbasa		
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12-May-04 United Power, Inc. (Coal & Emissions) www.upicoal.com Dan Vaughn @ 812-473-5810 Coal Desk lan Tapsall @ 203-762-8493 Emissions Desk

Tom Gibson @ 281-340-8300

Nymex	Innk-a	like

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
Q1 05	52.50	53.50	53.00 est.	11-May
Q2 05	50.50	51.50	51.00 est.	11-May
Q3 05	47.00	47.50		
CY 05	48.75	49.75	47.25	5-May
CY 06	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
Ĺ	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		
I	7.25	7.55		
[	7.10	7.40	7.25	7-May
ſ	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	8.0	5.00	6-May

#### **Emissions**

SO2	Bid	Ask
Spot	324	328
NOx		
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

Additional market Activity						
Delivery	Origin	Btu	#502	Mo. Qnty	Biđ	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	#502
BNSF / UP	8800	0.8
BNSF / UP	8400	0.8

Jun	Jul	Q3 04	Q4 04	Q1 05	Q2 05	Q3 05
6.00	5.10	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

#### CAPP Coal

CAPP CUAI				
Origin	Btu	#\$02		
BS Rvr	12000	1.2		
Nym LAL	12000	1.6		
CSX-BSK	12500	1.2		
CSX-BSK	12500	1.6		
NS-T/K	12500	1.2		
NS-T/K	12500	1.6		

Jun	Jul	Q3 04	Q4 04	Q1 05	Q2 05	Q3 05
6.00	5.10	6.15	6.45	6.95	7.20	7.40
5.10	5.10	5.15	5,40	5.85	6.10	6.30
_						

59.00	60.30	60.55	61,15	56.15	51.90	49.40
56.25	57.50	57.75	58.25	54.25	50.00	47.50
52.25	54.00	54.75	55.25	53.00	51,00	47.25
55.25	57.00	57.75	58.00	55.50	53.50	49.75
Jun	Jul	Q3 04	Q4 04	Q1 05	Q2 05	Q3 05

	CY 05	CY 06	
	7.25	7.55	
	6.15	6.45	
olic	cations		

CY 05 CY 06

55.25	57.00	57.75	58.00	55.50	53.50	49.75
52.25	54.00	54.75	55.25	53.00	51,00	47.25
56.25	57.50	57.75	58.25	54.25	50.00	47.50
59.00	60.30	60.55	61.15	56.15	51.90	49.40

51.75	48.25		
49.25	46.25		
51.30	48.90		
49.50	47.00		
51.40	48.90		
49.50	47.00		

# NAPP Coal Origin Btu #SO2

Cing		
MGA	13000	3.0 / 3.4
MGA	13000	4.0 / 4.5
Mon Rvr	13000	3.8 / 5.0
U. OH Rvr	12200	6.0

Jun	Jul	Q3 04	Q4 04	Q1 05	Q2 05	Q3 05
48.25	48.25	47.00	46.00	41.00	38.00	37.00
45.25	45.25	44.00	43.00	37.50	34.50	33.50
43.25	43.25	38.50	37.00	32.00	31.00	30.50
30.00	30.00	29.00	29.00	27.00	27.00	27.00

CY 05	CY 06
38.25	37.00
34.75	33.50
31.00	30.50
27.00	27.00

Origin	Btu	#SO2
L. OH Rvr	12000	2.2
L. OH Rvr	12000	5.0

Jun	Jul	Q3 04	Q4 04	Q1 05	Q2 05	Q3 05
42.00	42.00	42.00	42.00	. 40.00	40.00	40.00
34.50	34.50	34.50	34.50	31.50	31,50	31.50

CY 05	CY 06
40.00	40.75
31.00	31.75

OH Rvr	12000	2.2
OH Rvr	12000	5.0
<u> </u>	72000	

Jun	Jul	Q3 04	Q4 04	Q1 05	Q2 05	Q3 05
28.00	28.00	28.00	28.00	25.00	25.00	25.00
24.50	24.50	24.50	24,50	21.50	21.50	21.50

CY 05	CY 06
25.00	26.00
21.50	22.50

11300

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# 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

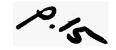
#### Coal Markets as of 05/12/04

	PRB84	100 prices	s			CSX <1	% prices	<b>;</b>			NS <19	6 prices		
term	bid	offer	last	date	term	bid	offer	last	date	term	bid	offer	last	date
Q3'04-Q4'04	\$4.95	\$5.40	\$6.00	1/9/03	May'04-Jun'04	\$55.50	\$57.50	\$54.00	4/20/04	Q3'04-Q4'04	\$58.25	\$59.75	\$53.00	4/15/04
Q3'04	\$4.80	\$5.20			Q3'04-Q4'04	\$57.50	\$58.50	\$58.10	5/6/04	Cal'05	\$48.75	\$49.25	\$49.25	5/12/04
Q4'04	\$5.10	\$5.50			Q3'04	\$57.50	\$58.00	\$57.00	5/6/04	Cal'06	\$45.00	\$48.00	- J	
Cal'05	\$5.80	\$6.40			Q4'04	\$58.00	\$58.50	\$58.25	5/12/04	•	katal maa suu	and the second		- 11.1
Cal'06	\$6.00	\$6.55			Q1'05-Q2'05	\$51.75	\$53.50	\$52.00	5/12/04		NS 1.2	# prices		
					Q1'05	\$54.00	\$54.50	\$54.25	5/12/04	term	bid	=	(last)	24.4.
	PRB88	300 prices	S		Q2'05	\$50.00	\$52.00	\$50.75	3/23/04	Q3'04-Q4'04	\$60.00	offer	last	date
term	bid	offer	last	date	Q3'05-Q4'05	\$46.00	\$48.00			Cal'05		\$62.50	\$58.00	4/8/04
May'04	\$5.85	\$6.25			Cal'05	\$49.30	\$49.75	\$49.60	5/12/04	Carus	\$51.00	\$53.00		
Q3'04-Q4'04	\$6.15	\$6.50	\$6.40	5/3/04	Cal'06	\$45.00	\$47.00							
Q3'04	\$6.00	\$6.25	\$6.10	5/6/04										
Q4'04	\$6.35	\$6.70	\$6.40	5/11/04		CSX 1.2	2# prices	;						
Cal'05	\$7.10	ranska misser en e	\$7.25	5/6/04	term	bid	offer	last	date					
Calt06	\$7.40		\$7.70	3/3/04	Jun'04-Dec'04	\$57.25	\$59.50	1831	udio					
			<b>4</b>	0,0,0	Cal'05	\$50.00	\$52.50							
	NYME	EX prices			Odi Oo	\$30.00	\$J2.J0							
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												

	NAPP coal		CAPP coal
term origin	qty btu sso2 ash	bid offer term origin	qty btu sso2 ash bld offer
May'04-Jun'04 MGA	1 tpm 13000 3.0 (3.4#)	\$46.00 \$50.00 Apr'04-May'04 NS Kenova Thack Apr'04-May'04 NS Kenova Thack	12000 1.070 11 400.00

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# # daily market report

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### > Physical Prices on 05/12/04 :: [CLICK HERE FOR SPECS]

TEDM	CIF ARA	SA Low Vol	SA High Vol	Newcastle	Col 11300 Btu	
TERM	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

### Exchange Rates on 05/12/04

TERM	*	API#	2	*	API#	4		RATES (U	SD 1.00)
IERM	BID	OFF	MID	BID	OFF	MID	USD	1.0000	CHANGE
May'04	\$65.50	\$66.00	\$65.75	\$52.50	\$53.00	\$52.75	4115	1 4400	. 0. 005
Jun'04	\$66.00	\$66.50	\$66.25	\$53.00	\$53.50	\$53.25	. AUD	1.4402	+0.005
Q3'04	\$67.20	\$68.00	\$67.60	\$54.50	\$55.60	\$55.05	EUR	0.8412	-0.004
Q4'04	\$67.60	\$68.00	\$67.80	\$55.00	\$55.50	\$55.25	GPB	0.5637	-0.006
Q1'05	\$67.60	\$68.00	\$67.80	\$55.00	\$55.80	\$55.40	104	113.36	-0.120
Q2'05	\$67.00	\$67.90	\$67.45	\$54.50	\$55.00	\$54.75	761	113.30	-0.120
Q3'05	\$65.00	\$65.50	\$65.25				ZAR	6.8456	-0.073
Q4'05	\$64.00	\$64.50	\$64.25				* Radi	o buttons c	nange report currency.
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			

### > Implied Freights on 05/12/04

### > Spot freights on 05/12/04

TERM	IMPL.PHYS	IMPLFIN	ACTUAL	FREIGHT CAPE PANAMA	X PRICE
May'04	@ \$13.28	@ \$13.00	\$14.00	Richards Bay, SA - ARA 150,000	\$14.00
Q3'04	@ \$12.60	@ \$12.55	\$13.25	Newcastle, Australia - ARA 130,000	\$28.20
Cal'05	@ \$13.25	@ \$11.05	\$12.25	Bolivar, Colombia - ARA 150,000	\$15.40

### > Implied Volatility on 05/12/04

D.IV.C		I.VOL	FINANCIAL	BID	OFFER	Kalimantan, Indonesia - ARA	150,000		\$23.30
PHYS	ICAL	1.VOL	PINANCIAL	BID	OFFER	Murmansk, Russia - ARA		65,000	\$18.55
FOB R	BCT	23.50%	*API #2	28.00%	34.00%	Platfilatisky Russia ARA		05,000	+20.55
		20100				Gdansk, Poland - ARA		65,000	\$15.40
FOB B	OL	18.50%	*API #4	24.00%	30.00%				
						Bolivar, Colombia - Mobile, US		65,000	\$11.05
FOB N	EWC	23.50%						45.000	
CTE A.	D.A.	34.00%				Bolivar, Colombia - Baltimore, US		65,000	\$12.05
CIF A	KA	34.00%							

Qinhuangdao, China - ARA

### > Intl Stock Levels (Mt) on 05/12/04

### > Prompt Oil on 05/12/04

130,000

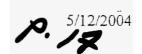
\$24.30

PRODUCT	11 May 04	04 May 04 WEEK 19	28 Apr 04	20 Apr 04	14 Apr 04	06 Apr 04	30 Mar 04	DIL	VAL
	WEEK 20	WEEK 19	WEEK 18	WEEK 17	WEEK 16	WEEK 15	WEEK 14	IPE Brent	\$37.64
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	Nymex WTI	\$40.40
Newc -	0.79	0.66	0.73	0.74	0.74	0.90	0.68		

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Supplier	Term	Origin	(000) Total :	. T. T. A	2005 Tons		2006 Tons						Transp. Railo		P Sulfu	urchase S		ns	HGI SI	Utiliza	ation De	200	Cash	Cash	Evaluate	d Uti	rated ilized			
Black Gold	05-07	CSX Harian	600		120		240		240	FIICE	0	\$0.00	COST COS		X	12,700					Vet Co	xies Co	ost \$/st	Cost \$/M	Cost \$	st Cos	st S/M	ACTION TAKEN	Notes	200 100 100
8&W Resources	05-07	CSX Jellico	720		240		240		240		0	\$0.00	ĺ(	i A	11	12,500		T			<del>    -</del>	- 5	į						<u> </u>	
Central App	05-07	CSX BS	720		240		240		240		0	\$0.00			7	12,500	1	_				s i	- i						1, 1	
Central Coal Co	05-06	Barge-Kanawha	480		240	Į.	240		0		0	\$0.00		1	1.00%	T	T		45 1.0			s	į						erup!	2 mil
СМС	05	Colombia-ECT	400		400		0_				0	\$0.00		9.20%	0.79%	11,800	12.30%	33.00%	45 1.3	34		SM	i					Bor	Bo Fr	race
СМС	05	Colombia-Mobile	200	1	200		_ 0		0		0	\$0.00		9.20%	0.79%	11,800	12,30%	33.00%	45 1.3	34		SM	İ					1) IV	Jon Jon	A /
СМС	05	Colombia-ECT	400	-	400		0		0			\$0.00	:	9.20%	0.78%	11,600	12,30%	33.00%	45 1,3	34	s	вам						/4	wo ha	
CMC	05	Colombia-Mobile	200		200		0		0		0	\$0.00		9.20%	0.78%	11,600	12,30%	33,00%	45 1.3	34	s	ВМ								
Horizon	05-07	Evergreen	1500		500		500		500		0_	\$0.00		13.00%	1.29%	12,300	8,00%	31.00%	45 2.1	10		AS						Trans cost needed	reopener 06	nd 07
Horizon	05-07	CSX Haz-Typo	1500		500	-	500		500		0	\$0.00		13,00%	1.27%	12,100	8.00%	31.00%	42 2.1	10		AS							reopener 06 :	and 07
ogan&Kanawha	05-07	CSX Kan	1080		360	9	360		360	-	0	\$0.00		13.00%	1.00%	12,500	8.00%	30.00%	42 1.6	60	J	ASV	H			_			Snap Creek	
Marshall	05-06	CSX Clinchfield  CSX Kan	500 720		250	-	250		0		0	\$0,00			1	12,500					1	ASV							Apex 3	
Massey	05	CSX BS	720		720		0		0	-	0	\$0.00		12.50%					42 2.1		H-^	ASV .	H	-	'					
Peabody	05-07	CSX Kan	720		240		240		240		0	\$0.00			1	12,000						AS	1	1			+		<del> </del>	
Smokey Mtn	05	CSX Kan	240		240		0		240		,	\$0.00		13.50%	1				40 1.6		1	LSV	1	1		77		Specs way off	Sulfur Premiu	ım!!
												30,00		13.00%	1.26%	12,000	8.00%	31.00%	42 2.1	0	₩	AS							<del>                                     </del>	
														1	CR 45 E	conomics Ba	sa Specific	ations	<del></del>						#VALUE	+-			<del> </del>	
														Ash	Sulfur	Btu	Moisture		HGI											
														10.00%	1.05%	12,000	8.00%	34,00%	40		502 Pr	de•						Rouse	s: 5/12/2004 19:43	

PROGRESS FUELS CORPORATION
CR Units 4 + S
May 2004

May 2004

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		Evaluated Utilized	beteulev3 begilliu	flesD	des		notiesilti	n	юн	S		ed2 sector		ı. Yah	ransp. Railes Cost		2005 EnoT	Z00Z Price	Ce Tons	7.1	Price 2005	2005	BAY	istoī znoī	nignO	mısī	pejjddng
		Cost \$/M	Cost \$/st	MAC 1600	156 1500	Codes	16.0500	7 1				12,300				00.02	0		009	150		OSI		006	PoiniM DM	70-40	Alliance
Sheck Price Logic				!		VMB		1	J	1	ļ	1	!	%05°S		00.02	0		00\$	009		200		1200	nized 19bnurlT	10/21-20/1	Ayen
	ļļ							l i	1	ì	ļ	12,300	L.			\$0.00	0		. 0	000		300		009	Winifred Dock	90/21-50/1	entral
						MS		L.I.	1	ì	1	008,11	1	1 11		00.0\$	0		0	ō		400		007	TDB-eldmoloD	90	CWC
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						MB			1	1	1	11,600	1	1 1		00'0\$	0		0	0		200		500	Colombis-Mobile	90	- SW:
						MB		1				267,8	1	, ,		00,0\$	0		0	0		<b>905</b>		204	PRB/Cora	SÓÓZ	31
agenote bruong not 05. bb									1	ì		12,000		1 1		00.02	0		0	0		150		120	TMLsidmolo2	5002	91001
·								1	1		1	12,400	1	1 1		00.0\$	0		0	ō		051		120	Colombia-IMT	2002	9,00
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								1		1		13,000		1 1		00.02	0		0SZ	05	z	200		007	TMLshoN sniM	70-20	anes
·						MB		1.20	64	%00'1E	%00 bi	007,11	%0Z.0	%05.2		00'0\$	0		1000	0	-	0.		1000	elidoM-sidmojoO	26	rean
						∀		1.20	24	%00.1¢	%00.8	12,100	%E7.0	13.00%		20.00	0		0	0	-	720		720	Nimbnea	90	ZGA
						A		1,20	45	%00°LE	%00'8	12,100	%£7.0	%00°E1		00.02	1-0		0			OZZ		720	FOB Ceredo	80-50	. Aes
81.6S@snotxl006-18	10					ŝ		1.20	05	%00°10	%00'6	11,900	%2T.0	12.00%		00.08	- 0		005	- 00	_	OS		1020	obstoloti	20-\$0 80-\$0	Аро
						VMB		19.0	95	%00°0E	%00'8	2 006,8	%15.0	%09'5		00.02	0		200	0.0	1.5	300		006	YaM bnomeiQ	Z0-50	ssa.
						-		1.20	43	%00°ZE	%00°8	12,500	%94'0	12,00%		00.08	.]	-	390	09		1000		3000	PR8-Buckskin	10-20	üc
8.0 te beetingseup 50	s					Ma	-		59	_1		E 009'8	1	%05°5		00.02	1 -	4	1000	00	1	0001		3000	PRB N. Rochelle	70-20	uc
B	<del> </del>					MB		1	- 1	1	1	2 008,8	1	%0Z'S		00.02		4	1000		1	0001		0001	PRB N. Rochelle	90	U
<del>}</del>						WB	-				i	2 008.0		2.20%		50.00			400		04	500		0001	Barge Cahokia	10-50	Hoa
			i i			MB	-	01.1	- 65	W 00'7	C 8/ 57/6	F E96'6				00.02		ه ل	005	, ,	09 -	200		0051	Barge Cahokia	70-80	Hoo:

CR AS Economics Base Specifications
Ash Sulfur Btu Moisture Vol

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# PROGRESS FUELS CORPORATION

Potential Purchases from 2005 - 2007 RFP



				2005			2006			2007	
Coal	Coal		Open	Percen	<u>itage</u>	Open	Percer	ntage	Open	Percer	tage
<u>Type</u>	Type/Mode	<u>Supplier</u>	<u>Total</u>	Closed	<u>Open</u>	<u>Total</u>	Closed	<u>Open</u>	<u>Total</u>	<u>Closed</u>	<u>Open</u>
"A"	Rail	Massey Black Gold	720.0 120.0			340					
		Open	286.0			1,455.0			2,473.0		
	1		1,126.0	<u>74.6</u> %	<u>25.4</u> %	1,455.0	<u>0.0</u> %	100.0%	2,473.0	<u>0.0</u> %	100.0%
"A"	Water	Central Open	240.0			-					
			240.0	100.0%	0.0%		<u>0.0</u> %	100.0%		<u>0.0</u> %	100.0%
"D"	Rail	Massey	12° 560.0	10(0)	<b>&gt;</b>	360					
		Progress Open	360.0	344 83.6%	16.4%	<u>1,223.0</u> 1,223.0	0.0%	100.0%	<u>1,733.0</u> 1,733.0	0.0%	100.0%
"D"	Water	Massey_	360.04	<del></del>				·	<del></del> _		
	Wastern	Central Open (7	300.0	10-10-5		650.0			2.300.0		
	PH	1600	4	100.0%	0.0%	650.0	0.0%	100.0%	2,300.0	0.0%	100.0%
			2,887.0	<u>85.2</u> %	<u>14.8</u> %	3,328.0	0.0%	<u>100.0</u> %	6,506.0	<u>0.0</u> %	<u>100.0</u> %
						i					
	Rail	Committed	1,560.0						-		
		Open	427.0			2.678.0			4,206.0		
			1,987.0	<u>78.5</u> %	<u>21.5</u> %	2,678.0	<u>0.0</u> %	<u>100.0</u> %	4,206.0	<u>0.0</u> %	<u>100.0</u> %
	Water	Committed Open	900.0			650.0			2,300.0		
			900.0	100.0%	<u>0.0</u> %	650.0	0.0%	<u>100.0</u> %	2,300.0	0.0%	<u>100.0</u> %
			2,887.0	85.2%	14.8%	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

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				2005		2006				2007	
Coal	Coal		Open	<u>Percer</u>	ntage	Open	Percer	ntage	Open	<u>Percer</u>	ntage
<u>Type</u>	Type/Mode	<u>Supplier</u>	<u>Total</u>	Closed	<u>Open</u>	<u>Total</u>	<u>Closed</u>	<u>Open</u>	<u>Total</u>	<u>Closed</u>	<u>Open</u>
"A"	Rail	Massey Black Gold Open	720.0 120.0 286.0 1,126.0	74.6%	25.4%	1,455.0 1,455.0	<u>0.0</u> %	<u>100.0</u> %	2,473.0 2,473.0	<u>0.0</u> %	<u>100.0</u> %
"A"	Water	Central Open	240.0								
			240.0	100.0%	0.0%		<u>0.0</u> %	<u>100.0</u> %		0.0%	<u>100.0</u> %
"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	<u>0.0</u> %	<u>100.0</u> %	1,733.0	<u>0.0</u> %	<u>100.0</u> %
"D"	Water	Massey	360.0								
		Progress Open	300.0			650.0			2 200 0		
		Ореп	660.0	100.0%	0.0%	650.0	0.0%	100.0%	2,300.0 2,300.0	0.0%	100.0%
									·		<del></del>
			2,887.0	<u>85.2</u> %	14.8%	3,328.0	<u>0.0</u> %	<u>100.0</u> %	6,506.0	<u>0.0</u> %	<u>100.0</u> %
	Rail	Committed	1,560.0								
	Kan	Open	427.0			2,678.0			4,206.0		
		opo	1,987.0	78.5%	21.5%	2,678.0	0.0%	100.0%	4,206.0	0.0%	100.0%
				10.070	21.070	2,070.0	0.0 70	100.0 70	_ 4,200.0	0.0 70	100.070
	Water	Committed Open	900.0			650.0			2,300.0		
		·	900.0	<u>100.0</u> %	<u>0.0</u> %	650.0	<u>0.0</u> %	100.0%	2,300.0	<u>0.0</u> %	<u>100.0</u> %
			2,887.0	85.2%	14.8%	3,328.0	0.0%	100.0%	6,506.0	0.0%	100.0%
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# PROGRESS FUELS CORPORATION

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## Potential Purchases

				2005			2006	4		2007	
Coal <u>Type</u>	Coal Type/Mode	Supplier	Open Total	01411 80%	20%	Open Total	80%	20%	Open <u>Total</u>	80%	20%
"A"	Rail	Massey Black Gold Open	720,0 - 120.0 286.0 1,126,0	/228.8 /228.8	57.2	1,455.0 1,455.0	1,164.0 1,164.0	291.0 291.0	2,473.0 2,473.0	1,978.4 1,978.4	494.6 494.6
"A"	Water	Central Open	240.0	_ <u>-</u> -	- <u>-</u>	<u> </u>	<u>-</u>				
"D"	Rail	Massey Progress Open	360.0 360.0 141.0 861.0	<u>112.8</u> <u>112.8</u>	28.2 28.2	1,223.0 1,223.0	978.4 978.4	244.6 244.6	1,733.0 1,733.0	1,386.4 1,386.4	346.6 346.6
"D"	Water	Massey Progress Open	360.0 300.0 - 660.0 2,887.0	341.6	85.4	650.0 650.0 3,328.0	520.0 520.0 2,662.4	130.0 130.0 665.6	2,300.0 2,300.0 6,506.0	1,840.0 1,840.0 5,204.8	460.0 460.0 1,301.2
	Rail	Committed Open	1,560.0 427.0 1,987.0	341.6 341.6	85.4 85.4	2,678.0 2,678.0	2,142.4 2,142.4	535.6 535.6	4,206.0 4,206.0	3,364.8 3,364.8	841.2 841.2
	Water	Committed Open	900.0		<u>-</u>	650.0 650.0	520.0 520.0	130.0 130.0	2,300.0 2,300.0	1,840.0 1,840.0	460.0 460.0
			2,887.0	341.6	85.4	3,328.0	2,662.4	665.6	6,506.0	5,204.8	1,301.2

# PROGRESS FUELS CORPORATION

# <u>Potential Purchases From</u> <u>2005-2007 RFP</u>

			2005			2006			2007	
Coal <u>Type</u>	Transportation <u>Mode</u>	Open <u>Total</u>	80%	20%	Open <u>Total</u>	80%	20%	Open <u>Total</u>	<u>80%</u>	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

# PROGRESS FUELS CORPORATION

# Potential Purchases From 2005-2007 RFP

			2005	
Coal Type	Transportation <u>Mode</u>	Open <u>Total</u>	80%	20%
"A"	Rail	1,126.0	900.8	225.2
"A"	Water (1)	240.0	240.0	- )
"D"	Rail 861	1,061.0	848.8	212.2
"D"	Water (60 (	460.0	368.0	92.0
		2,887.0	2,357.6	529.4

		2006			2007	
	Open <u>Total</u>	80%	20%	Open <u>Total</u>	80%	20%
	1,455.0	1,164.0	291.0	2,473.0	1,978.4	494.6
		-	-	-	-	-
\	1,223.0	978.4	244.6	1,733.0	1,386.4	346.6
	650.0	520.0	130.0	2,300.0	1,840.0	460.0
	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

### <u>Potential Purchases From</u> <u>2005-2007 RFP</u>

			2005			2006		2007			
Coal Type	Transportation <u>Mode</u>	Open <u>Total</u>	<u>80%</u>	20%	Open <u>Total</u>	<u>80%</u>	20%	Open <u>Total</u>	80%	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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as of March 31, 2004

#### PEC

Projected Burn (Tons) Under Contract (Tons) Open (Tons)

Target Inventory (Days)

% Hedged Current

% 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	
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Projected Burn (Tons)
Under Contract (Tons)
Open (Tons)

Target Inventory (Days)

% Hedged Current

% 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)

#### TOTAL

Projected Burn (Tons) Under Contract (Tons) Open (Tons)

% Hedged Current

_	2Q04	3Q04	4Q04	2005	2006	2007	2008	2009	2010	2011	2012	2013
=											···	
				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
) )												

4.005	4 705	4 500	0.707	0.770	0.506	6 508	6 860
1,625	1,785	1,522	6,737	6,778	6,506	6,528	6,860
1,625	1,785	1,512	3,850	3,450			
-	-	63	2,887	3,328	6,506	6,528	6,860
45	45	45	45	45	45	45	45
100.00%	100.00%	99.34%	57.15%	50.90%	0.00%	0.00%	0.00%
100.00%	100.00%	100.00%	80.00%	80.00%	<50.00%		



# PROGRESS FUELS CORPORATION

Potential Purchases from 2005 - 2007 RFP

			2005				2006		2007		
Coal	Coal		Open			Open	· · · · · · · · · · · · · · · · · · ·			Percen	
Type	Type/Mode	Supplier	<u>Total</u>	Closed	<u>Open</u>	<u>Total</u>	Closed	<u>Open</u>	<u>Total</u>	Closed	<u>Open</u>
"A"	Rail	Massey Black Gold Open	720.0 120.0 526.0 1,366.0	61.5%	38.5%	1,455.0 1,455.0	<u>0.0</u> %	<u>100.0</u> %	2,473.0 2,473.0	<u>0.0</u> %	<u>100.0</u> %
"D"	Rail	Massey Progress Open	360.0 360.0 101.0 821.0	<u>87.7</u> %	12.3%	1,223.0 1,223.0	<u>0.0</u> %	100.0%	1,733.0 1.733.0	<u>0.0</u> %	<u>100.0</u> %
"D"	Water	Massey Central Open	360.0 300.0 40.0 700.0	94.3%	<u>5.7</u> %	650.0 650.0	<u>0.0</u> %	<u>100.0</u> %	2,300.0 2,300.0	<u>0.0</u> %	<u>100.0</u> %
·			2,887.0	76.9%	23.1%	3,328.0	0.0%	100.0%	6,506.0	0.0%	<u>100.0</u> %
	Rail	Committed Open	1,560.0 627.0 2,187.0	<u>71.3</u> %	<u>28.7</u> %	2,678.0 2,678.0	<u>0.0</u> %	<u>100.0</u> %	4,206.0 4,206.0	<u>0.0</u> %	<u>100.0</u> %
	Water	Committed Open	660.0 40.0 700.0	<u>94.3</u> %	<u>5.7</u> %	650.0 650.0	<u>0.0</u> %	<u>100.0</u> %	2,300.0 2,300.0	<u>0.0</u> %	100.0%
			2,887.0	<u>76.9</u> %	<u>23.1</u> %	3,328.0	<u>0.0</u> %	<u>100.0</u> %	6,506.0	<u>0.0</u> %	<u>100.0</u> %
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# PROGRESS FUELS CORPORATION

Potential Purchases from 2005 - 2007 RFP

			2005			2006			2007		
Coal	Coal		Open	Percen		Open	Percer		Open	Percer	
Type	Type/Mode	Supplier	<u>Total</u>	Closed	<u>Open</u>	<u>Total</u>	Closed	<u>Open</u>	<u>Total</u>	Closed	<u>Open</u>
"A"	Rail	Massey Black Gold Open	720.0 120.0 526.0 1,366.0	<u>61.5</u> %	<u>38.5</u> %	1,455.0 1,455.0	0,8%	100.0%	2,473.0 2,473.0	<u>0.0</u> %	100.0%
"D"	Rail	Massey Progress Open	360.0 360.0 101.0 821.0	<u>87.7</u> %	12.3%	1,223/0 1,223.0	0.0%	100.0%	1,733.0 1,733.0	<u>0.0</u> %	100.0%
"D"	Water	Massey Central Open	360.0 300.0 40.0 700.0 2,887.0	. <u>94.3</u> % <u>76.9</u> %	5.7% 23.1%	650.0 650.0 3,328.0	<u>0.0</u> % <u>0.0</u> %	100.0% 100.0%	2,300.0 2,300.0 6,506.0	<u>0.0</u> % <u>0.0</u> %	<u>100.0</u> % <u>100.0</u> %
	Rail	Committed Open	1,560.0 627.0 2,187.0	71.3%	<u>28.7</u> %	2,678.0 2,678.0	<u>0.0</u> %	<u>100.0</u> %	4.206.0 4,206.0	0.0%	100.0%
	Water	Committed Open	660.0 40.0 700.0	94.3%	<u>5.7</u> %	650.0 650.0	<u>0.0</u> %	<u>100.0</u> %	2,300.0 2,300.0	<u>0.0</u> %	<u>100.0</u> %
			2,887.0	76.9%	23.1%	3,328.0	0.0%	100.0%	6,506.0	0.0%	100.0%
05/17/04	4:35 PM				<del> </del>				<u> </u>	<del></del>	

### **CONFIDENTIAL**

### PROGRESS FUELS CORPORATION

### Potential Purchases

							•			
			2005			2006			2007	
Coal Type	Transportation <u>Mode</u>	Open <u>Total</u>	80%	20%	Open <u>Total</u>	80%	20%	Open <u>Total</u>	80%	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

### **CONFIDENTIAL**

### PROGRESS FUELS CORPORATION

Potential Purchases from 2005 - 2007 RFP

				2005			2006	-		2007	
Coal	Coal		Open	Percer		Open	<u>Percer</u>		Open	<u>Percer</u>	tage
<u>Type</u>	Type/Mode	<u>Supplier</u>	<u>Total</u>	Closed	<u>Open</u>	<u>Total</u>	Closed	<u>Open</u>	<u>Total</u>	Closed	<u>Open</u>
"A"	Rail	Massey	720.0			_		,			
		Black Gold	120.0			240.0	,				
		Open	526.0			1,215.0	,		2,473.0		
			1,366.0	<u>61.5</u> %	<u>38.5</u> %	1,455.0	16⁄5%	83.5%	2,473.0	0.0%	<u>100.0</u> %
"D"	Rail	Massey	360.0			-					
		Progress \	360.0			360.0/					
		Open \	101.0			863,0			1,733.0		
		\	821.0	<u>87.7</u> %	12.3%	1,223.0	<u>29.4</u> %	<u>70.6</u> %	1,733.0	<u>0.0</u> %	<u>100.0</u> %
"D"	Water	Massey	360.0						_		
		Central	300.0			300.0					
		Open	40.0		,	<b>650.0</b>			_2,300.0		
			700.0	94.3%	<u>5.7</u> % /	650.0	<u>46.2</u> %	<u>53.8</u> %	2,300.0	0.0%	<u>100.0</u> %
			2,887.0	76.9%	23.1%	3,328.0	27.0%	73.0%	6,506.0	0.0%	100.0%
			<del></del>	70.070	20.17.0	0,020,0	27.070	10.070	0,000.0	0.070	100.070
			· ·			• • •					:
	Rail	Committed	1,560.0	,		600.0			-		
		Open	627.0	<b>-</b> 4.00%		2,078.0			4,206.0	<b>.</b> -0.4	
			2,187.0	71.3%	<u>28.7</u> %	<u>2,678.0</u>	<u>22.4</u> %	<u>77.6</u> %	<u>4,206.0</u>	<u>0.0</u> %	<u>100.0</u> %
	Water	Committed	660.0								
	viato:	Open	40.0			650.0			2,300.0		
		- r	700.0	94.3%	5.7%	650.0	0.0%	100.0%	2,300.0	0.0%	100.0%
				<del></del>	<u>—</u>		<u></u>	<u> </u>	<del>.</del>		<u> </u>
			2,887.0	<u>76.9</u> %	23.1%	3,328.0	<u>18.0</u> %	<u>82.0</u> %	6,506.0	<u>0.0</u> %	100.0%
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PROGRESS FUELS CORPORATION

CR Units 1,2, 4 and 5

May 2004

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		Buy				Y	S		2.00	ZÞ	32.00%	%00.T	12,500	%5Z'L	208.11				240	ĺ	540	I	089	CSX Jellico	20-50	A (CR182)	&W Resources
SU	minim '90 - Iseb filnom 81	Yng					SA		2.10	ZÞ	21.00%	%00.8	001,21	%12.1	%05.Sr		į		090		720		1080	C2X B2	90	A (CR182)	Massey
-		Kng (					s		2.10	45	31.00%	%00.8	007,Sr	1.34%	%00.01		ļ.		240		OZL		360	CSX Hadan	Z0-S8	(SR182) A	uois Energy LLC
		Ang					1		ì	1			12,500						360		360		027	YeM bromeid	10-20	D (CR4&5)	rogress Fuels
SWI	uminim '80 - Isab ritnom 6t	Kng					A		1.20	74	21.00%	%00.8	12,100	%E1.0	%00.E1			<u> </u>	081		360		046	llimbne8	50	D (CR485)	Massey
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		Yng	ŀ		<u> </u>				<u> </u>																		
SMI	18 month deal - 96' minim	Ang					٧		1.20	42	31.00%	<b>%00.8</b>	12,100	%€7.0	13.00%		ĺ	ł	081		9€		240	FOB Ceredo	50	(CR485)	WasseW
		Áng							1.20	77	%00.1E	<b>%00.8</b>	12,300	%+1.0	200.St			ٔ ۔	300		300		009	Winithed Dock	1/05-12/06	D (CR485)	ontral Coal Co.
-																											
	SETION	12.00	S 10 10 10 10 10 10 10 10 10 10 10 10 10	falt fact	Cash.	4 2 32 3 3	34.5	notestitu.	sos	IDH.	PON	entratoM	EIMPR ON	un a	. AzA	ELECT	1so)	2006 Price	anoT.	eova	SNOT	- eoul		nighO	meT	eqyT leoD	aeliqque
			betallicy3 betallicy3	beseinva besilbt	Salar Salar	0. 2750	SP NUN'						cuses 2b		şá.								(000) letoT				. Interest
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### PROGRESS FUELS CORPORATION CR Units 4 and 5

Cr Cilits 4	2110
May 20	04
Solicitati	ion

				A	1	3	^	D			-,	Solic	itatior BIDS						J			•	K	1		
			(000) Total	Weight	2005	2005 2006	2008 2007	2007	2008	2008	Transp. Relicar			urchase S					Utilization		Cash	Cash	Eyaluated Utilized	Evaluated Utilized	A STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF STATE OF S	
Supplier	Term	Origin	Tons	Price		Pace. Tons	Price Tons	Price »			Cost Costs	Ash	Sulfur	T	T				Cost/st		Cost Sist	Cost \$/M	Cost \$/st	Cost S/M	ACTION TAKEN	Notes
DTE	2005	PRB/Cora	504		504	0	-			\$0.00		5.64%			26.70%			0,68		BM						incl ground storage- SO2 prem@0.8
Kennecott	05-07 1/05-12/07	Barge Cahokia	1500		500	500	500			\$0,00		4.00%			22.36%			0.80		BMV					<del>                                     </del>	SO2 prem@0.6
Arch	05	Thunder Basin PRB N. Rochelle	1000		1000	500	500			\$0.00		5.50%			28,00%			0.58		BMV						SO2 prem@0.8
Triton	05-07	PRB-Buckskin	3000		1000	1000				\$0.00			0.34%		30.00%			0.80		8м						SO2 prem@0.8
Triton	05-07	PRB N. Rochelle	3000		1000	1000				\$0.00			0.35%	1	28.50%			0.80		вм						SO2 prem@0.8
Peabody	05-07	Antelope	900		300	300	300		0	\$0.00		5,50%	0.27%	8,900	28.00%	30.00%	56	0,60		BMV						SO2 prem@0.8
Kennecatt	05-07	Barge Cahokia	1000		200	400	400			\$0.00		5.00%	0.59%	9,963	13.22%	30.75%	61	1.18		BMV		4				Check vol on IB Coal
Oxbow	05-08	Colorado	1550	-	50	_500	500	-	500			12.00%	0,72%	11,900	9.00%	31.00%	50	1.20		s						ground storage included
Interocean	. 07	Colombia-Mobile	1000		0	0	1000		0 :	\$0.00		5.50%	0.70%	11,700	14.00%	31.00%	43	1.20		ВМ						
Central	1/05-12/06	Winifred Dock	600		300	300		-	-	\$0.00		12.00%	0.74%	12,300	8.00%	31.00%	42	1.20		1 1			-	Å.	<u> </u>	
Massey	05	FOB Ceredo	720		720	0	00		0 :	\$0.00	.1 5	13.00%		12,100	8.00%	31.00%	42	1.20		- 4						18 month
Massey	05	Sydney-Ceredo	600	H	600	0	0			\$0.00	3.19	12.50%			8.00%			1.20							<del>                                     </del>	18 month
CMC	05	Colombia-Mobile	200		200	0	0			\$0.00		8.30%		11,800	12.00%			1.20		SM						600
Glencore	2005	Colombia-IMT	200		200	0	0			\$0.00 \$0.00		9.00%			12.00%			1.15		SM						SO2 guaranteed at 0.8
Glencore	2005	Colombia-ECT Colombia-IMT	150		150	0				\$0.00		8.00%	0.71%		9.00%			1.20		SM						
Guasare	05-07	Pasa Diablo - IMT	990		330	330	330			\$0.00	, ,	7.00%			8.00%			1.20			· .			1		
Guasare	05-07	Mina Norte-IMT	700		200	250	250			\$0.00	; ; ;	8.00%		13,000			- "	1.20			3 2					
Massey	05	NS-Sydney	800		600	0	0			\$0.00	4 1	12.50%	0.74%	12,300	8.00%	31.00%	42	1.20		A	44.					NS Move-
Massey	_05	Bandmill	720		720	0	0		_ o _ s	\$0.00	199	13.00%	0.73%	12,100	8,00%	31.00%	42	1.20		A 1						18 month
Progress	05-07	Diamond May	1080	4	360	360	360	1	. o s	50,00		12,00%	0.75%	12,500	8.00%	32.00%	43	1,20			- 5					
Alliance	05-07	MC Mining	900		150	150	600		0 5	0.00	أستو بم يدر	10.00%	0.74%	12,300	9.00%	32.00%	39	1,20	温度	н 1				1	J	06 & 07 reopener
					.,		-				Г								,							
												Anh	CR 45 Ec	conomics 8	Moisture	ations	HGI									
												10.00%	0.70%	12,000	8.00%	31.00%	40					•				
		Total Tons	20584								stimated in red									SO2 Price	7				Revise	d: 5/20/2004 11:25

### PROGRESS FUELS CORPORATION

CR Units 4 and 5 May 2004

Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   Column   C					4.		1			,			-	-	ALL		citation by Rai		r				6		u		1	V	•		
## Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Committee   Com		Term	Origin	Total A	100	44		A							Rallcar		i .	urchase	pecificati		HGI	T 5-11- W	· 李直在 1 . 展 5 00	Derate	Cash	1 1 1 1 1 1 1 1 1	Utilized	Utilized	<b>,我们就在这一个</b>	Notes	
Acch 165-1307 Thumber Bases 1500 500 500 500 500 500 500 500 500 50		2005	PRB/Cora	504	4	504		0		0		0	\$0.00		\$0.00	5.64%	0.30%	8,80	26.709	31.65%	51	0.68		ВМ						Inc) ground storage- SO2 prem	1 <u>@</u> 0.8
Total																														\$03 perm@0 B	
Trition   15-47   PRIS Reckards   2000   1000   1000   1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.0 1000   0.				1					į			0			1	T				T	7					Ÿ.					
Peabody   05-07									į			0				T										ľ					- \$
Manager   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100   100	Triton	05-07	PRB N. Rochelle	3000		1000				1000		0	\$0.00		\$0,00	5.20%	0.35%	8,80	28.50%	31.50%	63	0.80		ВМ						SO2 prem@0.8	_6
Ontow 09-56 Colorate Applied 1550 50 500 500 500 500 500 500 500 500	Peabody	05-07	Antelope	900		300		300		300		0	\$0.00		\$0.00	5,50%	0.27%	8,904	28.00%	30.00%	56	0.60		BMV				1		SO2 prem@0.8	
Intercognam   67   Colombia-Models   1500   0   0   300   300   0   0   40.00   \$5.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.00   \$1.0	Kennecott	05-07	Barge Cahokia	1000		200		400		400		0	\$0.00		\$0.00	5.00%	0.59%	9,96	13.22%	30.75%	61	1.18		Вму					<b>.</b>	Check vot on IB Coat	
Central 1/03-12/05 Windred Dock 600 300 300 0 0 50.00 12/09, 0.72% 17,300 8.0% 21,00% 42 120 A 120 A 140 Massey 05 FOR Central 720 0 0 0 0 30.00 12/09, 0.73% 12,000 8.00% 21,00% 42 120 A 140 Massey 09 Sydney-General 500 0 0 0 0 50.00 12/09, 0.73% 12,000 8.00% 31,00% 42 120 A 140 Massey 09 Sydney-General 500 0 0 0 0 50.00 12/09, 0.73% 12,000 8.00% 31,00% 42 120 A 140 Massey 09 Sydney-General 500 0 0 0 50.00 12/09, 0.73% 12,000 8.00% 31,00% 42 120 A 140 Massey 09 Sydney-General 500 0 0 0 50.00 12/09, 0.73% 12,000 8.00% 31,00% 42 120 504 120 A 140 Massey 09 Massey 09 Sydney-General 500 0 0 0 50.00 12/09, 0.73% 12,000 10/09, 12/09, 10/09, 12/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09 10/09, 12/09, 12/09 10/09, 12/09, 12/09 10/09, 12/09, 12/09 10/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09, 12/09,	Oxbow	05-08	Colorado	1550		50		500	4	500		500			\$0.00	12.00%	0,72%	11,900	9.00%	31.00%	50	1.20		s						ground storage included	7
Massary 95 FOR Careeto 720 720 0 0 0 0 50.60 50.00 13.00% 0.73% 12.100 8.00% 31.00% 42 1.20 A 18 morth  Massary 95 Sydny-Caredo 600 600 0 0 0 50.00 12.00% 0.73% 12.100 8.00% 31.00% 42 1.20 A 18 morth  CMC 95 Colombia-Mehile 200 200 0 0 0 50.00 150.00 12.00% 31.00% 0.71% 11.000 12.00% 31.00% 45 1.20 SM  Gliencore 2005 Colombia-MET 150 150 0 0 0 50.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00					4				-	1000		0	\$0.00		\$0.00	5.50%	0.70%	11,700	14.00%	31.00%	43	1.20		Вм				+			
Massey 95 Sydney-Ceredo 500 600 0 0 0 50.00 59.00 12.50% 0.72% 12.200 8.00% 31.00% 42 12.00 A 18 month  CMC 05 Colombia-MVT 150 150 0 0 0 50.00 30.00 1.71% 11.800 12.00% 30.00% 45 12.00  Glencore 2005 Colombia-MVT 150 150 0 0 0 50.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00 150.00					+				+			00			-							J									
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## PROGRESS FUELS CORPORATION CR 1 and 2 May 2004

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

RFP'S RELEASED 04/12/04

CONTRACTS AWARDED

COPIES

XC: AWP
RFP
FML
H3K
CAL
THH
VHH
DHD
VICKY HICKS
AMY FITTELL
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# AGREEMENT FOR THE SALE AND PURCHASE OF COAL BETWEEN PROGRESS FUELS CORPORATION

**AND** 

B&W RESOURCES, INC.

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3.01	Quantity and Source
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	<u> </u>

# 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 <u>Mutual Obligations</u>. 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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- 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 <u>Term</u>. 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 <u>Base Price</u>. The base price per ton of coal, f.o.b. SELLER'S mine loading site, (hereinafter "base price") shall be fixed at 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 <u>Billing and Payment</u>. 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.

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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 the coal actually shipped had service are again required by SELLER for service, a charge of the coal actually shipped had locomotives are again required by SELLER for service, a charge of the coal actually shipped had locomotives are again required by SELLER for service, a charge of the coal actually shipped had locomotives are again required by SELLER for service, a charge of 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 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. <u>Sampling</u>. 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. <u>Air Drying</u>. 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

nereunder 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.

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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 <u>Coal Specifications</u>. 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/SO₂ per Million Btu	<1.5 LB/SO₂ per Million Btu >2.1 LB/SO₂ 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	<12500-BTU/LB 12,250
Fines (-1/4")	40%	>45%

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 <u>Coal Specifications Deficiencies</u>. 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:

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- (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

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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 <u>Sulfur Content Warranty</u>. 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<sub>2</sub> MMBtu, but less than 2.1 LB SO<sub>2</sub> 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<sub>2</sub> MMBtu or below, PURCHASER shall pay a sulfur premium of 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 = 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.

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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 <u>Waiver</u>. 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 <u>Remedies Cumulative</u>. Remedies provided under this Agreement shaft be cumulative and in addition to other remedies provided by law.

13.01 <u>Cure of Default</u>. 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. <u>Compliance and Indemnification</u>. 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. <u>Audits</u>. 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. <u>Definitions</u> (as used in this Agreement).

- 1. Claim means administrative, regulatory or judicial action, suite, dispute, liability, judgment, penalty, damages, directive, order or claim.
- 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 <u>Notice of Problem</u>. 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 <u>Independent Contractor</u>. 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 <u>Binding Effect</u>. 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 <u>Assignments</u>. 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 <u>Partial Dispute</u>. 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 <u>Captions</u>. 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 <u>Conflict of Interest Policy</u>. 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 <u>Counterparts</u>. 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.

Vice President-Date Executed:

WITNESS

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Date Executed:

B&W RESOURCES, INC

President

PROGRESS FUELS CORPOR

### 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 pershipment 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%	of the Base Price per 1% over to the nearest 0.1%	
Greater Than 12.0%	of the Base Price per 1% over to the nearest 0.1%	2

### 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: 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 per car per day of delay.

b. Failure to Fully Load Cars = ((9,600 ÷ 90 x AC) - AW) x

Where: AC = actual number railcars

AW = actual weight of trains

P\$ = penalty in dollars

Ke: AWP

RFP

FHL

HJK

CAL

THM

VHH

JHD

ABF

Victy 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 graph 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;

f., 1

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 <u>Mutual Obligations</u>. 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 <u>SELLER'S Reserves and Preparations for Selling Coal</u>. 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 <u>Term.</u> 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 <u>Base Price</u>. The base price per ton of coal, (hereinafter "Base Price") f.o.b. SELLER'S mine loading site, shall be 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 per ton. If the aggregate of all Governmental Impositions increases the Base Price then in effect by more than 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 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 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.

3.31

6.01 <u>Billing and Payment</u>. 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 <u>Delivery and Title</u>. 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 15<sup>th</sup> of the month the loading schedule for the following month. Seller shall notify PURCHASER of the loading facilities by the 25<sup>th</sup> 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 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 <u>Delivery Short Falls</u>. 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. <u>Sampling</u>. 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. <u>Air Drying</u>. 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. <u>Analyses to be Made</u>. 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 <u>Coal Specifications</u>. 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/SO₂ per Million Btu	>2.20LB/SO₂ 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 <u>Coal Specifications Deficiencies</u>. 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 <u>Sulfur Content Warranty</u>. 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 = 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

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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 <u>Audit</u>. 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 <u>Waiver</u>. 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 <u>Cure of Default</u>. 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.

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A. <u>Default</u>. 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.

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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 <u>Independent Contractor</u>. 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 <u>Binding Effect</u>. 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 <u>Assignments</u>. 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 <u>Captions</u>. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.
- 22.01 <u>Applicable Law and Venue</u>. 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 <u>Conflict of Interest Policy</u>. 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 PUELS CORPORATIO

Vice President

-Çoal Procurement

Date Executed:

MASSEY UTILITY SALES COMPANY

Seniof Vice President

Date Executed:

# 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-65810	Logan	Logan
CSXT	Elk Run Coal Co.	Crystal River	82231	Sylvester, W.V.	Υ	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
TXa	Omar Mining Co.	Chesterfield	82034	Holbrook, W.V.	N	4	CSXT-65220	Kanawha	Boone
CSXT	New Ridge Mining Co	New Ridge	84191	Goff, KY	Y	4	CSXT-67467	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%	of the Base Price per 1% ash to the nearest 0.1%

ASH CONTENT	PREMIUM
<11.0%	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: per change, as in existence on the effective date of the

Agreement.

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

AWP RFP FML CAL TMM VHM DMD ABF VICKY HICKS

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 15<sup>th</sup> 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

Joberta G. OU

PROGRESS F<del>UELS CO</del>RPORATION

Vice President Coal Procurement

- Date Executed: 7/

WHITNESS:

SEQUOIA ENERGY, LLC

BY:

Date Executed:

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XC: AWP RFP FML MJK CAM CAM MM 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 day of \_\_\_\_\_\_, 20\_4, 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<sup>th</sup> 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 <u>Mutual Obligations</u>. 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 <u>Term.</u> 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 <u>Base Price</u>. The base price per ton of coal, f.o.b. SELLER'S mine loading site, (hereinafter "base price") shall be 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 <u>Billing and Payment</u>. 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 <u>Delivery and Title.</u> 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.

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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 the coal actually shipped 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.

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A. <u>Sampling</u>. 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. <u>Air Drying</u>. 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. <u>Analyses to be Made</u>. 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 <u>Coal Specifications</u>. 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/SO₂ per Million Btu	<1.5 LB/SO₂ per Million Btu >2.1 LB/SO₂ 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 <u>Coal Specifications Deficiencies</u>. 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 <u>Sulfur Content Warranty</u>. 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 = percent (I)

Where:

- 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.

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 <u>Waiver</u>. 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 <u>Remedies Cumulative</u>. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

13.01 <u>Cure of Default</u>. 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 <u>Applicable Law and Arbitration</u>. 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. <u>Compliance and Indemnification</u>. 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. <u>Definitions</u> (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 <u>Notice of Problem</u>. 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 <u>Independent Contractor</u>. 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 <u>Binding Effect</u>. 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 <u>Assignments</u>. 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 percent for each calendar month that the average price is less than or equal to the target price. The target price shall be 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 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 <u>Captions</u>. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.
- 23.01 <u>Conflict of Interest Policy</u>. 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 <u>Confidentiality</u>. 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 <u>Counterparts</u>. 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

ROGRESS FUELS CO

Vice President

-Coal Procurement

Date Executed:

WITNESS:

SEQUOIA ENERGY, LLC
BY: Stanley R.D.

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# 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 pershipment 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%	of the Base Price per 1% ash over to the nearest 0.1%	
12%	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: per change, subject to periodic adjustment by the railroad.

### B. PFC RAILCAR CHARGES:

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

a. Delay of Train = per car per day of delay.

b. Failure to Fully Load Cars = ((9,600 ÷ 90 x AC) - AW) x

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 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 <u>Mutual Obligations</u>. 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 <u>Term</u>. 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 <u>Base Price</u>. 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 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 <u>Billing and Payment</u>. 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

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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 <u>Weighing</u>. 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 <u>Delivery and Title</u>. 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 <u>Shipment</u>. 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 <u>Freight Charges</u>. 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 <u>Coal Specifications</u>. 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, siate, 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/SO₂ per Million Btu	>1.2LB/SO₂ 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 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.

3.02 <u>Sampling and Analysis</u>. 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. <u>Standards</u>. 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. <u>Sampling</u>. 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. <u>Air Drying</u>. 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. <u>Analysis to be Made</u>. 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 <u>Coal Specifications Deficiencies</u>. 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 <u>Sulfur Content Warranty</u>. 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.

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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 = percent (I)

Where:

1 - 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.

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In the event performance of SELLER'S obligations hereunder or PURCHASÈR'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 <u>Waiver</u>. 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 <u>Remedies Cumulative</u>. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

4.04 <u>Cure of Default</u>. 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.

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### 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 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, dreatment, storage, disposal, release, or threatened release thereof.

- 4.08 <u>Notice of Problem</u>. 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 <u>Independent Contractor</u>. 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 <u>Binding Effect</u>. 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 <u>Assignments</u>. 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 <u>Captions</u>. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.
- 5.05 <u>Applicable Law and Venue</u>. 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 <u>Counterparts</u>. 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:	
	1 1:00
A South	

Mary & Kiderich

WITNESSES:

Kim Jankan

PROGRESS FUELS CORPORATION

Vice President - Coal Procurement
Date Executed: 9/3/04

CENTRAL COAL COMPANY

Date Executed:

#### 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 pershipment 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%	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; day or portion thereof thereafter. This rate is subject to change. Demurrage calculations are non-averaging.

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KC: AWP
RFP
FUL
MJK
CAL
THM
VHM
DMD
ANTEMERL
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 day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of day of

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 <u>Mutual Obligations</u>. 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 <u>SELLER'S Reserves and Preparations for Selling Coal</u>. 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 <u>Base Price</u>. The base price per ton of coal, (hereinafter "Base Price") f.o.b. SELLER'S mine loading site, shall be per ton, and 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 Selier'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 per ton. If the aggregate of all Governmental Impositions increases the Base Price then in effect by more than 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 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 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 <u>Billing and Payment</u>. 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 <u>Delivery and Title</u>. 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 15<sup>th</sup> of the month the loading schedule for the following month. Seller shall notify PURCHASER of the loading facilities by the 25<sup>th</sup> 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 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 <u>Delivery Short Falls</u>. 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.

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A. <u>Sampling</u>. 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. <u>Air Drying</u>. 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. <u>Analyses to be Made</u>. 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.

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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 <u>Coal Specifications</u>. 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/SO₂ per Million Btu	>1.20LB/SO₂ 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%		

\*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 <u>Coal Specifications Deficiencies</u>. 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 <u>Sulfur Content Warranty</u>. 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 = percent of the F.O.B. Mine Price

#### Premium

SO<sub>2</sub> Adjustment = per each 0.1 pound of SO<sub>2</sub> / million Btu <1.19 pound of SO<sub>2</sub> / 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 <u>Audit</u>. 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.

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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 <u>Waiver</u>. 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 <u>Cure of Default</u>. 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 <u>Indemnification</u>. 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.

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A. <u>Default</u>. 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 madê.

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 <u>Independent Contractor</u>. 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 <u>Binding Effect</u>. 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 <u>Assignments</u>. 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.

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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 <u>Captions</u>. 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 <u>Conflict of Interest Policy</u>. 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 <u>Counterparts</u>. 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: Toberto C. UH Mary J. Kuseewich WITNESS: Welle Dist PROGRESS-FUELS CORPORATION

BY:

Vice President—Coal Procurement

Date Executed:

BY: When I President

Bate Executed: 8/10/04

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# 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	Batch Weigh	Type Loadout	OPSL Number	Railroad Freight District	
CSXT	Bandmill Coal Corp.	MacBeth	82733	Hutchinson, W.V	Y	4	CSXT-65810	Logan	Logan
	1	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, W.V.	2	4	CSXT-65615	Kanawha	Logan
CSXT	Omar Mining Co.	Chesterfield	82034	Holbrook, W.V.	Ŋ	4	CSXT-65220	Kanawha	Boone
CSXT	Stirrat Coal Co.	Stirrat	82693	Stirrat, W.V.			CSXT-65610	Logan	Logan
Approv	red Sources –F.O.B. B	arge Only			<u>.</u>				
NS	Long Fork Coal Co.	Long Fork	0596	Gund, KY	Y	4	NS-6254	Kenova	Pike
			1.	<del></del>					

NS	Long Fork Coal Co.	Long Fork	0596	Gund, KY	Y	4	NS-6254	Kenova	Pike
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%	of the Base Price per 1% ash to the nearest 0.1%	] /
Ash Content	Premium	,
<11.0%	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: 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.



XC: AWP RFHL MJK CAL THM DHD ABF

November 17, 2004

THIS TO CF

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.

A. W. Pitcher

ncerely,

Vice President—Coal Procurement

AWP/ro

Enclosures

# 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,

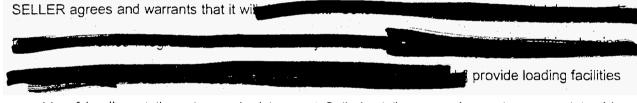
WHEREAS, PURCHASER does supply coal to Progress Energy Florida, Inc., a Florida corporation (hereinafter "PEF"), under a purchase and sale agreement for use as fuel at PEF's Crystal River Units No. 4 and No.5 near Red Level, Citrus County, Florida (hereinafter "PEF's generating units"); and

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 <u>Mutual Obligations</u>. 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.



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 <u>Base Price</u>. The base price per ton of coal, f.o.b. SELLER'S mine loading site, (hereinafter "base price") shall be fixed at a 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 <u>Billing and Payment</u>. 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 <u>Delivery and Title</u>. 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 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 per ton to PURCHASER. Freeze proofing will not be required on direct cost of 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. <u>Sampling</u>. 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. <u>Air Drying</u>. 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. <u>Analyses to be Made</u>. 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 <u>Coal Specifications</u>. 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/SO₂ per Million Btu	>1.2LB/SO₂ 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 <u>Coal Specifications Deficiencies</u>. 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 <u>Sulfur Content Warranty</u>. 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 = 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 <u>Waiver</u>. 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 <u>DISCLAIMER OF WARRANTY; LIMITATION OF LIABILITY</u>. 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.

<u>Due Date</u>. 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.

<u>Duty to Mitigate</u>. 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 transfere 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. <u>Compliance and Indemnification</u>. 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. <u>Audits</u>. 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 <u>Notice of Problem</u>. 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 <u>Independent Contractor</u>. 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 <u>Binding Effect</u>. 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 <u>Assignments</u>. Neither party may assign nor transfer this Agreement nor any fights 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 <u>Wall Street Journal</u> under the heading "Money Rates" plus 2%.

- 21.01 <u>Captions</u>. 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 <u>Conflict of Interest Policy</u>. 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 <u>Confidentiality</u>. 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 att 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.

to who photocopied and stored on computer tapes and disks ("Imaged Agreement"). If an Imaged

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:

PROGRESS F

S CORPORATION

Vice President—

nt—Coal Procurement

Date Executed:

26

WIINESS:	PROGRESS FUELS CORPORATION, on its own behalf and as agent for DIAMOND MAY COAL COMPANY; KANAWHA RIVER TERMINALS, INC.; KENTUCKY MAY COAL COMPANY, INC.; 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 pershipment 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%	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: 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 = per car per day of delay.

b. Failure to Fully Load Cars = ((9,600 ÷ 90 x AC) - AW) x

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** 



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.

A/W. Pitcher \
Vice President—Coal Procurement

AWP/ro

Enclosures

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 17<sup>th</sup> 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 <u>Warranty of SELLER</u> 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 <u>Term.</u> 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 <u>Base Price</u>. The base price per net ton of coal, DES PURCHASER'S gulf barge at McDuffie Terminal (McDuffie), Mobile, Alabama, (hereinafter "base price") shall be (United States Dollars) (Por 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 <u>Billing and Payment</u>. 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 <u>Weighing</u>. 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 <u>Delivery and Title</u>. 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 United States Dollars (i.e., McDuffie can receive vessel) 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 <u>Coal Specifications</u>. 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 CONTRACT	REJECT
MOISTURE	14.0% MAXIMUM	16.0%.
Ash	5.5% MAXIMUM	7.0%
SULFUR	1.2 LB/MMBTU SO₂ MAXIMUM	>1.2 LB/MMBTU SO <sub>2</sub>
Вти	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 ½" Fines	>50% LESS THAN 1/2" FINES

<sup>\*11,600</sup> Btu/lb. per Puerto Drummond vessel analysis

3.02 <u>Sampling and Analysis</u>. 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. <u>Analysis to be Made</u>. 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 <u>Coal Specifications Deficiencies</u>. 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 <u>Sulfur Content Warranty</u>. 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:

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 <u>Waiver</u>. 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 <u>Remedies Cumulative</u>. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.
- 4.05 <u>Cure of Default</u>. 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. <u>Compliance and Indermification</u>. 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 <u>Limitation on Indemnification and Liability Generally.</u> 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 <u>Notice of Problem</u>. 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 <u>Independent Contractor</u>. 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 <u>Binding Effect</u>. 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 <u>Guarantee Agreement</u>. 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 <u>Assignments</u>. 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 <u>Captions</u>. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

5.06 <u>Applicable Law and Arbitration</u>. 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 <u>Conflict of Interest Policy</u>. 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 <u>Confidentiality</u>. 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

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

affiliated corporations or unincorporated divisions of the parties hereto, its attorneys, accountants,

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.

MITNEGEES

PROGRESS FUELS CORPORATION

Vice President - Coal Pro

Date Executed:

18

WIINESSES:	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 pershipment 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%

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 experience 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.
Ву:	
Its:	

INTEROCEAN COAL SALES, LDC

c/o Truman Bodden & Company

P. O. Box 866

George Town, Grand Cayman

Drummond/Inter
Combinan

Offer

and Evaluations 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 1/4"

Price

2005 - NT FOB barge, Mobile, AL NT FOB barge, Mobile, AL 2006 - 5

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

## Pitcher, AI (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:

'Steul, Dennis J.'

Recipient

Crake, Kyle (Energy) Read: 3/25/2004 9:37 AM

Read

Alland on

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** 2005

TONS 600,000

FOB MOBILE

2006

1,000,000

FOB MOBILE

The net affect is \$ per ton for the two years; providing an average of \$ Because all forecast indicate the price erosion, PFC prefers to have the pricing noted above as opposed to a fixed 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, AI (PFC)

Subject: RE: 2005 and 2006 Offer

Αl,

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 and for two years (2005 & 2006) with escalation, however George spoke to Garry and he would agree to a fixed price of the 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-----

234

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

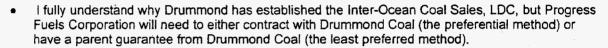
Importance: High

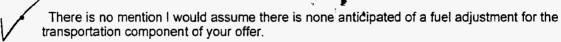
Before I proceed further, with the discussions at the plant regarding additional Mina Pribbenow coal, I need to clarify several observations I have regarding your recent unsolicited 2005 and 2006 offer.

- 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
  which escalates to slightly over and the end of 2006, certainly does not reflect this concept.



I believe the 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.





 Going directly to the bottom line, I believe the plant would entertain a continuation of the supply of Mina Pribbenow at \$\$\frac{1}{2}\$ 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: Steul, Dennis J. [djsteul@drummondco.com]

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Please review and call at your convenience.

Al Pitcher

# Prombed to INTEROCEAN COAL SALES, LDC byle for 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:

600,000 net tons +/- 5% for shipping purposes only CY 2005 1,000,000 net tons  $\pm$  5% for shipping purposes only CY 2006

Specifications:

As received basis, ASTM standards, FOB barge - Mobile

Moisture Ash 14.00% maximum 5.50% maximum

Sulfur Volatile 1.20 lbs. SO2/mmbtu 32.00% minimum

Btu

11,700 minimum

Grind Size 43 minimum 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:

\$ per net ton loaded into Buyer's barge(s) at the

Alabama State Docks – Mc Duffie Coal Terminal

Escalation:

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.

12,000 Btu, 1.2LB SO<sub>2</sub> Btu Adjustment to 12,500 @ 41/100

12,000 Btu, 1.6LB SO<sub>2</sub>

Sulfur Adjustment

Btu Adjustment to 12,500 @ 100

(1)Midpoint of Bid/Ask

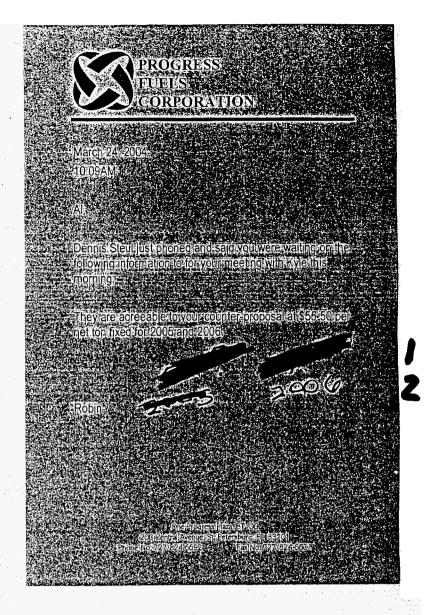
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## PROGRESS FUELS CORPORATION

# EVALUATION DRUMMOND COAL

Estimated Delivered Price to Crystal River—Domestic Vater		K	
	9		
Coal 12,500 Btu, 1.2LB SO <sub>2</sub>	2005	2006	•
River Barge	<b>5</b>		•
IMT		=	3
Guif Barge			- U
\$/Ton			
\$/MMBtu			6
Equate Import Coal @ 11,700 Btu			1
Less Gulf Barge			8
			. 4
Average			10
Offer fixed for two years			11



## Pitcher, Al (PFC)

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Sent:

Tuesday, March 23, 2004 3:41 PM

To:

'Steul, Dennis J.'

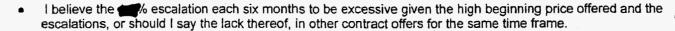
Subject:

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Importance: High

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6

3/23/2004

# 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

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As received basis, ASTM standards, FOB barge - Mobile

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Ash 5.50% maximum
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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

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Cost is for Interocean's account.

Weight Determination: Loadport (Puerto Drummond) vessel draft survey performed by

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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.

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Sincerely,

George E. Wilbanks Attorney in Fact

Progress Tuels Evaluation Drummond Gal Estimated Delve Juce to CR-Donate Water Cog / 12500 BTU/1.5#102 RIVER Barge ImT **=** = 3 Gulf Barge \$/100 \$/monstu Egacle Import Coal @ 11.700 BTU Low Gulf nt Querage Offer Two year trued & and

Progress tuels Market Evaluation FOB Borge B 3/23/04 The United Power Disc 12000 BTU/1,2#50z BTU agastment & 12500 2.25/100 3 12000 BTU/1.6 \$50, Sulfan agustment B 10 alyestment to 12500 2.25/100 = 4 1) The Count of Bell ask Estimated 2005 market 2006 Note The United God press are estimates for morned quantitie of NYMEX and DTC trade usually 15,000 - 20,000 tro/me on less than 250,000 tro per year. These could be at least 21

# 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, AI (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 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 LtdMarketing 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.

Abound

BTUDE 100

Squatnest for BTUDE 100

Squation to MAA or yelled

Delivered there for expanses Drumment

Delivered there for expanses Drumment



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<sub>2</sub> "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 <sub>2</sub> 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 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 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.

Mr. Dennis J. Stuel
December 15, 2003
Page 2

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

W Pitcher

Sincerely,

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

Drummond Coal Sales, Inc.

By: Now

# 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:

- 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:

- 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 <u>15</u> day of	December, 2003.
"Purchaser" By:	"Seller" By: Demis Steul
Its: Vice President Cal Procurement	Its: DIRECTOR OF SALES

COAL SOLICITATION—"A" COAL CRYSTAL RIVER UNITS 1 & 2

RFP'S RELEASED 04/12/04

WORKPAPERS

**COPIES** 



# INTER-OFFICE CORRESPONDENCE

Fuel Transportation
Office

BT10E MAC 727/824-6692 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).

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 dollars below the current market; and in the case of the March Colombian purchase, it is at least 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 MMBTU and 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 to \$\\$/MMBTU\$. These prices compared to \$\\$/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<sub>x</sub> emissions by almost 25%. This purchase will assist CR in achieving their NO<sub>x</sub> 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 \$/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 \$/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 \$/MMBTU. We also purchased 360,000 each year from Progress Fuels-Marketing and Trading. This product will deliver into CR at \$/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 \$\frac{1}{2005}\$ \$\frac{1}{2005}\$ 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 \$\frac{1}{2005}\$ \$\frac{1}{2005}\$ MMBTU. Also, we purchased 240,000 tons for each year (2005 and 2006) from B&W Resources. This coal will deliver into CR at \$\frac{1}{2005}\$ \$\frac{1}{2005}\$ 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.

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# 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



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

# **CURRENT QUALITY**

	OFFERED COAL SPEC		REQUIRED COAL SPECIFICATIONS	
DESCRIPTION	AS RECEIVED AVERAGE OR TYPICAL	AS RECEIVED GUARANTEED		BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7.5	8.0	٠	8.0% MAX.
SURFACE MOISTURE %	~ 5.0	5.0		5.0% MAX.
ASH %	11.0	12.0	4	12% MAX. <sup>2</sup>
SULFUR DIOXIDE (LB/M6TU)	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	1	2,500 MIN
VOLATILE %	34.0	32.0	4	31.0% MIN.1
GRINDABILITY, HARDGROVE	48	45	4	42 MIN. <sup>3</sup>
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		

MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

<sup>4</sup> 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 D			
P20s	.18	.05	Antimony			
SiO₂	54.18	3.0	Arsenic			
Fe <sub>2</sub> O <sub>3</sub>	8.38	1.5	Beryllium			
Al <sub>2</sub> O <sub>3</sub>	27.36	2.0	Cadmium			
TiO <sub>2</sub>	1.50	.30	Chromium			
CaO	2.51	.50	Cobalt			
MgO	.99	.20	Fluorine			
SO <sub>3</sub>	2.03	.30	Lead			
<b>№</b> 0	2.21	.50	Lithium			
Na <sub>2</sub> O	.46	.05	Manganese			
Undetermined	.04	.01	Mercury			
Base/Acid Ratio	.18	.05	Nickel			
Maximum Base/Acid Ratio	.30	.05	Selenium			

PADJUSTABLE IN DIRECT PROPORTION TO BTU.

ADJUSTABLE IN INVERSE PROPORTION TO BTU.



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	<u>Typical</u>	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 per short ton CIF Electrocoal Terminal, New Orleans at 11,800 Btu/lb gar
- US per short ton CIF McDuffie, Mobile at 11,800 Btu/lb gar
- US per short ton CIF Electrocoai Terminal, New Orleans at 11,600 Btu/lb gar
- US 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,

Trevocisco Garcia



# COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

'RODUCER NAME: Coal Marketing Company Ltd -CMC-					
TREET ADDRESS: 7 Bachelor's Walk, Dublin 1, Ir	eland				
ONTACT: Francisco J. Garcia Marketing Manage	r-	TELEPHONE NO. 57-5-3	50-2123		
AINE(S): Cerrejon, Colombia BOM DISTRIC	CT; N/A COUNTY: N/A STA				
ORIGIN RAILROAD(S)/DISTRICT: EK CV_	Big Sandy Oth	ner: Imported coal R/	R TIPPLE DESIGNATION/I	NUMBER: N/A	
TYPE OF LOADING FACILITY: Imported coal UNIT TRAIN:	SINGLE (	CAR:N/A	TRAINLOAD: _	N/A	
MAXIMUM LOADING CAPACITY: N/A TONS		HOURS		TRACK CAPACITY	
WATER DELIVERY CAPABILITY: X YES Bolivar, Colombia	NO	IMPORT COAL	: Cerrejon, Colombia	LOAD PORT: Puerto	
SHIP THROUGH:DOCK		<u>L</u>	OAD RATE: 6,000 short ton	s per hour	
FOTAL PRODUCTION CAPACITY PER MONTH:	2.5 Million short TONS				
				R	
SEAMS: Multiseam operation		BLEND RATIOS			
		_		N	
TYPE OF LABOR CONTRACT(S): Union	DATE FOR BENEGOTI	ATION: 2005			
TTPE OF LABOR CONTRACT(3). UNION	DATE FOR RENEGOTI	ATION. 2003			
TYPE OF COAL WEIGHING: Vessel draft survey	DATE FOR RENEGOTI	SCALE CERTIFIED?	YESN	10	
		T		R TON FOB MINE	
TYPE OF COAL WEIGHING: Vessel draft survey	TON	SCALE CERTIFIED?	BASE PRICE PE		
TYPE OF COAL WEIGHING: Vessel draft survey PERIOD	TON	SCALE CERTIFIED?	BASE PRICE PE	R TON FOB MINE F NOLA @ 11,600 Btu/lb lar 20 days after May 12,	
TYPE OF COAL WEIGHING: Vessel draft survey PERIOD	TON 400,000	SCALE CERTIFIED?  INAGE short tons	per short ton CII  Indicative price, valid for 2  2004, subject to CMC's B	R TON FOB MINE F NOLA @ 11,600 Btu/lb ar  20 days after May 12, loard approval	
TYPE OF COAL WEIGHING: Vessel draft survey  PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR I	TON 400,000	SCALE CERTIFIED?  INAGE short tons	per short ton CII  Indicative price, valid for 2  2004, subject to CMC's B	R TON FOB MINE F NOLA @ 11,600 Btu/lb ar  20 days after May 12, loard approval	
PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT	TON 400,000	SCALE CERTIFIED?  INAGE short tons	per short ton CII  Indicative price, valid for 2  2004, subject to CMC's B	R TON FOB MINE F NOLA @ 11,600 Btu/lb ar  20 days after May 12, loard approval	
PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT	TON 400,000	SCALE CERTIFIED?  INAGE short tons	per short ton CII  Indicative price, valid for 2  2004, subject to CMC's B	R TON FOB MINE F NOLA @ 11,600 Btu/lb ar  20 days after May 12, loard approval	
PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT	TON 400,000	SCALE CERTIFIED?  INAGE short tons	per short ton CII  Indicative price, valid for 2  2004, subject to CMC's B	R TON FOB MINE F NOLA @ 11,600 Btu/lb ar  20 days after May 12, loard approval	
PERIOD  January 1 - December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR ISPOT  PRODUCER'S COMMENTS:	TON 400,000	SCALE CERTIFIED?  INAGE short tons	per short ton CII g Indicative price, valid for 2 2004, subject to CMC's B	R TON FOB MINE F NOLA @ 11,600 Btu/lb ar  20 days after May 12, loard approval	
PERIOD  January 1 - December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR ISPOT  PRODUCER'S COMMENTS:	TON 400,000	SCALE CERTIFIED?  INAGE short tons	per short ton CII g Indicative price, valid for 2 2004, subject to CMC's B	R TON FOB MINE F NOLA @ 11,600 Btu/lb ar  20 days after May 12, loard approval	
PERIOD  January 1 - December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR ISPOT  PRODUCER'S COMMENTS:	400,000 NDIVIDUAL WHICH IS N	SCALE CERTIFIED?  INAGE  Short tons  OT THE PRODUCER PLEA	per short ton CII g Indicative price, valid for 2 2004, subject to CMC's B ASE INDICATE SO BY MAK	R TON FOB MINE F NOLA @ 11,600 Btu/lb ar  20 days after May 12, loard approval	
PERIOD  January 1 - December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR ISPOT  PRODUCER'S COMMENTS:  CREDIT REFERENCES (Minimum two):	400,000 NDIVIDUAL WHICH IS N	SCALE CERTIFIED?  INAGE  Short tons  OT THE PRODUCER PLEA	per short ton CII g Indicative price, valid for 2 2004, subject to CMC's B ASE INDICATE SO BY MAK	R TON FOB MINE F NOLA @ 11,600 Btu/lb ar  20 days after May 12, loard approval	
PERIOD  January 1 - December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR ISPOT  PRODUCER'S COMMENTS:  CREDIT REFERENCES (Minimum two):	400,000 NDIVIDUAL WHICH IS N	SCALE CERTIFIED?  INAGE  Short tons  OT THE PRODUCER PLEA	per short ton CII g Indicative price, valid for 2 2004, subject to CMC's B ASE INDICATE SO BY MAK	R TON FOB MINE F NOLA @ 11,600 Btu/lb ar  20 days after May 12, loard approval	
PERIOD  January 1 - December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR ISPOT  PRODUCER'S COMMENTS:  CREDIT REFERENCES (Minimum two):	400,000 NDIVIDUAL WHICH IS N	SCALE CERTIFIED?  INAGE  Short tons  OT THE PRODUCER PLEA	per short ton CII g Indicative price, valid for 2 2004, subject to CMC's B ASE INDICATE SO BY MAK	R TON FOB MINE F NOLA @ 11,600 Btu/lb ar  20 days after May 12, loard approval	
PERIOD  January 1 - December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR ISPOT  PRODUCER'S COMMENTS:  CREDIT REFERENCES (Minimum two):	400,000 NDIVIDUAL WHICH IS N	SCALE CERTIFIED?  INAGE  Short tons  OT THE PRODUCER PLEA	per short ton CII g Indicative price, valid for 2 2004, subject to CMC's B ASE INDICATE SO BY MAK	R TON FOB MINE F NOLA @ 11,600 Btu/lb ar  20 days after May 12, loard approval	



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

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 CURRENT OUALITY
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670 FAX NO. 727/824-6601

	FAX NO 72//	/824-6601	
DECODERTION .	OFFERED COAL SPECIFICAT!	REQUIRED COAL SPECIFICATIONS	
DESCRIPTION	"AS RECEIVED" AVERAGE OR TYPICAL	BITUMINOUS "AS RECEIVED" GUARANTEED	
MOISTURE (TOTAL) %	11.6	12.3	8.0% MAX.
SURFACE MOISTURE %	2.5	3.0	5.0% MAX.
ASH %	B.2	9.2	12% MAX, <sup>2</sup>
SULFUR DIOXIDE (LB/MBTU)	1.12	1.34	2,1 LB/MAX. <sup>1</sup>
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. <sup>1</sup>
GRINDABILITY, HARDGROVE	48	45	42 MIN. <sup>3</sup>
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		

MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED

MINERAL ANALYSIS %WEIGHT			TRA	CE ELEMENTS PPM IN C	OAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	DESCRIPTION AVERAGE STD.			
P <sub>2</sub> O <sub>5</sub>	0.22	0.02	Antimony	0.9			
SiO <sub>2</sub>	60.4	0.8	Arsenic	3.0			
Fe <sub>2</sub> O <sub>3</sub>	8.4	0.4	Beryllium	0.7			
Al <sub>2</sub> O <sub>3</sub>	20.1	1.0	Cadmium	0.4			
TiO <sub>2</sub>	1.0	0.13	Chromium	11			
CaO	2.3	0.3	Cobalt	1.0			
MgO	2.2	0.3	Fluorine	51			
SO <sub>3</sub>	2.1	0.35	Lead	3.0			
K₂O	2.2	0.4	Lithium	1.9			
Na₂O	0.6	0.15	Manganese	69			
Undetermined	0.48		Mercury	<0.1			

<sup>&</sup>lt;sup>2</sup> ADJUSTABLE IN DIRECT PROPORTION TO BTU. <sup>3</sup> ADJUSTABLE IN INVERSE PROPORTION TO BTU.



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 3 OF 3

Base/Acid Ratio	0.1	9	0.02	Nickel	10		
Maximum Base/Acid Ratio	0.2	3		Selenium	3.0	PROJ	CTED QUALITY
DECORPTION	N.		OFFERED COA	L SPECIFICATIONS			EQUIRED COAL PECIFICATIONS
DESCRIPTIO	N		AS RECEIVED" RAGE OR TYPICAL	"AS RECEIVEI GUARANTEE			IOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %			11.6	12.3	1		8.0% MAX.
SURFACE MOISTURE	6	-	2.5	3.0			5.0% MAX.
ASH %	SH %		8.2	9.2			12% MAX. <sup>2</sup>
SULFUR DIOXIDE (LB/M	ULFUR DIOXIDE (LB/MBTU)		1.12	1.34			2.1 LB/MAX. <sup>1</sup>
BTU/LB	BTU/LB		11,600	11,600		12,000/LB MIN	
ASH SOFTENING DEGREES FAHRENHE	EIT H=W (R)		2350	2290		2,500 MIN.	
VOLATILE %			33.4	32.0		31.0% MIN. <sup>1</sup>	
GRINDABILITY, HARDO	GRINDABILITY, HARDGROVE		48	45			42 MIN. <sup>3</sup>
SIZE			2"X 0"	2"X 0"			2" X 0"
FINES (-1/4" X 0")			45	51			45% MAX. <sup>5</sup>
FIXED CARBON %			46.8				
HYDROGEN %			4.6				
NITROGEN %			1.2				
CHLORINE %			0.03				
OXYGEN %			8.3				

<sup>&</sup>lt;sup>1</sup> MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS. <sup>2</sup> ADJUSTABLE IN DIRECT PROPORTION TO BTU. <sup>3</sup> ADJUSTABLE IN INVERSE PROPORTION TO BTU.

<sup>\*</sup>PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRAC	CE ELEMENTS PPM IN C	OAL
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P <sub>2</sub> 0 <sub>5</sub>	0.22	0.02	Antimony	0.9	
SiO <sub>2</sub>	60.4	0.8	Arsenic	3.0	
Fe <sub>2</sub> O <sub>3</sub>	8.4	0.4	Beryllium	0.7	
Al <sub>2</sub> O <sub>3</sub>	20.1	1.0	Cadmium	0.4	
TiO <sub>2</sub>	1.0	0.13	Chromium	11	
CaO	2.3	0.3	Cobalt	1.0	
MgO	2.2	0.3	Fluorine	51	
SO <sub>3</sub>	2.1	0.35	Lead	3.0	
K₂O	2.2	0.4	Lithium	1.9	
Na <sub>2</sub> O	0.6	0.15	Manganese	69	



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 4 OF 3

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					



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:

#### <u>Term</u>

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	<u>Typical</u>	<u>Typical</u>	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 per short ton CIF Electrocoal Terminal, New Orleans at 11,800 Btu/lb gar
- US per short ton CIF McDuffie, Mobile at 11,800 Btu/lb gar
- US per short ton CIF Electrocoal Terminal, New Orleans at 11,600 Btu/lb gar
- US 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



# COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

PRODUCER NAME: CENTral App	palachia A	niving LL	c		
	- P.O. Box 1	1 .			
CONTACT: Mike Goff		<u>}</u>		2-3900 ex	x+ 306
,	ISTRICT:	COUNTY: Pike	7	STATE: KY	
ORIGIN RAILROAD(S)/DISTRICT: EK CV Big	Sandy_ Other		R/R TIPPLE [	DESIGNATION/NUMBER:	84917
TYPE OF LOADING FACILITY: UNIT TRAIN	SINC	GLE CAR:		TRAINLOAD	
MAXIMUM LOADING CAPACITYTONS	4	HOURS		_// 0	TRACK CAPACITY
WATER DELIVERY CAPABILITY:YES	NO	IMPORT CO/	AL: LOAD PORT	ſ	
SHIP THROUGH:DOCK			LOAD RATE	á::	
TOTAL PRODUCTION CAPACITY PER MONTH: 450, 0	200 TONS				
PRODUCTION PER MONTH—MEETING OUR COAL SPEC	IFICATIONS: 30,000	rons			
TYPE OF MINE: <u>50</u> % DEEP	_5	<u>0_</u> % STRIP			% AUGER
SEAMS:		BLEND RATIOS:			
COAL PREPARATION: RAW		WASHED			COMBINATION
TYPE OF COAL WASHER, IF WASHED: HEAVE I	Media Washer	- Heavy Mes	Jin Cuch	Lares - Spirals	
	Belt Sweep	7	7	<u> </u>	Cells
TYPE OF LABOR CONTRACT(S): None	DATE FOR RENEĞOTIATIO	ON:			
71 070	Batch Weighing	SCALE CERTIFIED?	YES	NO	
PERIOD		NNAGE		BASE PRICE PER TO	N FOB MINE
Jan. 1, 2005 - Dec. 31, 2007					
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDU	IAL WHICH IS NOT THE PROD	DUCER PLEASE INDICATE	SO BY MAKING	G AN "X" IN THIS SPOT.	
PRODUCER'S COMMENTS:					
			· · - · · · · · · · · · · · · · · ·		
CREDIT REFERENCES (Minimum two):			· · · · · · · · · · · · · · · · · · ·	7 - Phasi	1 11/22 14/4
Rogers Petroleum - 606/43	7 - 1/121 - 8/1. 1	30× 162 - Pis	Keville	UV HISAZ	(606) 736 177
Nelson Brothers - 800/972-	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	hades Creek fa	- LANGE	S. + 2000 - B.	
NEIDON DIMINED	$-1.441 - \times 20$		VA I . I	DUILE AUDU DI	Same Sala Long All
CUSTOMER REFERENCES (Minimum four):	DINESVILLE	1	1:4:25 -	72 FAV 30	MINGHAM, AL
CUSTOMER REFERENCES (Minimum four): 1 G	ainesville, u.f. 8591744	Regional Util	lities -	Thomas Fox 35	201334 - 3400
a) East KY Power - Ervic A	ainesville ) Huff 859/744	1	1;1;es - 853	Thomas Fox 3	EZ) 334 - 3400
CUSTOMER REFERENCES (Minimum four): 1 G  a) East KY Power - Ernie 1,  3) Duke Freygy - Elliott  N) MIRANT - Mark Can	ainesville , fuff 859/744 Batson 704/ on 678/579-	Regional Util	1;t;es - 853	Thomas Fox 3	EZ) 334 - 3400
2) East KY Power - Ernie 1, 3) Duke Fnergy - Elliott 4) MIRANT - Mark Can	ainesville ; Huff 859/744 Batson 704	Regional Util 1-4864 Ext 1382-6132 3073	1;ties - 85.3	Thomas Fox 3	EMING HAM, AL 52)334 - 3400
2) East KY Power - Ernie 1, 3) Duke Fnergy - Elliott 4) MIRANT - Mark Can	ainesville Huff 859/744 Batson 704/ W 678/579-	Regional Util 1-4864 Ext 1382-6132 3073 5031			27 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
2) East KY Power - Ernie 1, 3) DUKE ENERGY - Elliott 4) MIRANT - Mark Can 5) Koch Carbon - Rob Nels	ainesville Huff 859/744 Batson 704/ W 678/579-	Regional Util 1-4864 Ext 1382-6132 3073			TE: 5/11/04

PHONE NO: 727/824-6679 FAX NO: 727/824-6601



# COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

# **CURRENT QUALITY**

	OFFERED COAL	OFFERED COAL SPECIFICATIONS		
DESCRIPTION	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	
MOISTURE (TOTAL) %	7.0	8.0	8.0% MAX.	
SURFACE MOISTURE %	4.0	5.0	5.0% MAX.	
ASH %	11.00	12%	12% MAX. <sup>2</sup>	
SULFUR DIOXIDE (LB/MBTU)	<b>a</b> .0	2.1 LB/MAX	2.1 LB/MAX.1	
BTU/LB	12600	12,500	12,000/LB MIN.	
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2500°+	2500°MIN "	2,500 MIN.	
VOLATILE %	34.0	32.0% min "	31.0% MIN. <sup>1</sup>	
GRINDABILITY, HARDGROVE	43-45	42 Min 1	42 MIN. <sup>3</sup>	
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	<u></u> '	
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 <sub>2</sub> O <sub>5</sub>	0.15		Antimony	<1.0	
SiO <sub>2</sub>	53.02		Arsenic	3.22	
Fe <sub>2</sub> O <sub>3</sub>	9.00		Beryllium	2.10	
Al <sub>2</sub> O <sub>3</sub>	28.64		Cadmium	20.2	
TiO <sub>2</sub>	1.19		Chromium	8.96	
CaO	1.61		Cobalt	4.55	
MgO	1. 27		Fluorine	36.70	
SO₃	0.20		Lead	a.59	
K₂O	3.07		Lithium	14.0	
Na <sub>2</sub> O	0.62		Manganese	34.67	
Undetermined	1.23		Mercury	8.07	
Base/Acid Ratio	0.1879		Nickel	11.31	
Maximum Base/Acid Ratio	0,2030		Selenium	21.0	
		*NOTE: ADD SHEETS	SIE MORE THAN ONE SEAM		

\*NOTE: ADD SHEETS IF MORE THAN ONE SEAM



# COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 3 OF 3

# PROJECTED QUALITY

	OFFERED COAI	REQUIRED COAL SPECIFICATIONS	
DESCRIPTION	*AS RECEIVED* AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7.0	8-0	8.0% MAX.
SURFACE MOISTURE %	4.0	5.0	5.0% MAX.
ASH %	11.00	12%	12% MAX. <sup>2</sup>
SULFUR DIOXIDE (LB/MBTU)	<b>a</b> .0	a.1 LB/MAX	2.1 LB/MAX. <sup>†</sup>
BTULB	12,600	12,500	12,000/LB MIN
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2500°+	2500°MIN "	2,500 MIN
/OLATILE %	34.0	32.0% min "	31.0% MIN <sup>1</sup>
GRINDABILITY, HARDGROVE	43-45	42 Min "	42 MIN. <sup>3</sup>
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	
VITROGEN %	1.55	1.59	
CHLORINE %	0.09	0.14	
DXYGEN %	5.50	5.71	

MINERAL ANALYSIS %WEIGHT		TRACE ELEMENTS PPM IN COAL			
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
<sup>2</sup> 205	0.15		Antimony	<1.0	
3iO₂	53.02		Arsenic	3.22	
·e <sub>2</sub> O <sub>3</sub>	9.00		Beryllium	2.10	
\l2O3	28.64		Cadmium	20.2	
TiO₂	1.19		Chromium	8.96	
)aO	1.61		Cobalt	4.55	_
/IgO	1. 27		Fluorine	36.70	
3O <sub>3</sub>	0.20		Lead	a.59	
<b>%</b> O	3.07		Lithium	14.0	
la <sub>2</sub> O	0.62		Manganese	3467	
Indetermined	1.23		Mercury	0.07	
lase/Acid Ratio	0.1879		Nickel	11.31	
faximum Base/Acid Ratio	0.2030		Selenium	21.0	

\*NOTE: ADD SHEETS IF MORE THAN ONE SEAM



# COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

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 DISTRIC	T: N/A	COUNTY: N/A	STATE: N/A		
ORIGIN RAILROAD(S)/DISTRICT: EK CV_	Big Sandy Oth	ner: Imported coal R/	R TIPPLE DESIGNATION/	NUMBER: N/A	
TYPE OF LOADING FACILITY: Imported coal UNIT TRAIN:N/A	SINGLE (	CAR: <u>N/A</u>	TRAINLOAD: _	N/A	
MAXIMUM LOADING CAPACITY: N/ATONS		HOURS		TRACK CAPACITY	
WATER DELIVERY CAPABILITY: X YES Bolivar, Colombia	NO	IMPORT COAL	: Cerrejon, Colombia	LOAD PORT: Puerto	
SHIP THROUGH:DOCK	· · · · · · · · · · · · · · · · · · ·	L	OAD RATE: 6,000 short tons	s per hour	
TOTAL PRODUCTION CAPACITY PER MONTH:	2.5 Million short TONS				
PRODUCTION PER MONTH—MEETING OUR CO	AL 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 RENEGOTIA	ATION: 2005			
TYPE OF LABOR CONTRACT(S): Union  TYPE OF COAL WEIGHING: Vessel draft survey	DATE FOR RENEGOTI,	SCALE CERTIFIED?	YESN	10	
		<del></del>	YES N		
TYPE OF COAL WEIGHING: Vessel draft survey	TON	SCALE CERTIFIED?	BASE PRICE PEI	R TON FOB MINE  McDuffie @ 11,600 Btu/lb	
TYPE OF COAL WEIGHING: Vessel draft survey PERIOD	TON	SCALE CERTIFIED?	BASE PRICE PEI	R TON FOB MINE McDuffie @ 11,600 Btu/lb	
TYPE OF COAL WEIGHING: Vessel draft survey PERIOD	TON	SCALE CERTIFIED?	BASE PRICE PEI	R TON FOB MINE  McDuffie @ 11,600 Btu/lb ar  0 days after May 12,	
TYPE OF COAL WEIGHING: Vessel draft survey PERIOD	TON 400,000	SCALE CERTIFIED?  NAGE short tons	BASE PRICE PEI  per short ton CIF I  gr  Indicative price, valid for 2 2004, subject to CMC's B	R TON FOB MINE  McDuffie @ 11,600 Btu/lb ar  0 days after May 12, oard approval	
TYPE OF COAL WEIGHING: Vessel draft survey  PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR I	TON 400,000	SCALE CERTIFIED?  NAGE short tons	BASE PRICE PEI  per short ton CIF I  gr  Indicative price, valid for 2 2004, subject to CMC's B	R TON FOB MINE  McDuffie @ 11,600 Btu/lb ar  0 days after May 12, oard approval	
PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.	TON 400,000	SCALE CERTIFIED?  NAGE short tons	BASE PRICE PEI  per short ton CIF I  gr  Indicative price, valid for 2 2004, subject to CMC's B	R TON FOB MINE  McDuffie @ 11,600 Btu/lb ar  to days after May 12, oard approval	
PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.	TON 400,000	SCALE CERTIFIED?  NAGE short tons	BASE PRICE PEI  per short ton CIF I  gr  Indicative price, valid for 2 2004, subject to CMC's B	R TON FOB MINE  McDuffie @ 11,600 Btu/lb ar  to days after May 12, oard approval	
PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.	TON 400,000	SCALE CERTIFIED?  NAGE short tons	BASE PRICE PEI  per short ton CIF I  gr  Indicative price, valid for 2 2004, subject to CMC's B	R TON FOB MINE  McDuffie @ 11,600 Btu/lb ar  to days after May 12, oard approval	
PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR I SPOT.  PRODUCER'S COMMENTS:	TON 400,000	SCALE CERTIFIED?  NAGE short tons	BASE PRICE PEI  per short ton CIF I  gr  Indicative price, valid for 2 2004, subject to CMC's B	R TON FOB MINE  McDuffie @ 11,600 Btu/lb ar  0 days after May 12, oard approval	
PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR I SPOT.  PRODUCER'S COMMENTS:	TON 400,000	SCALE CERTIFIED?  NAGE short tons	BASE PRICE PEI  per short ton CIF I  gr  Indicative price, valid for 2 2004, subject to CMC's B	R TON FOB MINE  McDuffie @ 11,600 Btu/lb ar  0 days after May 12, oard approval	
PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR I SPOT.  PRODUCER'S COMMENTS:	TON 400,000 NDIVIDUAL WHICH IS NO	SCALE CERTIFIED?  NAGE  short tons  OT THE PRODUCER PLEA	BASE PRICE PEI  per short ton CIF I gi Indicative price, valid for 2 2004, subject to CMC's B ASE INDICATE SO BY MAK	R TON FOB MINE  McDuffie @ 11,600 Btu/lb ar  0 days after May 12, oard approval	
PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR I SPOT.  PRODUCER'S COMMENTS:  CREDIT REFERENCES (Minimum two):	TON 400,000 NDIVIDUAL WHICH IS NO	SCALE CERTIFIED?  NAGE  short tons  OT THE PRODUCER PLEA	BASE PRICE PEI  per short ton CIF I gi Indicative price, valid for 2 2004, subject to CMC's B ASE INDICATE SO BY MAK	R TON FOB MINE  McDuffie @ 11,600 Btu/lb ar  0 days after May 12, oard approval	
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OXYGEN %

# COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

MRS. ROBIN OTT PROGRESS FUELS CORPORATION ONE PROGRESS PLAZA, SUITE 600 ST. PETERSBURG, FLORIDA 33701

8.3

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 16208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670

	FAX NO. 727/	824-6601	
DECORPORTION.	OFFERED COAL SPECIFICATI	ONS CERREJON "C" COAL	REQUIRED COAL SPECIFICATIONS
DESCRIPTION	"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. <sup>2</sup>
SULFUR DIOXIDE (LB/MBTU)	1.12	1.34	2.1 LB/MAX. <sup>1</sup>
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. <sup>1</sup>
GRINDABILITY, HARDGROVE	48	45	42 MIN. <sup>3</sup>
SIZE	2"X 0"	2"X 0"	2" X 0"
FINES (-1/4" X 0") %	45	. 51	45% MAX. <sup>4</sup>
FIXED CARBON %	46.8		
HYDROGEN %	4.6		
NITROGEN %	1.2		***************************************
CHLORINE %	0.03		

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P <sub>2</sub> O <sub>5</sub>	0.22	0.02	Antimony	0.9	
SiO <sub>2</sub>	60.4	0.8	Arsenic	3.0	
Fe <sub>2</sub> O <sub>3</sub>	8.4	0.4	Beryllium	0.7	
Al <sub>2</sub> O <sub>3</sub>	20.1	1.0	Cadmium	0.4	
TiO <sub>2</sub>	1.0	0.13	Chromium	11	
CaO	2.3	0.3	Cobalt	1.0	
MgO	2.2	0.3	Fluorine	51	
SO <sub>3</sub>	2.1	0.35	Lead	3.0	
K₂O	2.2	0.4	Lithium	1.9	
Na <sub>2</sub> O	0.6	0.15	Manganese	69	
Undetermined	0.48		Mercury	<0.1	



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 3 OF 3

Base/Acid Ratio	0.1	9	0.02	Nickel	10		
Maximum Base/Acid Ratio	0.2	3		Selenium	3.0	PROJ	CTED QUALITY
*NOTE: ADD SHEETS IF MORE THAN ONE SEAM							
			OFFERED COAL	SPECIFICATIONS			EQUIRED COAL PECIFICATIONS
DESCRIPTIO	N		AS RECEIVED" RAGE OR TYPICAL	"AS RECEIVEI GUARANTEE			IOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %			11.6	12.3		8.0% MAX.	
SURFACE MOISTURE 9	6		2.5	3.0		5,0% MAX.	
ASH %			8.2	9.2		12% MAX. <sup>2</sup>	
SULFUR DIOXIDE (LB/M	FUR DIOXIDE (LB/MBTU) 1.12		1.12	1.34		2.1 LB/MAX. <sup>1</sup>	
BTU/LB			11,600	11,600		12,000/LB MIN.	
ASH SOFTENING DEGREES FAHRENHE	EI <b>T</b> H=W (R)		2350	2290			2,500 MIN.
VOLATILE %			33.4	32.0		31.0% MIN. <sup>1</sup>	
GRINDABILITY, HARDG	ROVE		48	45			42 MIN. <sup>3</sup>
SIZE			2"X 0"	2"X 0"			2" X 0"
FINES (-1/4" X 0")		-	45	51			45% MAX. <sup>5</sup>
FIXED CARBON %			46.8				*********
HYDROGEN %			4.6				********
NITROGEN %			1.2				****
CHLORINE %	_		0.03				
OXYGEN %			8.3				

<sup>&</sup>lt;sup>1</sup> MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

<sup>2</sup> ADJUSTABLE IN DIRECT PROPORTION TO BTU.

<sup>3</sup> ADJUSTABLE IN INVERSE PROPORTION TO BTU.

<sup>4</sup> 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 <sub>2</sub> 0 <sub>5</sub>	0.22	0.02	Antimony	0.9	
SiO <sub>2</sub>	60.4	8.0	Arsenic	3.0	
Fe <sub>2</sub> O <sub>3</sub>	8.4	0.4	Beryllium	0.7	
Al <sub>2</sub> O <sub>3</sub>	20.1	1.0	Cadmium	0.4	
TiO <sub>2</sub>	1.0	0.13	Chromium	11	
ÇaO	2.3	0.3	Cobalt	1.0	
MgO	2.2	0.3	Fluorine	51	
SO <sub>3</sub>	2.1	0.35	Lead	3.0	
K <sub>2</sub> O	2.2	0.4	Lithium	1.9	
Na <sub>2</sub> O	0.6	0.15	Manganese	69	



### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 4 OF 3

Undetermined	0.48		Mercury	<0.1	
Base/Acid Ratio	0.19	0.02	Nickel	10	
Maximum Base/Acid Ratio	0.23		Selenium	3.0	



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)\*: 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<sub>2</sub>/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 MV/

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. M<del>o</del>nson

Vice President

#PF24102 Attachments: 5 pc: BR, KY



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

PRODUCER NAME HORIZON NATU	RAI RESOURC	ES SAIES Co.						
STHEET ADDRESS: 2000 ASHLAND DO	LIVE, ASHLAN	UD, KY 4						
CONTACT: TIM HOUSON		TELEPHONE NO. 85	9-21	9-1250				
MHESE EVERGREEV BOM DISTI	RICT: 8	COUNTY: WEBSTE	Z.	STATE: WV				
ORIGIN RAEROAD(S)(DISTRECT: EK CV Big Sar	ncy Other 6Auley	North N	RTOPLEO	estavationinember 78 420				
TYPE OF LGADING FACILITY: UNIT TRAIN:X	SINGLE	ECAR:		TRAINLOAD:				
MAXIMUM LOADING CAPACITY:	4 ~	HOURS		TRACK CAPACIT				
WATER DELIVERY CAPABILITY:YES	×_NO	INFORT COAL: U	OAD PORT					
SHP THROUGH:DOCK		U	DAD RATE					
TOTAL PRODUCTION CAPACITY PER MONTH: 250 K	_TONS							
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFIC	CATIONS: 125K TO	NS						
TYPE OF MENE:% DEEP	100	% STRIP		% ANGE				
SEARS: Upper + Lower Clarion, Kitt	taunine	BLEND RATIOS: Vari	هرح					
COAL PREPARATION:RAW		WASHED		X_consinatio				
TYPE OF COAL WASHER IF WASHED: HERVY HE	DiA			1				
TYPE OF COALSAMPLING H 5 45 - 3-5THC	E, Gammane	Yrics						
TYPE OF LABOR CONTRACT(S): NON-4410N	DATE FOR RENEGOTIATION:	NIA						
TYPE OF COAL WEIGHING KANGW LA BATCH WEIGH SYSTEM SCALE CERTIFIED? XYESNO								
TYPE OF COAL WEIGHING KANGULA TO A TC	h WEIGH SYSTEM	SCALE CERTIFIED?	X_YES	N9				
PERSON	H WEIGH SYSTEM		X_YES	BASE PRICE PER TON FOR MINE				
	TONN		X_YES	Marie Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the				
PEROD	500,000 T	age PY – Pro Rata		BASE PRICE PER TON FOR MINE				
PEROD  [-1-2005-2006-12-31-2007]  F THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL.	TONN.  500,000 T  WHICH IS NOT THE PRODUC	age PY — Pro <i>rata</i> Cerplease nocate soe	TY MAKING	BASE PRICE PER TON FOR MINE  AN X IN THES SPOT.				
PEROD [-1-2005-2006-12-31-2007]	TONN.  500,000 T  WHICH IS NOT THE PRODUC	age PY — Pro <i>rata</i> Cerplease nocate soe	TY MAKING	BASE PRICE PER TON FOR MINE  AN X IN THES SPOT.				
PEROD  [-1-2005-2006-12-31-2007]  F THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL.	TONN.  500,000 T  WHICH IS NOT THE PRODUC	age PY — Pro <i>rata</i> Cerplease nocate soe	TY MAKING	BASE PRICE PER TON FOR MINE  AN X IN THES SPOT.				
PEROD  [-1-2005-2006-12-31-2007]  F THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL.	TONN.  500,000 T  WHICH IS NOT THE PRODUC	age PY — Pro <i>rata</i> Cerplease nocate soe	TY MAKING	BASE PRICE PER TON FOR MINE  AN X IN THES SPOT.				
PERCOD  1-1-2005-2006-12-31-2007  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL!  PROJUNCER'S COMMENTS: SFE Letter  CREDIT REFERENCES (Minimum bino):	TONN 500,000 T WHICH IS NOT THE PRODUCE PATTAC & MENT	AGE  PY - Propata  ERPLEASE NOKATESOE  For 2006	- 20	BASE PRICE PER TON FOR MINE  AN TIN THIS SPOT.  07 Pricing  13 - 639-5469				
PERCOD  1-1-2005-2006-12-31-2007  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL!  PRODUCER'S COMMENTS: SFE Letter  CREDIT REFERENCES (Maximum bino):  Provident BAUK, Cincin	TONN 500,000 T WHICH IS NOT THE PRODUCE PATTAC & MENT	AGE  PY - Propata  ERPLEASE NOKATESOE  For 2006	- 20	BASE PRICE PER TON FOR MINE  AN TEN THIS SPOT.  07 Pricing				
PERCOD  1-1-2005-2006-12-31-2007  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL!  PRODUCER'S COMMENTS: SFE Letter  CREDIT REFERENCES (Maximum bind):  Provident BAUK, Cincin	TONN 500,000 T WHICH IS NOT THE PRODUCE PATTAC & MENT	AGE  PY - Propata  ERPLEASE NOKATESOE  For 2006	- 20	BASE PRICE PER TON FOR MINE  AN TIN THIS SPOT.  07 Pricing  13 - 639-5469				
PERCOD  1-1-2005-2006-12-31-2007  FITHS COAL EX OFFERED BY A COMPANY OR MONIOUAL PRODUCER'S COMMENTS: SFE Letter  CREDIT REFERENCES (Maximum book):  Provident BAUK, Cincina Whay NE Supply, Ashlan	TONN 500,000 T MACHISMOTTHE PRODUC PATTAC & MENT Nati, OH, Pa nd, Ky C	AGE  PY - Prorata  ERPLEASE NOCLATESOE  FOR 2006  Aula Carrol  harles 5PRA	- 20	BASE PRICE PER TON FOR MINE  AN TIN THIS SPOT.  07 Pricing  13 - 639-5469				
PERCOD  1-1-2005-2006-12-31-2007  F THIS COME IS OFFERED BY A COMPANY OR INDIVIDUAL!  PROJUCIONER SCOMMENTS: SFE Letter  CREDIT REFERENCES (Minimum two):  Provident BAUK, Cincina Whay NR Supply, Ashlan CUSTOMER REFERENCES (Minimum two):  ANKER ENERGY COIP, N  CRIMSON CONT LEXI	TONN.  500,000 T  MICHISMOTTHE PRODUC  ANTI, OH, Pa  Id, Ky C  Morganitown,  ng Tonn, KY	AGE  PY - Prorata  ERPLEASE NOCLATESOE  FOR 2006  Aula Carrol  harles 5PRA	- 20	BASE PRICE PER TON FOR MINE  AN TIN THIS SPOT.  07 Pricing  13 - 639-5469				
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PERCOD  1-1-2005-2006-12-31-2007  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL!  PRODUCER'S COMMENTS: SFE Letter  CREDIT REFERENCES (Maximum bino):  Provident BAUK, Cincini Whay NR Supply, Ashlar COUSTOMER REFERENCES (Maximum bino):  ANKER ENERGY Corp, N	TONN.  500,000 T  MICHISMOTTHE PRODUC  ANTI, OH, Pa  Id, Ky C  Morganitown,  ng Tonn, KY	AGE  PY - Properta  ERPLEASE NOCKATE SOE  FOR 2006  Aula Carrol  harles 5PRA	- 20	BASE PRICE PER TON FOB MINE				
PERCOD  1-1-2005-2006-12-31-2007  F THIS COME IS OFFERED BY A COMPANY OR INDIVIDUAL!  PROJUCIONER SCOMMENTS: SFE Letter  CREDIT REFERENCES (Minimum two):  Provident BAUK, Cincina Whay NR Supply, Ashlan CUSTOMER REFERENCES (Minimum two):  ANKER ENERGY COIP, N  CRIMSON CONT LEXI	TONN.  500,000 T  MICHISMOTTHE PRODUC  ANTI, OH, Pa  Id, Ky C  Morganitown,  ng Tonn, KY	AGE  PY - Properta  ERPLEASE NOCKATE SOE  FOR 2006  Aula Carrol  harles 5PRA	- 20 - 20	BASE PRICE PER TON FOB MINE				
PERCOD  1-1-2005-2006-12-31-2007  IF THIS COME IS OFFERED BY A COMPANY OR INDIVIDUAL OF PRODUCER'S COMMENTS: SFE Letter  CREDIT REFERENCES (Maximum bino):  Provident BAUK, Cincin May NR Supply, Ashlar CONSTONER REFERENCES (Maximum bino):  ANKER ENETRGY Corp. N.  CRIMSON CONT. LEXI  PENNSY (NAME A POWER & Light.	TONN.  500,000 T  MICHISMOTTHE PRODUC  ANTI, OH, Pa  Id, Ky C  Morganitown,  ng Tonn, KY	AGE  PY - Propata  ERPLEASE NOKATESOE  FOR 2006  Rula Carrol  harles 5PRA  WV  Ventown, PA  TIME: Vice Pres	- 20 - 20	BASE PRICE PER TON FOB MINE				

ONE PROGRESS PLAZA, SUITE FOR ST. PETERSEURG, FLORIDA 20101

POST OFFICE BOX 15266 ST. PETERSBURG, FLORIDA 1878



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

CURRENT QUALITY

	OFFERED COAL	REQUIRED COAL SPECIFICATIONS		
DESCRIPTION:	'AS RECEIVED' AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMENOUS "AS RECEIVED" GUARANTEED	
MOISTURE (TOTAL) %	5.50	8,00 4	8.0% MAX. ·	
SURFACE MOISTURE VI			5:0% MAX.	
ASH %	12.50	13.00 .	12% HAX2	
SULFUR DIOXIDE (LB/MBTU)	2,00	2.10	2.1 LEAMAX.1	
STULE	12.450	12360	12,000/LE MIN.	
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2,650	2,500 MIN.	
VOLATILE %	3200	31.00	31.0% MIN.1	
GRINDABILITY, HARDGROVE	454-3	45 +/-3	42 MIN.3	
SIZE	2"X0"	2"XO"	2 x 0"	
FINES (-114" X 0")	45	45.0	45% MAX+	
FIXED CARBON %	51.0			
HYDROGEN %	니.18			
NITROGEN %	1.40			
CHLORINE %	0.13			
OXYGEN %	6.18			

MUST BE MET ON AN INCIVIDUAL SHIPMENT BASIS.

<sup>2</sup>ADJUSTABLE IN DIRECT PROPORTION TO BTU.

\*PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

And the second second second	MINERAL ANALYSIS *WEIGHT	Typical	Typical TRACE ELEMENTS PPM IN COAL				
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.		
Px0s	0.10		Antimony	42.0			
SiC <sub>2</sub>			Arsenic	5.0			
Fe <sub>2</sub> O <sub>3</sub>	3,96		Seryllium .	2.0			
Al <sub>2</sub> O <sub>3</sub>	28.48		Cadmium	42.0			
TiOz	1.63		Chromium	28.0			
CaO	0.75		Cobalt	14.0			
MgO	0.71		Fluorine.				
SO <sub>B</sub> .	0.31		Lead	13.0	<u> </u>		
K <sub>2</sub> O	2.60		Läthisam	23.0			
Na <sub>2</sub> O	0.20		Manganese	78.0			
Lindelemined	4.17		intercury:	0.13	l !		
BaselAcid Ratio	0.13		Nickel	21.0			
Maximum Base/Acid Ratio			Selenium	42.0			

<sup>\*</sup>ADJUSTABLE IN INVERSE PROPORTION TO BTU.



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 3 OF 3

PROJECTED QUALITY

				10) - Committee of the State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State of State o
·	OFFERED COAL S	PECIFICATIONS		REQUIRED COAL SPECIFICATIONS
DESCRIPTION	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED		EITURINGUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	5.50	8.00		8.0% MAX.
SURFACE MOISTURE %	1		1	5.0% MAX
ASH %	12.50	13.00	4	12% MAX 2
. SULFUR DIOXIDE (LBIMBTU)	2.0	2,10		2.1.LBMAX.1
BTULB	12. 50	12,300	4	12,000/L9 MRN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	J. 700	2650	1	2,500 MIN.
VOLATRE %	32.06	31.00	4	31.0% MEN.1
GRADABALITY, HARDGROVE	45 +/-3	45 1/- 3	*	42 Mar. 3
SIZE	2"X0"	2"×0"		2 X 0"
FINES (-1/4" X 0")	45%	45%		45% MAX.5
FIXED CARBON %	51.0			
HYDROGEN %	4.18		1	<del></del> -
NETROGEN %	1.40			
CHLORINE %	0.13		]	
CXYGEN %	6.18			

<sup>&</sup>quot;MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

<sup>4.</sup>PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

	MANETIAL ANALYSIS SWEIGHT	Typical	. Typical	TRACE ELEMENTS PPM IN COAL	
DESCRIPTION	AVERAGE	STO. DEV.	DESCRIPTION	AVERAGE	STD DEV.
Px0s	0.10		Antimony	4 2.0	
SiO <sub>2</sub>			Arsenic	5.0	
Fe <sub>2</sub> O <sub>3</sub>	3.96		Beryllion	2.0	
Al-Os	28,48		Cacimium	42.0	
TiO <sub>2</sub>	1.63		Chronica	28.0	
CaO	75.0		Cobalt	14.0	
MgO	0.71		Fisorine		
SOs	0.31		Lead	13.0	
K <sub>2</sub> O	2.60		Lithum	23.0	
Na <sub>2</sub> O	0.20	·	Margariese	78.0	
Undetermined	4.17		'Niercury	0.13	
Base/Acid Ratio	0.13		Nickel	21.0	
Maximum Base/Acid Ratio			Selenium	L 2.D	

<sup>2</sup> ADJUSTABLE IN DIRECT PROPORTION TO BTU.

<sup>3</sup> ADJUSTABLE IN INVERSE PROPORTION TO BTU.



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 417:01

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)\*:

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<sub>2</sub>/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,

Jimothy V. Monson
Vice President

#PF24096 Attachments: 6 pc: BR, KY



## COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 "PAGE 1 OF 3

PRODUCERNAME HORIZON NA	1 1									
	THRAI KESON	arces Sales	Co.							
STREET ADDRESS: 2000 Ashland										
CONTACT: TIM Monson		TELEPHONE NO. 859 - 219 - 1250								
MINE(S): BOM DIS	STRICT: 8	COUNTY: PERIZY	STATE: Ky							
-ORIGIN RAILROAD(S)(DISTRICT: EKCVBg S	condy Other HAZO	us and	R TIPPLE DESIGNATION/NUMBE	R 42621						
TYPE OF LOADING FACILITY: UNIT TRAIN: 4 Howiz	SINC	GLE CAR:	TRAINLO	DAD:						
MAXIMEMALOADING CAPACITY: 10,000 TONS	Ц.	HOURS		TRACK CAPACITY						
WATER DELIVERY CAPABILITY: X YES	NO	IMPORT COAL: U	OAD PORT							
SHETHROUGH: TTI DOCK		U	OAD RATE:							
TOTAL PRODUCTION CAPACITY PER MONTH: _ \$ 2.5	KTONS									
PRODUCTION PER MONTH—MEETING OUR COAL SPECIF	FICATIONS: 200K T	ONS:								
TYPE OF MINE:% DEEP	100	_%'STRIP		% AUGER						
SEAMS: HAZARD 5, 7, 8 49		BLEND RATIOS: VAIL	0 u S							
COAL PREPARATION: 100 RAW		WASHED		COMBINATION						
TYPE OF COAL WASHER, IF WASHED: N/A										
TYPE OF COAL SAMPLING: Redding 3-	STACE									
TYPE OF LABOR CONTRACTISI: No.1 Un. ON		N:								
TYPE OF COAL WEIGHING: KANAWAL BATC	· · · · · · · · · · · · · · · · · · ·	7	X YESNO							
PERIOD	TON	INAGE	BASE PRICE PER	TON FOR MINE						
2005 - 06 -07	500,000	TPN-ProRata								
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL	L WHICH IS NOT THE PROD	UCER PLEASE INDICATE SO B	TY MAKING AN "X" IN THIS SPOT							
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	ATTACH MEN	TFOR 2006	PRODUCERS COMMENTS: SEE LETTER ATTACH MENTFOR 2006 \$ 2007 Pricing							
PRODUCERS COMMENTS: SEE LETTER	ATTACH MEN	TFOR 2006	\$ 2007 Prici	ng						
PRODUCERS COMMENTS: SEE LETTER	DITACH MEN	TFOR 2006	\$ 2007 Prici	n9						
PRODUCER'S COMMENTS: SEE LETTER  CREEKT REFERENCES (Minimum bird):	TITACH MEN	TFOR 2006	\$ 2007 Prici	n 9						
CREDIT REFERENCES (Minimum bird):										
CREIXT REFERENCES (Minimum bird): Provident BANK, Cincinn	nation Pay	ila Carroll	513-639-54	169						
CREIXT REFERENCES (Minimum bird): Provident BANK, Cincinn	nati, OH Pau		513- 639-54	169						
CREINT REFERENCES (Minimum bird): PYOUIDENT BANK, Cincinn WhayNE Supply, Ashlo	nation Pay	la Carroll harles Spiad	513-639-54	169						
CREINT REFERENCES (Minimum bud):  Provident BANK, Cincinn Whayne Supply, Ashlo	nation Payand, KY C	la Carroll harles Spiad	513-639-54	169						
CREINT REFERENCES (Minimum bird):  PYOUIDENT BANK, Cincinn WhayNE Supply, Ashlo CUSTOMER REFERENCES (Minimum bour):  Day ton Power & Light Duke	and, KY C  Dayton, O	ila Carroll harles Spind	513-639-54	169						
CREINT REFERENCES (Minimum book):  Provident BANK, Cincinn Whayne Supply, Ashlo CUSTOMER REFERENCES (Minimum bout):  Dayton Power & Light	and, KY C  Dayton, O  Charlotte,	la Carroll harles Spind N NC	513-639-54	169						
CREINT REFERENCES (Minimum boo):  PYOUIDENT BANK, Cincinn WhayNE Supply, Ashlo CUSTOMER REFERENCES (Minimum bout):  Day ton Power & Light Duke	Dayton, O  Charlotte,  Jackson,	la Carroll harles Spind N NC	513-639-54 lin 606-928-3	169						
CREDIT REFERENCES (Minimum bird):  Provident BANK, Cincinn Whayne Supply, Ashli Customer References (Minimum bour):  Dryton Power & Light Duke Consumeres Energy Georgia Power Company	Dayton, O  Charlotte,  Jackson,	la Carroll harles Spind N NC MI	513-639-54 lin 606-928-3	169						

MRS. ROBIN OTT
PROCRESS RUELS CORPORATION
ONE PROCRESS RUAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

MRS. ROSIN OTT
PROGRESS FUELS CORPORATION
POST UFFICE BOX 1528
ST. FETERSSURG, FLORIDA 31733



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 3 OF 3

PROJECTED QUALITY

	OFFERED COAL	REQUIRED COAL SPECIFICATIONS		
DESCRIPTION	"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. <sup>2</sup>
SULFUR DIOXIDE (LB/M8TU)	2.00	2.10		2.1 LBMAX.5
BTUALB	12,200	12,100	4	12,000A.5 NIN
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	a700	2650	4	-2,500 MIN.
VOLATILE %	3200	31.00	4	31.0% benci
GRANDABILITY, HARDGROVE	42	42 7-3	4	42 tunka
SIZE	J.170.	2"x0"		2 x 0"
FINES (-1/4" X.0")	40%	45		45% MAX.5
FIXED CARBON %	49.00			
HYDROGEN %	4.60			
MITROGEN'S	1.36			
CHLORINE %	0.12			
OXYGEN %	5.50			

"MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS."

<sup>2</sup>ADJUSTABLE IN DIRECT PROPORTION TO BTU.

PADJUSTABLE BY INVERSE PROPORTION TO BTU.

4 PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

	WINERAL ANALYSIS WEIGHT	Typical		. Typical TRACE ELEMENTS FPM IN COAL				
DESCRIPTION	AVERAGE	STO. DEV.	DESCRIPTION	AVERAGE	STD DEV.			
P <sub>z</sub> 0s	0.51		Antimony	0.62				
SiO <sub>2</sub>	0.65		Arsenic	6.03				
Fe <sub>2</sub> O <sub>2</sub>	5,43		Beryffium.	1. 44				
AbOs	29.65		Cadmium	0.11				
TiO <sub>2</sub>	1.11		Chromium	23.81				
CaO	2.07		Cohalt	4.44				
MgO	0.85		Fixorine	45.32				
\$O <sub>3</sub>			Lead	7.83				
<b>K</b> ₂O	1.48		Lithium	25.01				
NexO	0.34		Manganese	15.90				
Undetermined	2.84		Wercary	0.14				
Base/Acid Ratio			Mickel	6,97				
Maximum Base/Acid Ratio			Selenium	2.24				

## COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

CURRENT QUALITY

	OFFERED COAL	OFFERED COAL SPECIFICATIONS						
DESCRIPTION	"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 <sup>2</sup>				
SULFUR DIOXIDE (LEMMSTU)	2.00	2.10		2.1LB/MAX <sup>1</sup>				
etuab	12.200	12,100	.4	12,000/LS ANN.				
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2	4	2,500 MIN.				
VOLATLE %	3 2.00	31.00	4	31.0% kWh.:				
GRINDASILITY, HARDGROVE	42 7-3	42+/-3	4	4Z MAN.3				
SIZE'	2"x0"	a" xo"		ድxơ				
FINES (-114" X 0")	40%	45%		45% MAX.4				
FIXED CARBON %	49.00							
HYDROGEN %	4.60							
NITROGEN %	1. 36							
CHEORIFIE %	0.12							
OXYGEN %	5,50							

MAIST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

PADJUSTABLE IN DIRECT PROPORTION TO BTU.

3 ADJUSTABLE IN INVERSE PROPORTION TO BTU.

\*PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

u	INERAL ANALYSIS WEIGHT	Typical"	Typical TRACE ELEMENTS PPM IN COAL				
DESCRIPTION	AVERAGE	STD, DEV:	DESCRIPTION	AVERAGE	STD DEV.		
Pale	0.51		Animony.	0.62			
SO <sub>2</sub>	0.65		Arsenic	6.03			
Fe <sub>2</sub> Q <sub>3</sub>	5,43		Beryllaum	1,44			
AlpOx	29.65		Cadmium	0,11			
TiO2	1.11		Chromium	23.81			
CaC	2.07		Cobelt	4.44			
MgO	0.85		Fuorne	45.32			
\$O₃			Lead	7.83			
K-0	1.98		Lithian	25.01			
Na <sub>2</sub> O	0.34		Manganese	15.90			
Underennined	2.84		Mercury	0.16			
Base/Acid Ratio			Nickel	6.97			
Maximum Base/Acid Rasio			Seienium	2.24			
· · · · · · · · · · · · · · · · · · ·		NOTE: ADD SHEETS I	F MORE THAN ONE SEAM				

#### PROGRESS FUELS CORPORATION

CR Units 1,2, 4 and 5 PURCHASES from 2005-2006

RFP

				+++++++		COF	RECTE	D COPY	,	******					Α	B	C	D
			4.0	(000)						-	7						Evaluated	Evaluated
				Total	2005	2006		Pu	rchase Sp	ecification	ns		Min	Max	Cash	<u>Griji</u>	Utilized	Evaluated Utilized
Supplier	Coal Type	Term	Origin	Tons	Tons	Tons	? Ash	Sulfur	Btu *	Moisture	Vol	HGI	SO2	SO2	Cost \$/st	Cost \$/M	Cost \$/st	Cost \$/M
<u>Water</u>							ļ											
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				
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				
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	4		,	
																1		
Rail				<u> </u>														
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				
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				
																1		
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	A			
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			2.44.1	
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	A			
												_					(mr 4)	
			Total Tons	4320	2460	1860								SO2				

#### A traent A

1

## РРОСЯЕ В ЕЧЕ СО ВРОВАТІОЙ

CR Units 1,2,4 and 5 PURCHASES from

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<b>,</b>				والبيات	2.00	1.50	42	32.00%	%00.T	12,500	1.25%	%05.11	240	240	081	CSX Jellico	1/02-12/06	(CR1&2)	B&W Resources
3	V				2,10	1.50	77	31.00%	%00.8	12,100	1.27%	12.00%	360	720	1080	сех ве	90/9-50/1	A (CR1&2)	Мазѕеу
6		the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the s			2.10	1.50	45	31.00%	%00.8	12,700	%ÞE'L	%00.01	240	120	360	CSX Harlan	90/21-90/1	(S&192) A	Sequoia Energy LLC
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7	1			وسنا	1.20		43	32.00%	%00.8	12,500	%ST.0	12.00%	360	360	720	Diamond May	1/05-12/06	D (CR4&5)	CAM-KY
ç					1.20		43	32.00%	%00.8	12,500	%ST.0	12.00%	360	360	720	Diamond May	1/05-12/06	D (CR4&5)	Progress Fuels
b	1				02.1		77	31.00%	%00.8	12,100	%£7.0	12.00%	180	360	240	llimbns8	90/9-90/1	D (CR4&5)	YəsseM
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6	1				1.20		72	31.00%	%00.8	12,100	%£7.0	%00.€r	180	360	240	FOB Ceredo	90/9-90/1	D (CR4&5)	(9sseM
2					1.20	1	42	31.00%	%00.8	12,300	%t1.0	12.00%	300	300	009	Winifred Dock	1/05-12/06	D (CK485)	Central Coal Co.
,					1.20	<del> </del>	43	32.00%	%00.4r	007,11	%07.0	%09.5	1000	008	1800	FOB Mobile	1/05-12/06	D (CK485)	Drummond / Interocean
•				1	1		-				·		<u> </u>		-				Water
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CR Units 4 and 5 May 2004 Solicitation ALL BIDS

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			Total			2005	2006	2006						chase Spe						Cash Cost \$/1	C. P. P. Parishou	65 (F) (C)	Utilized	
	Term	V Origin	Tons	Price	Tons	2Price :2	Tons	Price	Tons	PTICE	MAIONS IN	YASN SE	-Sunun	s Bru	Woratnia	SA A CILITARY	nung	2302.1	COST WST	[:Cost avi	MISECOSE:	Nar-chito	SORE SIME	4
Western Coals									0		0	5.64%	0.30%	2 222	26.70%	24 059	51	0,68						11
DTÉ	2005	PRB/Cora	504	-	504				H					8,800										١,
Kennecott	05-07	Barge Cahokia	1500		500		500		500		0	4.00%	0.38%	9,350		31.26%	61	0.80						┨;
Arch	1/05-12/07	Thunder Basin	1500	_	500		500		500		0	5,50%	0.30%	8,800		30.78%	50	83.0		+	H			1:
Triton	05	PRB N. Rochelle	1000	-	1000		0		0		0	5.20%	0.35%	8,800	28.50%	31,50%	63	0.80		+	H			∦.
Triton	05-07	PRB-Buckskin	3000		1000		1000		1000		0	5.50%	0.34%	8,400	30.00%	31.00%	65	0.80						4:
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			- 1			
Oxbow	05-08	Colorado	1550		50		500		500		500	12.00%	0.72%	11,900	9.00%	31.00%	50	1.20						1
		Total Western	13954		5054		4200		4200		500									2.5				7
entral App Coals		I dan waaran	14454					-											ن عدد د			_		1
Massey	05	NS-Sydney	600		500		0		0		0	12.50%	0,74%	12,300	8,00%	31.00%	42	1.20						1
Central	1/05-12/06	Winifred Dock	600		300		300	Ī			0	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20						ไเ
	05	Bandmill	720		720		0		0		9	13.00%		12,100	8.00%	31.00%	42	1.20						7
Massey		1.	1080		360		360		360		0	12.00%		12,500	8.00%	32.00%	43	1.20						7
Progress	05-07	Diamond May			<del> </del>		360		0		,	13.00%	0.73%	12,100	8.00%	31.00%	42	1.20						٦,
Massey	. 05	FOB Ceredo	720		720						1									ii i				1
Massey	05	Sydney-Ceredo	600		600		0	<b>!</b>	0		0	12.50%	0.74%	12,300	8.00%	31.00%	42	1.20		# .				+
Alliance	05-07	. MC Mining	900	100	150		150	[ 	600		0	10.00%	0.74%	12,300	9.00%	32,00%	39	1.20	<u> </u>	-	<b>// ~</b>		-	$\dashv$
		Total Cent App	5220	<u> </u>	3450	THE	810		960	-	- 0	<del> </del> -	ļ			<u> </u>					-	+		4
Foreign Coals	<u> </u>			-	1 1	-	ļ						ļ										-	Η.
Interocean	07	Colombia-Mobile	1000		0		0		1000			5,50%	0.70%	11,700	14.00%	31.00%	43	1.20						4
CMC	05	Colombia-Mobile	200		200		0	1	0		0	8.30%	0.71%	11,800	12.00%	33.00%	45	1.20						_  '
Glencore	2005	Colombia-IMT	150		150				. 0		٥	9.00%	0.69%	12,000	10.00%	34.00%	46	1.15						_
CMC	_05	Colombia-ECT	200		200		0		0_		0	6.30%	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							٦
	05-07	Mina Norte-IMT	700		200		250		250			8.00%	0.78%		8.00%	31,00%	45				Ţ			7
Guasare	U3-U1										-	0.0074	U.7574	13,000	0.00 /4	31.00%	+3	1.20				-	4,41	┨.
		Total Foreign	3390	J	1230		580		1580		<u> </u>	Ash	Sulfur	Btu	Moisture	Vol	HGI	<b> </b> '	٠	+	<del></del>			1
			1			_				_		10.00%	0.70%	12,000	8:00%	31.00%	40			7.				1
		Total Tons	22564	l	9734	-	5590		6740		500	L			·			502 \$	_	<b></b>				┙

#### PROGRESS FUELS CORPORATION

CR 1 and 2 May 2004 Solicitation

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			(000) Total	ALC: NO LOS	2006	<b>建筑</b>	Serie Service of the way of the Wort.	SEC STREET, MARKET AND THE	chase Spe	HENCE SERVICE STATE OF SEC	MERCH AND WARDS	SHOP ENTRY OF	THE RESERVE OF	Cash	7.5	Evaluated Utilized	-Evalua - Utili
Supplier Section	Term	Origin - **	<u>Tons</u>	《Tons	Tons	⊕Tons:	* Ash	Sultur	Btu 🤫	Moisture	⊢ Vol : ≛	HGI	<b>≈SO2</b> ∗	Cost \$/st	Cost \$/M	Cost \$/st	*Cost
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	Q	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%	42	2.10	4			
Horizon	05-07	CSX-Evergreen	1500	500	500	500	13.00%	1.29%	12,300	8.00%	31.00%	45	2.10	4			
Central Coal Co	05-06	CSX-Kan	480	240	240	0	12.00%	0.99%	12,300	8.00%	32.00%	45	1.60				
СМС	05	Colombia-Mobile	400	400	0	0	9.20%	0.78%	11,600	12.30%	32.00%	45	1.34			harrie e minim	-
Logan&Kanawha	05-07	CSX Kan	1080	360	360	360	13.00%	1.00%	12,500	8.00%	30.00%	42	1.60	A codeman			1
СМС	05	Colombia-ECT	400	400	0	0	9.20%	0.78%	11,600	12.30%	32.00%	45	1.34	4			
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				
										CR 12 Economics Base Specifications							
							Ash	Sulfur	Btu	Moisture	Vol	HGI					
		Total Tons	10300				10.00%	1.05%	12,000	8.00%	34.00%	40					

#### PROGRESS FUELS CORPORATION

CR Units 1,2, 4 and 5 PURCHASES 2005-2006

						2	2005-2	006							A	B	C	D
er en skrigeren				(000)												345	Evaluated	Evaluated
Supplier	Coal Type	Term	Origin		2005 Tons	A DELTA SE	Comment (Spirit Land	ESLATION SHOWS A	rchase Sp Btu	CARTAMON V	La Alleganica hadriday	ton delinately	ALLEGE PLANE	WALL SHOWING	<b>经营业企业</b>	<b>1.</b> 全国的国际	Utilized Cost \$/st	Utilized Cost \$/M
/ater		1.10														<u>)</u>		
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				
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				
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				
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			44 V	
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				
ail		-		, ", "		*											1 1	
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				
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				
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				
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				
												:						
Massey	A (CR1&2)	ends 3/05	CSX BS	150	150		12.00%	1.31%	12,500	7.00%	33.00%	45	1.50	2.10				
Sequoia Energy LLC	A (CR1&2)		CSX Harlan	360	120	240	10.00%		12,700	8.00%	31.00%		1.50					
Massey	A (CR1&2)	1/05-6/06	CSX BS	1080	720	360	12.00%		12,100	8.00%	31.00%	42						
B&W Resources	A (CR1&2)		CSX Jellico	480	240	240	11.50%		12,500	7.00%	32.00%		1.50					
Consol (2)	A (CR1&2)		CSX BS	750	750	0	10.00%		12,800	8.00%	32.00%		1.50	1			)	
	,												, ,					
lack - New Contract			Total Tons	9120	6060	3060								502				

Copper - Previous Con tract

(1) Gusare has reopener for 2006

(2)Consol Reopener Pricing is estimated



#### INTER-OFFICE CORRESPONDENCE

Fuel Transportation
Office

BT10E MAC 727/824-6692 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	A	13
Sequoia Energy LLC/Black Gold, LLC Tons \$/Ton of Coal ¢/MMBtu Delivered	Year 2005	Year 2006 240,000
Massey Tons \$/Ton ¢/MMBtu Delivered  Crystal River Units 4 & 5	720.000	N/A N/A N/A
Rail Coals	<u>Year 2005</u>	<u>Year 2006</u>
Massey Utility Sales Company Tons \$/Ton of Coal ¢/MMBtu Delivered	720,000	- N/A N/A N/A
Progress Fuels Tons \$/Ton  \$/MMBtu Delivered	360,000	360.000
Water Coals		
Central Coal Company Tons \$/Ton of Coal ¢/MMBtu Delivered	300,000	300,000

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, AI (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, AI (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.

	Year 2005	Year 2006
B&W Resources, Inc		
Tons	240,000	240,000
\$/Ton of Coal		
¢/MMBtu Delivered		

12

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

#### Pitcher, AI (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, AI (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

A

B

	Year 2005	<u>Year 2006</u>
B&W Resources, Inc		
Tons	240,000	240,000
\$/Ton of Coal		
¢/MMBtu Delivered		

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



## COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

Mobile - 276-791-0011

PRODUCER NAME: Segudia ENERGY, L	LC Black Gol	D, LLC	
STREET ADDRESS: 410 Winterham Dri	•		
CONTACT: Tim Hall   Dan Hundrick	Kson	TELEPHONE NO. 271	6-623-8336
MINE(S): Saquoia BOM DI	STRICT: 8	COUNTY: Harlan	STATE: Kentucky
ORIGIN RAILROAD(S)/DISTRICT: EK CV Big	SandyOther_Hust	ian	RIR TIPPLE DESIGNATION/NUMBER: 43758
TYPE OF LOADING FACILITY: UNIT TRAIN: 45	SING	GLE CAR:	TRAINLOAD:
MAXIMUM LOADING CAPACITY:	4	HOURS	LIO Cals TRACK CAPACITY
WATER DELIVERY CAPABILITY:YES	NO	IMPORT COAL	: LOAD PORT
SHIP THROUGH:DOCK			LOAD RATE::
TOTAL PRODUCTION CAPACITY PER MONTH: $\frac{2000}{2000}$	TONS		
PRODUCTION PER MONTH-MEETING OUR COAL SPEC	IFICATIONS: 200,000 T	ONS	
TYPE OF MINE: 10 % DEEP	30	% STRIP	% AUGER
SEAMS: Darby & upper Harl	an	BLEND RATIOS: To	customer specifications
COAL PREPARATION: 30 RAW		WASHED	COMBINATION
TYPE OF COAL WASHER, IF WASHED: Heary Mi	Dia washer, c	yclones & Spil	rak
TYPE OF COAL SAMPLING: ASTM MEChan	ical sampler		Buna
TYPE OF LABOR CONTRACT(S): None	DATE FOR RENEGOTIATIO	N:	taxic
TYPE OF COAL WEIGHING: Certified batch	1-100-	SCALE CERTIFIED?	V YES NO 2005 X
S. S. S. S. S. S. S. S. S. S. S. S. S.	weigh	SCALE CERTIFIED?	<u></u>
PERIOD	U TOM	INAGE	BASE PRICE PER TON FOB MINE
	· ·	INAGE	3676
PERIOD	120,000 - 200 240,000 - 200	INAGE	BASE PRICE PER TON FOB MINE  Cocalation 2005: 200
PERIOD	TON 120,000 - 2005 240,000 - 200 AL WHICH IS NOT THE PROD	UCER PLEASE INDICATE SO	BASE PRICE PER TON FOB MINE  Cocalation 2005: 200
PERIOD  7005 - 2007  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL PRODUCER'S COMMENTS: Plans constant	120,000 - 2005 240,000 - 200 AL WHICH IS NOT THE PROD	UCER PLEASE INDICATE SO	BASE PRICE PER TON FOB MINE coalution 2005; 2000  OBYMAKING AN "X" IN THIS SPOT.  OF Connit ment and subject to
PERIOD	120,000 - 2005 240,000 - 200 AL WHICH IS NOT THE PROD	UCER PLEASE INDICATE SO	BASE PRICE PER TON FOB MINE coalution 2005; 2000  OBYMAKING AN "X" IN THIS SPOT.  OF Connit ment and subject to
PERIOD  DOS-2007  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUA  PRODUCER'S COMMENTS: Please considue  the regotiation of mutually a	TON  120,000 - 200, 240,000 - 200  AL WHICH IS NOT THE PROD  OUT Offer 5,  Greable form	UCER PLEASE INDICATE SO abject to grid as and condition	BASE PRICE PER TON FOB MINE  Cocalation 2005: 200  OBYMAKING AN "X" IN THIS SPOT.  OF Commitment and subject to
PERIOD  7005 - 2007  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL PRODUCER'S COMMENTS: Plans constant	TON  120,000 - 200, 240,000 - 200  AL WHICH IS NOT THE PROD  OUT Offer 5,  Greable form	UCER PLEASE INDICATE SO abject to grid as and condition	BASE PRICE PER TON FOB MINE  Cocalation 2005: 200  OBYMAKING AN "X" IN THIS SPOT.  OF Commitment and subject to
PERIOD  DOS-2007  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUA  PRODUCER'S COMMENTS: Please considue  the regotiation of mutually a	TON  120,000 - 200, 240,000 - 200  AL WHICH IS NOT THE PROD  OUT Offer 5,  Greable form	UCER PLEASE INDICATE SO abject to grid as and condition	BASE PRICE PER TON FOB MINE  Cocalation 2005: 200  OBYMAKING AN "X" IN THIS SPOT.  OF Commitment and subject to
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#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

#### **CURRENT QUALITY**

	OFFERED COAL	SPECIFICATIONS	REQUIRED COAL SPECIFICATIONS
DESCRIPTION	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	4.00-6.00	7.00 mx. "	8.0% MAX.
SURFACE MOISTURE %			5.0% MAX.
ASH %	7.00-8.00	10.00 mx. 1	12% MAX. <sup>2</sup>
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.	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,700+	2,500 MM.	2,500 MIN.
VOLATILE %	34.00-36.00	31.00 mn.	31.0% MIN.1
GRINDABILITY, HARDGROVE	42-44	42.00 mm.	42 MIN. <sup>3</sup>
SIZE	3" X D	9,40	2" X 0"
FINES (-1/4" X 0")	30-40	45 mx.	45% MAX.4
FIXED CARBON %	52.00 - 54.00		<del></del>
HYDROGEN %	4.81		• <del></del>
NITROGEN %	1.55		
CHLORINE %	0.01		
OXYGEN %	6.97		

<sup>1</sup> MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

· MI	NERAL ANALYSIS %WEIGHT		TRA	CE ELEMENTS PPM IN CO	AL.
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P <sub>2</sub> O <sub>5</sub>	0.36		Antimony	·	
SiO <sub>2</sub>	56.00		Arsenic		
Fe <sub>2</sub> O <sub>3</sub>	9.19		Beryllium		
Al <sub>2</sub> O <sub>3</sub>	26.30		Cadmium		
TiO <sub>2</sub>	1.60		Chromium		·
CaO	1.75		Cobalt		
MgO	78.0		Fluorine		
SO <sub>3</sub>	OF.0		Lead		
K <sub>2</sub> O	9.99		Lithium		
Na <sub>2</sub> O	D.47		Manganese		
Undetermined	0.64		Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		
		NOTE: ADD SHEETS	IF MORE THAN ONE SEAM		

<sup>&</sup>lt;sup>2</sup>ADJUSTABLE IN DIRECT PROPORTION TO BTU.



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

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PRODUCER NAME: B+W Resoul	rces Inc.			
	n Blvd.	Hazard, K	Y 41701	
contact: John Seibel		1/	3)315-6322	
MINE(S): Wooton, Red Ook Other BOM DIS		COUNTY: Perry, Le.	slie STATE: KY	
ORIGIN RAILROAD(S)/DISTRICT: EK CV Big S		ico Middleshio R	/R TIPPLE DESIGNATION/NUMBER: < * 440	655
TYPE OF LOADING FACILITY: UNIT TRAIN: 4 HR	SING	LE CAR	TRAINLOAD	
MAXIMUM LOADING CAPACITY. \[ \int O O O \] TONS		Hours	95 cols track	CAPACITY
WATER DELIVERY CAPABILITY:YES	NO	IMPORT COAL: I	LOAD PORT	
SHIP THROUGH:DOCK		l	LOAD RATE::	<u> </u>
TOTAL PRODUCTION CAPACITY PER MONTH: 100 K	TONS		I with German	2
PRODUCTION PER MONTH—MEETING OUR COAL SPECIF	FICATIONS: 80K T	ons		20
TYPE OF MINE:% DEEP	100	>_% STRIP	The Carly Price	<b>2</b> % AUGER
SEAMS: 142 4,5,7,8 9		BLEND RATIOS:	al series to	
COAL PREPARATION: 100 % RAW		_ WASHED	will make the	BINATION
TYPE OF COAL WASHER, IF WASHED:			Jan un man)	Je f
TYPE OF COAL SAMPLING: And Sample	er being ins	stalled	Harl will	return.
TYPE OF LABOR CONTRACT(S): None	DATE FOR RENEGOTIATION	N:	if on the same	he wo
				. J / L
TYPE OF COAL WEIGHING: Railroad		SCALE CERTIFIED?	YES NO TA /W	01/
TYPE OF COAL WEIGHING: Railroad PERIOD	TON	NAGE	BASE PRICE PER TON FOB MINE	017
		NAGE	BASE PRICE PER TON FOB MINE	λι <u>2</u> ι δ <u>1</u> ι
PERIOD	20,000/mo	NAGE - 720,000 Total	BASE PRICE PER TON FOB MINE  FIXAL 3	λη <u>ς</u> ν
PERIOD  1/1/05 HARD 12/31/07  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUA	20,000 /NO	NAGE - 720,000 Tuta	BASE PRICE PER TON FOB MINE  FIXAL 3  BY MAKING AN "X" IN THIS SPOT.	λι <sub>2</sub> ν
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PERIOD  1/1/05 HAV 12/31/07  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL  PRODUCER'S COMMENTS: Coal offered  to be finalized  Specially by  CREDIT REFERENCES (Minimum two): Harb's  Pecalus  CUSTOMER REFERENCES (Minimum four): Sc  SIGNATURE SCHOOL INFORMATION TO:  MRS. ROBIN OTT  PROGRESS FUEL  MRS. ROBIN OTT  PROGRESS FUEL	20,000/no  LE WHICH IS NOT THE PRODUCT  Subject to  Prior to and  Huis proposing fun Bank  Subject to  Plant Howaling  LE Englie  LE Englie  LE Englie  LE LE LE LE  LE LE LE  LE LE  LE LE  LE	NAGE  - 720,000 Total  UCER PLEASE INDICATE SO  Prior Sale.  y commit fru al.  Cincinnati, C  x tord, Ky  Elec & Ga  TITLE: IP	BASE PRICE PER TON FOB MINE  FIXAL 3  BY MAKING AN "X" IN THIS SPOT.  All contracts forms  ant. All previous bids  Ohio  Contracts forms  All previous bids  Ohio  As Spote of the previous bids  DATE: 5/11/  RES. ROBIN OTT  ROGRESS FUELS CORPORATION	



## COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

**CURRENT QUALITY** 

	ÖFFERED COAL	SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
DESCRIPTION	'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. <sup>2</sup>
SULFUR DIOXIDE (LB/MBTU)	20	2.0		2.1 LB/MAX.1
3TU/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. <sup>3</sup>
SIZE	2x0	2XO		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		
DXYGEN %	5.0	5.0		

MINERAL ANALYSIS %WEIGHT		. TRACE ELEMENTS PPM IN COAL			
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV
P <sub>2</sub> 0 <sub>5</sub>	0.17		Antimony	To Be Provide	ed
SiO₂	61.70		Arsenic		
Fe <sub>2</sub> O <sub>3</sub>	8.92		Beryllium		
Al <sub>2</sub> O <sub>3</sub>	20.00		Cadmium		
TiO₂	1.01		Chromium		
CaO	3.10		Cobalt		
MgO	1.20		Fluorine		
SO <sub>3</sub>	1.16		Lead		
K₂O	1.70		Lithium .		
Na <sub>2</sub> O	1.27		Manganese		
Undetermined			Mercury	/	
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		
	"NOTE: ADD SHEETS IF MORE THAN ONE SEAM				



## COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 3 OF 3

#### PROJECTED QUALITY

	OFFERED COAL	REQUIRED COAL SPECIFICATIONS	
DESCRIPTION	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		4	8.0% MAX.
SURFACE MOISTURE %	Samo a	s Corrent	5.0% MAX.
ASH %			12% MAX. <sup>2</sup>
SULFUR DIOXIDE (LB/MBTU)			2.1 LB/MAX.1
BTU/LB		4	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)		,	2,500 MIN.
VOLATILE %		4	31.0% MIN.1
GRINDABILITY, HARDGROVE		4	42 MIN. <sup>3</sup>
SIZE			2" X 0"
FINES (-1/4" X 0")			45% MAX.5
FIXED CARBON %			
HYDROGEN %			
NITROGEN %			
CHLORINE %			
OXYGEN %			

MINERAL ANALYSIS %WEIGHT .			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV	DESCRIPTION	AVERAGE	STD DEV
P <sub>2</sub> 0 <sub>5</sub>			Antimony		
SiO₂			Arsenic		
Fe <sub>2</sub> O <sub>3</sub>			Bervllium		
Al <sub>2</sub> O <sub>3</sub>	/		Cadmium		
TiO₂	,		Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO <sub>3</sub>			Lead		
K₂O			Lithium		
Na <sub>2</sub> O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

# PROGRESS FUELS CORPORATION

## COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

CORPORATION				
CERNAME: CENTral RAP	palachia 1	niving bho		
EET ADDRESS: 116 Main St	- P.O. Bax	1169- PiKevil	le	
MIKE Goff		•	06/432-3900 e	xt 306
•	ISTRICT: 8	COUNTY: Pike	STATE: KY	
GIN RAILROAD(S)/DISTRICT: EK CV Big	SandyOther		RIR TIPPLE DESIGNATION/NUMBER:	84917
PE OF LOADING FACILITY: JNIT TRAIN:	SIN	GLE CAR:	TRAINLOA	0:
XIMUM LOADING CAPACITY:	4	Hours		TRACK CAPACIT
TER DELIVERY CAPABILITY:YES	NO	IMPORT COAL	LOAD PORT	
IP THROUGH:DOCK			LOAD RATE::	
ITAL PRODUCTION CAPACITY PER MONTH: 450	eaa tons			
LODUCTION PER MONTH—MEETING OUR COAL SPE	CIFICATIONS: 30,000	TONS		
PE OF MINE: 50 % DEEP	_1	0 % STRIP		% AUGEF
EAMS:		BLEND RATIOS:		
OAL PREPARATION:RAW		WASHED		COMBINATION
YPE OF COAL WASHER, IF WASHED: Heavy	Media Wosher	- Heavy Med	lia Cyclones - Spiral	Froth Flotatia
	Belt Sweep			CEILS
YPE OF LABOR CONTRACT(S): NON-P	DATE FOR RENEGOTIATI	ON:		
YPE OF COAL WEIGHING: Kn Na with a	Batch Weighing	SCALE CERTIFIED?	NO	
PERIOD		NNAGE	BASE PRICE PER T	ON FOB MINE
Tad 1, 2005 - Dec. 31, 2007	240,000 - 210	Trains Permont	th 3	
THIS COAL IS OFFERED BY A COMPANY OR INDIVID				
RODUCER'S COMMENTS:				
CREDIT REFERENCES (Minimum two):	unity Trust	Bank - Acc#	400/360527 - Pho	De 1-01-1472-1414
Ronard Saturburn - 606/40	12-11/21 - 11	ROX 11.2 - Pik	ex: 1/2 XY 41502	-
Nelson Rynthers - 800/972	- 2/84 - 820 3	hades Preek for	Willow Swite 2000-1	Birming ham AL
CUSTOMER REFERENCES (Minimum four):	Saide eville	Recional Util	ities - Thomas Fox	362/534 - 3400
a) Fact XX P 1 x = Exclin	V. # 959174	4-4864 EXT	853	
A DUKA FLANCE - FILLSA	t Batson 704	1	16.50	
IN MIRRAT - MANY OF	Var 678/579	3073		
6) Kach Carbon - Rad ala	1/3/544	-5031		
SIGNATURE: MILL SH	SON 113/ 377	TITLE: Sales & 1	Marketin Marca	DATE: 5/11/04
MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO		James /	Inventy Irmage	-/11/07
MRS. ROBIN PROGRESS	OTT FUELS CORPORATION		MRS. ROBIN OTT PROGRESS FUELS CORPORATION	
ONE PROGR	ESS PLAZA, SUITE 500 BURG, FLORIDA 33701	. 08	POST OFFICE BOX 15208 ST, PETERSBURG, FLORIDA 33733	



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

PRODUCER NAME: Central Coal Co	mpany				
STREET ADDRESS: 148 Bristol Eas	t Rd., Bristo	1, VA 2420	2		
CONTACT: Clark Wisman	·	TELEPHONE NO. 2	76-669-	8599	
MINE(S): Coal River EnergyBOM DI	STRICT: 8	COUNTY: BOOM	e	STATE: WV	
ORIGIN RAILROAD(SYDISTRICT: EK CVBig	Sandy Other Kana	wha	R/R TIPPLE C	ESIGNATION/NUMBE	R: 82202
TYPE OF LOADING FACILITY: UNIT TRAIN:	SING	LE CAR:		TRAINLO	)AD:
MAXIMUM LOADING CAPACITY: 15,000 TONS	4	HOURS			TRACK CAPACITY
WATER DELIVERY CAPABILITY:YES	X_NO	IMPORT CO	AL: LOAD PORT		
SHIP THROUGH:DOCK			LOAD RATE:	:	
TOTAL PRODUCTION CAPACITY PER MONTH: 125,	000ons				
PRODUCTION PER MONTH-MEETING OUR COAL SPECI	FICATIONS: 50,000 T	ONS			
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-m	edia				
TYPE OF COAL SAMPLING: Automatic -	2 stage	•			
TYPE OF LABOR CONTRACT(S): N/A	DATE FOR RENEGOTIATION	k -			
TYPE OF COAL WEIGHING: Batch Weigh		SCALE CERTIFIED?	X_YES	ио	
PERIOD	TON	NAGE	·	BASE PRICE PER	TON FOB MINE
Jan 2005 - Dec 2006	20,000	TPM			
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUA	L WHICH IS NOT THE PRODU	ICER PLEASE INDICATE	SO BY MAKING	AN "X" IN THIS SPOT.	
PRODUCER'S COMMENTS: Subject to p	rior				
					•
CREDIT REFERENCES (Minimum two): Wach	ovia				
Cate	rpillar				
CUSTOMER REFERENCES (Minimum four): Duke	Power'				
Prog	ress Energy C	arolina			
6/1					
SIGNATURE: ( ku le h// hum		TITLE: Sales			DATE: 5/11/04
MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:  MRS. ROBIN OTT					
			MRS, ROBIN OTT		
PROGRESS FUEL ONE PROGRESS		OR	PROGRESS FUELS		
PROGRESS FUEL	PLAZA, SUITE 600			5208	



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	
	Quantity	
Term	(To the nearest unit train.)	Price
2005	200,000 Tons	
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<sub>2</sub>/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<sub>2</sub> content from the standard sulfur value in accordance with a mutually agreed upon SO<sub>2</sub> adjustment provision.

\* The transportation component of 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 <sub>2</sub> /mmBtu)	1.18
Sodium (Na2O)	5.00%

Mrs. Robin Ott May 11, 2004 Page 2

#### 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,

1

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			
<ul> <li>% Moisture</li> <li>% Ash</li> <li>% Volatile</li> <li>% Fixed Carbon</li> <li>BTU/Ib</li> <li>MAFBTU</li> <li>Dry BTU</li> <li>% Sulfur</li> </ul>	13.22 5.11 3.00 32.61 11900 14571 13713 1.28		
<u>ULTIMATE</u>			
% Moisture % Carbon % Hydrogen % Nitrogen % Chlorine % Sulfur % Ash % Oxygen  SULFUR FORMS  Pyritic Sulfur (%) Sulfate Sulfur (%) Organic Sulfur (%) Total Sulfur (%)	13.22 67.46 4.71 1.54 <0.01 1.28 5.11 6.67		•
MINERAL ANALYSIS OF ASH			
<ul> <li>% Silicon Dioxide (Silica, SiO2)</li> <li>% Aluminum Oxide (Alumina, Al2O3)</li> <li>% Titanium Dioxide (Titania, TiO2)</li> <li>% Iron Oxide (Estria Oxida, Es2O3)</li> </ul>	46.79 21.42 1.18		
<ul><li>% Iron Oxide (Ferric Oxide, Fe2O3)</li><li>% Calcium Oxide (Lime, CaO)</li><li>% Magnesium Oxide (Magnesia, MgO)</li></ul>	20.96 2.59 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	(°F)
Initial	

Initial		1965
Softening (H=W)		2010
Hemispherical (H=1/2W)		2060
Fluid	•	2180
Fluid-Initial Temp. Difference		215

#### Oxidizing (°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	STANDARD	TYPICAL 9!
	(MEAN VALUE)	DEVIATION	- 2 STĐ DEV

#### ADDITIONAL ANALYSES AND CALCULATED VALUES

%Water Soluble Alk - K2O

T250 Temperature ( <sup>O</sup> F)	2408
HGI (at as-received moisture)	52
HGI % Moisture	
Critical Viscosity Temperature ( <sup>O</sup> F)	
Critical Viscosity (Poises)	
% Equilibrium Moisture	
Specific Gravity	
%Alkalies NA2O Dry (Total Alkali Content on Coal)	
%Water Soluble Alk - Na2O	

%Na2O - Dry Coal %Na2O As-received Coal Silica Value (Silica Ratio) Slag Factor Slag factor per Fusion Temperature Dolomite Ratio Ash Precipitation Index Silica to Alumina Ratio	65.64 0.59
Calcium to Silica Ratio Iron to Calcium Ratio	
Fouling Factor (Fouling Index) SO2/MMBTU Ibs S/MMBTU	0.24 2.15 1.08
lbs Sodium/MMBTU lbs Ash/MMBTU	0.026 4.29

#### TYPICAL COAL SIZE

Cumulative Wt. Percent Size Fraction Wt. Percent

2 inch

+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 DEVIATION Whole Coal, Dry Basis (MEAN VALUE) -2 STD DEV

ANTIMONY (Sb) ARSENIC (As) BARIUM (Ba) BERYLLIUM (Be) BORON (B) BROMIDE (Br) CADMIUM (Cd) CHLORINE (CI) CHROMIUM (Cr)

COPPER (Cu) FLUORINE (F)

COBALT (Co)

LITHIUM (Li) MANGANESE Mn)

MERCURY (Hg) MOLYBDNEUM (Mo)

NICKEL (Ni) LEAD (Pb)

SELENUIM (Se)

SILVER (Ag)

. 4

STRONTIUM (Sr)

**TYPICAL** 

STANDARD

TYPICAL 98

THALLIUM (TI)
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 9 -2 STD DEV	5% RANGE +2 STD DEV	TYPICAL DRY VALUE	TYPICAL MOISTURE-ASH FREE VALUE
PROXIMATE						
% Moisture % Ash % Volatile % Fixed Carbon BTU/Ib	25.40 4.12 31.26 39.23 9350	0.56 0.33 0.81 0.80 103	24.28 3.45 29.64 37.63 9144	26.52 4.78 32.88 40.83 9556	5.52 41.90 52.59 12534	44.35 55.66 13266
MAFBTU Dry BTU % Sulfur	13266 12534 0.34	80.08 93.71 0.07	13106 12346 0.20	13426 12721 0.48	0.46	0.48
<u>ULTIMATE</u>						
% Moisture % Carbon % Hydrogen % Nitrogen	25.40 54.14 3.80 0.71	0.56 3.28 0.23 0.09	24.28 47.58 3.34 0.53	26.52 60.70 4.26 0.89	72.57 5.09 0.95	76.82 5.39
% Chlorine % Sulfur % Ash % Oxygen	0.00 0.34 4.12 11.50	0.01 0.07 0.33 0.70	0.00 0.20 3.46 10.10	0.01 0.48 4.78 12.90	0.95 0.00 0.46	1.01 0.00 0.48 16.32
SULFUR FORMS	,	•	10.10	12.50	10.42	10.32
Pyritic Sulfur (%) Sulfate Sulfur (%) Organic Sulfur (%) Total Sulfur (%)	0.05 0.01 0.28 0.34	0.03 0.015 0.06 0.07	0.00 0.00 0.16 0.20	0.11 0.04 0.40 0.48	0.07 0.01 0.38 0.46	0.07 0.01 0.40 0.48
% Silicon Dioxide (Silica, SiO2) % Aluminum Oxide (Alumina, Al2O3) % Titanium Dioxide (Titania, TiO2)	32.52 17.69 1.13	2.78 1.09 0.10	26.96 15.51 0.93	38.08 19.87 1.33	43.59 23.71 1.51	46.14 25.10 1.60
% Iron Oxide (Ferric Oxide, Fe2O3) % Calcium Oxide (Lime, CaO)	4.76 15.36	0.47 1.41	3.82 12.54	5.70 18.18	6.38 20.59	6.75 21.79
<ul><li>Magnesium Oxide (Magnesia, MgO)</li><li>Potassium Oxide (K2O)</li><li>Sodium Oxide (Na2O)</li></ul>	3.69 0.63 8.24	0.85 0.14 1.00	1.99 0.35 6.24	5.39 0.91 10.24	4.95 0.84 11.05	5.24 0.89 11.69
% Sulfur Trioxide (SO3) % Phosphorous Pentoxide (P2O5)	14.07 0.35	2.50 0.06	9.07 0.23	19.07 0.47	18.86 0,47	19.96 0.50
% Strontium Oxide (SrO) % Barium Oxide (BaO) % Undetermined	0.37 1.19 0.00	0.22 0.31 1.00	0.00 0.57 0.00	0.81 1.81 2.00	0.50 1.60 0.00	0.52 1.69 0.00
Base/Acid Ratio Base Value Acid Value	0.64 32.68 51.34	0.08 2.20 3.00	0.48 28.28 45.34	0.80 37.08 57.34	0.00	0.00
ASH FUSION TEMPERATURES Reducing (F)						
Neducing ( F) Initial Softening (H=W) Hemispherical (H=1/2W) Fluid Fluid-Initial Temp. Difference	2106 2129 2141 2164 58	37 36 39 51	2031 2056 2062 2062	2181 2202 2220 2266		
Oxidizing (°F)	36	40	O	138		
Initial Softening (H=W) Hemispherical (H=1/2W)	2351 2366 2391	98 81 73	2156 2204 2245	2546 2528 2537		
Fluid Fluid-Initial Temp. Difference	2423 72	77 60	2268 0	2578 192		

## SPRING CREEK COAL MINE QUALITY SPECIFICATIONS (Continued)

ADDITIONAL ANALYSES   AND   CALCULATED
T250 Temperature (°F)
HGI (stars-received moisture)
HGI % Moisture
Cartical Viscosity (Poises)   0
% Equilibrium Moisture         23.93         0.56         22.81         25.05           Specific Gravity         1.10         0.015         1.07         1.13           %Alkalies NAZO Dry (Total Alkali Content on Coal.         0.478         0.070         0.34         0.62           %Water Soluble Alk - NaZO         0.000         0.000         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.05         3.88         1.00         0.02         0.33         2.32         2.33         2.33         2.33         2.23         2.55         1.79         64.75         Ash Precipitation innex         1.18         0.14         0.00         1.15         1.15
Specific Gravity   1.10
Wakalaies NAZO Dry (Total Alkali Content on Coal)         0.478         0.070         0.34         0.52           Water Soluble Alk - NaZO         0.000         0.000         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.03         0.40         0.55         3.85         1993         0.03         0.00         0.56         6.15         1893         2033         2033         2033         2033         2033         2033         2033         2033         2033         2033         2033         2033         2033         2033         2033         2033         2033         2033         2033         2034         10.0         20         24,17         24,17         24,17         24,17         24,17         24,33         8.07         20         <
%Waler Soluble Alk - NaZO         0.000         0.000         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.52         %NaZO As-received Coal         0.14         0.02         0.30         0.32         0.38         0.14         0.00         0.55         3.97         0.14         0.00         0.55         518g Factor per Fusion Temperature         2163         85         1993         2333         Dolomite Ratio         58,29         3.25         51,79         64,73         64,73         73         816a to Alumina Ratio         1.84         0.14         1.56         2.21         2.11         1.56         2.21         1.15         6         2.21         1.15         6         2.21         1.15         6         2.21         1.15         6         2.21         1.15         6         2.21         1.15         6         2.21         1.15         1.15         1.15         8.07         1.15         1.15         1.15         1.15         1.15         1.15         1.15         1.15
%Water Soluble Alk - K2O         0.000         0.000         0.000         0.000         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.05         0.03         0.40         0.52         0.38         0.30         0.40         0.52         0.38         0.38         0.02         0.30         0.38         0.38         0.38         0.38         0.38         0.38         0.38         0.38         0.38         0.38         0.38         0.38         0.00         0.00         0.55         51.79         6.75         3.85         1993         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         2333         231         0.00         1.15         2.12         2.12         2.12         2.12         2.12         2.12         <
%NaZO - Dry Coal         0.46         0.03         0.40         0.52           %NaZO As-received Coal         0.34         0.02         0.30         0.38           Silica Value (Silica Ratio)         57.73         3         0.00         0.56           Slag factor per Fusion Temperature         2163         85         1993         2333           Dolomite Ratio         58.29         3.25         51.79         64.75           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           SOZ/MMBTU         0.80         0.075         0.65         0.95           Ibs Sidelium/MBTU         0.363         0.023         0.32         0.32         0.41           Ibs Sodium/MBTU         0.36         0.075         0.21         0.51         0.41           Ibs San/AMBTU         44         41         0.5 </td
Silica Value (Silica Ratio)         57.73           Silag Factor         0.28         0.14         0.00         0.56           Slag factor per Fusion Temperature         2163         85         1993         233           Dolomite Ratio         58.29         3.25         51.79         64.75           Ash Precipitation index         3.97         10.1         0.00         24.17           Silica to Alumina Ratio         0.47         0.34         0.00         1.15           Silica to Alumina Ratio         0.47         0.34         0.00         1.15           Iron to Calcium Ratio         0.31         0.07         0.07         0.17         0.45           Fouling Factor (Fouling index)         5.25         1.41         2.43         8.07           SOZIMMBTU         0.80         0.075         0.65         0.95           Ibs SMMBTU         0.363         0.023         0.32         0.32         0.41         5.41           TYPICAL COAL SIZE         2 inch         2 inch <t< td=""></t<>
Stag Factor   0.28
Siag factor per Fusion Temperature   2163   85   1993   2333   2300   23417   2437   2447   2447   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437   2437
Dolomite Ratio   S8.29   3.25   51.79   64.75     Ash Precipitation index   3.97   10.1   0.00   24.17     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     SOZ/MMBTU   0.80   0.075   0.65   0.95     Ibs SYMMBTU   0.363   0.075   0.61   0.51     Ibs Sodium/IMMBTU   0.363   0.023   0.32   0.41     Ics Ash/MMBTU   4.41   0.5   3.41   5.41     TYPICAL COAL SIZE   2 inch
Silica to Alumina Ratio
Calcium to Silica Ratio   0.47   0.34   0.00   1.15
Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop   Trop
Fouling Factor (Fouling index)
SO2/MMBTU
Ibs S/MMBTU
TYPICAL COAL SIZE   2 inch   Cumulative Wt. Percent
Size Fraction
Size Fraction
+3* RD. 3* RD. 4* 4% 100% 3* RD. x 2* RD. x 1* 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% 84% 29% 60 M x 0 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 100
3" RD. x 2" RD. 4% 4% 100% 2" RD. x 1" RD. 20% 24% 96% 52% 76% 1" RD. x 1/2" RD. 20% 52% 52% 76% 1/2" RD. x 1/2" RD. 20% 71% 48% 60 M 20% 71% 48% 29% 84% 29% 60 M x 0 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 100
2" RD. x 1" RD. 20% 24% 96% 11" RD. x 12" RD. x 12" RD. x 12" RD. x 12" RD. x 12" RD. x 12" RD. x 12" RD. x 12" RD. x 12" RD. x 14" 48% 20% 71% 48% 4 M x 60 M 13% 84% 29% 60 M x 0 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 100
1" RD. x 1/2" RD.
1/2" RD. x 4 M 20% 71% 48% 29% 60 M x 0 13% 84% 29% 60 M x 0 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 16% 100% 100
4 M x 60 M 13% 84% 29% 60 M x 0 16% 16% 100% 16% 16% 16% 16% 16% 16% 16% 16% 16% 16
TRACE ELEMENT SUMMARY   Parts Per Million   TYPICAL   STANDARD   TYPICAL 95% RANGE   MEAN VALUE    DEVIATION   2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV   +2 STD DEV
Parts Per Million
Whole Coal, Dry Basis         (MEAN VALUE)         DEVIATION         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           CHORINE (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
ANTIMONY (Sb) 0.00 0.00 0.00 0.00 0.00 ARSENIC (As) 1.50 1.00 0.00 0.00 0.00 BARIUM (Ba) 0.00 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 (C1) 0.00 0.00 0.00 0.00 CHOMIUM (Cr) 2.40 0.75 0.90 3.90 COBALT (Cc) 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 0.00 BERYLLIUM (Be) 0.21 0.08 0.06 0.36 BORON (B) 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.
ARSENIC (As) BARIUM (Ba) BARIUM (Ba) BERYLLIUM (Be) BORON (B) BROMIDE (Br) CADMIUM (Cd) CHORIUM (Cr) COBALT (Cc)  COBALT (Cc) D.00 D.00 D.00 D.00 D.00 D.00 D.00 D.0
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 (Cc)         0.00         0.00         0.00         0.00
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
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 (Ce)         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
CHLORINE (CI) 0.00 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 0.00
CHROMIUM (Cr) 2.40 0.75 0.90 3.90 COBALT (Co) 0.00 0.00 0.00 0.00
COBALT (Co) 0.00 0.00 0.00 0.00
COPPER (Cu) 0.00 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 0.00 MANGANESE Mn) 16.20 7.90 0.40 32.00
MANGANESE Mn) 16.20 7.90 0.40 32.00 MERCURY (Hg) 0.07 0.03 0.01 0.13
MOLYBONEUM (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
SELENUM (Se) 1.20 0.90 0.00 3.00
SILVER (Ag) 0.00 0.00 0.00 0.00
SILVER (Ag)         0.00         0.00         0.00         0.00           STRONTIUM (Sr)         0.00         0.00         0.00         0.00
SILVER (Ag)         0.00         0.00         0.00         0.00           STRONTIUM (Sr)         0.00         0.00         0.00         0.00           THALLIUM (TI)         0.00         0.00         0.00         0.00
SILVER (Ag)         0.00         0.00         0.00         0.00           STRONTIUM (Sr)         0.00         0.00         0.00         0.00           THALLIUM (Th)         0.00         0.00         0.00         0.00           THORIUM (Th)         0.00         0.00         0.00         0.00
SILVER (Ag)         0.00         0.00         0.00         0.00           STRONTIUM (Sr)         0.00         0.00         0.00         0.00           THALLIUM (Ti)         0.00         0.00         0.00         0.00           THORIUM (Th)         0.00         0.00         0.00         0.00
SILVER (Ag)         0.00         0.00         0.00         0.00           STRONTIUM (Sr)         0.00         0.00         0.00         0.00           THALLIUM (Th)         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 (Y)         0.00         0.00         0.00         0.00
SILVER (Ag)         0.00         0.00         0.00         0.00           STRONTIUM (Sr)         0.00         0.00         0.00         0.00           THALLIUM (TI)         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

<sup>\*</sup> All negative numbers were converted to 0.00

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#### 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.

reserves at the end of 1999 were approximately thick. Mining is carried out primarily by dragline	221 million tons. Current mining involves a single coal seam 80 feet 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 <sup>3</sup> Crushed: 55 lb./ft <sup>3</sup>

Approximately 3:1

Angle of Repose:

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# Master Coal Purchase and Sale Agreement

between

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"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 C	COAL	PURCHAS	E AND	SALE A	GREEMEN'	T ("Agreem	ent") is	entered	into and	l is
effective as of th	e	_ day of _	······································	2003,	between	Kennecott	Coal	Sales	Compa	iny
("Kennecott"),	an	Oregon	corpora	tion,	and			("	"),	а
		corpora	tion. Bo	th Kenn	ecott and _	may	be indi	vidually	referred	to
herein as a "Pari	ty" or c	ollectively	as "Partie	es".						

#### **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.

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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.

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- 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.

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#### 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.

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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.

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.

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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 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

Total 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<sub>2</sub>O 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:

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

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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.

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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 SO2, % Na2O 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:

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To ensure proper allocation of payments to appropriate invoice, e-mail invoice numbers and amounts to: <a href="mailto:keccash@kenergy.com">keccash@kenergy.com</a> 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

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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.

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#### 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<sub>2</sub> 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<sub>2</sub> 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.

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- 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

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Scheduling to Kennecott:
Kennecott Coal Sales Company
Attn: Customer Service Department
Caller Box 3009 (82717-3009)
505 South Gillette Avenue
Gillette, WY 82716
Phone: (207) 685 6110

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.

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#### 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.

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# 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.

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#### 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.

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- 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

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| Ву:                                                    | By:    |
|--------------------------------------------------------|--------|
| Kelly A. Cosgrove<br>Vice President, Marketing & Sales | Title: |
| Date:                                                  | Date:  |

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# SAMPLE

# CONFIRMATION LETTER

|                           |                                                                  | Kenned                  | cott #:                                                                                                         |
|---------------------------|------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------|
| Buyer:                    |                                                                  | Seller:                 | Kennecott Coal Sales Company<br>Caller Box 3009 (82717-3009)<br>505 South Gillette Avenue<br>Gillette, WY 82716 |
| Attn:<br>Phone:<br>Fax:   |                                                                  | Attn:<br>Phone:<br>Fax: |                                                                                                                 |
| This letter shall confirm | n the transaction arranged                                       | rsuant to the f         | , between ("<br>Master Coal Purchase and Sale Agreeme                                                           |
| effective                 | , 2003. The terms and conditions                                 | s of this transac       | tion are as follows:                                                                                            |
| Kennecott to sell and d   | leliver andto [                                                  | ourchase and r          | eceive.                                                                                                         |
|                           |                                                                  |                         |                                                                                                                 |
| Transaction Type:         | Physical Coal                                                    |                         |                                                                                                                 |
| Desducti                  | Sub-Bituminous coal;                                             | Ptu/l b an              | d the SOdromBtu                                                                                                 |
| Product:                  | Sub-bituitinous coal,                                            | Blu/Lb. an              | LDS. 302///////Did                                                                                              |
| Base Price:               | \$ per ton of coal                                               |                         |                                                                                                                 |
| Shipment Period:          |                                                                  |                         |                                                                                                                 |
| Quantity:                 |                                                                  |                         |                                                                                                                 |
| Delivery Point:           | FOB Railcar, Mine                                                | ) —                     | County, Wyoming                                                                                                 |
| Topsize:                  | _" × 0" ASTM                                                     |                         |                                                                                                                 |
| Quality:                  | Coal Quality Specifications                                      |                         |                                                                                                                 |
|                           | Section 9.03 – Star<br>Sulfur for price adju<br>set forth below: |                         | Sections 6.02 & 6.04 Reject Limits/ Non-Conforming Shipment                                                     |
| i ha C                    | Btu/Lb<br>5O₂/mm8tu                                              |                         |                                                                                                                 |
| LUS. 3                    | O2/1111111111111                                                 |                         |                                                                                                                 |

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Btu Adjustment:

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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:

Btu Adjustment Per Ton =  $P \times (AR - BB)$ 

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

Btu adjustment per ton = \$7.00 X (8820-8800)

8800

= \$7.00 X .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:

Lbs. SO<sub>2</sub>/mmBtu = Monthly Weighted Average Sulfur % in Coal X 20,000 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.  $SO_2/mmBtu = (.22 \times 20,000) / 8820 = .498866213 = .50$ 

Sulfur adjustment in \$/ton of Coal =

(Base Lb. SO<sub>2</sub>/mmBtu - Actual Lb. SO<sub>2</sub>/mmBtu) X Actual Btu/Lb. X \$ADI 1,000,000

ADI = The "SO<sub>2</sub> Monthly Average Price" published by *Air Daily* for the month preceding delivery.

Base Lb. SO<sub>2</sub>/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: |
|-----|------------------------------|-------|
|     |                              |       |
| Ву: | Kennecott Coal Sales Company | Date: |



**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, Montana. Served by the BNSF Railroad.

**Delivery Point** 

FOB Barge - Cahokia Terminal located in St. Louis, Missouri

Term/Quantity/Base Price

| J    | anuary 1, 2005 - December 31, 2007 |       |
|------|------------------------------------|-------|
|      | Quantity                           |       |
| Term | (To the nearest unit train.)       | Price |
| 2005 | 500,000 Tons                       |       |
| 2006 | 500,000 Tons                       |       |
| 2007 | 500,000 Tons                       |       |

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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<sub>2</sub>/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<sub>2</sub> content from the standard sulfur value in accordance with a mutually agreed upon SO<sub>2</sub> 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 <sub>2</sub> /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

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| QUALITY PARAMETER                      | TYPICAL<br>(MEAN VALUE) | STANDARD<br>DEVIATION | TYPICAL S     | 95% RANGE<br>+2 STD DEV | TYPICAL<br>DRY VALUE | TYPICAL<br>MOISTURE-ASH FREE |
|----------------------------------------|-------------------------|-----------------------|---------------|-------------------------|----------------------|------------------------------|
| PROVINCE                               |                         |                       |               |                         |                      | VALUE                        |
| <u>PROXIMATE</u>                       |                         |                       |               |                         |                      |                              |
| % 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<br>9350           | 0.80<br>103           | 37.63<br>9144 | 40.83<br>9556           | 52.59<br>12534       | 55.66                        |
| BTU/Ib<br>MAFBTU                       | 13266                   | 80.08                 | 13106         | 13426                   | 12534                | 13266                        |
| 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<br>4.12            | 0.07                  | 0.20<br>3.46  | 0.48                    | 0.46                 | 0.48                         |
| % Ash<br>% Oxygen                      | 11.50                   | 0.33<br>0.70          | 10.10         | 4.78<br>12.90           | 15.42                | 16.32                        |
|                                        | 11.55                   | 0.70.                 | 10.10         | 12.50                   | 10.72                | 10.32                        |
| SULFUR FORMS                           | 0.05                    |                       |               |                         |                      |                              |
| Pyritic Sulfur (%) Sulfate Sulfur (%)  | 0.05<br>0.01            | 0.03<br>0.015         | 0.00<br>0.00  | 0.11<br>0.04            | 0.07<br>0.01         | 0.07<br>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                    | 80.0                  | 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)                          | 2400                    | .~                    | 0004          | ****                    |                      |                              |
| Initial Softening (H=W)                | 2106<br>2129            | 37<br>36              | 2031          | 2181                    |                      |                              |
| Softening (H=W) Hemispherical (H=1/2W) | 2129                    | 36<br>39              | 2056<br>2062  | 2202<br>2220            |                      |                              |
| Fluid                                  | 2164                    | 39<br>51              | 2062          | 2220<br>2266            |                      |                              |
| Fluid-Initial Temp. Difference         | 58                      | 40                    | 0             | 138                     |                      |                              |
| Oxidizing ( <sup>O</sup> 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         | <b>7</b> 2              | 60                    | 0             | 192                     |                      |                              |

# SPRING CREEK COAL MINE QUALITY SPECIFICATIONS (Continued)

| QUALITY PARAMETER                                                                                                                                                                                                                                                                                                                                                                                                    | TYPICAL                                                                                                                                                                                 | STANDARD                                                                                                                                                                                        |                                                                                                                                                                                                 | 5% RANGE                                                                                                                                                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                      | (MEAN VALUE)                                                                                                                                                                            | DEVIATION                                                                                                                                                                                       | -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) % 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<br>0.46                                                                                                                                                                           | 0.000                                                                                                                                                                                           | 0.00<br>0.40                                                                                                                                                                                    | 0.00                                                                                                                                                                    |
| %Na2O - Dry Coal<br>%Na2O As-received Coal                                                                                                                                                                                                                                                                                                                                                                           | 0.46                                                                                                                                                                                    | 0.03<br>0.02                                                                                                                                                                                    | 0.40                                                                                                                                                                                            | 0.52<br>0.38                                                                                                                                                            |
| Silica Value (Silica Ratio)                                                                                                                                                                                                                                                                                                                                                                                          | 57.73                                                                                                                                                                                   |                                                                                                                                                                                                 | 5.55                                                                                                                                                                                            | 0.00                                                                                                                                                                    |
| Slag Factor                                                                                                                                                                                                                                                                                                                                                                                                          | 0.28                                                                                                                                                                                    | 0.14                                                                                                                                                                                            | 0.00                                                                                                                                                                                            | 0.56                                                                                                                                                                    |
| Slag factor per Fusion Temperature                                                                                                                                                                                                                                                                                                                                                                                   | 2163                                                                                                                                                                                    | 85                                                                                                                                                                                              | 1993                                                                                                                                                                                            | 2333                                                                                                                                                                    |
| Dolomite Ratio Ash Precipitation Index                                                                                                                                                                                                                                                                                                                                                                               | 58.29<br>3.97                                                                                                                                                                           | 3.25<br>10.1                                                                                                                                                                                    | 51.79<br>0.00                                                                                                                                                                                   | 64.79<br>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                                                                                                                                                                    |
| tron 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<br>lbs S/MMBTU                                                                                                                                                                                                                                                                                                                                                                                             | 0.80                                                                                                                                                                                    | 0.075                                                                                                                                                                                           | 0.65                                                                                                                                                                                            | 0.95                                                                                                                                                                    |
| lbs Sodium/MMBTU                                                                                                                                                                                                                                                                                                                                                                                                     | 0.36<br>0.363                                                                                                                                                                           | 0.075<br>0.023                                                                                                                                                                                  | 0.21<br>0.32                                                                                                                                                                                    | 0.51<br>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                                                                                                                                                             |
| +3* RD.                                                                                                                                                                                                                                                                                                                                                                                                              | 0%                                                                                                                                                                                      |                                                                                                                                                                                                 | Wt. Percent<br>0%                                                                                                                                                                               | Passing Top<br>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%                                                                                                                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                         |                                                                                                                                                                                                 |                                                                                                                                                                                                 |                                                                                                                                                                         |
| 4 M x 60 M<br>60 M x 0<br>TRACE ELEMENT SUMMARY                                                                                                                                                                                                                                                                                                                                                                      | 13%<br>16%                                                                                                                                                                              | STANDARR                                                                                                                                                                                        | 84%<br>100%                                                                                                                                                                                     | 29%<br>16%                                                                                                                                                              |
| 4 M x 60 M<br>60 M x 0                                                                                                                                                                                                                                                                                                                                                                                               | 13%                                                                                                                                                                                     | STANDARD<br>DEVIATION                                                                                                                                                                           | 84%<br>100%                                                                                                                                                                                     | 29%                                                                                                                                                                     |
| 4 M x 60 M<br>60 M x 0<br>TRACE ELEMENT SUMMARY<br>Parts Per Million<br>Whole Coal, Dry Basis                                                                                                                                                                                                                                                                                                                        | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)                                                                                                                                                   | DEVIATION                                                                                                                                                                                       | 84%<br>100%<br>TYPICAL 3<br>-2 STD DEV                                                                                                                                                          | 29%<br>16%<br>5% RANGE<br>+2 STD DEV                                                                                                                                    |
| 4 M x 60 M<br>60 M x 0<br>TRACE ELEMENT SUMMARY<br>Parts Per Million<br>Whole Coal, Dry Basis<br>ANTIMONY (Sb)                                                                                                                                                                                                                                                                                                       | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)                                                                                                                                                   | DEVIATION 0.00                                                                                                                                                                                  | 84%<br>100%<br>TYPICAL 3<br>-2 STD DEV<br>0.00                                                                                                                                                  | 29%<br>16%<br>5% RANGE<br>+2 STD DEV<br>0.00                                                                                                                            |
| 4 M x 60 M<br>60 M x 0<br>TRACE ELEMENT SUMMARY<br>Parts Per Million<br>Whole Coal, Dry Basis                                                                                                                                                                                                                                                                                                                        | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)                                                                                                                                                   | DEVIATION                                                                                                                                                                                       | 84%<br>100%<br>TYPICAL 3<br>-2 STD DEV                                                                                                                                                          | 29%<br>16%<br>5% RANGE<br>+2 STD DEV                                                                                                                                    |
| 4 M x 60 M<br>60 M x 0<br>TRACE ELEMENT SUMMARY<br>Parls Per Million<br>Whole Coal, Dry Basis<br>ANTIMONY (Sb)<br>ARSENIC (As)                                                                                                                                                                                                                                                                                       | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>1.50                                                                                                                                   | 0.00<br>1.00                                                                                                                                                                                    | 84%<br>100%<br>TYPICAL 3<br>-2 STD DEV<br>0.00<br>0.00                                                                                                                                          | 29%<br>16%<br>5% RANGE<br>+2 STD DEV<br>0.00<br>3.50                                                                                                                    |
| 4 M x 60 M<br>60 M x 0<br>TRACE ELEMENT SUMMARY<br>Paris Per Million<br>Whole Coal, Dry Basis<br>ANTIMONY (Sb)<br>ARSENIC (As)<br>6ARIUM (Ba)<br>BERYLLIUM (Be)<br>BORON (B)                                                                                                                                                                                                                                         | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>1.50<br>0.00<br>0.21                                                                                                                   | 0.00<br>1.00<br>0.00<br>0.00<br>0.08<br>0.00                                                                                                                                                    | 84%<br>100%<br>TYPICAL 9<br>-2 STD DEV<br>0.00<br>0.00<br>0.00<br>0.00<br>0.06<br>0.00                                                                                                          | 29%<br>16%<br>5% RANGE<br>+2 STD DEV<br>0.00<br>3.50<br>0.00<br>0.36<br>0.00                                                                                            |
| 4 M x 60 M<br>60 M x 0  TRACE ELEMENT SUMMARY Paris Per Million Whole Coal, Dry Basis  ANTIMONY (Sb) ARSENIC (As) BARIUM (Ba) BERYLLIUM (Ba) BCRON (B) BROMIDE (Br)                                                                                                                                                                                                                                                  | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>1.50<br>0.00<br>0.21<br>0.00                                                                                                           | 0.00<br>1.00<br>0.00<br>0.00<br>0.08<br>0.00<br>0.00                                                                                                                                            | 84%<br>100%<br>TYPICAL 9<br>-2 STD DEV<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00                                                                                                          | 29%<br>16%<br>5% RANGE<br>+2 STD DEV<br>0.00<br>0.350<br>0.00<br>0.36<br>0.00<br>0.00                                                                                   |
| 4 M x 60 M<br>60 M x 0  TRACE ELEMENT SUMMARY Parls Per Million Whole Coal, Dry Basis  ANTIMONY (Sb) ARSENIC (As) BARIUM (Ba) BERYLLIUM (Be) BORON (B) BROMIDE (Br) CADMIUM (Cd)                                                                                                                                                                                                                                     | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>1.50<br>0.00<br>0.21<br>0.00<br>0.00                                                                                                   | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.00                                                                                                                                                   | 84%<br>100%<br>TYPICAL 9<br>-2 STD DEV<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00                                                                                                          | 29%<br>16%<br>5% RANGE<br>+2 STD DEV<br>0.00<br>3.50<br>0.00<br>0.36<br>0.00<br>0.00<br>0.00                                                                            |
| 4 M x 60 M<br>60 M x 0<br>TRACE ELEMENT SUMMARY<br>Paris Per Million<br>Whole Coal, Dry Basis<br>ANTIMONY (Sb)<br>ARSENIC (As)<br>6ARIUM (Ba)<br>BERYLLIUM (Be)<br>BORON (B)<br>BROMIDE (Br)<br>CADMIUM (Cd)<br>CHLORINE (Cl)                                                                                                                                                                                        | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>0.21<br>0.00<br>0.00<br>0.00<br>0.18<br>0.00                                                                                           | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.00 0.0                                                                                                                                               | 84%<br>100%<br>TYPICAL 9<br>-2 STD DEV<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.14<br>0.00                                                                                          | 29%<br>16%<br>5% RANGE<br>+2 STD DEV<br>0.00<br>0.50<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00                                                                            |
| 4 M x 60 M 60 M x 0  TRACE ELEMENT SUMMARY Paris Per Million Whole Coal, Dry Basis  ANTIMONY (Sb) ARSENIC (As) BARIUM (Ba) BERYLLIUM (Be) BORON (B) BROMIDE (Br) CADMIUM (Cd) CHROMIUM (Cd) CHROMIUM (Cf)                                                                                                                                                                                                            | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>1.50<br>0.00<br>0.21<br>0.00<br>0.18<br>0.00<br>0.00<br>2.40                                                                           | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.00 0.0                                                                                                                                               | 84%<br>100%<br>TYPICAL 9<br>-2 STD DEV<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.14<br>0.00<br>0.90                                                                                  | 29%<br>16%<br>5% RANGE<br>+2 STD DEV<br>0.00<br>0.35<br>0.00<br>0.36<br>0.00<br>0.00<br>0.00<br>0.22<br>0.00<br>3.90                                                    |
| 4 M x 60 M<br>60 M x 0<br>TRACE ELEMENT SUMMARY<br>Paris Per Million<br>Whole Coal, Dry Basis<br>ANTIMONY (Sb)<br>ARSENIC (As)<br>6ARIUM (Ba)<br>BERYLLIUM (Be)<br>BORON (B)<br>BROMIDE (Br)<br>CADMIUM (Cd)<br>CHLORINE (Cl)                                                                                                                                                                                        | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>0.21<br>0.00<br>0.00<br>0.00<br>0.18<br>0.00                                                                                           | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.00 0.0                                                                                                                                               | 84%<br>100%<br>TYPICAL 9<br>-2 STD DEV<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.14<br>0.00                                                                                          | 29%<br>16%<br>5% RANGE<br>+2 STD DEV<br>0.00<br>0.50<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00                                                                            |
| 4 M x 60 M<br>60 M x 0  TRACE ELEMENT SUMMARY Parls Per Million Whole Coal, Dry Basis  ANTIMONY (Sb) ARSENIC (As) BARIUM (Ba) BERYLLIUM (Be) BORON (B) BROMIDE (Br) CADMIUM (Cd) CHLORINE (CI) CHROMIUM (Cr) COBALT (Co)                                                                                                                                                                                             | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>1.50<br>0.00<br>0.21<br>0.00<br>0.18<br>0.00<br>2.40                                                                                   | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.02 0.00 0.75 0.00                                                                                                                                    | 84%<br>100%<br>TYPICAL 9<br>-2 STD DEV<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.                                                                                            | 29%<br>16%<br>5% RANGE<br>+2 STD DEV<br>0.00<br>0.35<br>0.00<br>0.00<br>0.00<br>0.00<br>0.22<br>0.00<br>3.90<br>0.00                                                    |
| 4 M x 60 M 80 M x 0  TRACE ELEMENT SUMMARY Paris Per Million Whole Coal, Dry Basis  ANTIMONY (Sb) ARSENIC (As) BARIUM (Ba) BERYLLIUM (Be) BORON (B) BROMIDE (Br) CADMIUM (Cd) CHLORINE (Cl) CHROMIUM (Cr) COBALT (Co) COPPER (Cu)                                                                                                                                                                                    | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>0.21<br>0.00<br>0.18<br>0.00<br>0.18<br>0.00<br>2.40<br>0.00                                                                           | DEVIATION  0.00 1.00 0.00 0.00 0.08 0.00 0.00 0.0                                                                                                                                               | 84%<br>100%<br>TYPICAL 9<br>-2 STD DEV<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.14<br>0.00<br>0.90<br>0.00                                                                          | 29%<br>16%<br>5% RANGE<br>+2 STD DEV<br>0.00<br>0.35<br>0.00<br>0.00<br>0.00<br>0.22<br>0.00<br>0.39<br>0.00                                                            |
| 4 M x 60 M 80 M x 0  TRACE ELEMENT SUMMARY Paris Per Million Whole Coal, Dry Basis  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)                                                                                                                                            | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>0.21<br>0.00<br>0.18<br>0.00<br>2.40<br>0.00<br>41.90<br>0.00<br>15.20                                                                 | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.02 0.00 0.75 0.00 0.00 11.00 0.00 7.90                                                                                                               | 84%<br>100%<br>TYPICAL 9<br>-2 STD DEV<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.14<br>0.00<br>0.00                                                                                  | 29% 16% 5% RANGE +2 STD DEV  0.00 3.50 0.00 0.36 0.00 0.00 0.22 0.00 3.90 0.00 63.90 0.00 32.00                                                                         |
| 4 M x 60 M 60 M x 0  TRACE ELEMENT SUMMARY Parts Per Million Whole Coal, Dry Basis  ANTIMONY (Sb) ARSENIC (As) BARIUM (Ba) BERYLLIUM (Be) BORON (B) BROMIDE (Br) CAOMIUM (Cd) CHLORINE (CI) CHROMIUM (Cr) COBALT (Co) COPPER (Cu) FLUORINE (F) LITHIUM (LI) MANGANESE Mn) MERCURY (Hg)                                                                                                                               | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>1.50<br>0.00<br>0.21<br>0.00<br>0.00<br>0.00<br>2.40<br>0.00<br>0.00<br>41.90<br>0.00                                                  | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.02 0.00 0.75 0.00 0.00 11.00 0.90 7.90 0.03                                                                                                          | 84%<br>100%<br>TYPICAL 9<br>-2 STD DEV<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.14<br>0.00<br>0.90<br>0.00<br>0.00<br>0.00<br>0.00                                                          | 29% 16% 5% RANGE +2 STD DEV  0.00 3.50 0.00 0.36 0.00 0.00 0.22 0.00 3.90 0.00 0.00 0.00 0.00 0.00 0.00                                                                 |
| 4 M x 60 M 60 M x 0  TRACE ELEMENT SUMMARY Parls Per Million Whole Coal, Dry Basis  ANTIMONY (Sb) ARSENIC (As) BARIUM (Ba) BERYLLIUM (Be) BORON (B) BROMIDE (Br) CADMIUM (Cd) CHICORINE (CI) CHROMIUM (Cr) COBALT (Co) COPPER (Cu) FLUORINE (F) LITHIUM (LI) MANGANESE Mn) MERCURY (Hg) MOLYBDNEUM (Mo)                                                                                                              | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>1.50<br>0.00<br>0.21<br>0.00<br>0.18<br>0.00<br>2.40<br>0.00<br>0.00<br>0.00<br>15.20<br>0.00                                          | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.02 0.00 0.02 0.00 1.00 0.00 11.00 0.00 7.90 0.03 0.00                                                                                                | 84%<br>100%<br>TYPICAL 9<br>-2 STD DEV<br>0.00<br>0.00<br>0.00<br>0.00<br>0.14<br>0.00<br>0.90<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.0                                                   | 29% 16%  5% RANGE +2 STD DEV  0.00 3.50 0.00 0.36 0.00 0.00 0.22 0.00 0.390 0.00 0.00 0.00 0.00 0.00 0.0                                                                |
| 4 M x 60 M 80 M x 0  TRACE ELEMENT SUMMARY Paris Per Million Whole Coal, Dry Basis  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 (Nf)                                                                                                   | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>0.21<br>0.00<br>0.18<br>0.00<br>2.40<br>0.00<br>41.90<br>0.00<br>16.20<br>0.07<br>0.00                                                 | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.02 0.00 0.75 0.00 0.00 11.00 0.00 0.00 0.00 1.00 1.                                                                                                  | 84% 100%  TYPICAL 9 -2 STD DEV  0.00 0.00 0.00 0.00 0.00 0.00 0.00 0                                                                                                                            | 29% 16% 5% RANGE +2 STD DEV  0.00 3.50 0.00 0.36 0.00 0.00 0.22 0.00 0.3.90 0.00 63.90 0.00 0.22 0.00 0.35 0.00 0.00 0.35 0.00 0.00 0.35 0.00 0.00                      |
| 4 M x 60 M 60 M x 0  TRACE ELEMENT SUMMARY Parts Per Million Whole Coal, Dry Basis  ANTIMONY (Sb) ARSENIC (As) BARIUM (Ba) BERYLLIUM (Be) BORON (B) BROMIDE (Br) CAOMIUM (Cd) CHLORINE (CI) CHROMIUM (Cr) COBALT (Co) COPPER (Cu) FLUORINE (F) LITHIUM (LI) MANGANESE Mn) MERCURY (Hg) MOLYBONEUM (Mo) NICKEL (Nii) LEAD (Pb)                                                                                        | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>1.50<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00<br>0.00                                                                                   | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.02 0.00 0.75 0.00 0.00 11.00 0.00 7.90 0.03 0.00 1.00 1.00                                                                                           | 84% 100%  TYPICAL 9 -2 STD DEV  0.00 0.00 0.00 0.00 0.00 0.14 0.00 0.90 0.00 0.90 0.00 0.90 0.00 0.90 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 | 29% 16% 5% RANGE +2 STD DEV  0.00 3.50 0.00 0.36 0.00 0.00 0.22 0.00 3.90 0.00 0.00 0.00 0.390 0.00 0.0                                                                 |
| 4 M x 60 M 80 M x 0  TRACE ELEMENT SUMMARY Paris Per Million Whole Coal, Dry Basis  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 (Nf)                                                                                                   | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>0.21<br>0.00<br>0.18<br>0.00<br>2.40<br>0.00<br>41.90<br>0.00<br>16.20<br>0.07<br>0.00                                                 | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.02 0.00 0.75 0.00 0.00 11.00 0.00 0.00 0.00 1.00 1.                                                                                                  | 84% 100%  TYPICAL 9 -2 STD DEV  0.00 0.00 0.00 0.00 0.00 0.00 0.00 0                                                                                                                            | 29% 16% 5% RANGE +2 STD DEV  0.00 3.50 0.00 0.36 0.00 0.00 0.22 0.00 0.3.90 0.00 63.90 0.00 0.22 0.00 0.35 0.00 0.00 0.35 0.00 0.00 0.35 0.00 0.00                      |
| 4 M x 60 M 60 M x 0  TRACE ELEMENT SUMMARY Parls Per Million Whole Coal, Dry Basis  ANTIMONY (Sb) ARSENIC (As) BARIUM (Ba) BERYLLIUM (Be) BORON (B) BROMIDE (Br) CADMIUM (Cd) CHORINE (Cl) CHORINE (Cl) CHORINE (F) LITHIUM (Li) MANGANESE Mn) MERCURY (Hg) MOLYBDNEUM (Mo) NICKEL (Ni) LEAD (Pb) SELENUIM (Se)                                                                                                      | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>1.50<br>0.00<br>0.21<br>0.00<br>0.00<br>2.40<br>0.00<br>16.20<br>0.07<br>0.00<br>15.20                                                 | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.02 0.00 0.00 1.00 0.00 11.00 0.00 1.00 0.00 1.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 | 84%<br>100%<br>TYPICAL 9<br>-2 STD DEV<br>0.00<br>0.00<br>0.00<br>0.00<br>0.14<br>0.00<br>0.00<br>0.00                                                                                          | 29% 16%  5% RANGE +2 STD DEV  0.00 3.50 0.00 0.36 0.00 0.00 0.22 0.00 0.00 0.22 0.00 0.00 0.22 0.00 0.00 0.35 3.90 0.00 0.00 0.35 0.00 0.13 0.00 3.53 4.60 3.00         |
| 4 M x 60 M 60 M x 0  TRACE ELEMENT SUMMARY Parls Per Million Whole Coal, Dry Basis  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) MOLYBONEUM (Mo) NICKEL (Ni) LEAD (Pb) SELENUIM (Se) SILVER (Ag) STRONTIUM (Sr) THALLIUM (TI)                                  | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>1.50<br>0.00<br>0.21<br>0.00<br>0.18<br>0.00<br>2.40<br>0.00<br>16.20<br>0.07<br>0.07<br>0.07<br>1.53<br>2.60<br>0.00<br>0.00          | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.00 0.0                                                                                                                                               | 84% 100%  TYPICAL 9 -2 STD DEV  0.00 0.00 0.00 0.00 0.14 0.00 0.00 0.0                                                                                                                          | 29% 16% 5% RANGE +2 STD DEV  0.00 3.50 0.00 0.36 0.00 0.00 0.22 0.00 3.90 0.00 0.00 63.90 0.00 32.00 0.13 0.00 0.353 4.60 3.50 0.00 0.00 0.00 0.00 0.00                 |
| 4 M x 60 M 80 M x 0  TRACE ELEMENT SUMMARY Paris Per Million Whole Coal, Dry Basis  ANTIMONY (Sb) ARSENIC (As) BARIUM (Ba) BERYLLIUM (Be) BORON (B) BROMIDE (Br) CADMIUM (Cd) CHLORINE (Cl) CHROMIUM (Cr) COPPER (Cu) FLUORINE (F) LITHIUM (LI) MANGANESE Mn) MERCURY (Hg) MOLYBDNEUM (Mo) NICKEL (Nii) LEAD (Pb) SELENUIM (Se) SILVER (Ag) STRONTIUM (Sr) THALLIUM (TI) THORIUM (TI) THORIUM (TI) THORIUM (TI)      | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>0.21<br>0.00<br>0.18<br>0.00<br>2.40<br>0.00<br>41.90<br>0.00<br>16.20<br>0.07<br>0.00<br>15.20<br>0.07                                | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.00 0.0                                                                                                                                               | 84% 100%  TYPICAL 9 -2 STD DEV  0.00 0.00 0.00 0.00 0.00 0.14 0.00 0.90 0.00 19.90 0.00 0.40 0.01 0.00 0.60 0.00 0.00 0.00 0.00 0.0                                                             | 29% 16% 5% RANGE +2 STD DEV  0.00 0.350 0.00 0.00 0.00 0.00 0.00 0.                                                                                                     |
| 4 M x 60 M 60 M x 0  TRACE ELEMENT SUMMARY Paris Per Million Whole Coal, Dry Basis  ANTIMONY (Sb) ARSENIC (As) BARIUM (Ba) BERYLLIUM (Be) BORON (B) BROMIDE (Br) CAOMIUM (Cd) CHLORINE (Cl) CHCORINE (Cl) CHROMIUM (Cr) COBALT (Co) COPPER (Cu) FLUORINE (F) LITHIUM (LI) MANGANESE Mn) MERCURY (Hg) MOLYBONEUM (Mo) NICKEL (Ni) SELENUIM (Se) SILVER (Ag) STRONTIUM (Sr) THALLIUM (TI) THORIUM (Th) TIN (Sn)        | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>1.50<br>0.00<br>0.21<br>0.00<br>0.00<br>2.40<br>0.00<br>0.00<br>41.90<br>0.00<br>15.20<br>0.07<br>0.00<br>1.53<br>2.60<br>1.20<br>0.00 | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.02 0.00 0.75 0.00 0.00 11.00 0.00 1.00 0.00 0.00 0.                                                                                                  | 84% 100%  TYPICAL 9 -2 STD DEV  0.00 0.00 0.00 0.00 0.00 0.14 0.00 0.90 0.00 0.90 0.00 0.00 0.00 0.0                                                                                            | 29% 16% 5% RANGE +2 STD DEV  0.00 3.50 0.00 0.36 0.00 0.00 0.22 0.00 3.90 0.00 0.00 0.00 32.00 0.13 0.00 32.00 0.13 0.00 3.53 4.60 3.00 0.00 0.00 0.00 0.00 0.00 0.00 0 |
| 4 M x 60 M 80 M x 0 TRACE ELEMENT SUMMARY Paris Per Million Whole Coal, Dry Basis  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) MCLYBONEUM (Mo) NICKEL (Ni) LEAD (Pb) SELENUIM (Se) SILVER (Ag) STRONTIUM (Sr) THALLIUM (TI) THORIUM (TI) TIN (Sn) URANIUM (U) | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>0.21<br>0.00<br>0.00<br>0.18<br>0.00<br>0.00<br>41.90<br>0.00<br>16.20<br>0.07<br>0.00<br>1.53<br>2.60<br>1.20<br>0.00<br>0.00         | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.00 0.0                                                                                                                                               | 84% 100%  TYPICAL 9 -2 STD DEV  0.00 0.00 0.00 0.00 0.00 0.14 0.00 0.90 0.00 0.90 0.00 0.90 0.00 0.0                                                                                            | 29% 16% 5% RANGE +2 STD DEV  0.00 0.350 0.00 0.00 0.00 0.22 0.00 0.00 0.00 0.                                                                                           |
| 4 M x 60 M 60 M x 0  TRACE ELEMENT SUMMARY Paris Per Million Whole Coal, Dry Basis  ANTIMONY (Sb) ARSENIC (As) BARIUM (Ba) BERYLLIUM (Be) BORON (B) BROMIDE (Br) CAOMIUM (Cd) CHLORINE (Cl) CHCORINE (Cl) CHROMIUM (Cr) COBALT (Co) COPPER (Cu) FLUORINE (F) LITHIUM (LI) MANGANESE Mn) MERCURY (Hg) MOLYBONEUM (Mo) NICKEL (Ni) SELENUIM (Se) SILVER (Ag) STRONTIUM (Sr) THALLIUM (TI) THORIUM (Th) TIN (Sn)        | 13%<br>16%<br>TYPICAL<br>(MEAN VALUE)<br>0.00<br>1.50<br>0.00<br>0.21<br>0.00<br>0.00<br>2.40<br>0.00<br>0.00<br>41.90<br>0.00<br>15.20<br>0.07<br>0.00<br>1.53<br>2.60<br>1.20<br>0.00 | DEVIATION  0.00 1.00 0.00 0.08 0.00 0.00 0.02 0.00 0.75 0.00 0.00 11.00 0.00 1.00 0.00 0.00 0.                                                                                                  | 84% 100%  TYPICAL 9 -2 STD DEV  0.00 0.00 0.00 0.00 0.00 0.14 0.00 0.90 0.00 0.90 0.00 0.00 0.00 0.0                                                                                            | 29% 16% 5% RANGE +2 STD DEV  0.00 3.50 0.00 0.36 0.00 0.00 0.22 0.00 3.90 0.00 0.00 0.00 32.00 0.13 0.00 32.00 0.13 0.00 3.53 4.60 3.00 0.00 0.00 0.00 0.00 0.00 0.00 0 |

<sup>\*</sup> All negative numbers were converted to 0.00

# 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.

| 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"                                                                                                                                                                                                                                                                                                       |
|                                                    |                                                                                                                                                                                                                                                                                                               |

In place: 80 lb./ft3

Approximately 3:1

Crushed: 55 lb./ft3

March 2000

Angle of Repose:

Density:

# Master Coal Purchase and Sale Agreement

between

"CUSTOMER"

and

**Kennecott Coal Sales Company** 

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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     | Compa    | nу |
| ("Kennecott"), an Oregon corporation, and                     | ("        | ,,       | а  |
| corporation. Both Kennecott and may be ind                    | ividually | 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.
- 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

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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.

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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.
- 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.

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

7.01

price of Coal for such trainload by 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

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<sub>2</sub>O 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:

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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

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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 SO2, % Na2O 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:

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To ensure proper allocation of payments to appropriate invoice, e-mail invoice numbers and amounts to: <a href="mailto:keccash@kenergy.com">keccash@kenergy.com</a> 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 <a href="The Wall Street Journal">The Wall Street Journal</a>. 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.

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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.

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#### 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<sub>2</sub> 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<sub>2</sub> 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.

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- 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:

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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.

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#### 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.

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#### 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

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| Ву:                                                    | Ву:    |
|--------------------------------------------------------|--------|
| Kelly A. Cosgrove<br>Vice President, Marketing & Sales | Title: |
| Date:                                                  | Date:  |

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## SAMPLE

### **CONFIRMATION LETTER**

|                                                                     |                                                                                                    | Kenned                  | ott#:                                                                                                           |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------|
| Buyer:                                                              |                                                                                                    | Seller:                 | Kennecott Coal Sales Company<br>Caller Box 3009 (82717-3009)<br>505 South Gillette Avenue<br>Gillette, WY 82716 |
| Attn:<br>Phone:<br>Fax:                                             |                                                                                                    | Attn:<br>Phone:<br>Fax: |                                                                                                                 |
| This letter shall confirm the and Kennecott Coal Sale effective, 20 | ne transaction arranged<br>es Company ("Kennecott") pursuan<br>203. The terms and conditions of th | t to the Mis transac    | , between (" _"<br>Master Coal Purchase and Sale Agreemen<br>tion are as follows:                               |
| Kennecott to sell and deliv                                         | ver and to purch                                                                                   | ase and r               | eceive.                                                                                                         |
| Transaction Type:                                                   | Physical Coal                                                                                      |                         |                                                                                                                 |
| Product:                                                            | Sub-Bituminous coal;                                                                               | Btu/Lb. an              | dLbs. SO <sub>2</sub> /mmBtu                                                                                    |
| Base Price:                                                         | \$ per ton of coal                                                                                 |                         |                                                                                                                 |
| Shipment Period:                                                    |                                                                                                    |                         |                                                                                                                 |
| Quantity:                                                           |                                                                                                    |                         |                                                                                                                 |
| Delivery Point:                                                     | FOB Railcar, Mine                                                                                  | - <del></del>           | County, Wyoming                                                                                                 |
| Topsize:                                                            | _" x 0" ASTM                                                                                       |                         |                                                                                                                 |
| Quality:                                                            | Coal Quality Specifications                                                                        |                         |                                                                                                                 |
|                                                                     | Section 9.03 – Standard Sulfur for price adjustment set forth below:                               |                         | Sections 6.02 & 6.04 Reject Limits/ Non-Conforming Shipment                                                     |
| Lbs. SO <sub>2</sub> /                                              | Btu/Lb<br>/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:

Btu Adjustment Per Ton =  $P \times (AR - BB)$ 

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

Btu adjustment per ton = \$7.00 X (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:

Lbs. SO<sub>2</sub>/mmBtu = Monthly Weighted Average Sulfur % in Coal X 20,000 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.  $SO_2/mmBtu = (.22 \times 20,000) / 8820 = .498866213 = .50$ 

Sulfur adjustment in \$/ton of Coal =

(Base Lb. SO<sub>2</sub>/mmBtu - Actual Lb. SO<sub>2</sub>/mmBtu) X Actual Btu/Lb. X \$ADI 1,000,000

ADI = The "SO<sub>2</sub> Monthly Average Price" published by Air Daily for the month preceding delivery.

Base Lb. SO<sub>2</sub>/mmBtu =

All shipment SO<sub>2</sub> and weighted average SO<sub>2</sub> 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.

| Ву: |                              | Date: | - |
|-----|------------------------------|-------|---|
| Ву: |                              | Date: |   |
| _   | Kennecott Coal Sales Company |       | Ī |

#### PROGRESS FUELS CORPORATION

#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

| CONTACT: Sid Young                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | CONTACT: Sid Young TELEPHONE NO. 606-353-7201                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                            |                                 |                                      |               |
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| MINE(S): Love Branch; John's Creek BOM [                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | DISTRICT: 8                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | COUNTY: Pike                                               |                                 | STATE: Kentucky                      |               |
| ORIGINAL RAILROAD(S)/ DISTRICT: EK                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | CV Big Sandy_x                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | OtherF                                                     | R TIPPLE                        | DESIGNAITON/NUM                      | MBER: 84191   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                            |                                 |                                      |               |
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| SEAMS: Cedar Grove                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | BLEND RATIOS:                                              |                                 |                                      |               |
| COAL PREPARATION:50%RAW                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | WASHED                                                     |                                 |                                      | X COMBINATION |
| TYPE OF COAL WASHER, IF WASHED: Heavy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Media - Cyclones - CM                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Dryers                                                     |                                 |                                      |               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                            |                                 |                                      |               |
| TYPE OF LABOR CONTRACT(S): N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | DATE FOR RENEGOTIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | TION: N/A                                                  |                                 |                                      |               |
| TYPE OF COAL WEIGHING: Batch weigh                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | SCALE CERTIFIED?                                           | X                               | YESNO                                |               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | DNNAGE BASE PRICE PER TON FOB BARGE                        |                                 |                                      |               |
| PERIOD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | TON                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | NAGE                                                       | В                               | ASE PRICE PER TO                     | FOB BARGE     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | NAGE<br>ons/month                                          | E                               | IASE PRICE PER TO                    | FOB BARGE     |
| PERIOD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                            | E                               | SASE PRICE PER TOP                   | N FOB BARGE   |
| PERIOD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                            | E                               | SASE PRICE PER TOI                   | N FOB BARGE   |
| PERIOD  January 2005 - December 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 60,000 to                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ons/month                                                  | E                               | BASE PRICE PER TOI                   | N FOB BARGE   |
| PERIOD  January 2005 - December 2005  PRODUCER'S COMMENTS:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 60,000 to                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ons/month                                                  | E                               | SASE PRICE PER TOI                   | N FOB BARGE   |
| PERIOD  January 2005 - December 2005  PRODUCER'S COMMENTS:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 60,000 to                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ons/month                                                  | E                               | SASE PRICE PER TOI                   | N FOB BARGE   |
| PERIOD  January 2005 - December 2005  PRODUCER'S COMMENTS:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 60,000 to                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ons/month                                                  | E                               | SASE PRICE PER TOI                   | N FOB BARGE   |
| PERIOD  January 2005 - December 2005  PRODUCER'S COMMENTS:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 60,000 to                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ons/month  ms and conditions.                              | E                               | SASE PRICE PER TOI                   | N FOB BARGE   |
| PERIOD  January 2005 - December 2005  PRODUCER'S COMMENTS:  This proposal is subject to prior sale and subject                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 60,000 to                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ons/month  ms and conditions.                              | E                               | SASE PRICE PER TOI                   | N FOB BARGE   |
| PERIOD  January 2005 - December 2005  PRODUCER'S COMMENTS:  This proposal is subject to prior sale and subject                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 60,000 to                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ons/month  ms and conditions.                              | E                               | SASE PRICE PER TOI                   | N FOB BARGE   |
| PERIOD  January 2005 - December 2005  PRODUCER'S COMMENTS:  This proposal is subject to prior sale and subject                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 60,000 to                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ons/month  ms and conditions.                              |                                 |                                      | N FOB BARGE   |
| PERIOD  January 2005 - December 2005  PRODUCER'S COMMENTS:  This proposal is subject to prior sale and subject  CUSTOMER REFERENCES: Progress Fuels - Card  SIGNATURE:  MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | to mutually agreeable ten                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ms and conditions.  Ike Energy/ TVA                        | resident                        | D                                    |               |
| PERIOD  January 2005 - December 2005  PRODUCER'S COMMENTS:  This proposal is subject to prior sale and subject  CUSTOMER REFERENCES: Progress Fuels - Card  SIGNATURE:  MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:  MR PRO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | to mutually agreeable tention olinas/ Detroit Edison/ Du                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | ms and conditions.  Ike Energy/ TVA  TITLE: Senior Vice Pr | resident  MRS. ROBIN PROGRESS   | D NOTT FUELS CORPORATION             |               |
| PERIOD  January 2005 - December 2005  PRODUCER'S COMMENTS:  This proposal is subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sa | to mutually agreeable termolinas/ Detroit Edison/ Du                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | ms and conditions.  Ike Energy/ TVA  TITLE: Senior Vice Pr | MRS. ROBIN PROGRESS POST OFFICE | D                                    |               |
| PERIOD  January 2005 - December 2005  PRODUCER'S COMMENTS:  This proposal is subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sale and subject to prior sa | to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended to mutually agreeable tended tended to mutually agreeable tended tended to mutually agreeable tended to | ms and conditions.  TITLE: Senior Vice Pr                  | MRS. ROBIN PROGRESS POST OFFICE | N OTT FUELS CORPORATION CE BOX 15208 |               |

#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

## 'PROGRESS **FUELS**

### CURRENT QUALITY

| DESCRIPTION                                        | OFFERED COAL SPECIFICATIONS         |                             | REQUIRED COA                                  | L SPECIFICATIONS                                     |
|----------------------------------------------------|-------------------------------------|-----------------------------|-----------------------------------------------|------------------------------------------------------|
|                                                    | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED | NORTH CAROLINA<br>BITUMINOUS "AS<br>RECEIVED" | CAROLINA<br>BITUMINOUS "AS<br>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. <sup>2</sup>                       | 13% MAX.2                                            |
| SULFUR DIOXIDE (LB/MBTU)                           | 1.85#                               | 2.10#                       | 1.2 LB/MAX. <sup>1</sup>                      | 2.0 LB/MAX. <sup>1</sup><br>3.2 LB/MAX. <sup>1</sup> |
| BTU/LB                                             | 12300                               | 12100                       | 12,000 MIN.                                   | 12,000/LB MIN.                                       |
| ASH SOFTENING<br>DEGREES FAHRENHEIT<br>H= 1/2W (R) | 2600                                | 2500                        | 2,500 MIN.                                    | 2,500 MIN                                            |
| VOLATILE %                                         | 30.00                               | 31.00                       | 28.0% MIN. <sup>1</sup>                       | 28.0% MIN.1                                          |
| GRINDABILITY, HARDGROVE                            | 43                                  | 42                          | 37 MIN. <sup>3</sup>                          | 37 MIN. <sup>3</sup>                                 |
| 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                                              |
| FIXED CARBON %                                     | 49.50                               |                             | ••••••                                        |                                                      |
| HYDROGEN %                                         | 4.25                                |                             |                                               |                                                      |
| NITROGEN %                                         | 1.24                                |                             | **********                                    |                                                      |
| CHLORINE %                                         | 0.16                                |                             |                                               |                                                      |
| OXYGEN %                                           | 5.80                                |                             |                                               |                                                      |

<sup>&</sup>lt;sup>1</sup>Must be met on an individual shipment basis. <sup>2</sup>Adjustable in direct proportion to Btu.

<sup>&</sup>lt;sup>5</sup>Preferred value, coals not meeting this specification will be considered.

| MINE                           | RAL ANALYSIS %WEI | NALYSIS %WEIGHT TRACE ELEMENTS PPM IN COAL |                       | AL      |          |
|--------------------------------|-------------------|--------------------------------------------|-----------------------|---------|----------|
| DESCRIPTION                    | AVERAGE           | STD. DEV.                                  | DESCRIPTION           | AVERAGE | STD DEV. |
| P₂0₅                           | 0.14              | ·                                          | Antimony              |         |          |
| SiO <sub>2</sub>               | 62.25             |                                            | Arsenic               | 5.9     |          |
| Fe <sub>2</sub> O <sub>3</sub> | 5.48              |                                            | Beryllium             | 2.4     |          |
| Al <sub>2</sub> O <sub>3</sub> | 31.15             |                                            | Cadmium               | 0.1     |          |
| TiO₂                           | 1.28              |                                            | Chromium              | 32      |          |
| CaO                            | 0.71              |                                            | Cobalt                | 4.7     |          |
| MgO                            | 0.68              |                                            | Fluorine              |         |          |
| SO <sub>3</sub>                | 0.52              |                                            | Lead                  | 5.4     |          |
| K₂O                            | 1.85              |                                            | Lithium               |         |          |
| Na₂O                           | 0.63              |                                            | Manganese             |         |          |
| Undetermined                   |                   |                                            | Mercury               | 0.049   |          |
| Base/Acid Ratio                | 0.10              |                                            | Nickel                |         |          |
| Maximum Base/Acid<br>Ratio     |                   |                                            | Selenium              | 5.1     |          |
|                                | <del></del>       | NOTE: ADD SHEETS                           | IF MORE THAN ONE SEAM |         |          |

<sup>&</sup>lt;sup>3</sup>Adjustable in inverse proportion to Btu.

<sup>&</sup>lt;sup>4</sup>Economic analyses will be based on these values.

#### PROGRESS FUELS CORPORATION

#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

| TELET-IONENO 304-792-00                                                                      | 40                                                                        |                                                                                                    |  |  |
|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--|--|
| COUNTY: Logan                                                                                |                                                                           | STATE: West Virginia                                                                               |  |  |
| /Logan                                                                                       | R/R TIPPLE                                                                | DESIGNAITON/NUMBER: 0596                                                                           |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
| BLEND RATIOS:                                                                                |                                                                           |                                                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
| TION: N/A                                                                                    |                                                                           |                                                                                                    |  |  |
| SCALE CERTIFIED?                                                                             | X                                                                         | NO                                                                                                 |  |  |
| NAGE                                                                                         |                                                                           | BASE PRICE PER TON FOB MINE                                                                        |  |  |
| s/month total                                                                                |                                                                           | <b>4</b>                                                                                           |  |  |
| OT THE PRODUCER PLE                                                                          | EASE INDIC                                                                | ATE SO BY MAKING AN "X" IN THIS                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
| s and conditions.                                                                            |                                                                           |                                                                                                    |  |  |
| This proposal is subject to prior sale & subject to mutually agreeable terms and conditions. |                                                                           |                                                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
|                                                                                              |                                                                           |                                                                                                    |  |  |
| TITLE: Senior Vice P                                                                         | resident                                                                  | DATE: 5/11/04                                                                                      |  |  |
| N S N                                                                                        | BLEND RATIOS:  ATION:N/A  SCALE CERTIFIED?  NNAGE  INSTITUTE PRODUCER PLE | BLEND RATIOS:  ATION:N/A  SCALE CERTIFIED?X  NNAGE  INS/month total  NOT THE PRODUCER PLEASE INDIC |  |  |

| DESCRIPTION                                    | OFFERED COAL S                      | SPECIFICATIONS              | REQUIRED COAL                                 | SPECIFICATIONS                                       |
|------------------------------------------------|-------------------------------------|-----------------------------|-----------------------------------------------|------------------------------------------------------|
|                                                | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED | NORTH CAROLINA<br>BITUMINOUS "AS<br>RECEIVED" | CAROLINA<br>BITUMINOUS "AS<br>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. <sup>2</sup>                       | 13% MAX.²                                            |
| SULFUR DIOXIDE (LB/MBTU)                       | 1.80#                               | 2.10#                       | 1.2 LB/MAX. <sup>1</sup>                      | 2.0 LB/MAX. <sup>1</sup><br>3.2 LB/MAX. <sup>1</sup> |
| 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. <sup>1</sup>                       | 28.0% MIN. <sup>1</sup>                              |
| GRINDABILITY, HARDGROVE                        | 43                                  | 42                          | 37 MIN. <sup>3</sup>                          | 37 MIN. <sup>3</sup>                                 |
| SIZE                                           | 2 x 0                               | 2 × 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                                |                             |                                               |                                                      |

<sup>&</sup>lt;sup>1</sup>Must be met on an individual shipment basis.

<sup>&</sup>lt;sup>5</sup>Preferred value, coals not meeting this specification will be considered

| MIN                            | ERAL ANALYSIS %WEI | 3HT                  | TR                 | ACE ELEMENTS PPM IN C | OAL         |
|--------------------------------|--------------------|----------------------|--------------------|-----------------------|-------------|
| DESCRIPTION                    | AVERAGE            | STD. DEV.            | DESCRIPTION        | AVERAGE               | STD DEV.    |
| P <sub>2</sub> O <sub>5</sub>  | 0.12               |                      | Antimony           |                       |             |
| SiO <sub>2</sub>               | 62.20              |                      | Arsenic            | 5.7                   |             |
| Fe <sub>2</sub> O <sub>3</sub> | 5.12               |                      | Beryllium          | 2.2                   |             |
| Al <sub>2</sub> O <sub>3</sub> | 30.70              |                      | Cadmium            | 0.1                   |             |
| TiO <sub>2</sub>               | 1.19               |                      | Chromium           | 33                    |             |
| CaO                            | 0.73               |                      | Cobalt             | 4.0                   |             |
| MgO                            | 0.62               |                      | Fluorine           |                       |             |
| SO <sub>3</sub>                | 0.56               |                      | Lead               | 5.1                   |             |
| K <sub>2</sub> O               | 1.82               |                      | Lithium            |                       |             |
| Na <sub>2</sub> O              | 0.69               |                      | Manganese          |                       |             |
| Undetermined                   |                    |                      | Mercury            | 0.048                 |             |
| Base/Acid Ratio                | 0.12               |                      | Nickel             |                       |             |
| Maximum Base/Acid<br>Ratio     |                    |                      | Selenium           | 5.0                   |             |
|                                |                    | *NOTE: ADD SHEETS II | MORE THAN ONE SEAN | Λ                     | <del></del> |

<sup>&</sup>lt;sup>2</sup>Adjustable in direct proportion to Btu.

<sup>&</sup>lt;sup>3</sup>Adjustable in inverse proportion to Btu.

<sup>&</sup>lt;sup>4</sup>Economic analyses will be based on these values.



# COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

|                                                                                                                                                                                                                                                  |                                                     | T. Address: 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. |                           |  |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|---------------------------|--|--|
| 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                                       |                                                    | 7                         |  |  |
| ORIGIN RAILROAD(S)/DISTRICT: EK CV Big Sandy Other                                                                                                                                                                                               |                                                     |                                                    | umberBelva 82592          |  |  |
| TYPE OF LOADING FACILITY: UNIT TRAIN: X                                                                                                                                                                                                          | SINGLE CAR:                                         | TF                                                 | RAINLOAD: <u>100 cars</u> |  |  |
| MAXIMUM LOADING CAPACITY: 10,000 TONS                                                                                                                                                                                                            | 4HOURS                                              |                                                    | 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 RENE                                                                                                                                                                                               | EGOTIATION:                                         |                                                    |                           |  |  |
|                                                                                                                                                                                                                                                  |                                                     | Ti.                                                |                           |  |  |
| TYPE OF COAL WEIGHING: None                                                                                                                                                                                                                      | SCALE CERTIFIED?                                    | YESNO                                              |                           |  |  |
|                                                                                                                                                                                                                                                  | SCALE CERTIFIED?                                    |                                                    | E PER TON FOB MINE        |  |  |
| TYPE OF COAL WEIGHING: None PERIOD                                                                                                                                                                                                               | TONNAGE                                             |                                                    | E PER TON FOB MINE        |  |  |
| TYPE OF COAL WEIGHING: None PERIOD                                                                                                                                                                                                               | TONNAGE<br>tons a month                             | BASE PRIC                                          |                           |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07  30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT 1                                                                                                                   | TONNAGE  tons a month  THE PRODUCER PLEASE INDICAT  | BASE PRIC                                          |                           |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07  30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT 1                                                                                                                   | TONNAGE  tons a month  THE PRODUCER PLEASE INDICAT  | BASE PRIC                                          |                           |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07  30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT 1                                                                                                                   | TONNAGE  tons a month  THE PRODUCER PLEASE INDICAT  | BASE PRIC                                          |                           |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07  30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT 1                                                                                                                   | TONNAGE  tons a month  THE PRODUCER PLEASE INDICAT  | BASE PRIC                                          |                           |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07  30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT TO PRODUCER'S COMMENTS: Subject to prior sale                                                                       | TONNAGE  tons a month  THE PRODUCER PLEASE INDICAT  | BASE PRIC                                          |                           |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07  30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT TO PRODUCER'S COMMENTS: Subject to prior sale                                                                       | TONNAGE  tons a month  THE PRODUCER PLEASE INDICAT  | BASE PRIC                                          |                           |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07  30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT TO PRODUCER'S COMMENTS: Subject to prior sale                                                                       | TONNAGE  tons a month  THE PRODUCER PLEASE INDICAT  | BASE PRIC                                          |                           |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07 30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT IT  PRODUCER'S COMMENTS: Subject to prior sale  CREDIT REFERENCES (Minimum two):                                     | TONNAGE  tons a month  THE PRODUCER PLEASE INDICAT  | BASE PRIC                                          |                           |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07 30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT IT  PRODUCER'S COMMENTS: Subject to prior sale  CREDIT REFERENCES (Minimum two):                                     | TONNAGE  tons a month  THE PRODUCER PLEASE INDICAT  | BASE PRIC                                          |                           |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07 30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT IT  PRODUCER'S COMMENTS: Subject to prior sale  CREDIT REFERENCES (Minimum two):                                     | TONNAGE  tons a month  THE PRODUCER PLEASE INDICAT  | BASE PRIC                                          |                           |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07 30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT IT  PRODUCER'S COMMENTS: Subject to prior sale  CREDIT REFERENCES (Minimum two):                                     | TONNAGE  tons a month  THE PRODUCER PLEASE INDICAT  | BASE PRIC                                          |                           |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07 30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT IT  PRODUCER'S COMMENTS: Subject to prior sale  CREDIT REFERENCES (Minimum two):                                     | TONNAGE  tons a month  THE PRODUCER PLEASE INDICATE | BASE PRIC                                          | SPOT.                     |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07 30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT TO PRODUCER'S COMMENTS: Subject to prior sale CREDIT REFERENCES (Minimum two):  CREDIT REFERENCES (Minimum four)     | TONNAGE  tons a month  THE PRODUCER PLEASE INDICATE | BASE PRIC                                          |                           |  |  |
| TYPE OF COAL WEIGHING: None  PERIOD  1/1/0512/31/07  30,000  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT TO PRODUCER'S COMMENTS: Subject to prior sale  CREDIT REFERENCES (Minimum two):  CUSTOMER REFERENCES (Minimum four) | TONNAGE  tons a month  THE PRODUCER PLEASE INDICATE | BASE PRIC                                          | SPOT.                     |  |  |



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 3 OF 3

### PROJECTED QUALITY

|                                             | OFFERED COAL S                      | PECIFICATIONS               |   | REQUIRED COAL SPECIFICATIONS            |
|---------------------------------------------|-------------------------------------|-----------------------------|---|-----------------------------------------|
| DESCRIPTION                                 | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED |   | BITUMINOUS "AS RECEIVED"<br>GUARANTEED  |
| MOISTURE (TOTAL) %                          | 6                                   | 8 .                         | 4 | 8.0% MAX.                               |
| SURFACE MOISTURE %                          | _ 2                                 | 4                           |   | 5.0% MAX.                               |
| ASH %                                       | 11                                  | 13                          | 4 | 12% MAX. <sup>2</sup>                   |
| SULFUR DIOXIDE (LB/MBTU)                    | 1.5                                 | 1.6                         |   | 2.1 LB/MAX.1                            |
| 8TU/LB                                      | 12,500                              | 12,500                      | 4 | 12,000/LB MIN.                          |
| ASH SOFTENING<br>DEGREES FAHRENHEIT H=W (R) | 2700                                | 2700                        | 4 | 2,500 MIN.                              |
| VOLATILE %                                  | 32                                  | 30                          | 4 | 31.0% MIN. <sup>1</sup>                 |
| GRINDABILITY, HARDGROVE                     | 45                                  | 42                          | 4 | 42 MIN. <sup>3</sup>                    |
| SIZE                                        | 2 x 0                               |                             |   | 2° X 0°                                 |
| FINES (-1/4" X 0")                          | 40                                  |                             |   | 45% MAX.5                               |
| FIXED CARBON %                              | 73.04                               |                             |   | <u> </u>                                |
| HYDROGEN %                                  | 4.77                                |                             |   | <del></del>                             |
| NITROGEN %                                  | 1.32                                |                             |   |                                         |
| CHLORINE %                                  | .10                                 |                             |   |                                         |
| OXYGEN %                                    | 6.13                                |                             |   | *************************************** |

<sup>&</sup>lt;sup>1</sup> MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS. <sup>2</sup> ADJUSTABLE IN DIRECT PROPORTION TO BTU.

<sup>4</sup> 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 <sub>2</sub> O <sub>5</sub>  | .15     |                            | Antimony                |         |          |
| SiO₂                           | 59.84   |                            | Arsenic                 | 1.70    |          |
| Fe <sub>2</sub> O <sub>3</sub> | 4.50    | ·                          | Beryllium               | 2.22    |          |
| Al <sub>2</sub> O <sub>3</sub> | 29.10   |                            | Cadmium                 | 1.11    |          |
| TiO₂                           | 1.57    |                            | Chromium                | 15.50   |          |
| CaO                            | 1.11_   |                            | Cobalt                  | 22.20   |          |
| MgO                            | .61     |                            | Fluorine                |         |          |
| SO₃                            | .23     |                            | Lead                    | 6.08    |          |
| K <sub>2</sub> O               | 1.35    |                            | Lithium                 |         |          |
| Na <sub>2</sub> O              | .12     |                            | Manganese               | 74      |          |
| Undetermined                   |         |                            | Mercury                 | .18     |          |
| Base/Acid Ratio                | .08     |                            | Nickel                  | 150     |          |
| Maximum Base/Acid Ratio        | .10     |                            | Selenium                | 4.05    |          |
|                                |         | *NOTE: ADD SHEET:          | S IF MORE THAN ONE SEAM |         |          |

<sup>3</sup> ADJUSTABLE IN INVERSE PROPORTION TO BTU.

## 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 Ash Mineral Analysis Moisture 8.00 Silicon Dioxide 54.38 Ash 12.00 Aluminum Oxide 34.37 Volatile 33-35 Calcium Oxide 1.09 Sulfur 0.85 Potassium Oxide 2.10 BTU 12,500 Magnesium Oxide 0.60 Sodium Oxide 0.20 Hargrove 45 Sulfur Trioxide 0.58 Feric Oxide 4.37 Chlorine 0.14 Titanium Dioxide 1.38 Phosphorous Pentox 0.04 Ultimate-As received basis Strontium Oxide 0.10 Barium Oxide 0.02 Moisture Manganese Oxide 2.30 0.08 Carbon Undetermined 72.16 0.68 Hydrogen 4.27 Nitrogen 1.24 Sulfur 0.85 Ash 11.70 Oxygen 7.48 Nearest town: Man, WV A

| Ash Fusion          |      | Mine State permit # S-5013-96    |
|---------------------|------|----------------------------------|
|                     |      | Loadout State permit # O-5011-96 |
| Initial Deformation | 2700 | Mine MSHA # 46-08917             |
| Softening           | 2700 | Loadout MSHA # 46-08918          |
| Hemispherical       | 2700 |                                  |
| Fluid               | 2700 | 100% raw, 0% washed              |

Size: 2 x 0



# COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

| 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                                           |                                                                | R/R TIPPLE D           | ESIGNATION/NUMBER                                                   | 50513               |                |  |
| TYPE OF LOADING FACILITY UNIT TRAIN: YES                                         | SING                                                           | SLE CAR:               |                                                                     | TRAINLOAI           |                |  |
| MAXIMUM LOADING CAPACITY 12,000 TONS                                             | 24 Hour (7 hours actu                                          | al loading time) HOURS |                                                                     | 110                 | TRACK CAPACITY |  |
| WATER DELIVERY CAPABILITY:YES                                                    | _XNO                                                           | IMPORT COA             | L: LOAD PORT                                                        | - 1. 1. 1           |                |  |
| SHIP THROUGH:DOCK                                                                | HIP THROUGH:DOCK LOAD RATE                                     |                        |                                                                     |                     |                |  |
| TOTAL PRODUCTION CAPACITY PER MONTH: 60,000_                                     | TONS                                                           |                        |                                                                     |                     |                |  |
| PRODUCTION PER MONTH—MEETING OUR COAL SPEC                                       | IFICATIONS: 60,000                                             | TONS                   |                                                                     |                     |                |  |
|                                                                                  |                                                                |                        |                                                                     |                     | R              |  |
| SEAMS: Alma/Elkhorn 2                                                            |                                                                | BLEND RATIOS           |                                                                     |                     |                |  |
| COAL PREPARATION: 100%RAW                                                        |                                                                | WASHEDCOMBINATION      |                                                                     |                     |                |  |
| TYPE OF COAL WASHER, IF WASHED:                                                  |                                                                |                        |                                                                     |                     |                |  |
| TYPE OF COAL SAMPLING: HSS 2 Stage Automatic                                     |                                                                |                        |                                                                     |                     |                |  |
| TYPE OF LABOR CONTRACT(S): Union free                                            | DATE FOR RENEGOTIATION                                         | <b>ν</b> :             |                                                                     |                     |                |  |
| TYPE OF COAL WEIGHING: Kanawha Ramsey Belt Scale                                 |                                                                | SCALE CERTIFIED?       | XYES                                                                | NO                  |                |  |
| PERIOD                                                                           | TON                                                            | NAGE                   |                                                                     | BASE PRICE PER 1    | ON FOB MINE    |  |
| JAN - DEC, 05                                                                    | 250,0                                                          | 00 tons                |                                                                     |                     |                |  |
| JAN - DEC, 06                                                                    | 250,0                                                          | 000 tons               |                                                                     |                     |                |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUA                                | AL WHICH IS NOT THE PRODU                                      | JOER PLEASE INDICATE S | O BY MAKING                                                         | AN "X" IN THIS SPOT |                |  |
| PRODUCER'S COMMENTS                                                              |                                                                |                        |                                                                     |                     |                |  |
|                                                                                  | ·                                                              |                        |                                                                     |                     |                |  |
|                                                                                  |                                                                |                        |                                                                     |                     |                |  |
| CREDIT REFERENCES (Minimum two)                                                  |                                                                |                        |                                                                     |                     |                |  |
|                                                                                  |                                                                |                        |                                                                     |                     |                |  |
|                                                                                  |                                                                |                        |                                                                     |                     |                |  |
|                                                                                  |                                                                |                        |                                                                     | ·                   |                |  |
| CUSTOMER REFERENCES (Minimum four)                                               |                                                                |                        |                                                                     |                     |                |  |
| CUSTOMER REFERENCES (Minimum four)                                               |                                                                |                        |                                                                     |                     |                |  |
| CUSTOMER REFERENCES (Minimum four)                                               |                                                                |                        |                                                                     |                     |                |  |
| CUSTOMER REFERENCES (Minimum four)  SIGNATURE A. Haywall                         |                                                                | TITLE: Sales Agenl     |                                                                     |                     | DATE 05/11/04  |  |
| SIGNATURE Sold A Hondal Mail this form and any politional information to         |                                                                | TITLE: Sales Agent     |                                                                     |                     | DATE .05/11/04 |  |
| SIGNATURE ANY EDITIONAL INFORMATION TO  MRS. ROBIN OTT PROGRESS FUE ONE PROGRESS | I<br>IS CORPORATION<br>IS PLAZA, SUITE 600<br>G, FLORIDA 33701 | TITLE: Sales AgenI     | MRS ROBIN OTT<br>PROGRESS FUELS<br>POST OFFICE BOX<br>ST PETERSBURG | CORPORATION         | DATE:05/11/04  |  |



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

**CURRENT QUALITY** 

|                                           | OFFERED COALS                       | REQUIRED COAL SPECIFICATIONS |                                        |  |
|-------------------------------------------|-------------------------------------|------------------------------|----------------------------------------|--|
| DESCRIPTION                               | 'AS RECEIVED'<br>AVERAGE OR TYPICAL | 'AS RECEIVED'<br>GUARANTEED  | BITUMINOUS "AS RECEIVED"<br>GUARANTEED |  |
| MOISTURE (TOTAL) %                        | 6.50                                | 7.00                         | 8.0% MAX.                              |  |
| SURFACE MOISTURE %                        | 100                                 | _500_                        | 5.0% MAX.                              |  |
| ASH %                                     | 12.40                               | 13.00                        | 12% MAX.²                              |  |
| SULFUR DIOXIDE (LB/MBTU)                  | (195                                | 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                                  | <u></u>                      | 42 MIN.3                               |  |
| SIZE                                      | 2 x 0                               | 2×0                          | 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                          | ************                           |  |

<sup>1</sup> MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

<sup>\*</sup>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 <sub>2</sub> 0 <sub>5</sub>  | 0.08    |                              | Antimony    |         |          |
| SiO <sub>2</sub>               | 57      | ·                            | Arsenic     | -       |          |
| Fe <sub>2</sub> O <sub>3</sub> | 5.1     |                              | Beryllium   |         |          |
| Al <sub>2</sub> O <sub>3</sub> | 29      |                              | Cadmium     |         |          |
| TiO <sub>2</sub>               | 1.2     |                              | Chromium    |         |          |
| CaO                            | 1.2     |                              | Cobalt      |         |          |
| MgO                            | 0.9     |                              | Fluorine    |         |          |
| SO <sub>3</sub>                | 0.6     |                              | Lead        |         |          |
| K₂O                            | 2.9     |                              | Lithium     |         |          |
| Na₂O                           | 0.7     |                              | Manganese   |         |          |
| Undetermined                   | 0.5     |                              | Mercury     |         |          |
| Base/Acid Ratio                |         |                              | Nickel      |         |          |
| Maximum Base/Acid Ratio        |         |                              | Selenium    |         |          |

\*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

<sup>2</sup> ADJUSTABLE IN DIRECT PROPORTION TO BTU.

ADJUSTABLE IN INVERSE PROPORTION TO BTU.



### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 3 OF 3

PROJECTED QUALITY

|                                             | OFFERED COAL SPECIFICATIONS  "AS RECEIVED" AVERAGE OR TYPICAL  OFFERED COAL SPECIFICATIONS  "AS RECEIVED" GUARANTEED |           |   | REQUIRED COAL SPECIFICATIONS           |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------|---|----------------------------------------|
| DESCRIPTION                                 |                                                                                                                      |           |   | BITUMINOUS 'AS RECEIVED'<br>GUARANTEED |
| MOISTURE (TOTAL) %                          |                                                                                                                      |           | 4 | 8.0% MAX                               |
| SURFACE MOISTURE %                          |                                                                                                                      |           |   | 5,0% MAX                               |
| ASH %                                       |                                                                                                                      |           | 4 | 12% MAX.2                              |
| SULFUR DIOXIDE (LB/MBTU)                    |                                                                                                                      |           | İ | 2.1 LB/MAX.1                           |
| 3TU/LB                                      |                                                                                                                      |           | ٠ | 12,000/LB MIN                          |
| ASH SOFTENING<br>DEGREES FAHRENHEIT H=W (R) | Same as                                                                                                              |           | 4 | 2,500 MIN                              |
| VOLATILE %                                  |                                                                                                                      | ~<br>? // | 4 | 31.0% MIN.1                            |
| GRINDABILITY, HARDGROVE                     |                                                                                                                      | 1 Vite    | 4 | 42 MIN.3                               |
| SIZE                                        | Cun(1) CX                                                                                                            | auri 9    |   | 2* X 0*                                |
| FINES (-1/4" X 0")                          |                                                                                                                      |           |   | 45% MAX.5                              |
| FIXED CARBON %                              | $=$ $< 1$ $\neq$                                                                                                     |           |   |                                        |
| HYDROGEN %                                  | - Ohecl                                                                                                              |           |   | ·                                      |
| NITROGEN %                                  |                                                                                                                      |           |   |                                        |
| CHLORINE %                                  |                                                                                                                      |           |   |                                        |
| OXYGEN %                                    |                                                                                                                      |           |   |                                        |

MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS

<sup>\*</sup>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 <sub>2</sub> 0 <sub>5</sub>  |                                         |                            | Antimony    |         |         |
| SiO <sub>2</sub>               |                                         |                            | Arsenic     |         |         |
| Fe <sub>2</sub> O <sub>3</sub> |                                         |                            | Beryllium   |         |         |
| Al <sub>2</sub> O <sub>3</sub> |                                         |                            | Cadmium     |         |         |
| TiO <sub>2</sub>               |                                         |                            | Chromium    |         |         |
| CaO                            |                                         |                            | Cobalt      |         |         |
| MgO                            |                                         |                            | Fluorine    |         |         |
| SO₃                            |                                         |                            | Lead        |         |         |
| K₂O                            |                                         |                            | Lithium     |         |         |
| Na₂O                           |                                         |                            | Manganese   |         |         |
| Undetermined                   |                                         |                            | Mercury     |         |         |
| Base/Acid Ratio                |                                         |                            | Nickel      |         |         |
| Maximum Base/Acid Ratio        |                                         |                            | Selenium    |         |         |
|                                | *NOTE: ADD SHEETS IF MORE THAN ONE SEAM |                            |             |         |         |

<sup>&</sup>lt;sup>2</sup>ADJUSTABLE IN DIRECT PROPORTION TO BTU.

ADJUSTABLE IN INVERSE PROPORTION TO BTU.



Barbara E. Busby Vice President – Sales & Marketing 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

# Non Compliance Coal Sales Proposal Progress Fuels Corporation

Producer:

800 Laidley Tower

Charleston, WV 25301

Eastern Associated Coal Company

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-9<sup>th</sup> Floor St. Louis, MO. 63101

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 |           |
| CY2006 | 240,000 tons |           |
| CY2007 | 240,000 tons |           |

- 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.).

### SO<sub>2</sub>

# 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                  |  |  |
|                         | Winifrede                |  |  |
| 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   | 150             |
| Rating           |                 |
| 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 1<sup>st</sup> through the 15<sup>th</sup> and the 16<sup>th</sup> 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.

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# COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

|                                                                                                                                                                       | Coal Corp (a)                                                                       |                                          |                                                        |                |  |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------|----------------|--|--|
|                                                                                                                                                                       | 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                        |                                                        |                |  |  |
| MINE(S): Coal River BOM                                                                                                                                               | DISTRICT: 8                                                                         | COUNTY: Boone                            | STATE: WV                                              |                |  |  |
| ORIGIN RAILROAD(S)/DISTRICT: EK CV I                                                                                                                                  | Big Sandy Other_ Kana                                                               | awha                                     | R/R TIPPLE DESIGNATION/NUMBE                           | ER: 82204      |  |  |
| TYPE OF LOADING FACILITY: UNIT TRAIN: X                                                                                                                               | SING                                                                                | GLE CAR:                                 | TRAINL                                                 | OAD:           |  |  |
| 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                                                                                                                               | , <u>000</u> tons                                                                   |                                          |                                                        |                |  |  |
| PRODUCTION PER MONTH—MEETING OUR COAL SP                                                                                                                              | ECIFICATIONS: 70,000 T                                                              | ONS                                      |                                                        |                |  |  |
| TYPE OF MINE: 0 % DEEP                                                                                                                                                | _10                                                                                 | <u>) 0</u> % STRIP                       |                                                        | % AUGER        |  |  |
| SEAMS: Cedar Grove, #2 Gas                                                                                                                                            | Powellton                                                                           | BLEND RATIOS: 35/                        | 35/30                                                  |                |  |  |
| COAL PREPARATION: 100 RAW                                                                                                                                             |                                                                                     | )_WASHED                                 |                                                        | COMBINATION    |  |  |
| TYPE OF COAL WASHER, IF WASHED: N/A                                                                                                                                   |                                                                                     |                                          |                                                        |                |  |  |
| TYPE OF COAL SAMPLING: Ramsey Sweet                                                                                                                                   | Sampler                                                                             |                                          |                                                        |                |  |  |
| TYPE OF LABOR CONTRACT(S): N/A                                                                                                                                        | DATE FOR RENEGOTIATIO                                                               | N:                                       |                                                        |                |  |  |
| TYPE OF COAL WEIGHING: Kanawha Bate                                                                                                                                   | ch Scales                                                                           | SCALE CERTIFIED?                         | XYESNO                                                 |                |  |  |
| PERIOD                                                                                                                                                                | TON                                                                                 | NAGE                                     | BASE PRICE PER                                         | TON FOR MINE   |  |  |
|                                                                                                                                                                       |                                                                                     |                                          |                                                        | K TON FOR MINE |  |  |
| 1/1/05 - 12/31/05                                                                                                                                                     | <del></del>                                                                         | ,000                                     |                                                        | TON FOR MINE   |  |  |
| 1/1/05 - 12/31/05  IF THIS COAL IS OFFERED BY A COMPANY OR INDIVI                                                                                                     | 240                                                                                 | ,000                                     |                                                        |                |  |  |
|                                                                                                                                                                       | 240<br>DUAL WHICH IS NOT THE PROD                                                   | UCER PLEASE INDICATE SO                  | D BY MAKING AN "X" IN THIS SPO                         | Т.             |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVI                                                                                                                        | 240<br>DUAL WHICH IS NOT THE PROD                                                   | UCER PLEASE INDICATE SO                  | D BY MAKING AN "X" IN THIS SPO                         | Т.             |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVI                                                                                                                        | 240<br>DUAL WHICH IS NOT THE PROD                                                   | UCER PLEASE INDICATE SO                  | D BY MAKING AN "X" IN THIS SPO                         | Т.             |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVI-                                                                                                                       | 240 DUAL WHICH IS NOT THE PROD                                                      | UCER PLEASE INDICATE SO<br>O prìor sale  | BY MAKING AN "X" IN THIS SPO<br>of the coal be         | Т.             |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVI                                                                                                                        | 240 DUAL WHICH IS NOT THE PROD                                                      | UCER PLEASE INDICATE SO<br>O prìor sale  | BY MAKING AN "X" IN THIS SPO<br>of the coal be         | Т.             |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVI-                                                                                                                       | 240 DUAL WHICH IS NOT THE PROD                                                      | UCER PLEASE INDICATE SO<br>O prìor sale  | BY MAKING AN "X" IN THIS SPO<br>of the coal be         | Т.             |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVI-                                                                                                                       | DUAL WHICH IS NOT THE PRODU<br>al is subject to<br>a Bank and Firs                  | UCER PLEASE INDICATE SO<br>TO prior sale | BY MAKING AN "X" IN THIS SPO<br>of the coal be<br>Bank | ing offered.   |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVI- PRODUCER'S COMMENTS: This proposa  CREDIT REFERENCES (Minimum two): Amsouth                                           | DUAL WHICH IS NOT THE PRODU<br>al is subject to<br>a Bank and Firs                  | UCER PLEASE INDICATE SO<br>TO prior sale | BY MAKING AN "X" IN THIS SPO<br>of the coal be<br>Bank | ing offered.   |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVI- PRODUCER'S COMMENTS: This proposa  CREDIT REFERENCES (Minimum two): Amsouth                                           | DUAL WHICH IS NOT THE PRODU<br>al is subject to<br>a Bank and Firs                  | UCER PLEASE INDICATE SO<br>TO prior sale | BY MAKING AN "X" IN THIS SPO<br>of the coal be<br>Bank | ing offered.   |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVI- PRODUCER'S COMMENTS: This proposa  CREDIT REFERENCES (Minimum two): Amsouth                                           | DUAL WHICH IS NOT THE PRODU<br>al is subject to<br>a Bank and Firs                  | UCER PLEASE INDICATE SO<br>TO prior sale | BY MAKING AN "X" IN THIS SPO<br>of the coal be<br>Bank | ing offered.   |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVI- PRODUCER'S COMMENTS: This proposa  CREDIT REFERENCES (Minimum two): Amsouth                                           | DUAL WHICH IS NOT THE PRODU<br>al is subject to<br>a Bank and Firs                  | UCER PLEASE INDICATE SO<br>TO prior sale | BY MAKING AN "X" IN THIS SPO<br>of the coal be<br>Bank | ing offered.   |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVI- PRODUCER'S COMMENTS: This proposa  CREDIT REFERENCES (Minimum two): Amsouth                                           | DUAL WHICH IS NOT THE PRODU<br>al is subject to<br>a Bank and Firs                  | UCER PLEASE INDICATE SO<br>TO prior sale | Bank  rgy and Savanna                                  | ing offered.   |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVI- PRODUCER'S COMMENTS: This proposa  CREDIT REFERENCES (Minimum two): Amsouth  CUSTOMER REFERENCES (Minimum four): Duke | DUAL WHICH IS NOT THE PRODU<br>al is subject to<br>a Bank and Firs<br>Power, Santee | Cooper, Cine                             | Bank  rgy and Savanna                                  | ing offered.   |  |  |



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

# **CURRENT QUALITY**

|                                             | OFFERED COALS                       | SPECIFICATIONS              |   | REQUIRED COAL SPECIFICATIONS        |
|---------------------------------------------|-------------------------------------|-----------------------------|---|-------------------------------------|
| DESCRIPTION                                 | "AS RECEIVED"<br>AVERAGE OR TYPICAL | 'AS RECEIVED"<br>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. <sup>2</sup>               |
| SULFUR DIOXIDE (LB/MBTU)                    | 1.8                                 | 2.1                         |   | 2.1 LB/MAX.1                        |
| BTU/LB                                      | 12100                               | 12000                       | 4 | 12,000/LB MIN.                      |
| ASH SOFTENING<br>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. <sup>3</sup>                |
| 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                        |   | 7-2-1-1                             |

MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
ADJUSTABLE IN DIRECT PROPORTION TO BTU.

ADJUSTABLE IN INVERSE PROPORTION TO BTU.
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 <sub>2</sub> 0 <sub>5</sub>  | 0.24    |                              | Antimony    | N/A     |          |
| SiO <sub>2</sub>               | 55.47   |                              | Arsenic     | 10.76   |          |
| Fe <sub>2</sub> O <sub>3</sub> | 6.74    |                              | Beryllium   | 3.92    |          |
| Al <sub>2</sub> O <sub>3</sub> | 27.90   |                              | Cadmium     | 0.34    |          |
| TiO <sub>2</sub>               | 1.33    |                              | Chromium    | 15.24   |          |
| CaO                            | 0.92    |                              | Cobalt      | 7.59    |          |
| MgO                            | 1.02    |                              | Fluorine    | 84.12   |          |
| SO <sub>3</sub>                | 0.64    |                              | Lead        | 9.64    |          |
| K <sub>2</sub> O               | 4.08    |                              | Lithium     | N/A     |          |
| Na <sub>2</sub> O              | 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    |          |



## COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 3 OF 3

# PROJECTED QUALITY

|                                             | OFFERED COAL S                      | PECIFICATIONS            |   | REQUIRED COAL SPECIFICATIONS           |
|---------------------------------------------|-------------------------------------|--------------------------|---|----------------------------------------|
| DESCRIPTION                                 | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED" GUARANTEED |   | BITUMINOUS "AS RECEIVED"<br>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. <sup>2</sup>                  |
| SULFUR DIOXIDE (LB/MBTU)                    | 1.8                                 | 2.1                      |   | 2.1 LB/MAX.                            |
| STU/LB                                      | 12100                               | 12000                    | 4 | 12,000/LB MIN.                         |
| ASH SOFTENING<br>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. <sup>3</sup>                   |
| SIZE                                        | 2x0                                 | 2×0                      |   | 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                     |   |                                        |

<sup>1</sup> MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

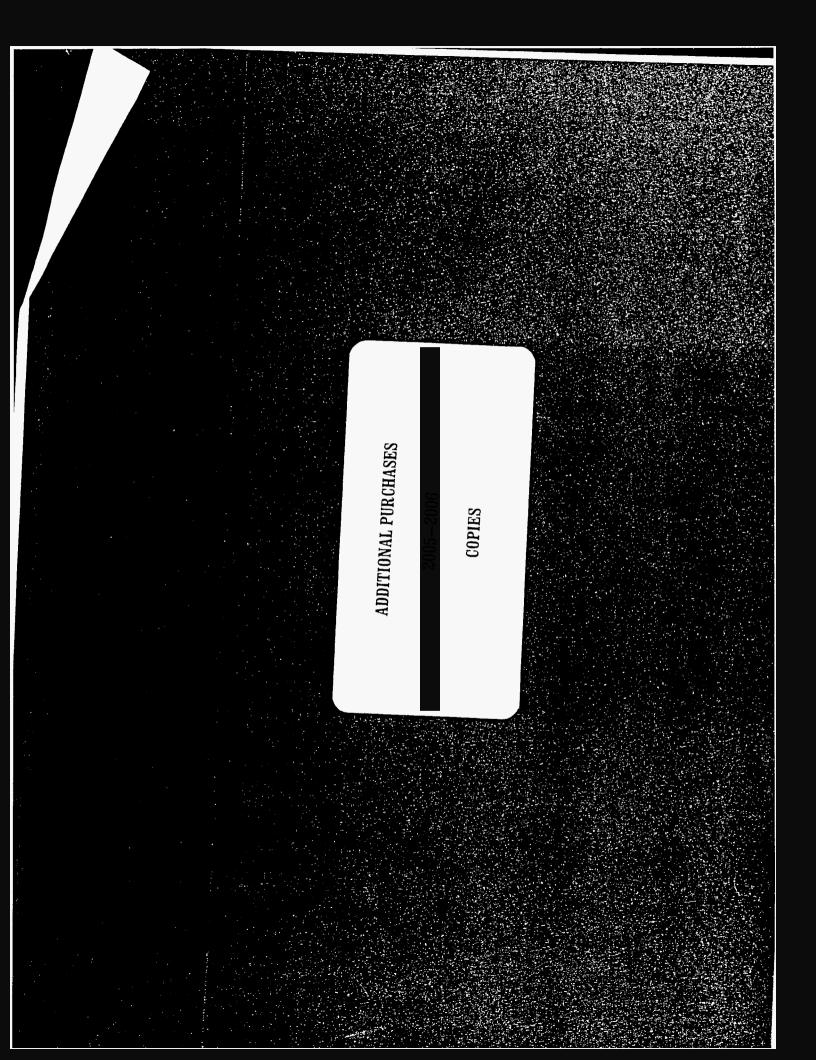
<sup>\*</sup>PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED

| MINERAL ANALYSIS %WEIGHT       |         | TRACE ELEMENTS PPM IN COAL |             | L       |         |
|--------------------------------|---------|----------------------------|-------------|---------|---------|
| DESCRIPTION                    | AVERAGE | STD, DEV.                  | DESCRIPTION | AVERAGE | STD DEV |
| P <sub>2</sub> 0 <sub>5</sub>  | 0.24    |                            | Antimony    | N/A     |         |
| SiO <sub>2</sub>               | 55.47   |                            | Arsenic     | 10.76   |         |
| Fe <sub>2</sub> O <sub>3</sub> | 6.74    |                            | Beryllium   | 3.92    |         |
| Al <sub>2</sub> O <sub>3</sub> | 27.90   |                            | Cadmium     | 0.34    |         |
| TiO₂                           | 1.33    |                            | Chromium    | 15.24   |         |
| CaO                            | 0.92    |                            | Cobalt      | 7.59    |         |
| MgO                            | 1.02    |                            | Fluorine    | 84.12   |         |
| SO <sub>3</sub>                | 0.64    |                            | Lead        | 9.64    |         |
| K <sub>2</sub> O               | 4.08    |                            | Lithium     | N/A     |         |
| Na <sub>2</sub> O              | 0.64    |                            | Manyanese   | 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

<sup>&</sup>lt;sup>2</sup> ADJUSTABLE IN DIRECT PROPORTION TO BTU.

<sup>&</sup>lt;sup>3</sup> ADJUSTABLE IN INVERSE PROPORTION TO BTU.



### 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 25<sup>th</sup> 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

5.000 tons.

Contract Price:

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   | 11,500 Btu/lb.                           |
|                             | average                           |                                          |
| S0 <sub>2</sub> lbs./MMBtu: | 1.2 lbs. monthly weighted average | greater than 1.2 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) <u>BTU Price Adjustment Calculation</u>. 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:

Contract x (Actual Btu/lb. – Quality Specification Btu/lb.)

Price 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) <u>SO<sub>2</sub> Price Adjustment Calculation</u>. If the weighted average, on a per shipment basis, for SO<sub>2</sub> content for Coal delivered hereunder is below the Quality Specification for SO<sub>2</sub> content specified above, less a .2# SO<sub>2</sub> dead band, an adjustment to the Contract Price, shall be made with respect to such Coal as follows:

(Quality Specification S0<sub>2</sub> - Actual S0<sub>2</sub>) x (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<sub>2</sub> 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 Penalty

Where "Allowance Price" means the "S0<sub>2</sub> Monthly Price" or "S0<sub>2</sub> 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 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

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Coal shall be increased by 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 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 per ton for each point variation from the Quality Specification.

AGREED TO AND ACCEPTED BY:

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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 (1<sup>st</sup>) day of a month in which deliveries are made ("Delivery Month") through the fifteenth (15<sup>th</sup>) day of such Delivery Month and for which payment has not previously been received, payment will be made on or before the tenth (10<sup>th</sup>) 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 (25<sup>th</sup>) 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 25<sup>th</sup> 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<sub>2</sub>. 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.

Sincerely,

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.

Progress Fuels Corporati Coal Marketing Company Ltd. By: By: Name: A. W. Pitcher Name: Title: Vice President-Coal Procurement Title: CEO Date: 10/25/04 Date: 18 201

# 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 \$10,000,000,000,000. 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) <u>Seller Failure</u>. 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) <u>Buyer Failure</u>. 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) <u>Due Date</u>. 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) <u>Duty to Mitigate</u>. 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 transfere 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:
    - 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
- 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.

Page 1 of 1

From:

Pitcher, AI (PFC)

Sent:

Tuesday, September 14, 2004 6:49 PM

To:

Crake, Kyle (Energy)

Subject: Spot Barge Purchases 2005-2006

Add'l Purchases

2005 - 2006

Offers and

Evaluations

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 delivenes 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 \$/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 \$/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 member /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@propressfuels.com

# Ott, Robin (PFC)

From: Garcia, Francisco [Francisco.garcia@cmc-coal.ie]

Tuesday, September 28, 2004 10:02 PM Sent:

Pitcher, Al (PFC) To: Subject: RE: Coal Purchase

#### AI:

Appreciate your confirmation draft with terms and conditions so that we can proceed to invoice the first coal cargo.

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 Please check my math and see if you agree.

#### A. W. Pitcher

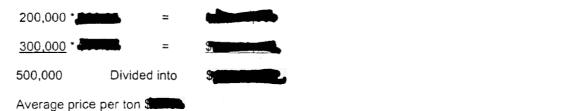
Vice President-Coal Procurement Progress Fuels Corporation One Progess Plaza, BT10C St. Petersburg, FL 33701 Phone No. 727-824-6692 Fax No. 727-824-6601 E-mail al.pitcher@progressfuels.com ----Original Message-----From: Pitcher, Al (PFC)

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:



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

#### AI:

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>

To <Francisco.Garcia@cmc-coal.ie>

CC

09/17/2004 12:36

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 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

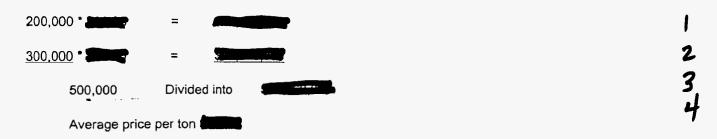
----Original Message-----From: Pitcher, Al (PFC)

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:



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

7/4> 4/4 Marces and 2005/2006 of by from CMC. I have avolved of the Color and a sold a the last (But attent)

300Koah ym

one de mont empedées

# Pitcher, AI (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>

To <Francisco.Garcia@cmc-coal.ie>

09/17/2004 12:36

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 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----

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Sent: Friday, September 17, 2004 11:53 AM

To: 'Francisco.Garcia@cmc-coal.ie'

Subject: Coal Purchase

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200,000 \*

300,000 \*\*\*



500,000

Divided into



Average price per ton

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, AI (PFC)

∜From:

Francisco.Garcia@cmc-coal.ie

Sent:

Friday, September 17, 2004 2:56 PM

To:

Pitcher, AI (PFC) Subject: Re: Coal Purchase

#### AI:

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, AI (PFC)" <APitcher@progressfuels.com>

To <Francisco.Garcia@cmc-coal.ie>

œ

09/17/2004 10:52

Subject Coal Purchase

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150,000 \* 300,000 \* 450,000 Divided into Average price per ton

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

9/17/2004

Fax No. 727-824-6601

E-mail al pitchet@progressfuels.com

Page 2 of 2

## 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

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Marketing Manager

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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

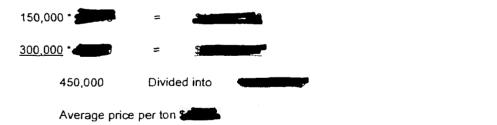
"Pitcher, Al (PFC)" <APitcher@progressfuels.com>

To <Francisco.Garcia@cmc-coal.ie>

09/17/2004 10:52

Subject Coal Purchase

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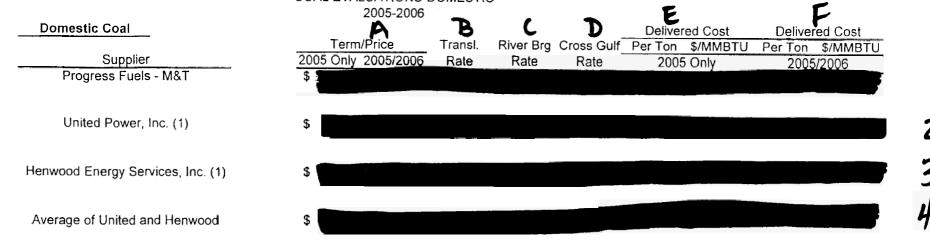


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A. W. Pitcher Vice President-Coal Procurement Progress Fuels Corporation One Progess Plaza, BT10C SI. Petersburg, FL 33701 Phone No. 727-824-6692 Fax No. 727-824-6601

E-mail al pitcher@progressfacts.com

# PROGRESS FUELS CORPORATION COAL EVALUATIONS-DOMESTIC



(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%

Ott, Robin (PFC)

Forwarded to RH for Embotion RAO
9-14-04
Offer

From:

Francisco.Garcia@cmc-coal.ie

Sent:

Monday, September 13, 2004 6:28 PM

To:

Pitcher, AI (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



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:

## <u>Term</u>

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 per short ton CIF Electrocoal Terminal, New Orleans at 11,800 Btu/lb gar, for year 2005, and

US 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

FAS NOLA

Pitcher, AI (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 firms//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 \$\infty\$ /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 /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.

9/15/2004



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

| Pitche       | er, AI (PFC)                                                                                                                                 |                                             | PFC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Coal Offen                                                      |     |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-----|
| From:        | Pitcher, AI (PFC)                                                                                                                            |                                             | 11/2/                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 2005/2006                                                       |     |
| Sent:        | Friday, August 27, 2004 4:20 PM                                                                                                              |                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Se attacked                                                     |     |
| To:          | Jefferson, Joe (Sales)                                                                                                                       |                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                 |     |
| Subjec       | t: 2005-2006 Coal Offer                                                                                                                      |                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | for de land &                                                   |     |
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| :ompetitiv   | riewed your 15,000 tons/month 1.2# SO2 co<br>ve. We would have to blend the product in No<br>for this, I would be happy to discuss further w | IOLA costing us an<br>with you the possibil | additional If y                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | ish content, the pricing is not you believe your pricing can be | ı   |
| ۱. W. Pite   |                                                                                                                                              | Jero Blanch                                 | Lange Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract of the Contract | A. I.                                                           | /   |
| 'ice Preside | nt-Coal Procurement                                                                                                                          | Jan Blinch                                  | 5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 9/9/04                                                          | 2   |
| )ne Progess  | els Corporation<br>B Plaza, BT10C                                                                                                            |                                             | 1. 4/                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Joe regarding                                                   | 2   |
|              | rg, FL 33701<br>27-824-6692<br>924-6601                                                                                                      | Sp                                          | are with                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Joe reganing                                                    | 1.  |
|              | her@progressfuels.com                                                                                                                        | d.                                          | Br                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | ice. They can mo                                                | 44  |
|              | . ,                                                                                                                                          | - 11                                        | 2 1 11 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | They can do                                                     |     |
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| ن            | ( a shorthead)                                                                                                                               | The first of                                | following.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | #/                                                              |     |
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|              | Jueran O                                                                                                                                     | 1.2 +                                       | 502                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 110                                                             |     |
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|              |                                                                                                                                              | 2005/                                       | 2006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 2005/2006                                                       |     |
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|              | Using the                                                                                                                                    |                                             | ľ                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1                                                               |     |
|              | Dame Cost (MER                                                                                                                               | T                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                 |     |
|              | man and man                                                                                                                                  | TCD                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 8                                                               |     |
|              | as m 1/4 cro.                                                                                                                                | 55                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 4                                                               |     |
|              | , 1                                                                                                                                          |                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                 |     |
|              | amado Sel                                                                                                                                    | #                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 10                                                              |     |
|              | 11 /0 (MA) 5 /19                                                                                                                             |                                             | •                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 11                                                              |     |
|              | 8 Mil 21                                                                                                                                     |                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                 |     |
|              | (1) Fer reused eval                                                                                                                          | wohn                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                 |     |
|              | 2 House to                                                                                                                                   | and RAP                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                 |     |

## Pitcher, AI (PFC)

From: Pitcher, Al (PFC)

Sent: Friday, August 27, 2004 4:04 PM

To: 'E.Bueno@GCI-UK.NET'

Subject: Coal Offer

hank you for your offer of five (5) additional cargoes for 2005. However, we will be unable to purchase any of these cargoes. /ery frankly speaking, I can purchase both domestic and other South American coals at substantially below your offer. Suasare must be looking at different pricing projections than we have available because PFC has current offers from both the J.S. and South America at the below Guasare's pricing. We will continue to evaluate yours offers as they become available.

look forward to meeting with you on September 14.

#### 1. W. Pitcher

fice President-Coal Procurement frogress Fuels Corporation ine Progess Plaza, BT10C it. Petersburg, FL 33701 fhone No. 727-824-6692 ax No. 727-824-6601 i-mail al\_pitcher@progressfuels.com

Cool Evolutions-Bonge 2005-2006 1.2# Product PFC received one offer for 2005-2006 and one offer for 2005. Each of these offers were from producers with one America and one foreign. Guarares estimated #/mm BTU 10 00 follows; COOL DES NOLA Estimate l'auf meight PFC's estimated #/mmotor to as folkins: 12000 BTU/13,57 Ash/1,2#502 Ta. 9. Am 2005/2004 \* Discussed God FOB Bange IMT Rate (60/40% Horwood Horwood = -> Ruer Baye Rate Cross Gulf Rate F # Tion Delud \$/MMBTU Delud

Gol Evaluations. 2005-2006 The import God company to domestic God to not competite. However, the evaluation only only involves two data points from actual Gils There fore, and I information was obtained fun "price sheets." Le United, Evolution, etc Domole Coal this United (Used to develop on estimated formatic puce) 4/25/04 (See AHacks V) CAPP B.S. 12000/1.2#502 aljust for B, S vs Kanawka ( ) ( ) 2 Bary deff and Pd. (B.S. 12). Kan 20)
(13.0-13.5). <->>> (Rd) Two yr average FOB Komenda Julian Of QX Henwood (Five In Forcant) - Domestic 8/23/04 (See attacked) 2005 CAPP B5 12000/12 502 \$

Och Oils to Kanawha Type och BS 122 Kan 13% Borge Deff

Two of annas FOB Kan

2/4 12

Coal Evaluations 2005-2006 Evolution Car Com Determent produced me offers, used to skeep a price amparism. Evolution 8/26/04 11300 BTU 1,2#502 Coal traight Delul #//2 #/mmBJU amont domestic and import market. Les above a price for Guasans would be @ 12800 Out of months t

PFC

PEC Coal Evoluntins 2005-2006 Per chriestic evaluation for 2005 only Guarane price should be approximately as follows: Generace of United x
Heneraced #/meta = 12800 # 12800 12800 Dues domestic man hit

## 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 \$4 per million BTUGross as Received, DES at IMT Terminal, New Orleans; or

per million BTU Gross as Received, DES open waters of the Gulf of Mexico, off the Coast of Florida, due 3.2. US \$ 🗨 West of the Crystal River; or

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 7<sup>th</sup> August 2003.
  - 9. This offer is valid for acceptance up to COB LT 2<sup>nd</sup> September 2004.

Please confirm that you have received this offer.

Best regards,

Eladio Bueno

CEO

Guasare Coal International n.v.

PFC MAT CR445

## **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:
Location:

NT for Coal FOB Barge
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:

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 he sitate to contact me.

Joe Jefferson Director – Coal Sales

PFC MOT CR 102

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## **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:
Location:

Originating on the Big Sandy River

## **Second Indication**

Term:

1/1/05 - 12/31/06

**Ouantity:** 

15,000 tons/month (subject to prior sale or commitment)

Quality:

Based on As Received - Monthly Weighted Averages

BTU -

12,000 Minimum

ASH -

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SO2 #/MM BTU-

1.20# Maximum

Price:

NT for Coal FOB Barge

Location:

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Joe Jefferson Director – Coal Sales

# PROGRESS FUELS CORPORATION Monthly Spot Offer Analysis

CR45 Quarter 3 - 2004

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| Per Month  | 33/                           | oso Tran | sp. Ralicai                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |        | , a                           | rchase Sne   | dications   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |    | 模    | Unit 45                   | Cas          |      | Cash           | Evalua            | 3.5  | Evaluated<br>Utilized |              |                                       |
| Tons       | A STATE OF THE REAL PROPERTY. | ode Cos  | A CONTRACTOR OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF TH |        | eta 1 la la manata de la com- | Btu          |             | and the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of t |    |      | CONTRACTOR AND ADMINISTRA | 12 10 . Wash | N. W | 4 - 5 11 2 2 2 | 3 4 4 2 A 2 A 2 A | 1.50 | Cost \$/M             | ACTION TAKEN | Notes:                                |
| 20,000     | c c                           | ook      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 9.80%  | 0.52%                         | 11,400       | 9.40%       | 31.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 50 | 0.90 | В                         |              |      |                |                   |      | 4                     | No Buy       |                                       |
| 10,000     | d                             | sx       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 12.00% | 0.75%                         | 12,500       | 9.00%       | 30.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 40 | 1.20 | v                         |              |      | 7.             |                   |      |                       | Rejected     | Avg price                             |
| 70,000     | g                             | ulf      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 11.00% | 0.40%                         | 11,500       | 9.50%       | 33.50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 62 | 0.70 | В                         |              |      |                |                   |      |                       | No Buy       | ·                                     |
| 45,000     | ) g                           | ulf      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 5.50%  | 0.78%                         | 13,000       | 5.00%       | 34.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 45 | 1,20 | -                         |              |      |                |                   |      |                       | Accepted     |                                       |
| 40000/     | d                             | sx       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 12.00% | 0.75%                         | 12,500       | 10.00%      | 30.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 44 | 1,20 | v                         |              |      |                |                   |      |                       | Accepted     | Avg freight                           |
| 20,000     | G                             | ulf      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 13.50% | 0.72%                         | 12,000       | 9.00%       | 31.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 45 | 1.20 | A                         |              |      |                |                   |      | _]                    | Rejected     | ASH                                   |
| 20,000     | <u> </u>                      | ulf      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 11.00% | 0.75%                         | 12,500       | 9.00%       | 31.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 45 | 1.20 |                           |              | Ш    |                |                   |      |                       | Pending      | Revised                               |
| 46k each   | - 11                          | ит       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 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   | Та                            | mpa      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 8.00%  | 0.77%                         | 12,800       | 8.00%       | 31,00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 45 | 1.20 |                           |              |      |                |                   |      |                       | Rejected     | Gearless VsI/Trucks                   |
| 20,000     | c                             | sx       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 12.00% | 0.75%                         | 12,500       | 8.00%       | 30.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 45 | 1.20 | v                         |              |      |                |                   |      |                       | Rejected     | Price                                 |
| 38500 each | 11                            | MT       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 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 | Та                            | mpa      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 8.00%  | 0.77%                         | 12,800       | 8.00%       | 31,00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 45 | 1.20 |                           |              |      |                |                   |      | _                     | Rejected     | Gearless Vessel Kinder Morgan -Trucks |
| 25,000     | N                             | DLA      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 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    | C                             | sx       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 10.00% | 0.78%                         | 13,000       | 8.00%       | 33.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 42 | 1.20 |                           |              | Ш    |                |                   |      |                       | Rejected     | Price                                 |
| 10,000     | C                             | sx       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 9.00%  | 0.76%                         | 12,700       | 8.00%       | 33.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 42 | 1.20 |                           |              |      |                |                   |      |                       | Rejected     | ·                                     |
|            |                               | 1        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1      | CR 45 F                       | ronomics Bas | e Specifics | tions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |    |      |                           |              |      |                |                   | •    |                       |              |                                       |

CR 45 Economics Base Specifications

Ash Sulfur Btu Moist Vol HGI
18.00% 9.70% 12,000 8.00% 31,00% 40

KOZ Price \$485

9/15/2004 13:23







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26

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## PROGRESS FUELS CORPORATION Monthly Spot Offer Analysis CR45

Quarter 3 - 2004

| Per<br>Month | 7     | ransp. | Transp. | Railcar |        | Pur    | chase Spe | ecification | is     | inst hij |      | Utilization | Unit 45<br>Derate | Cash       | Cash      | Evaluated Utilized | <b>2011年1月1日 1日 1日 1日 1日 1日 1日 1日</b> |                     |                                       |
|--------------|-------|--------|---------|---------|--------|--------|-----------|-------------|--------|----------|------|-------------|-------------------|------------|-----------|--------------------|---------------------------------------|---------------------|---------------------------------------|
| Tons         | Price | Mode   | Cost    | Costs   | Ash    | Sulfur | Btu       | Moist       | Vol    | HGI      | SO2  | Cost/st     | Codes             | Cost \$/st | Cost \$/M | Cost \$/st         | Cost \$/M                             | ACTION TAKEN        | Notes                                 |
| 20,000       |       | Cook   |         |         | 9.80%  | 0.52%  | 11,400    | 9.40%       | 31.00% | 50       | 0.90 | \$0.17      | В                 |            |           |                    |                                       |                     |                                       |
| 10,000       | l l   | 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      | В                 |            |           |                    |                                       | 10540               |                                       |
| 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                 |            |           |                    |                                       | Glan                | Avg freight                           |
| 15,000       |       | Gulf   |         |         | 13.50% | 0.72%  | 12,000    | 9.00%       | 31.00% |          | 1.20 | \$1.21      | A                 |            |           |                    |                                       |                     | Rates Recomputed with new info        |
| 46k each     |       | IMT    |         |         | 8.00%  | 0.77%  |           |             | 31.00% |          | 1.20 |             |                   |            |           |                    |                                       | est rates           | Geared Vessel at IMT                  |
| 46k each     |       | CR     |         |         | 8.00%  | 0.77%  |           |             | 31.00% |          | 1.20 |             | (                 |            | 7         |                    | 7                                     | Wait for Dixie Rate | Belted direct to Dixie                |
| 46k each     |       | ampa   |         |         |        | 0.77%  |           |             | 31.00% |          | 1.20 |             |                   |            |           |                    |                                       |                     | Gearless Vessel Kinder Morgan -Trucks |
|              |       |        |         |         | 1      |        |           |             |        |          |      |             |                   |            | -         |                    | -                                     |                     |                                       |
|              | _1_   |        |         |         |        |        |           |             |        |          |      |             |                   |            |           |                    |                                       |                     |                                       |
|              |       |        |         | -       | 1      |        |           |             |        |          |      |             |                   |            |           | -                  |                                       |                     |                                       |
|              |       |        |         |         |        |        |           |             |        |          |      |             |                   |            |           |                    | · · · · · · · · · · · · · · · · · · · |                     |                                       |
|              |       |        |         |         |        |        |           |             |        |          |      |             |                   |            |           | +                  | <del> </del>                          |                     |                                       |

|        | CR 45 Eco | nomics Ba | se Specific | cations |     |
|--------|-----------|-----------|-------------|---------|-----|
| Ash    | Sultur    | Btu       | Moist       | Vol     | HGI |
| 10.00% | 0.76%     | 12,000    | 8.00%       | 31.00%  | 40  |
|        |           |           |             |         |     |

|                | 1 |             |
|----------------|---|-------------|
| Oz Price \$550 |   | 8/27/2004 9 |

# MONTHLY SPOT OFFERS 3<sup>rd</sup> Quarter 2004 Crystal River Units 4 & 5 PAGE 1 OF 1

| BID       | J                                  | [                              |                                                            |                   | TRANSP.                                    |       | SPECS   |        |                                                                                                         |   |
|-----------|------------------------------------|--------------------------------|------------------------------------------------------------|-------------------|--------------------------------------------|-------|---------|--------|---------------------------------------------------------------------------------------------------------|---|
| SUBMITTED | SUPPLIER                           | TERM                           | Tons                                                       | PRICE             | Mode                                       | Ash   | SULFUR  | Вти    | ACTION TAKEN                                                                                            |   |
| 07/29     | Peabody Energy                     | October-December<br>2004       | 20,000                                                     |                   | Rail                                       | 9.8%  | .90#    | 11,400 | Pending                                                                                                 | 1 |
| 08/05     | United Power, Inc.                 | November—<br>December 2004     | 10,000                                                     |                   | Rail                                       | 12%   | 1.2LB   | 12,500 | Pending                                                                                                 | 2 |
| 08/05     | United Power, Inc.                 | January—March 2005             | 30,000                                                     |                   | Rail                                       | 12%   | 1.2LB   | 12,500 | Pending                                                                                                 |   |
| 08/11     | Evolution Carbon<br>International  | September                      | 60,000-<br>6 <b>5,000</b> MT<br>+/- 10%                    |                   | CIF New<br>Orleans                         | 11%   | .4%     | 11,500 | Pending                                                                                                 | 4 |
| 08/17     | Progress Fuels<br>Corporation—M&T  | August—September 2005          | 40,000                                                     |                   | Rail                                       | 12%   | 1.2LB   | 12,500 | Possibly an additional<br>30,000 available for<br>October—December 2004<br>Accepted 40,000 Tons<br>Only | 5 |
| 08/17     | Progress Fuels<br>Corporation—M&T  | January 2005—<br>December 2006 | 15,000/Mo.<br>(360,000)                                    |                   | River Barge                                | 13.5% | 1.2LB   | 12,000 | Synfuel w/option to ship coal if required Pending                                                       | Ģ |
| 08/26     | Guasare Coal<br>International N.V. | January—December<br>2005       | 210,000 (5<br>Cargoes)<br>+/- 10% at<br>Seller's<br>Option | (1)<br>(2)<br>(3) | DES IMT<br>DES CR<br>Offshore<br>DES Tampa | 6.5%  | · 1.2LB | 12,800 | Offer valid until COB<br>09/02/04                                                                       | 9 |

## 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 Cubbeatin Ontrele attacked

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 1<sup>st</sup> day of laycan.

3.1. Price: US per million BTU Gross as Received, DES at IMT Terminal, New Orleans; or

3.2. US **Security** 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

B.3. US \$ 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 7<sup>th</sup> August 2003.
- 9. This offer is valid for acceptance up to COB LT 2<sup>nd</sup> September 2004.

Please confirm that you have received this offer.

Best regards,

Eladio Bueno

CEO

3/26/2004

Suasare Coal International n.v.

COAL SOLICITATION—"D" COAL CRYSTAL RIVER UNITS 4 & 5

RFP'S RELEASED 04/12/04

WORKPAPERS

COPIES



## INTER-OFFICE CORRESPONDENCE

Fuel Transportation
Office

BT10E

727/824-6692 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 the 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 dollars below the current market; and in the case of the March Colombian purchase, it is at least dollars 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 \$\frac{1}{2}\text{MMBTU}\$ and \$\frac{1}{2}\text{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 to \$/MMBTU. These prices compared to \$/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<sub>x</sub> emissions by almost 25%. This purchase will assist CR in achieving their NO<sub>x</sub> 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 \$\times\setminus \text{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 \$\times\setminus \text{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 \$/MMBTU. We also purchased 360,000 each year from Progress Fuels-Marketing and Trading. This product will deliver into CR at \$/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 \$\frac{1000}{2005}\$ \$\frac{1}{2005}\$ 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 \$\frac{1}{2005}\$ MMBTU. Also, we purchased 240,000 tons for each year (2005 and 2006) from B&W Resources. This coal will deliver into CR at \$\frac{1}{2005}\$ 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

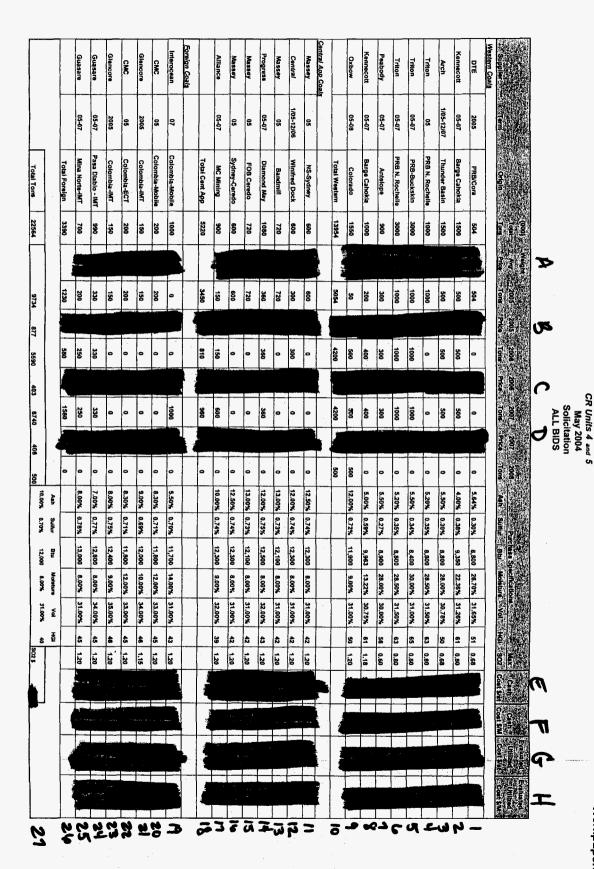
cc/att: Rufus Jackson Kyle Crake

Attachment A

## PROGRESS FUELS CORPORATION

CR Units 1,2, 4 and 5 **PURCHASES** from 2005-2006

|                         |           |                |               |               |      |      | RF     | P      |           |          |        |         |      |      | Λ          | В         |            | <b>7</b> )    |
|-------------------------|-----------|----------------|---------------|---------------|------|------|--------|--------|-----------|----------|--------|---------|------|------|------------|-----------|------------|---------------|
|                         |           |                |               | ++++++        |      | COR  | RECTE  | COPY   | ·         | +++++++  |        |         |      |      | n          | 7)        | <u> </u>   | $\mathcal{L}$ |
| radional area and area. |           | 3 (18) Service |               | بد (000) ہے۔' |      | 4    | و جوند |        |           | 91. S    |        | era era |      |      | 11,24.00   |           | Evaluated  | Evaluated :   |
| #4                      |           |                | A. Sec.       | Total         | 2005 | 2006 |        |        | rchase Sp |          | าร     |         | Min  | Max  | Cash       | Cash      | Utilized   | Utilized      |
| Supplier                | Coal Type |                | Origin        | Tons          | Tons | Tons | Ash    | Sulfur | Btu -     | Moisture | · Vol  | HGI     | SO2  | SO2  | Cost \$/st | Cost \$/M | Cost \$/st | Cost \$/M     |
| <u>Vater</u>            |           |                |               |               |      |      |        |        |           |          |        |         |      | ļ    |            |           |            |               |
| 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 |            | -         | 9          |               |
| 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 |            | -         |            |               |
| 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 |            | -         | 1          |               |
|                         |           |                |               |               |      |      | •      |        |           |          |        |         |      |      |            |           |            |               |
| <u>Rail</u>             |           |                |               |               |      |      |        |        |           | ļ        |        |         |      |      |            |           |            |               |
| 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 | (1000)     |           |            |               |
| 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 |            |           |            |               |
|                         |           |                |               |               |      |      |        |        |           |          |        |         |      |      |            |           |            |               |
| 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 |            | _         | 4          |               |
| 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 |            |           | 1          |               |
| 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 |            |           | -          | 3             |
|                         |           |                |               |               |      |      |        |        |           |          | ,      |         |      |      |            |           |            |               |
|                         |           |                |               |               |      |      |        |        |           |          |        |         |      |      |            |           |            |               |
|                         |           |                | Total Tons    | 4320          | 2460 | 1860 |        |        |           |          |        |         |      | SO2  | 200        |           |            |               |



Workpapers Only

**PROGRESS FUELS CORPORATION** 

## PROGRESS FUELS CORPORATION

CR 1 and 2 May 2004 Solicitation ALL BIDS Workpapers Only

|                 |        |                 |                |      |      | _    | ALL BI |        |            |             |               |     |      | A          | B      | C                         | D                         |    |
|-----------------|--------|-----------------|----------------|------|------|------|--------|--------|------------|-------------|---------------|-----|------|------------|--------|---------------------------|---------------------------|----|
|                 |        | 100             | (000)<br>Total | 2005 | 2006 | 2007 |        | Pur    | chase Sp   | ecification | is            |     | . 4  | Cash       | Cash   | Evaluated Utilized        | Evaluated<br>Utilized     |    |
| Supplier        | Term " | Origin          | - <u>Tons</u>  | Tons | Tons | Tons | Ash    | Sulfur | Btu        | Moisture    | <b>不在时,你不</b> | HGI | SO2  | Cost \$/st | 7.733  | The state of the state of | The state of the state of |    |
| 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 |            |        |                           |                           | 7  |
| Marshall        | 05-06  | CSX Clinchfield | 500            | 250  | 250  | 0    | 13.00% | 1.31%  | 12,500     | 7.00%       | 29.00%        | 50  | 2.10 |            |        | No.                       |                           |    |
| Massey          | 05     | CSX Kan         | 720            | 720  | 0    | 0    | 12.50% | 1.27%  | 12,100     | 8.00%       | 30.00%        | 42  | 2.10 |            |        |                           |                           | 1  |
| Central App     | 05-07  | CSX BS          | 720            | 240  | 240  | 240  | 12.00% |        | 12,500     |             | 32.00%        | 42  | 2.10 |            |        |                           |                           | 5  |
| Black Gold      | 05-07  | CSX Harlan      | 600            | 120  | 240  | 240  | 10.00% | 1.34%  | 12,700     | 8.00%       | 31.00%        | 42  | 2,10 |            | · Same | A house                   |                           | 1  |
| Horizon         | 05-07  | CSX-Evergreen   | 1500           | 500  | 500  | 500  | 13.00% | 1.29%  | 12,300     | 8.00%       | 31.00%        | 45  | 2.10 |            |        |                           |                           | 1  |
| Central Coal Co | 05-06  | CSX-Kan         | 480            | 240  | 240  | 0    | 12.00% | 0.99%  | 12,300     | 8.00%       | 32.00%        | 45  | 1.60 |            |        |                           |                           | 78 |
| СМС             | 05     | Colombia-Mobile | 400            | 400  | 0    | 0    | 9.20%  | 0.78%  | 11,600     |             | 32.00%        | 45  | 1.34 |            |        |                           |                           | 4  |
| Logan&Kanawha   | 05-07  | CSX Kan         | 1080           | 360  | 360  | 360  | 13.00% | 1.00%  | 12,500     | 8.00%       | 30.00%        | 42  | 1.60 |            |        |                           |                           | 7  |
| CMC             | 05     | Colombia-ECT    | 400            | 400  | 0    | 0    | 9.20%  | 0.78%  | 11,600     | 12.30%      | 32.00%        | 45  | 1.34 |            |        |                           |                           | ٦, |
| Peabody         | 05-07  | CSX Kan         | 720            | 240  | 240  | 240  | 13.50% |        | 12,200     | 6.70%       | 30.00%        | 40  | 2.10 |            |        |                           |                           | ٦, |
| Horizon         | 05-07  | CSX Haz- Typo   | 1500           | 500  | 500  | 500  | 13.00% |        | 12,100     | 8.00%       | 31.00%        | 42  | 2.10 |            |        |                           |                           | 7  |
| Smokey Mtn      | 05     | CSX Kan         | 240            | 240  | 0    | 0    | 13.00% |        | 12,000     |             | 31.00%        | 42  | 2.10 |            |        |                           |                           |    |
|                 |        |                 |                |      |      |      | 10,000 |        |            |             |               |     |      |            |        |                           |                           |    |
|                 |        |                 |                |      |      |      | Ash    | Sulfur | onomics Ba | Moisture    | Vol           | HGI |      |            |        |                           |                           |    |
|                 |        | Total Tons      | 10300          |      |      |      | 10.00% | 1.05%  | 12,000     | 8.00%       | 34.00%        | 40  |      |            |        |                           | 1                         | 5  |

## PROGRESS FUELS CORPORATION

CR Units 1,2, 4 and 5 PURCHASES 2005-2006 Attachment C

|           |                                                                                                                         | 1971.42 751.<br>1971.42 751.                                                                                                                                                                                                                                                                        | (000)                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1111211<br>2000                                                                                                    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| Coal Type | Term                                                                                                                    | Origin                                                                                                                                                                                                                                                                                              | Sec. 13.                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 7 Table 10                                                                                                         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                                  | Automobile Comments                                                                                                   | CALL OF WAY CASE                                                                                                                     | HGI                                           | X544740.0003                                                                                                                                                         | Problem on the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 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| D (CR4&5) | 1/04-12/05                                                                                                              | Pasa Diablo - IMT                                                                                                                                                                                                                                                                                   | 650                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 650                                                                                                                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| D (CR4&5) | 1/04-12/05                                                                                                              | Mina Norte-IMT                                                                                                                                                                                                                                                                                      | 150                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 150                                                                                                                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| D (CR4&5) | 1/05-12/06                                                                                                              | FOB Mobile                                                                                                                                                                                                                                                                                          | 1800                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 800                                                                                                                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| D (CR4&5) | 1/05-12/06                                                                                                              | Winifred Dock                                                                                                                                                                                                                                                                                       | 600                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 300                                                                                                                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| A (CR1&2) | 1/05-12/05                                                                                                              | CSX BS                                                                                                                                                                                                                                                                                              | 750                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 750                                                                                                                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        D (CR4&5)         1/04-12/05         Pasa Diablo - IMT         650         650           D (CR4&5)         1/04-12/05         Mina Norte-IMT         150         150           D (CR4&5)         1/05-12/06         FOB Mobile         1800         800           D (CR4&5)         1/05-12/06         Winifred Dock         600         300           D (CR4&5)         1/05-6/06         FOB Ceredo         540         360           D (CR4&5)         1/04-12/06         CSX BS         700         500           D (CR4&5)         1/02-12/06         MC Mining         600         600           D (CR4&5)         1/05-6/06         Bandmill         540         360           D (CR4&5)         1/05-12/06         Diamond May         720         360           A (CR1&2)         1/05-12/06         CSX BS         150         150           A (CR1&2)         1/05-6/06         CSX Harlan         360         120           A (CR1&2)         1/05-6/06         CSX BS         1080         720           A (CR1&2)         1/05-12/06         CSX BS         750         750 | Total   2005   2006     Coal Type   Term   Origin   Tons   Tons   Tons | Total 2005 2006  Coal Type Term Origin Tons Tons Ash  D (CR4&5) 1/04-12/05 Pasa Diablo - IMT 650 650 0 7.00%  D (CR4&5) 1/04-12/05 Mina Norte-IMT 150 150 0 8.00%  D (CR4&5) 1/05-12/06 FOB Mobile 1800 800 1000 5.50%  D (CR4&5) 1/05-12/06 Winifred Dock 600 300 300 12.00%  D (CR4&5) 1/05-6/06 FOB Ceredo 540 360 180 13.00%  D (CR4&5) 1/05-6/06 CSX BS 700 500 200 11.00%  D (CR4&5) 1/05-6/06 Bandmill 540 360 180 12.00%  D (CR4&5) 1/05-12/06 Diamond May 720 360 360 12.00%  A (CR1&2) ends 3/05 CSX BS 150 150 0 12.00%  A (CR1&2) 1/05-6/06 CSX BS 1080 720 360 12.00%  A (CR1&2) 1/05-12/06 CSX BS 1080 720 360 12.00%  A (CR1&2) 1/05-12/06 CSX BS 1080 720 360 12.00%  A (CR1&2) 1/05-12/06 CSX BS 1080 720 360 12.00%  A (CR1&2) 1/05-12/06 CSX Jellico 480 240 240 11.50%  A (CR1&2) 1/05-12/05 CSX BS 750 750 0 10.00% | Total   2005   2006   Pu   Coal Type   Term   Origin   Tons   Tons   Tons   Tons   Ash   Sulfur | Total   2005   2006   Purchase Sp   Coal Type   Term   Origin   Tons   Tons   Tons   Tons   Tons   Ash   Sulfur   Btu | Total   2005   2006   Purchase Specification   Coal Type   Term   Origin   Tons   Tons   Tons   Tons   Ash   Sulfur   Btu   Moisture | Total   2005   2006   Purchase Specifications | Total   2005   2006   Purchase Specifications   Purchase Specifications   Coal Type   Term   Origin   Tons   Tons   Tons   Ash   Sulfur   Btu   Moisture   Vol   HGI | Total   2005   2006   Purchase Specifications   Min   Coal Type   Term   Origin   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   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\$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$\frac{1}{2}\$   Coal \$ | Coal Type   Term   Origin   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons   Tons |



## INTER-OFFICE CORRESPONDENCE

Fuel Transportation
Office

BT10E MAC 727/824-6692 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                                                         | A                    | B                    |
|-----------------------------------------------------------------------------------|----------------------|----------------------|
| Sequoia Energy LLC/Black Gold, LLC<br>Tons<br>\$/Ton of Coal<br>¢/MMBtu Delivered | Year 2005<br>120,000 | Year 2006<br>240 000 |
| Massey Tons \$/Ton ¢/MMBtu Delivered                                              | 720,000              | N/A<br>N/A<br>N/A    |
| Crystal River Units 4 & 5  Rail Coals                                             | Year 2005            | Y <u>ear 2006</u>    |
| Massey Utility Sales Company Tons \$/Ton of Coal \$/MMBtu Delivered               | 720,000              | - N/A<br>N/A<br>N/A  |
| Progress Fuels Tons \$/Ton  \$/MMBtu Delivered                                    | 360,000              | 360,000              |
| Water Coals  Central Coal Company Tons \$/Ton of Coal  \$/MMBtu Delivered         | 300,000              | 300,000              |

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

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 (herein              | nafter the "Agr  | reement") is  | made and ente    | ered into as    | of the   |
|-------------------------------------|------------------|---------------|------------------|-----------------|----------|
| day of                              | , 20,            | between PRO   | OGRESS FUEL      | .S CORPORA      | TION,    |
| a Florida corporation, 200 Centra   | l Avenue, One    | Progress Pla  | ıza, St. Petersb | ourg, Florida,  | 33701    |
| (hereinafter "PURCHASER") ar        | nd               |               | , a              |                 | (state)  |
| corporation (hereinafter "SELLER"   | '),              |               |                  |                 | (street  |
| address) (hereinafter "SELLER"),    |                  |               |                  |                 |          |
|                                     |                  |               |                  |                 |          |
| WHEREAS, PURCHASER                  | does supply co   | oal to Progre | ss Energy Flor   | rida, Inc., a I | Florida  |
| corporation (hereinafter "PEF"), un | der a long-term  | n purchase an | d sale agreeme   | ent for use as  | fuel at  |
| PEF's Crystal River Units No. 4     | and No. 5 nea    | r Red Level,  | Citrus County,   | Florida (here   | inafter  |
| "PEF's generating units"); and      |                  |               |                  |                 |          |
|                                     |                  |               |                  |                 |          |
| WHEREAS, PURCHASER                  | desires to purch | hase and SEI  | _LER desires to  | o mine and se   | ell coal |
| for use as fuel in PEF's generating | units;           |               |                  |                 |          |
|                                     |                  |               |                  |                 |          |
| NOW, THEREFORE, in co               | nsideration of   | the mutual    | covenants and    | agreements      | of the   |
| parties hereto as herein stated a   | nd intending to  | be legally b  | ound, PURCH      | ASER and SI     | ELLER    |
| agree as follows:                   |                  |               |                  |                 |          |
|                                     |                  |               |                  |                 |          |

PURCHASER agrees to buy from SELLER, coal of the quality and in the quantities and on the terms and conditions, set forth below.

1.01 Mutual Obligations. SELLER agrees to mine, sell and deliver to PURCHASER, and

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 Quanti                                                  | <u>ty</u> . Dur | ing the in    | nitial term | n here | of, the  | quantity of  | coal to b | e deliver | red hereu | ınder |
|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-----------------|---------------|-------------|--------|----------|--------------|-----------|-----------|-----------|-------|
| shall                                                                                               | be                                                           |                 | <b>Am</b> our | nts under   | any    | renewa   | l period s   | hall be n | nutually  | agreed t  | to by |
| PURC                                                                                                | CHASER and                                                   | SELLE           | R by          |             |        | ·        | <del></del>  |           |           |           |       |
|                                                                                                     |                                                              |                 |               |             |        |          |              |           |           |           |       |
|                                                                                                     | 1.04 <u>Term</u> .                                           | The             | initial       | term        | of     | this     | Agreeme      | ent will  | com       | nmence    | on    |
|                                                                                                     |                                                              |                 |               | , and will  | conti  | nue in ( | effect for a | period c  | of twelve | (12) mo   | nths. |
| 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                                                                                               | 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 <u>Shipment</u>. 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 <u>Freight Charges</u>. 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 <u>Coal Specifications</u>. 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 SO₂ Per Million Btu<br>(maximum) |  |
| Pyritic Sulfur                            | % (maximum)                             |  |
| Volatile                                  | % (minimum)<br>% (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 <u>Sampling and Analysis</u>. 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. <u>Standards</u>. 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. <u>Sampling</u>. 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. <u>Air Drying</u>. 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. <u>Analysis to be Made</u>. 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 <u>Coal Specifications Deficiencies</u>. 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 <u>Sulfur Content Warranty</u>. 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 = 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 <u>Waiver</u>. 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 <u>Remedies Cumulative</u>. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

4.04 <u>Cure of Default</u>. 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 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.

- 4.08 <u>Notice of Problem</u>. 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 <u>Binding Effect</u>. 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 <u>Captions</u>**. 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 <u>Conflict of Interest Policy</u>. 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 <u>Counterparts</u>. 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:                                                  |

#### 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%         | of the Base Price                     |
| % to%         | of the Base Price                     |
| % to%         | of the Base Price                     |
| % and Greater | of the Base Price                     |



#### **APPENDIX B**

#### Vessel Dispatch/Demurrage Provisions

{To Be Negotiated}

## 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:                                                                             |

1.01 <u>Mutual Obligations</u>. 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 <b>Quantity</b> . During the i | 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          |                                                                     |

#### LONG-TERM LANGUAGE

| 3.01 Quantity and Source. During each calendar year dur                                              | ing 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 Ag                                                              | greement shall only be from the    |  |  |  |  |  |  |  |
| Coal Property.                                                                                       |                                    |  |  |  |  |  |  |  |
|                                                                                                      |                                    |  |  |  |  |  |  |  |
| 4.01 Term. The initial term of this Agreement will commen                                            | ce on,,                            |  |  |  |  |  |  |  |
| and will continue in effect for a period of () mo                                                    | onths. 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 <u>Adjustment to the Base Price</u>. For coal delivered to PURCHASER in each subsequent calendar year, the base price shall be adjusted annually every January 1, as follows:

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 <u>Billing and Payment</u>. 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 \_\_\_\_\_\_\_\_. 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

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 <u>Freight Charges</u>. 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.

| 7.0         | 7 Freeze    | Proofing.    | When re     | equired | by    | the  | river | transfer    | terminal, | a F  | PURC   | HASER     |
|-------------|-------------|--------------|-------------|---------|-------|------|-------|-------------|-----------|------|--------|-----------|
| approved t  | freeze pro  | ofing mater  | ial will be | applied | by    | SEL  | LER a | at the rate | e of      | (    | ) F    | oints per |
| ton at a co | ost of      | ce           | nts (\$     | ) pe    | r tor | to F | PURC  | HASER.      | Freeze p  | roof | îng wi | II not be |
| required o  | n direct ra | il shipments | 6.          |         |       |      |       |             |           |      |        |           |

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. <u>Sampling</u>. 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. <u>Air Drying</u>. 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. <u>Analyses to be Made</u>. 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-

tory 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 <u>Coal Specifications</u>. 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                          | REQUIREMENTS                                     |  |  |
|----------------------------------------|--------------------------------------------------|--|--|
| Moisture                               | % (maximum)                                      |  |  |
| Ash                                    | % (maximum)                                      |  |  |
| Sulfur                                 | 1.2 LB/SO <sub>2</sub> 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 <u>Coal Specifications Deficiencies</u>. 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 <u>Sulfur Content Warranty</u>. 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 = 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.

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 <u>Audit</u>. 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 <u>Waiver</u>. 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 <u>Remedies Cumulative</u>. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

13.01 <u>Cure of Default</u>. 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. <u>Compliance and Indemnification</u>. 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 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 <u>Binding Effect</u>. 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.

**22.01** <u>Captions</u>. 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 <u>Conflict of Interest Policy</u>. 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 <u>Counterparts</u>. 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:                                    |  |  |  |

### 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%         | of the Base Price                     |  |
| % to%         | of the Base Price                     |  |
| % to%         | of the Base Price                     |  |
| % and Greater | of the Base Price                     |  |

### 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: 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 = per car per day of delay.

b. Failure to Fully Load Cars =  $((9,600 \div 90 \times AC) - AW) \times P = P$ \$

Where: AC = actual number railcars

AW = actual weight of trains P\$ = penalty in dollars

# APPENDIX C {LONG-TERM APPENDIX} Example (2 Years 1999 and 2000)

| Example (2 rears 19                                                                    | 199 and 2000)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                    |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| 1. EXAMPLE FOR DETERMINING 1999BASE PRICE:                                             | Base Price<br>07/01/98                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Adjusted<br>Base Price<br>07/01/99 |
| 1998 Base Price =                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | -                                  |
| Fixed: 25% x \$22.00                                                                   | \$                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | \$                                 |
| Escalatable/De-escalatable: PPI = 75% x 75% x                                          | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                    |
| PPI June '99 ÷ June '98 = *****                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                    |
| GDP = 75% x 25% x                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                    |
| GDP 2 <sup>nd</sup> Qtr. '99 ÷ 2 <sup>nd</sup> Qtr. '98 =                              | <u>\$</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                    |
| Total                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                    |
| Rounded Less 1998 Base Price Increase to Base Price (Cap @ Party) Plus 1998 Base Price |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 3                                  |
| 1999 Base Price                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                    |
| 2. EXAMPLE FOR DETERMINING 2000 BASE PRICE:                                            | Base Price<br>07/01/99                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Adjusted<br>Base Price<br>07/01/00 |
| 1999 Base Price = 1999                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                    |
| Fixed: 25% x \$                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                    |
| Escalatable/De-escalatable: PPI = 75% x 75% x                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                    |
| PPI June '00 ÷ June '99 =                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                    |
| GDP = 75% x 25% x                                                                      | and the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of th | <b>V</b>                           |
| GDP 2 <sup>nd</sup> Qtr. '00 ÷ 2 <sup>nd</sup> Qtr. '99 =                              | B                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                    |
| Total                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                    |
| Rounded Less 1999 Base Price Increase to Base Price (Cap @) Plus 1999 Base Price       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 3                                  |
| 2000 Base Price                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                    |

### 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<br>Temperature Tube Furnace Combustion Methods |
| J 3286        | Test for Gross Calorific Value of Coal and Coke by Isoperibol Bomb Calorimeter                                          |
| O 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 soperibol Calorimeter                      |
| J 121         | Terminology of Coal and Coke                                                                                            |
| D 3175        | Test for Volatile Matter in the Analysis Sample of Coal and Coke                                                        |
| <b>D</b> 3176 | Test Method for Ultimate Analysis of Coal and Coke                                                                      |
| D 3178        | Test for Carbon and Hydrogen in the Analysis Sample of Coal                                                             |

| 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                                         |

### Ott, Robin (PFC)

From:

John.Tanner@arlp.com

Sent:

Wednesday, May 12, 2004 12:30 PM

To:

Pitcher, Al (PFC)
Ott, Robin (PFC)

Cc: 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@progres
sfuels.com>

<John.Tanner@arlp.com>

To

05/12/2004 12:19

PM

"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

1

"Pitcher, Al

(PFC)"

<APitcher@progres

To

sfuels.com>

<John.Tanner@arlp.com>

CC

05/12/2004 11:56

"Ott, Robin (PFC)"

MA

<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

MA

<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 @ \*\*\*\*\*/ton FOB mine\*

2006 - additional 150,000 tons; the price of those tons TBD via negotiations during Q3 of 2005 with a collar of /ton (floor that Buyer would have to accept coal) - /ton (that 2 Seller would have to ship coal)\*

2007 - 600,000 tons; price of those tons TBD via negotiations during Q3 of 2006 with a ton collar off the 2006 contract price\*

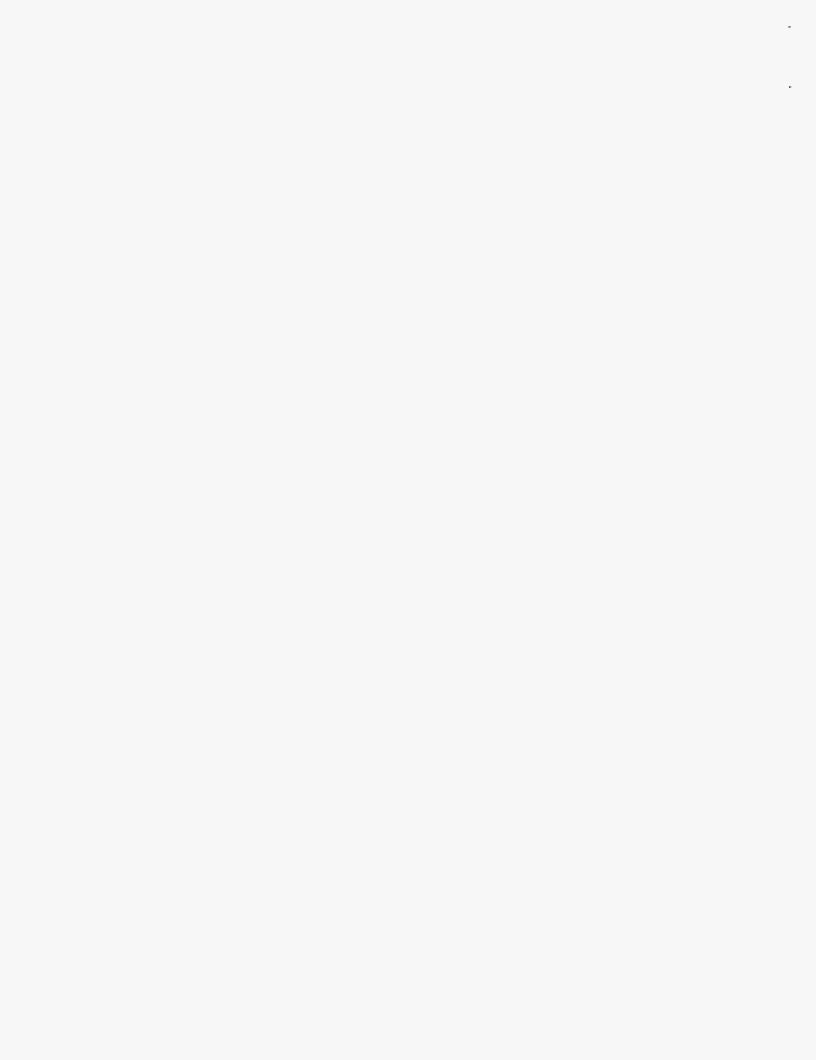
\* offered coal quality to remain consistent with that in our current contract.

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

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### COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 1 OF 3

| PRODUCER NAME: Central Coal Company                                                                                                                                                                                                                          |                            |                             |  |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|--|--|
| STREET ADDRESS: 148 Bristol East Road, Bri                                                                                                                                                                                                                   | stol, VA 2420              | 2                           |  |  |
| CONTACT: Clark Wisman                                                                                                                                                                                                                                        | TELEPHONE NO. 276          | -669-8599                   |  |  |
| MINE(S): Kanawha Eaglie BOM DISTRICT: 8                                                                                                                                                                                                                      | COUNTY: Kanawha            | STATE: WV                   |  |  |
| ORIGIN RAILROAD(S)/DISTRICT: EK CV Big Sandy Other                                                                                                                                                                                                           | R/R TIPP!                  | E DESIGNATION/NUMBER:       |  |  |
| TYPE OF LOADING FACILITY: UNIT TRAIN: SINC                                                                                                                                                                                                                   | GLE CAR:                   | TRAINLOAD:                  |  |  |
| MAXIMUM LOADING CAPACITY:TONS                                                                                                                                                                                                                                | HOURS                      | TRACK CAPACITY              |  |  |
| WATER DELIVERY CAPABILITY: X YESNO                                                                                                                                                                                                                           | IMPORT COAL: LO            | ADPORT <u>Kanawha River</u> |  |  |
| SHIP THROUGH: WinifredeDOCK                                                                                                                                                                                                                                  | LO                         | AD RATE::                   |  |  |
| TOTAL PRODUCTION CAPACITY PER MONTH 250,000 TONS                                                                                                                                                                                                             |                            |                             |  |  |
| PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: $200,000$                                                                                                                                                                                              | ONS                        |                             |  |  |
| TYPE OF MINE:                                                                                                                                                                                                                                                | % 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                                                                                                                                                                                                        | N:                         |                             |  |  |
| TYPE OF COAL WEIGHING: Draft Weights                                                                                                                                                                                                                         | SCALE CERTIFIED?           | YESNO                       |  |  |
| PERIOD TONNAGE BASE PRICE PER TON FOB MINE                                                                                                                                                                                                                   |                            |                             |  |  |
| Jan 2005 - Dec 2006 25,000 T                                                                                                                                                                                                                                 | PM FOB Barge               |                             |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODU                                                                                                                                                                                    | JCER 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                                                                                                                                                                                                                                     |                            |                             |  |  |
| 4/                                                                                                                                                                                                                                                           |                            |                             |  |  |
| SIGNATURE Culch, sum                                                                                                                                                                                                                                         | 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 |                            |                             |  |  |



# COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 2 OF 3

## **CURRENT QUALITY**

|                                             | OFFERED COAL                        | . SPECIFICATIONS            | REQUIRED COAL                             | L SPECIFICATIONS                              |
|---------------------------------------------|-------------------------------------|-----------------------------|-------------------------------------------|-----------------------------------------------|
| DESCRIPTION                                 | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED | BITUMINOUS<br>"AS RECEIVED"<br>GUARANTEED | SUB-BITUMINOUS<br>"AS RECEIVED"<br>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<br>DEGREES FAHRENHEIT H=W (R) | 2700                                | 2500                        | 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. <sup>3</sup>                      | 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                         |                                           |                                               |

<sup>1</sup>Must be met on an individual shipment basis.

<sup>4</sup>Economic analyses will be based on these values.

| MIN                            | ERAL ANALYSIS %WEIGHT | •         | Т           | RACE ELEMENTS PPM IN CO | DAL      |
|--------------------------------|-----------------------|-----------|-------------|-------------------------|----------|
| DESCRIPTION                    | AVERAGE               | STD. DEV. | DESCRIPTION | AVERAGE                 | STD DEV. |
| P <sub>2</sub> 0 <sub>5</sub>  | .21                   | .03       | Antimony    |                         |          |
| SiO <sub>2</sub>               | 59.77                 | 3.0       | Arsenic     |                         |          |
| Fe <sub>2</sub> O <sub>3</sub> | 2.63                  | .50       | Beryllium   |                         |          |
| Al <sub>2</sub> O <sub>3</sub> | 29.80                 | 2.0       | Cadmium     |                         |          |
| TiO <sub>2</sub>               | 2.10                  | .50       | #Chromium   |                         |          |
| CaO                            | 1.12                  | .20       | Cobalt      |                         |          |
| MgO                            | .77                   | .05       | Fluorine    |                         |          |
| SO <sub>3</sub>                | .38                   | .05       | Lead        |                         |          |
| K2O                            | 2.68                  | .30       | Lithium     |                         |          |
| Na <sub>2</sub> O              | .27                   | .03       | Manganese   |                         |          |
| Undetermined                   | . 27                  | .02       | Mercury     |                         |          |
| Base/Acid Ratio                | .08                   | .02       | Nickel      |                         |          |
| Maximum Base/Acid Ratio        | _15                   | .02       | Selenium    |                         |          |



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

1

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 | <b>Typical</b> | 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:

USS per short ton CIF Electrocoal Terminal, New Orleans at 11,800 Btu/lb gar
USS per short ton CIF McDuffie, Mobile at 11,800 Btu/lb gar
USS per short ton CIF Electrocoal Terminal, New Orleans at 11,600 Btu/lb gar
USS 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,





#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

|                                                                                                                                               | · · · · · · · · · · · · · · · · · · · |                                                     |                                 |                                                                      |                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------------|---------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
|                                                                                                                                               |                                       | <b></b>                                             | <del></del>                     |                                                                      |                                                                                            |
| CONTACT: Francisco J. Garcia -Marketing Manage                                                                                                | er-<br>                               | TELEPHONE NO. 57-5-350-2123                         |                                 |                                                                      |                                                                                            |
| MINE(S): Cerrejon, Colombia BOM DISTRIC                                                                                                       | CT: N/A                               | COUNTY: N/A                                         |                                 | STATE: N/A                                                           |                                                                                            |
| ORIGIN RAILROAD(S)/DISTRICT: EK CV_                                                                                                           | Big Sandy Ot                          | her: Imported Coal                                  | R/R TIPPL                       | E DESIGNATIO                                                         | N/NUMBER: N/A                                                                              |
|                                                                                                                                               |                                       |                                                     |                                 |                                                                      |                                                                                            |
| MAXIMUM LOADING CAPACITY: N/A TONS                                                                                                            |                                       | HOURS                                               |                                 |                                                                      | TRACK CAPACIT                                                                              |
| WATER DELIVERY CAPABILITY: X YES Bolivar, Colombia                                                                                            | NO                                    | IMPORT O                                            | COAL: Cerrejo                   | n, Colombia                                                          | LOAD PORT: Puerto                                                                          |
| SHIP THROUGH:DOCK                                                                                                                             |                                       |                                                     | LOAD RA                         | TE: 6,000 short t                                                    | ons per hour                                                                               |
| TOTAL PRODUCTION CAPACITY PER MONTH:                                                                                                          | 2.5 Million short TONS                |                                                     |                                 |                                                                      |                                                                                            |
| PRODUCTION PER MONTH—MEETING OUR CO                                                                                                           | DAL SPECIFICATIONS: _                 | 500,000 short TO                                    | NS                              |                                                                      |                                                                                            |
|                                                                                                                                               |                                       |                                                     |                                 |                                                                      |                                                                                            |
| SEAMS: Multiseam operation                                                                                                                    |                                       | BLEND RATIOS:                                       |                                 |                                                                      |                                                                                            |
|                                                                                                                                               |                                       |                                                     |                                 |                                                                      |                                                                                            |
|                                                                                                                                               |                                       |                                                     |                                 |                                                                      |                                                                                            |
| TYPE OF COAL SAMPLING: Automatic sweep arm                                                                                                    | type, manufactured by J. E            | 3. Long                                             |                                 |                                                                      |                                                                                            |
| TYPE OF LABOR CONTRACT(S): Union                                                                                                              | DATE FOR RENEGOTI                     | ATION: 2005                                         |                                 |                                                                      |                                                                                            |
|                                                                                                                                               | <u> </u>                              |                                                     |                                 |                                                                      |                                                                                            |
| TYPE OF COAL WEIGHING: Vessel Draft Survey                                                                                                    |                                       | SCALE CERTIFIED                                     | )?                              | YES                                                                  | NO                                                                                         |
| TYPE OF COAL WEIGHING: Vessel Draft Survey PERIOD                                                                                             | TON                                   | T                                                   | )?                              |                                                                      | NO RICE PER TON                                                                            |
|                                                                                                                                               | <u> </u>                              | SCALE CERTIFIED                                     | 0?                              | BASE PF                                                              |                                                                                            |
| PERIOD                                                                                                                                        | <u> </u>                              | SCALE CERTIFIED                                     | Indical                         | BASE PF                                                              | RICE PER TON  CIF McDuffie, Mobile @  O Btu/lb gar  or 20 days after May 12,               |
| PERIOD                                                                                                                                        | 200,000                               | SCALE CERTIFIED                                     | Indical<br>2004,                | BASE PF  per short tor 11,80  tive price, valid for subject to CMC's | RICE PER TON  CIF McDuffie, Mobile @  Btu/lb gar  or 20 days after May 12,  Board approval |
| PERIOD  January 1 - December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR I                                                              | 200,000                               | SCALE CERTIFIED                                     | Indical<br>2004,                | BASE PF  per short tor 11,80  tive price, valid for subject to CMC's | RICE PER TON  CIF McDuffie, Mobile @  Btu/lb gar  or 20 days after May 12,  Board approval |
| PERIOD  January 1 ~ December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.                                                       | 200,000                               | SCALE CERTIFIED                                     | Indical<br>2004,                | BASE PF  per short tor 11,80  tive price, valid for subject to CMC's | RICE PER TON  CIF McDuffie, Mobile @  Btu/lb gar  or 20 days after May 12,  Board approval |
| PERIOD  January 1 ~ December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.                                                       | 200,000                               | SCALE CERTIFIED                                     | Indical<br>2004,                | BASE PF  per short tor 11,80  tive price, valid for subject to CMC's | RICE PER TON  CIF McDuffie, Mobile @  Btu/lb gar  or 20 days after May 12,  Board approval |
| PERIOD  January 1 ~ December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.                                                       | 200,000                               | SCALE CERTIFIED                                     | Indical<br>2004,                | BASE PF  per short tor 11,80  tive price, valid for subject to CMC's | RICE PER TON  CIF McDuffie, Mobile @  Btu/lb gar  or 20 days after May 12,  Board approval |
| PERIOD  January 1 - December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR I SPOT.  PRODUCER'S COMMENTS:                                  | 200,000                               | SCALE CERTIFIED                                     | Indical<br>2004,                | BASE PF  per short tor 11,80  tive price, valid for subject to CMC's | RICE PER TON  CIF McDuffie, Mobile @  Btu/lb gar  or 20 days after May 12,  Board approval |
| PERIOD  January 1 - December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR I SPOT.  PRODUCER'S COMMENTS:                                  | 200,000                               | SCALE CERTIFIED                                     | Indical<br>2004,                | BASE PF  per short tor 11,80  tive price, valid for subject to CMC's | RICE PER TON  CIF McDuffie, Mobile @  Btu/lb gar  or 20 days after May 12,  Board approval |
| PERIOD  January 1 - December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR I SPOT.  PRODUCER'S COMMENTS:                                  | 200,000                               | SCALE CERTIFIED INAGE Dishort tons  OT THE PRODUCER | Indical<br>2004.<br>PLEASE INDI | BASE PF  per short tor 11,80  tive price, valid for subject to CMC's | RICE PER TON  CIF McDuffie, Mobile @  Btu/lb gar  or 20 days after May 12,  Board approval |
| PERIOD  January 1 - December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR ISPOT.  PRODUCER'S COMMENTS:  CREDIT REFERENCES (Minimum two): | 200,000                               | SCALE CERTIFIED INAGE Dishort tons  OT THE PRODUCER | Indical<br>2004.<br>PLEASE INDI | BASE PF  per short tor 11,80  tive price, valid for subject to CMC's | RICE PER TON  CIF McDuffie, Mobile @  Btu/lb gar  or 20 days after May 12,  Board approval |
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#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

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

| DECORPTION                                  | OFFERED COAL SPECIFICATION          | REQUIRED COAL<br>SPECIFICATIONS |                                        |
|---------------------------------------------|-------------------------------------|---------------------------------|----------------------------------------|
| DESCRIPTION                                 | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED     | BITUMINOUS "AS RECEIVED"<br>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. <sup>2</sup>                  |
| SULFUR DIOXIDE (LB/MBTU)                    | 1.0                                 | 1.2                             | 2.1 LB/MAX. <sup>1</sup>               |
| BTU/LB                                      | 11,800                              | 11.800                          | 12.000/LB MIN                          |
| ASH SOFTENING<br>DEGREES FAHRENHEIT H=W (R) | 2350                                | 2290                            | 2,500 MIN.                             |
| VOLATILE %                                  | 34.0                                | 33.0                            | 31.0% MIN. <sup>1</sup>                |
| GRINDABILITY. HARDGROVE                     | 48                                  | 45                              | 42 MIN. <sup>3</sup>                   |
| SIZE                                        | 2"X 0"                              | 2"X 0"                          | 2" X 0"                                |
| FINES (-1/4" X 0") %                        | 45                                  | 51                              | 45% MAX. <sup>4</sup>                  |
| FIXED CARBON %                              | 47.3                                |                                 |                                        |
| HYDROGEN %                                  | 4.6                                 |                                 |                                        |
| NITROGEN %                                  | 1.2                                 |                                 |                                        |
| CHLORINE %                                  | 0.03                                |                                 | *********                              |
| OXYGEN %                                    | 8.6                                 | •                               |                                        |

| MINERAL ANALYSIS %WEIGHT       |         |           | TRACE ELEMENTS PPM IN COAL |         |         |
|--------------------------------|---------|-----------|----------------------------|---------|---------|
| DESCRIPTION                    | AVERAGE | STD. DEV. | DESCRIPTION                | AVERAGE | STD DEV |
| P <sub>2</sub> O <sub>5</sub>  | 0.21    | 0.02      | Antimony                   | 0.9     |         |
| SiO <sub>2</sub>               | 60.3    | 0.75      | Arsenic                    | 3.0     |         |
| Fe <sub>2</sub> O <sub>3</sub> | 8.3     | 0.5       | Beryilium                  | 0.7     |         |
| Al <sub>2</sub> O <sub>3</sub> | 20.2    | 1.0       | Cadmium                    | 0.4     |         |
| TiO <sub>2</sub>               | 1.0     | 0.1       | Chromium                   | 11      |         |
| CaO                            | 2.4     | 0.2       | Cobalt                     | 1.0     |         |
| MgO                            | 2.2     | 0.3       | Fluorine                   | 51      |         |
| SO <sub>3</sub>                | 2.1     | 0.25      | Lead                       | 3.0     |         |
| K₂O                            | 2.2     | 0.3       | Lithium                    | 1.9     |         |
| Na <sub>2</sub> O              | 0.6     | 0.15      | Manganese                  | 69      |         |



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 3 OF 3

| Undetermined                            | 0.4        | 19 |                                 | Mercury                   | <0.1    |                                  |
|-----------------------------------------|------------|----|---------------------------------|---------------------------|---------|----------------------------------|
| Base/Acid Ratio                         | 0.1        | 9  | 0.02                            | Nickel                    | 10      |                                  |
| Maximum Base/Acid<br>Ratio              | 0.2        | 13 |                                 | Selenium                  | 3.0 PRO | ECTED OUALITY                    |
| *NOTE: ADD SHEETS IF MORE THAN ONE SEAM |            |    |                                 |                           |         |                                  |
| DECORPTION                              |            |    | OFFERED COA                     | L SPECIFICATIONS          |         | EQUIRED COAL<br>PECIFICATIONS    |
| DESCRIPTIO                              |            |    | AS RECEIVED"<br>RAGE OR TYPICAL | "AS RECEIVEI<br>GUARANTEE |         | NOUS "AS RECEIVED"<br>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. <sup>2</sup>            |
| SULFUR DIOXIDE (LB/M                    | вти)       |    | 1.0                             | 1.2                       |         | 2.1 LB/MAX. <sup>1</sup>         |
| BTU/LB                                  |            |    | 11,800 11,800                   |                           |         | 12,000/LB MIN                    |
| ASH SOFTENING<br>DEGREES FAHRENHE       | IT H=W (R) |    | 2350                            | 2290                      |         | 2,500 MIN.                       |
| VOLATILE %                              |            |    | 34.0                            | 33.0                      |         | 31.0% MIN. <sup>1</sup>          |
| GRINDABILITY, HARDGE                    | ROVE       |    | 48                              | 45                        |         | 42 MIN. <sup>3</sup>             |
| SIZE                                    |            |    | 2"X 0"                          | 2"X 0"                    |         | 2" X 0"                          |
| FINES (-1/4" X 0")                      |            |    | 45                              | 51                        |         | 45% MAX. <sup>5</sup>            |
| FIXED CARBON %                          |            |    | 47.3                            |                           |         |                                  |
| HYDROGEN %                              |            |    | 4.6                             |                           |         |                                  |
| NITROGEN %                              |            |    | 1.2                             |                           |         |                                  |
| CHLORINE %                              |            |    | 0.03                            |                           |         | *********                        |
| OXYGEN %                                |            |    | 8.6                             |                           |         |                                  |

<sup>&</sup>lt;sup>1</sup> MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

<sup>\*</sup>PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

| MINERAL ANALYSIS %WEIGHT       |         |           | TRAC        | TRACE ELEMENTS PPM IN COAL |  |  |
|--------------------------------|---------|-----------|-------------|----------------------------|--|--|
| DESCRIPTION                    | AVERAGE | STD. DEV. | DESCRIPTION | STD DEV.                   |  |  |
| P <sub>2</sub> 0 <sub>5</sub>  | 0.21    | 0.02      | Antimony    | 0.9                        |  |  |
| SiO <sub>2</sub>               | 60.3    | 0.75      | Arsenic     | 3.0                        |  |  |
| Fe <sub>2</sub> O <sub>3</sub> | 8.3     | 0.5       | Beryllium   | 0.7                        |  |  |
| Al <sub>2</sub> O <sub>3</sub> | 20.2    | 1.0       | Cadmium     | 0.4                        |  |  |
| TiO <sub>2</sub>               | 1.0     | 0.1       | Chromium    | 11                         |  |  |
| CaO                            | 2.4     | 0.2       | Cobalt      | 1.0                        |  |  |
| MgO                            | 2.2     | 0.3       | Fluorine    | 51                         |  |  |
| SO <sub>3</sub>                | 2.1     | 0.25      | Lead        | 3.0                        |  |  |
| K <sub>2</sub> O               | 2.2     | 0.3       | Lithium     | 1.9                        |  |  |

<sup>&</sup>lt;sup>2</sup> ADJUSTABLE IN DIRECT PROPORTION TO BTU. <sup>3</sup> ADJUSTABLE IN INVERSE PROPORTION TO BTU.



# COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 4 OF 3

| Na <sub>2</sub> O          | 0.6  | 0.15 | Manganese | 69   |  |
|----------------------------|------|------|-----------|------|--|
| Undetermined               | 0.49 |      | Mercury   | <0.1 |  |
| Base/Acid Ratio            | 0.19 | 0.02 | Nickel    | 10   |  |
| Maximum Base/Acid<br>Ratio | 0.23 |      | Selenium  | 3.0  |  |



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:

#### <u>Term</u>

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.

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Coal would be supplied from the Cerrejon mines and would be loaded at Puerto Bolivar, Republic of Colombia, South America.

#### **Tonnage**

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#### **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

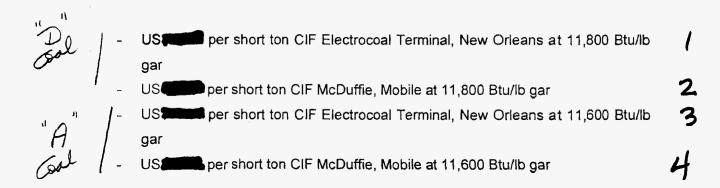
Coal would be unwashed, crushed, and would have typical specifications as shown below on an "as received" basis as sampled at Puerto Bolivar. The average quality of Buyer's coal may vary due to deviations in the quality of coal being mined at the time of loading. The term "as received" basis has that meaning defined in ASTM specifications D3180.

| Typical Coal Analysis        | Typical | <u>Typical</u> | ASTM Test Nr. |
|------------------------------|---------|----------------|---------------|
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| 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:



These are indicative prices, valid 20 days after May12, 2004, subject to CMC's Board approval

### Scheduling

Delivery schedule would be mutually agreed.

#### <u>Other</u>

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,



# COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

| PRODUCER NAME: Coal Marketing Company Ltd CMC-                                                                                                  |                                          |                                                       |                       |                                                                        |                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------------|-----------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| STREET ADDRESS: 7 Bachelor's Walk, Dublin 1, Ir                                                                                                 | reland                                   |                                                       |                       |                                                                        |                                                                                |
| CONTACT: Francisco J. Garcia –Marketing Manage                                                                                                  | r-                                       | TELEPHONE NO. 57-5-350-2123                           |                       |                                                                        |                                                                                |
| MINE(S): Cerrejon, Colombia BOM DISTRIC                                                                                                         | CT: N/A                                  | COUNTY: N/A                                           |                       | STATE: N/A                                                             |                                                                                |
| ORIGIN RAILROAD(S)/DISTRICT: EK CV_                                                                                                             | Big Sandy Oth                            | er: Imported Coal                                     | R/R TIPPLE            | DESIGNATION                                                            | I/NUMBER: N/A                                                                  |
| TYPE OF LOADING FACILITY: Imported coal UNIT TRAIN: N/A                                                                                         | SINGLE                                   | CAR: N/A                                              |                       |                                                                        | TRAINLOAD: N/A                                                                 |
| MAXIMUM LOADING CAPACITY: N/ATONS                                                                                                               |                                          | HOURS                                                 |                       |                                                                        | TRACK CAPACITY                                                                 |
| WATER DELIVERY CAPABILITY:XYES Bolivar, Colombia                                                                                                | NО                                       | IMPORT CO                                             | OAL: Cerrejon,        | Colombia                                                               | LOAD PORT: Puerto                                                              |
| SHIP THROUGH:DOCK                                                                                                                               |                                          |                                                       | LOAD RATI             | E: 6,000 short to                                                      | ons per hour                                                                   |
| TOTAL PRODUCTION CAPACITY PER MONTH:                                                                                                            | 2.5 Million short TONS                   |                                                       |                       |                                                                        |                                                                                |
| PRODUCTION PER MONTH-MEETING OUR CO                                                                                                             | AL SPECIFICATIONS:                       | 500,000 short TON                                     | 48                    |                                                                        |                                                                                |
|                                                                                                                                                 |                                          | _                                                     |                       |                                                                        | {                                                                              |
| 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 RENEGOTIA                       | TION: 2005                                            |                       |                                                                        |                                                                                |
| TYPE OF LABOR CONTRACT(S): Union  TYPE OF COAL WEIGHING: Vessel Draft Survey                                                                    | DATE FOR RENEGOTIA                       | SCALE CERTIFIED?                                      | ?Y                    | ES                                                                     | NO                                                                             |
|                                                                                                                                                 |                                          | T                                                     | ?Y                    |                                                                        | NO<br>ICE PER TON                                                              |
| TYPE OF COAL WEIGHING: Vessel Draft Survey                                                                                                      | TON                                      | SCALE CERTIFIED?                                      |                       | BASE PRI                                                               |                                                                                |
| TYPE OF COAL WEIGHING: Vessel Draft Survey PERIOD                                                                                               | TON                                      | SCALE CERTIFIED?                                      | Indicativ             | BASE PRI                                                               | ICE PER TON  IF NOLA @ 11,800 Btu/lb gar 20 days after May 12,                 |
| TYPE OF COAL WEIGHING: Vessel Draft Survey PERIOD                                                                                               | TON!<br>200,000                          | SCALE CERTIFIED?  NAGE  short tons                    | Indicativ<br>2004, st | BASE PRI<br>Doer short ton C<br>we price, valid for<br>ubject to CMC's | ICE PER TON  IF NOLA @ 11,800 Btu/lb gar  20 days after May 12, Board approval |
| TYPE OF COAL WEIGHING: Vessel Draft Survey  PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR I                    | TON!<br>200,000                          | SCALE CERTIFIED?  NAGE  short tons                    | Indicativ<br>2004, st | BASE PRI<br>Doer short ton C<br>we price, valid for<br>ubject to CMC's | ICE PER TON  IF NOLA @ 11,800 Btu/lb gar  20 days after May 12, Board approval |
| PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.                                                         | TON!<br>200,000                          | SCALE CERTIFIED?  NAGE  short tons                    | Indicativ<br>2004, st | BASE PRI<br>Doer short ton C<br>we price, valid for<br>ubject to CMC's | ICE PER TON  IF NOLA @ 11,800 Btu/lb gar  20 days after May 12, Board approval |
| PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.                                                         | TON!<br>200,000                          | SCALE CERTIFIED?  NAGE  short tons                    | Indicativ<br>2004, st | BASE PRI<br>Doer short ton C<br>we price, valid for<br>ubject to CMC's | ICE PER TON  IF NOLA @ 11,800 Btu/lb gar  20 days after May 12, Board approval |
| PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.                                                         | TON!<br>200,000                          | SCALE CERTIFIED?  NAGE  short tons                    | Indicativ<br>2004, st | BASE PRI<br>Doer short ton C<br>we price, valid for<br>ubject to CMC's | ICE PER TON  IF NOLA @ 11,800 Btu/lb gar  20 days after May 12, Board approval |
| PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.  PRODUCER'S COMMENTS:                                   | TON!<br>200,000                          | SCALE CERTIFIED?  NAGE  short tons                    | Indicativ<br>2004, st | BASE PRI<br>Doer short ton C<br>we price, valid for<br>ubject to CMC's | ICE PER TON  IF NOLA @ 11,800 Btu/lb gar  20 days after May 12, Board approval |
| PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.  PRODUCER'S COMMENTS:                                   | TON!<br>200,000                          | SCALE CERTIFIED?  NAGE  short tons                    | Indicativ<br>2004, st | BASE PRI<br>Doer short ton C<br>we price, valid for<br>ubject to CMC's | ICE PER TON  IF NOLA @ 11,800 Btu/lb gar  20 days after May 12, Board approval |
| PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.  PRODUCER'S COMMENTS:                                   | TONI<br>200,000<br>NDIVIDUAL WHICH IS NO | SCALE CERTIFIED?  NAGE  Short tons  OT THE PRODUCER P | Indicativ<br>2004, su | BASE PRI<br>Doer short ton C<br>we price, valid for<br>ubject to CMC's | ICE PER TON  IF NOLA @ 11,800 Btu/lb gar  20 days after May 12, Board approval |
| PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.  PRODUCER'S COMMENTS:  CREDIT REFERENCES (Minimum two): | TONI<br>200,000<br>NDIVIDUAL WHICH IS NO | SCALE CERTIFIED?  NAGE  Short tons  OT THE PRODUCER P | Indicativ<br>2004, su | BASE PRI<br>Doer short ton C<br>we price, valid for<br>ubject to CMC's | ICE PER TON  IF NOLA @ 11,800 Btu/lb gar  20 days after May 12, Board approval |
| PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.  PRODUCER'S COMMENTS:  CREDIT REFERENCES (Minimum two): | TONI<br>200,000<br>NDIVIDUAL WHICH IS NO | SCALE CERTIFIED?  NAGE  Short tons  OT THE PRODUCER P | Indicativ<br>2004, su | BASE PRI<br>Doer short ton C<br>we price, valid for<br>ubject to CMC's | ICE PER TON  IF NOLA @ 11,800 Btu/lb gar  20 days after May 12, Board approval |
| PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR IS SPOT.  PRODUCER'S COMMENTS:  CREDIT REFERENCES (Minimum two): | TONI<br>200,000<br>NDIVIDUAL WHICH IS NO | SCALE CERTIFIED?  NAGE  Short tons  OT THE PRODUCER P | Indicativ<br>2004, su | BASE PRI<br>Doer short ton C<br>we price, valid for<br>ubject to CMC's | ICE PER TON  IF NOLA @ 11,800 Btu/lb gar  20 days after May 12, Board approval |
| PERIOD  January 1 – December 31, 2005  IF THIS COAL IS OFFERED BY A COMPANY OR ISPOT.  PRODUCER'S COMMENTS:  CREDIT REFERENCES (Minimum two):   | TONI 200,000  NDIVIDUAL WHICH IS NO      | SCALE CERTIFIED?  NAGE  Short tons  OT THE PRODUCER P | Indicativ<br>2004, su | BASE PRI<br>Doer short ton C<br>we price, valid for<br>ubject to CMC's | ICE PER TON  IF NOLA @ 11,800 Btu/lb gar  20 days after May 12, Board approval |



# COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

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

| DESCRIPTION                                 | OFFERED COAL SPECIFICAT             | REQUIRED COAL<br>SPECIFICATIONS |                                        |
|---------------------------------------------|-------------------------------------|---------------------------------|----------------------------------------|
| DESCRIPTION                                 | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED     | BITUMINOUS "AS RECEIVED"<br>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. <sup>2</sup>                  |
| SULFUR DIOXIDE (LB/MBTU)                    | 1.0                                 | 1.2                             | 2.1 LB/MAX. <sup>1</sup>               |
| BTU/LB                                      | 11,800                              | 11,800                          | 12,000/LB MIN.                         |
| ASH SOFTENING<br>DEGREES FAHRENHEIT H=W (R) | 2350                                | 2290                            | 2,500 MIN.                             |
| VOLATILE %                                  | 34.0                                | 33.0                            | 31.0% MIN. <sup>1</sup>                |
| GRINDABILITY, HARDGROVE                     | 48                                  | 45                              | 42 MIN. <sup>3</sup>                   |
| SIZE                                        | 2"X 0"                              | 2"X 0"                          | 2" X 0"                                |
| FINES (-1/4" X 0") %                        | 45                                  | 51                              | 45% MAX.4                              |
| FIXED CARBON %                              | 47.3                                |                                 | Ave. 100-1                             |
| HYDROGEN %                                  | 4.6                                 |                                 |                                        |
| NITROGEN %                                  | 1.2                                 |                                 |                                        |
| CHLORINE %                                  | 0.03                                |                                 | ***********                            |
| OXYGEN %                                    | 8.6                                 | •                               | *********                              |

<sup>&</sup>lt;sup>1</sup> MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

<sup>&</sup>lt;sup>4</sup>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 <sub>2</sub> O <sub>5</sub>  | 0.21    | 0.02      | Antimony                   | 0.9     |          |
| SiO <sub>2</sub>               | 60.3    | 0.75      | Arsenic                    | 3.0     |          |
| Fe <sub>2</sub> O <sub>3</sub> | 8.3     | 0.5       | Beryllium                  | 0.7     |          |
| Al <sub>2</sub> O <sub>3</sub> | 20.2    | 1.0       | Cadmium                    | 0.4     |          |
| TiO <sub>2</sub>               | 1.0     | 0.1       | Chromium                   | 11      |          |
| CaO                            | 2.4     | 0.2       | Cobalt                     | 1.0     |          |
| MgO                            | 2.2     | 0.3       | Fluorine                   | 51      |          |
| SO <sub>3</sub>                | 2.1     | 0.25      | Lead                       | 3.0     |          |
| K₂O                            | 2.2     | 0.3       | Lithium                    | 1.9     |          |
| Na₂O                           | 0.6     | 0.15      | Manganese                  | 69      |          |

<sup>&</sup>lt;sup>2</sup> ADJUSTABLE IN DIRECT PROPORTION TO BTU.

<sup>&</sup>lt;sup>3</sup> ADJUSTABLE IN INVERSE PROPORTION TO BTU.



#### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 3 OF 3

| Undetermined                                | 0.4  | 19                                  |                     | Mercury                   | <0.1    |                                        |  |
|---------------------------------------------|------|-------------------------------------|---------------------|---------------------------|---------|----------------------------------------|--|
| Base/Acid Ratio                             | 0.19 |                                     | 0.02                | Nickel                    | 10      |                                        |  |
| Maximum Base/Acid<br>Ratio                  | 0.23 |                                     |                     | Selenium                  | 3.0 PRO | FCTED OUALITY                          |  |
|                                             |      |                                     | *NOTE: ADD SHEETS I | F MORE THAN ONE SEAM      |         |                                        |  |
| DESCRIPTION                                 |      |                                     |                     | -                         |         |                                        |  |
|                                             |      | "AS RECEIVED"<br>AVERAGE OR TYPICAL |                     | "AS RECEIVEI<br>GUARANTEE |         | BITUMINOUS "AS RECEIVED"<br>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. <sup>2</sup>                  |  |
| SULFUR DIOXIDE (LB/MBTU)                    |      | 1.0                                 |                     | 1.2                       |         | 2.1 LB/MAX. <sup>1</sup>               |  |
| BTU/LB                                      |      |                                     | 11,800              | 11,800                    |         | 12,000/LB MIN.                         |  |
| ASH SOFTENING<br>DEGREES FAHRENHEIT H=W (R) |      | 2350                                |                     | 2290                      |         | 2,500 MIN.                             |  |
| VOLATILE %                                  |      |                                     | 34.0                | 33.0                      |         | 31.0% MIN. <sup>1</sup>                |  |
| GRINDABILITY, HARDGE                        | ROVE |                                     | 48                  | 45                        |         | 42 MIN. <sup>3</sup>                   |  |
| SIZE                                        |      | 2"X 0"                              |                     | 2"X 0"                    |         | 2" X 0"                                |  |
| FINES (-1/4" X 0")                          |      |                                     | 45                  | 51                        |         | 45% MAX. <sup>5</sup>                  |  |
| FIXED CARBON %                              |      |                                     | 47.3                | ·                         | -       |                                        |  |
| HYDROGEN %                                  |      |                                     | 4.6                 |                           |         | •                                      |  |
| NITROGEN %                                  |      |                                     | 1.2                 |                           |         |                                        |  |
| CHLORINE %                                  |      |                                     | 0.03 -              |                           |         | *********                              |  |
| OXYGEN %                                    |      |                                     | 8.6                 |                           |         |                                        |  |

<sup>&</sup>lt;sup>1</sup> MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS. <sup>2</sup> ADJUSTABLE IN DIRECT PROPORTION TO BTU.

ADJUSTABLE IN INVERSE PROPORTION TO BTU.

PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED

|                                |         | STD. DEV. | TRACE ELEMENTS PPM IN COAL |         |          |  |  |
|--------------------------------|---------|-----------|----------------------------|---------|----------|--|--|
| DESCRIPTION                    | AVERAGE |           | DESCRIPTION                | AVERAGE | STD DEV. |  |  |
| P <sub>2</sub> 0 <sub>5</sub>  | 0.21    | 0.02      | Antimony                   | 0.9     |          |  |  |
| SiO <sub>2</sub>               | 60.3    | 0.75      | Arsenic                    | 3.0     |          |  |  |
| Fe <sub>2</sub> O <sub>3</sub> | 8.3     | 0.5       | Beryllium                  | 0.7     |          |  |  |
| Al <sub>2</sub> O <sub>3</sub> | 20.2    | 1.0       | Cadmium                    | 0.4     |          |  |  |
| TiO₂                           | 1.0     | 0.1       | Chromium                   | 11      |          |  |  |
| CaO                            | 2.4     | 0.2       | Cobalt                     | 1.0     |          |  |  |
| MgO                            | 2.2     | 0.3       | Fluorine                   | 51      |          |  |  |
| SO <sub>3</sub>                | 2.1     | 0.25      | Lead                       | 3.0     |          |  |  |
| K₂O                            | 2.2     | 0.3       | Lithium                    | 1.9     |          |  |  |



# COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 4 OF 3

| Na <sub>2</sub> O          | 0.6  | 0.15 | Manganese | 69   |  |
|----------------------------|------|------|-----------|------|--|
| Undetermined               | 0.49 |      | Mercury   | <0.1 |  |
| Base/Acid Ratio            | 0.19 | 0.02 | Nickel    | 10   |  |
| Maximum Base/Acid<br>Ratio | 0.23 |      | Selenium  | 3.0  |  |

#### 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 \_\_\_\_\_ / 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 the plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton plus (ton if the transfer is from rail to barge directly. If the transfer is from rail to ground to barge the fee is ton. This offer is also good for 30 days, as requested.

Offer three- The price includes Offer two plus Coal supply. The price is to for direct transload from train to barge and 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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\*\*\* 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.

### **DTE Energy**



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 B105

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.

#### 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.

#### 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.

#### DELIVERY POINT

May 11, 2004 Page 2

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.<br><u>Av.</u> | Train<br><u>Rej.</u> |
|---------------|-------------------|----------------------|
| Btu/Lb.       | 8800              | 8600                 |
| Lb. SO2/MMBtu | 8.0               | 1.2                  |
| Moisture %    | 27                | N/A                  |
| Ash %         | 5.5               | N/A                  |

#### 7. PRICE

The Price would be to barge from train.

The Price would be **\$1000**/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.

#### STORAGE

If Storage is required at Cora terminal the fees are a s follows:

- First 50,000 tons- Free
- Anything over 50,000- ton/month.

#### 9. PRICE ADJUSTMENT FOR HEAT CONTENT VARIATION

1

May 11, 2004 Page 3

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

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Director of Sales, DTECS

| Proximate Analy     | 218    |
|---------------------|--------|
| Moisture            | 26.70% |
| Ash                 | 5.64%  |
| Sulfur              | 0.30%  |
| вти                 | 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 Temper | atures (Deg F) |
|-------------------|----------------|
| Reducing          |                |
| Initial           | 2138           |
| Softening         | 2160           |
| Hemispherical     | 2173           |
| Fluid             | 2231           |
| <u>Oxidizina</u>  |                |
| Initial           | 2224           |
| Softening         | 2232           |
| Hemispherical     | 2256           |
| Fluid             | 2320           |

| Ultimate Analysis (D | ry Basis) |
|----------------------|-----------|
| Moisture             | NA        |
| Ash                  | 7.70%     |
| Hydrogen             | 4.68%     |
| Carbon               | 70.83%    |
| Nitrogen             | 0.79%     |
| Sulfur               | 0.41%     |
| Oxygen               | 15.59%    |

| Sulfu   | · 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           |               |

| Other Information            | n :    |
|------------------------------|--------|
| 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**



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**

May 11, 2004 Page 2

The Delivery Point for the coal would be the Cora Terminal in Seller's provided rail cars.

#### 6. PRICE

The Transportation Price would be 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 \_\_\_\_/ton
- If the coal goes from Railcar to ground to barge the fee would be an additional **\*\*\*\*/ton**

Storage fees are as follows:

- First 50,000 tons Free
- Anything over 50,000 tons would cost an additional // 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

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### **DTE Energy**



425 South Main St., Suite 201 Ann Arbor, MI 48104 Telephone: (734) 913-5877 Facsimile: (734) 994-5849 Ernail: 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 the Italy Iton.

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

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Director of Sales, DTECS



#### COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 1 OF 3

| PRODUCER NAME: GLENCORE LTD.                                                                                                                                                                                          |                                   |                            |                         | OFFER A                                                     |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------|-------------------------|-------------------------------------------------------------|--|
| STREET ADDRESS: 301 TRESSER BLVD. STAMFO                                                                                                                                                                              | ORD, CT 06901                     |                            |                         |                                                             |  |
| CONTACT: JOHN McCONAGHY                                                                                                                                                                                               |                                   | TELEPHONE NO. 203-328-4958 |                         |                                                             |  |
| MINE(S): CALENTURITAS (COLOMBIA) BOM DIS                                                                                                                                                                              | AS (COLOMBIA) BOM DISTRICT:       |                            |                         | STATE:                                                      |  |
| ORIGIN RAILROAD(S)/DISTRICT: EK CV Big Sa                                                                                                                                                                             | andyOther_VESSEL_                 |                            | R/R TIPPLE DESIGN       | NATION/NUMBER:                                              |  |
| TYPE OF LOADING FACILITY: UNIT TRAIN:                                                                                                                                                                                 | SING                              | LE CAR:                    |                         | TRAINLOAD:                                                  |  |
| MAXIMUM LOADING CAPACITY: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:: <u>10.000 MT</u> | SHINC PER DAY                                               |  |
| TOTAL PRODUCTION CAPACITY PER MONTH: 200,000 M                                                                                                                                                                        | TONS                              |                            |                         |                                                             |  |
| PRODUCTION PER MONTH—MEETING OUR COAL SPECIF                                                                                                                                                                          | ICATIONS: 200,000 MT              | TONS                       |                         |                                                             |  |
| TYPE OF MINE:% DEEP                                                                                                                                                                                                   | _100                              | % STRIP                    |                         | % AUGER                                                     |  |
| SEAMS: VARIOUS                                                                                                                                                                                                        | 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 RENEGOTIATIO             | N: 2007                    |                         |                                                             |  |
| TYPE OF COAL WEIGHING: VESSEL DRAFT SURVEY                                                                                                                                                                            |                                   | SCALE CERTIFIED?           | YES                     | NO                                                          |  |
| PERIOD                                                                                                                                                                                                                | TON                               | NAGE                       |                         | BASE PRICE PER TON CIF                                      |  |
| JANUARY - DECMEBER 2005 EVENLY SPREAD                                                                                                                                                                                 | 150,000 NT +/- 10%                | IN SELLERS OPTION          |                         | NT BASIS 12,000 PRO RATA CIF IMT OR<br>TECO NEW ORLEANS, LA |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL                                                                                                                                                                    | L WHICH IS NOT THE PROD           | UCER PLEASE INDICA         | TE SO BY MAKING         | AN "X" IN THIS SPOT.                                        |  |
| PRODUCER'S COMMENTS: PLEASE NOTE THIS OFFER IS<br>ARE TO BE EVENLY SPREAD AND MUTUALLY AGREED IN                                                                                                                      |                                   | •                          |                         |                                                             |  |
|                                                                                                                                                                                                                       |                                   |                            |                         |                                                             |  |
| CREDIT REFERENCES (Minimum two): BNP PARIBAS, CON                                                                                                                                                                     | TACT SALLY HASWEL (212)           | 841-2010,                  |                         |                                                             |  |
| JP MORGAN CHASE                                                                                                                                                                                                       | MANHATTAN BANK, CONTA             | CT CARLOS SANTIAG          | O (212) 552-6311        |                                                             |  |
|                                                                                                                                                                                                                       |                                   |                            |                         |                                                             |  |
| INDUSTRY REFERENCES (Minimum four): PSE+G (HARRY                                                                                                                                                                      | PAPADOPOULOS (973) 430-           | 5930), NORTHEAST UT        | FILITIES (KEITH SAI     | UNDERS (860) 665-4571),                                     |  |
| TAMPA ELECTRI                                                                                                                                                                                                         | C (MARTIN DUFF (813) 228-         | 1596), US GEN (TOM N       | ETZEL (301) 280-67      | 92).                                                        |  |
| <u> </u>                                                                                                                                                                                                              |                                   | ,                          |                         |                                                             |  |
| SIGNATURE: J.J. M                                                                                                                                                                                                     |                                   | 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 |                                   |                            |                         |                                                             |  |



#### COAL PRODUCERS' SOLICITATION FORM **CRYSTAL RIVER 4 & 5** PAGE 2 OF 3

|                                                                   |                                     | PHONE NO. 727/824-6670<br>FAX NO. 727/824-6601 |                                           | CURRENT OUALITY                         |  |  |
|-------------------------------------------------------------------|-------------------------------------|------------------------------------------------|-------------------------------------------|-----------------------------------------|--|--|
|                                                                   | OFFERED COAL SI                     | PECIFICATIONS                                  | REQUIRED COA                              | REQUIRED COAL SPECIFICATIONS            |  |  |
| DESCRIPTION                                                       | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED                    | BITUMINOUS<br>"AS RECEIVED"<br>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. <sup>2</sup>                   | 7.8% MAX. <sup>2</sup>                  |  |  |
| SULFUR DIOXIDE (LB/MBTU)                                          | 1.10 LB/BTU                         | 1.15 LB/BTU                                    | 1.2 LB/MAX.1                              | 1.2 LB/MAX. <sup>1</sup>                |  |  |
| BTU/LB                                                            | 12,000 BTU/LB                       | 12,000 BTU/LB                                  | 12,300 MIN.                               | 8.200/LB MIN                            |  |  |
| ASH SOFTENING CONTROL OF THE 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. <sup>3</sup>                      | 65 MIN. <sup>3</sup>                    |  |  |
| SIZE                                                              | 2" X 0"                             | 2" X 0"                                        | 2" X 0"                                   | 2" X 0"                                 |  |  |
| FINES (-1/4" X 0")                                                | 35%                                 | 40%                                            | 45% MAX. <sup>5</sup>                     | 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 %                                         |                                           |                                         |  |  |

<sup>&</sup>lt;sup>1</sup>Must be met on an individual shipment basis

<sup>&</sup>lt;sup>5</sup>Preferred value, coals not meeting this specification will be considered

| MINERAL ANALYSIS %WEIGHT       |         |            | TF          | RACE ELEMENTS PPM IN COA |                      |
|--------------------------------|---------|------------|-------------|--------------------------|----------------------|
| DESCRIPTION                    | AVERAGE | STD. DEV   | DESCRIPTION | AVERAGE                  | STD DEV.             |
| P <sub>2</sub> 0 <sub>5</sub>  | 0.20 %  | +/- 0.05 % | Antimony    | 1.0                      | +/5                  |
| SiO <sub>2</sub>               | 59.0 %  | +/- 3.0 %  | Arsenic     | <0.1                     | -                    |
| Fe <sub>2</sub> O <sub>3</sub> | 9.0 %   | +/- 1.0 %  | Beryllium   | <0.1                     |                      |
| Al <sub>2</sub> O <sub>3</sub> | 19.75 % | +/- 3.0 %  | Cadmium     | <0.4                     | -                    |
| TiO <sub>2</sub>               | 0.90 %  | +/- 0.3 %  | Chromium    | 2.0                      | +/75                 |
| CaO                            | 2.90 %  | +/- 0.5 %  | Cobalt      | 2.0                      |                      |
| MgO                            | 2.10 %  | +/- 0.5 %  | Fluorine    | 40.0                     | +/- 5.0              |
| SO <sub>3</sub>                | 2.3 %   | +/- 0.5 %  | Lead        | 1                        | +/5                  |
| K <sub>2</sub> O               | 2.0 %   | +/- 0.75 % | Lithium     | 4                        | +/- 1.5              |
| Na <sub>2</sub> O              | 0.65 %  | +/- 0.2 %  | Manganese   | 30.0                     | <del>+/</del> - 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                     |                      |

<sup>&</sup>lt;sup>2</sup>Adjustable in direct proportion to Btu. <sup>3</sup>Adjustable in inverse proportion to Btu.

<sup>&</sup>lt;sup>4</sup>Economic analyses will be based on these values.



#### COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 3 OF 3

|                                            |                                     |                             | P                                         | ROJECTED QUALITY                        |  |
|--------------------------------------------|-------------------------------------|-----------------------------|-------------------------------------------|-----------------------------------------|--|
| 11155                                      | *NOTE: AC                           | DD SHEETS IF MORE THAN ONE  | SEAM                                      |                                         |  |
|                                            | OFFERED COAL SE                     | PECIFICATIONS               | REQUIRED COAL SPECIFICATIONS              |                                         |  |
| DESCRIPTION                                | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED | BITUMINOUS<br>"AS RECEIVED"<br>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. <sup>2</sup>                   | 7.8% MAX. <sup>2</sup>                  |  |
| SULFUR DIOXIDE (LB/MBTU)                   | 1.10 LB/BTU                         | 1.15 LB/BTU                 | 1.2 LB/MAX. <sup>1</sup>                  | 1.2 LB/MAX. <sup>1</sup>                |  |
| BTU/LB                                     | 12,000 BTU/LB                       | 12,000 BTU/LB               | 12,300 MIN.                               | 8,200/LB MIN.                           |  |
| ASH SOFTENING<br>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. <sup>3</sup>                      | 65 MIN. <sup>3</sup>                    |  |
| SIZE                                       | 2" X 0"                             | 2" X 0"                     | 2" X 0"                                   | 2" X 0"                                 |  |
| FINES (-1/4" X 0")                         | 35%                                 | 40%                         | 45% MAX. <sup>5</sup>                     | 30% MAX. <sup>£</sup>                   |  |
| 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       |         |                       | TF          | RACE ELEMENTS PPM IN CO | AL .             |
|--------------------------------|---------|-----------------------|-------------|-------------------------|------------------|
| DESCRIPTION                    | AVERAGE | STD. DEV.             | DESCRIPTION | AVERAGE                 | STD DEV          |
| P <sub>2</sub> 0 <sub>5</sub>  | 0.20 %  | +/- 0.05 %            | Antimony    | 1.0                     | + <del>/</del> 5 |
| SiO <sub>2</sub>               | 59.0 %  | +/- 3.0 %             | Arsenic     | <0.1                    |                  |
| Fe <sub>2</sub> O <sub>3</sub> | 9.0 %   | <del>+/</del> - 1.0 % | Beryllium   | <0.1                    |                  |
| Al <sub>2</sub> O <sub>3</sub> | 19.75 % | +/- 3.0 %             | Cadmium     | <0.4                    |                  |
| TiO <sub>2</sub>               | 0.90 %  | +/- 0.3 %             | Chromium    | 2.0                     | +/75             |
| CaO                            | 2.90 %  | <del>+/</del> - 0.5 % | Cobalt      | 2.0                     | +/75             |
| MgO                            | 2.10 %  | +/- 0.5 %             | Fluorine    | 40.0                    | +/- 5.0          |
| SO <sub>3</sub>                | 2.3 %   | +/- 0.5 %             | Lead        | 1                       | +/5              |
| <b>K</b> ₂O                    | 2.0 %   | +/- 0.75 %            | Lithium     | 4                       | +/- 1.5          |
| Na <sub>2</sub> O              | 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                    |                  |



#### COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 1 OF 3

|                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | OFFER B                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |  |  |
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| STREET ADDRESS: 301 TRESSER BLVD. STAMFORD, CT 06901                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |  |  |
| CONTACT: JOHN McCONAGHY TELEPHONE NO. 203-328-4958                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |  |  |
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| T MAY 14, 2004 AND S                                                               | SUBJECT TO RECON                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | FIRMATION THEREA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | TER. SHIPPING DATES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |  |  |  |
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| TITLE: TRADER                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | DATE: 5/11/04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |  |  |
| ROBIN OTT UELS CORPORATION SS PLAZA SUITE 633 URG, FLORIDA 33701 OR FICE BOX 15208 | TION TO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |  |  |
|                                                                                    | COUNTY:  NGLE CAR:  HOURS  IMPOR  UNLOA  TONS  STRIP  BLEND RATIOS: N  WASHED  ON: 2007  SCALE CERTIFIE  DIVER PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICETOR PLEASE INDICET | TELEPHONE NO. 203-328-4958  COUNTY:  R/R TIPPLE DESIGNATE:: 10,000 MT  TONS  MEDITIONS  MASHED  ON: 2007  SCALE CERTIFIED?  SCALE CERTIFIED?  DUCER PLEASE INDICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  VESSELS TO BE GEARED/GRABBED SELICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  VESSELS TO BE GEARED/GRABBED SELICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  VESSELS TO BE GEARED/GRABBED SELICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  VESSELS TO BE GEARED/GRABBED SELICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  VESSELS TO BE GEARED/GRABBED SELICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  VESSELS TO BE GEARED/GRABBED SELICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  VESSELS TO BE GEARED/GRABBED SELICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  VESSELS TO BE GEARED/GRABBED SELICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  VESSELS TO BE GEARED/GRABBED SELICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  VESSELS TO BE GEARED/GRABBED SELICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  VESSELS TO BE GEARED/GRABBED SELICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  VESSELS TO BE GEARED/GRABBED SELICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  VESSELS TO BE GEARED/GRABBED SELICATE SO BY MAKING TO MAY 14, 2004 AND SUBJECT TO RECON  STEELE SO TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 15, 2005 TO MAY 1 | TELEPHONE NO. 203-328-4958  COUNTY: STATE:  R/R TIPPLE DESIGNATION/NUMBER  NGLE CAR: TRAINLE  HOURS  IMPORT COAL: LOAD PORT PUERTO PRODECE  UNLOAD RATE:: 10,000 MT SHINC PER DAY  TONS  % STRIP  BLEND RATIOS: NONE  WASHED  ON: 2007  SCALE CERTIFIED? YES NO  DUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPO'  T MAY 14, 2004 AND SUBJECT TO RECONFIRMATION THEREAF  VESSELS TO BE GEARED/GRABBED SELF-DISCHARGING INTO  2) 841-2010, TACT CARLOS SANTIAGO (212) 552-6311  O-5930), NORTHEAST UTILITIES (KEITH SAUNDERS (860) 665-453-1596), US GEN (TOM NETZEL (301) 280-6792).  TITLE: TRADER  Y ADDITIONAL INFORMATION TO ROBIN OTT  BUS SCORPORATION  SES P.A.Z. SJITE 63) URG. F.CEIDA 33701 OR  FFICE BOX 15208 |  |  |  |



#### COAL PRODUCERS' SOLICITATION FORM **CRYSTAL RIVER 4 & 5** PAGE 2 OF 3

|                                            |                                     | PHONE NO. 727/824-6670<br>FAX NO. 727/824-6601 |                                           | CURRENT OUALITY                         |
|--------------------------------------------|-------------------------------------|------------------------------------------------|-------------------------------------------|-----------------------------------------|
|                                            | OFFERED COAL SE                     | PECIFICATIONS                                  | REQUIRED COAL                             | L SPECIFICATIONS                        |
| DESCRIPTION                                | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED                    | BITUMINOUS<br>"AS RECEIVED"<br>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. <sup>2</sup>                   | 7.8% MAX. <sup>2</sup>                  |
| SULFUR DIOXIDE (LB/MBTU)                   | 1.15 LB/BTU                         | 1.20 LB/BTU                                    | 1.2 LB/MAX. <sup>1</sup>                  | 1.2 LB/MAX. <sup>1</sup>                |
| 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. <sup>3</sup>                      | 65 MIN. <sup>3</sup>                    |
| SIZE                                       | 2" X 0"                             | 2" X 0"                                        | 2* X 0*                                   | 2" X 0"                                 |
| FINES (-1/4" X 0")                         | 35%                                 | 40%                                            | 45% MAX. <sup>5</sup>                     | 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 %                                          | ·                                         |                                         |

¹Must be met on an individual shipment basis. ²Adjustable in direct proportion to Btu. ³Adjustable in inverse proportion to Btu.

<sup>&</sup>lt;sup>5</sup>Preferred value, coals not meeting this specification will be considered.

| MINERAL ANALYSIS %WEIGHT       |         |            | 1           | RACE ELEMENTS PPM IN COA | AL.                 |
|--------------------------------|---------|------------|-------------|--------------------------|---------------------|
| DESCRIPTION                    | AVERAGE | STD. DEV.  | DESCRIPTION | AVERAGE                  | STD DEV.            |
| P <sub>2</sub> 0 <sub>5</sub>  | 0.20 %  | +/- 0.05 % | Antimony    | 1.0                      | +/- ,5              |
| SiO <sub>2</sub>               | 59.0 %  | +/- 3.0 %  | Arsenic     | <0.1                     |                     |
| Fe <sub>2</sub> O <sub>3</sub> | 9.0 %   | +/- 1.0 %  | Beryllium   | <0.1                     |                     |
| Al <sub>2</sub> O <sub>3</sub> | 19.75 % | +/- 3.0 %  | Cadmium     | <0.4                     | •                   |
| TiO₂                           | 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                     | <del>+/</del> - 5.0 |
| SO <sub>3</sub>                | 2.3 %   | +/- 0.5 %  | Lead        | . 1                      | +/5                 |
| K₂O                            | 2.0 %   | +/- 0.75 % | Lithium     | 4                        | +/- 1.5             |
| Na <sub>2</sub> O              | 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                     |                     |

<sup>&</sup>lt;sup>4</sup>Economic analyses will be based on these values.



#### COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 3 OF 3

PROJECTED QUALITY

| *NOTE: ADD SHEETS IF MORE THAN ONE SEAM |                                     |                             |                                           |                                         |  |  |
|-----------------------------------------|-------------------------------------|-----------------------------|-------------------------------------------|-----------------------------------------|--|--|
|                                         | OFFERED COAL S                      | SPECIFICATIONS              | REQUIRED COAL SPECIFICATIONS              |                                         |  |  |
| DESCRIPTION                             | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED | BITUMINOUS<br>"AS RECEIVED"<br>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. <sup>2</sup>                   | 7.8% MAX. <sup>2</sup>                  |  |  |
| SULFUR DIOXIDE (LB/MBTU)                | 1.15 LB/BTU                         | 1.20 LB/BTU                 | 1.2 LB/MAX. <sup>1</sup>                  | 1.2 LB/MAX. <sup>1</sup>                |  |  |
| 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. <sup>1</sup>                   | 31.0% MIN.1                             |  |  |
| GRINDABILITY, HARDGROVE                 | 48                                  | 46                          | 42 MIN. <sup>3</sup>                      | 65 MIN. <sup>3</sup>                    |  |  |
| 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. <sup>1</sup>                    | 0.2% MAX. <sup>1</sup>                  |  |  |
| FIXED CARBON %                          | 69.5 %                              | 69.5 %                      |                                           |                                         |  |  |
| HYDROGEN %                              | 4.50 %                              | 4.50 %                      |                                           | <u> </u>                                |  |  |
| NITROGEN %                              | 1.25 %                              | 1.25 %                      |                                           |                                         |  |  |
| CHLORINE %                              | 0.03 %                              | 0.03 %                      |                                           |                                         |  |  |
| OXYGEN %                                | 9.0 %                               | 9.0 %                       |                                           |                                         |  |  |

<sup>&</sup>lt;sup>1</sup>Must be met on an individual shipment basis.

<sup>&</sup>lt;sup>5</sup>Preferred value, coals not meeting this specification will be considered.

| MINERAL ANALYSIS %WEIGHT       |         |            | , ,         | RACE ELEMENTS PPM IN COA | AL.      |
|--------------------------------|---------|------------|-------------|--------------------------|----------|
| DESCRIPTION                    | AVERAGE | STD. DEV.  | DESCRIPTION | AVERAGE                  | STD DEV. |
| P <sub>2</sub> 0 <sub>5</sub>  | 0.20 %  | +/- 0.05 % | Antimony    | 1.0                      | +/5      |
| SiO₂                           | 59.0 %  | +/- 3.0 %  | Arsenic     | <0.1                     | -        |
| Fe <sub>2</sub> O <sub>3</sub> | 9.0 %   | +/- 1.0 %  | Beryllium   | <0.1                     |          |
| Al <sub>2</sub> O <sub>3</sub> | 19.75 % | +/- 3.0 %  | Cadmium     | <0.4                     | •        |
| TiO <sub>2</sub>               | 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 <sub>3</sub>                | 2.3 %   | +- 0.5 %   | Lead        | 1                        | +/5      |
| <b>K</b> ₂O                    | 2.0 %   | +/- 0.75 % | Lithium     | 4                        | +/- 1.5  |
| Na <sub>2</sub> O              | 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                     | _        |

<sup>&</sup>lt;sup>2</sup>Adjustable in direct proportion to Btu.

<sup>&</sup>lt;sup>3</sup>Adjustable in inverse proportion to Btu.

<sup>&</sup>lt;sup>4</sup>Economic analyses will be based on these values.



## Guasale Coal International n.v.

### Corporate Headquarters, Aruba

2 BIBS

Mrs. Robbin Ott Progress Fuels Corporation One Progress Plaza Suite 600 St. Petersburg Florida 33701

London, May 7<sup>th</sup>, 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 rega

Eladio Bueno

Mrs. Robbin Ott Progress Fuels Corporation One Progress Plaza Suite 600 St. Petersburg Florida 33701

London, May 7<sup>th</sup>, 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 1<sup>st</sup> 2005 to December 31<sup>st</sup> 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.

M

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 7<sup>th</sup> 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 1<sup>st</sup> 2005 to December 31<sup>st</sup> 2005) US\$ per million BTU.
- b. Second Contractual year (January 1<sup>st</sup> 2006 to December 31<sup>st</sup> 2006) US\$ The per million BTU.
- c. Third Contractual year (January 1<sup>st</sup> 2007 to December 31<sup>st</sup> 2007) US\$ 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 7<sup>th</sup> August 2003.

#### Subject and validity:

This offer is subject to Carbones del Guasare S.A. Board approval and valid up to 12<sup>th</sup> June 2004.

Best Regards,

CEO CEO

Customers/efe/contracts/documents CSA Paso Diablo 2004 (Ott)/31/07/03

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### **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          |
| Trot Caretino Value, Noaming  | 0010          |
| GRINDABILITY                  | 47            |
| FREE SWELLING INDEX           | 6 .           |
| TIVEE OWELEING INDEX          |               |
| ULTIMATE ANALYSIS             |               |
| Total moisture, %             | 7.50          |
| Carbon                        | 71.50         |
| Hydrogen                      | 4.80          |
|                               | 1.30          |
| Nitrogen<br>Chlorine          |               |
|                               | 0.04          |
| Total Sulphur, %              | 0.70          |
| Ash, %                        | 6.50          |
| Oxygen (by Diff.)             | 7.66          |
| ASH FUSHION TEMPERATURE       | 00 (05)       |
|                               | °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)   |
| <u>Fluid</u>                  | 1400 (2552)   |
|                               |               |
| ASH ANALYSIS                  | <del></del>   |
| % Si02                        | 58.50         |
| % AI203                       | 20.00         |
| % Ti02_                       | 0.95          |
| Fe 203                        | 7.00          |
| % Ca0_                        | 4.00          |
| % Ma0                         | 2.80          |
| % K20                         | 1.70          |
| % Na20                        | 0.50          |
| % Mn02                        | 0.10          |
| % P205                        | 0.20          |
| % S03                         | 3.50          |
| Undetermined                  | 0.75          |
| <u> </u>                      | <u> </u>      |
| SIZING (0 x 50 mm)            |               |
| Role hole screens % + 50 mm   | 5.0 % max.    |
| % - 6.3 mm                    | 40.0% max.    |
|                               | 10.070 11.070 |

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 1<sup>st</sup> 2005 to December 31<sup>st</sup> 2005 (first contractual year) and January 1<sup>st</sup> 2006 to December 31<sup>st</sup> 2006 (second contractual year). January 1<sup>st</sup> 2007 to December 31<sup>st</sup> 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.

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Coal Quality

As per Coal Supply Agreement dated 7th August 2003

& Origin: (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\$ per million BTU for the first contractual year, US\$ per million BTU for the second contractual year and US\$ 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 7<sup>th</sup> August 2003

### Subject and validity:

Best Regard

This offer is subject to prior sale for 2005 cargoes offered and GCI board approval with validity up to 12<sup>th</sup> June 2004.

**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     |
|                   | +4" 0% max 0%          |               |
|                   | +3" 1% max 1%          |               |
| Sizing            | +2" 2% max 4%          |               |
|                   | -1/4" 40% max 45%      |               |
|                   | -1mm 17% max 20%       | 11.           |



### COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 1 OF 3

| FCLUERNAME Drummond Co. Ltd (                      | Interocean Coal                                                    | Sales, LDC)                             |                               |
|----------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------|-------------------------------|
| SIREMATRESS 530 Beacon Parkway                     | West, Ste. 800,                                                    | Birmingham, AL                          | 35209                         |
| CONTACT: Dennis Steul                              |                                                                    | TBLET-IONENO 205-94                     | ÷5-6411                       |
| MNES Pribbenow BOM                                 | ISTRCT: N/A                                                        | COUNTY: N/A                             | STATE Colombia, S,A.          |
| ORGIN RALFOAD(S)/DSTRICT: BKOV Big Sandy           | Ohe <i>N//</i>                                                     | A RRTIPA                                | LEDESGWITOVNUMER N/A          |
| TYPECFLOADINGFAOLITY: N/A UNTTRAIN                 | SN                                                                 | GLECAR                                  | TRAINLOAD                     |
| MAXIMUM LOADING CAPACITY:TONS N/A                  |                                                                    | тоже                                    | TR4CK CAPACIT                 |
| WATER DELIVERY CAPABILITY: _XYES                   | _NO                                                                | IMPORTICIAL: LC                         | ONDERT Mobile, AL             |
| SHPTHFOLDH McDuffie DOX                            |                                                                    | ٠ ـ ـ ـ ـ ـ ـ ـ ـ ـ ـ ـ ـ ـ ـ ـ ـ ـ ـ ـ | OADRATE:                      |
| TOTAL PROJUCTION CAPACITY FER MONTH $2,000,000$    | arti                                                               |                                         |                               |
| FRODUCTION FERMONTH MEETING OLD ROOM SPECIFICATION | s1,700,000os                                                       |                                         |                               |
| TYFECFMNE _0%DEEP                                  | 100                                                                | )_%STRP                                 | %ALCH                         |
| SEAMS Various                                      |                                                                    | BLEVD PATIOS                            |                               |
| COAL FREDARATION95%_ RAW                           | 57                                                                 | %_ WASHED                               | OITANIBACO                    |
| THEOFOOLWAR IFWARD Jig                             |                                                                    |                                         |                               |
| TYPECFCOALSAMPLING J. B. Long Mec                  | nanical samples                                                    |                                         |                               |
| TYFEOFLABORCONIRACT(S) 2-yr-local                  | DATEFORFENESOTIATION M                                             | farch 2006                              |                               |
| TYPEOFOCALVBOHNG Draft survey                      |                                                                    | SCALE CERTIFIED?                        | NO N/A                        |
| PERICO :                                           | TON                                                                | MŒ                                      | BASEPRICEPERTON FOR THE BARGE |
| 2007                                               | 1,000,000 net                                                      | t tons per year                         | 2007 -                        |
| IFTHSCOOLISCHTEREDBYACOMPANYCRINGMOUNLWHO          | HISNOTTHEFFCOLURR REAS                                             | EINDICATE SOBY MAKINGAN''X              | "INTHS SPOT.                  |
| FOLORSOMMENTS Interocean Coa                       | l Sales, LDC                                                       |                                         |                               |
|                                                    |                                                                    |                                         |                               |
| CHELT FUTURENCES (Minimum two): Progress           | Fuels, Citibank                                                    |                                         |                               |
|                                                    |                                                                    |                                         |                               |
|                                                    |                                                                    |                                         |                               |
|                                                    |                                                                    |                                         |                               |
| INDUSTRY FUTURENCES (Minimumfour). Progress        | Fuels, Alabama                                                     | Power, Gulf Power                       | er, Mississippi Power         |
| INCLIENT PUTTENCES (Mrimumfour). Progress          | Fuels, Alabama                                                     | Power, Gulf Power                       | er, Mississippi Power         |
| INCLIENT FUTURENCES (Mrimumfour). Progress         | Fuels, Alabama                                                     | Power, Gulf Pow                         | er, Mississippi Power         |
| INCLETRY FUTURE (Minimumfour). Progress  SIGNATURE | Fuels, Alabama                                                     | Power, Gulf Power                       |                               |
|                                                    | MALTHSFORM AND ANY A                                               | TITLE Attorney-i                        |                               |
|                                                    | MALTHSFORMANDANYA<br>MFS R<br>FFOORESS R.B                         | TITLE Attorney-i                        |                               |
|                                                    | MALTHSFORMANDANYA<br>MFS R<br>FFOORESS RUB<br>ONE FFOORESS         | TITLE Attorney-i                        |                               |
|                                                    | MALTHSFORMANDANYA  MES R  FOORESS R.B  ONE FFOORESS ST. PETERSBURG | TITLE Attorney-I                        |                               |
|                                                    | MALTHSFORMANDANYA MFS R FFCORESS R.B ONEFFCORESS ST. FETBREUM      | TITLE Attorney-I                        |                               |



### COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 2 OF 3

| OFFERDICAL SECTIONS FET INFO CON SECTIONS            |                    |               |                                       |                                                |  |  |
|------------------------------------------------------|--------------------|---------------|---------------------------------------|------------------------------------------------|--|--|
| DESCRIPTION                                          | "AS RECEIVED"      | "AS PECEIVED" | RECURDOS<br>BITUMNOTA<br>'ASPECIEVED' | L SPECIFICATIONS  SLENETIUMNOLS  "AS PECIEVED" |  |  |
|                                                      | AVERACE OR TYPICAL | GJARANTED .   | CHANNED                               | GJARANTEED                                     |  |  |
| MOSTUFE(TOTAL)%                                      | 12                 | 14.00         | 8.0%MAX                               | 30.0%MAX                                       |  |  |
| SUFFACEMOSTUFE%                                      | 3                  | 5.00          | 5.0%MAX                               | 5.0%MAX                                        |  |  |
| ASH%                                                 | 4.50               | 5.50 4        | 10.0%MAX <sup>2</sup>                 | 7.8%MAX <sup>2</sup>                           |  |  |
| SURRDONDE (LBMBTU)                                   | 1.10 Max           | 1.2 Max       | 1.2 LB/MAX <sup>1</sup>               | 1.2 LB/MAX.1                                   |  |  |
| BTULB                                                | 11,750             | 11,700 '      | 12,300 MN                             | 8,2001.BMN                                     |  |  |
| ASHSCFTENING<br>DEC <del>TED</del> FAHFENHET H= W(F) | 2,550              | 2,500         | 2,500 MIN                             | 2,200 MIN                                      |  |  |
| VOLATILE%                                            | 36.50              | 31 '          | 31.0%MN1                              | 31.0%MN <sup>1</sup>                           |  |  |
| GRINDABILITY, HAPOGROJE                              | 45                 | 43 4          | 42 MN³                                | 65 MN <sup>3</sup>                             |  |  |
| SZE                                                  | 3x0                | 3x0           | 2' X 0'                               | 2" X 0"                                        |  |  |
| RNES(-1/4" X 0")                                     | 38%                | 45%           | 45%MAX 5                              | 30%MAX.5                                       |  |  |
| PYRTICSLER                                           | 0.18               | 0.20          | 0.2%MAX1                              | 0.2%MAX 1                                      |  |  |
| FIXED CAPBON%                                        | 47.00              | ·             |                                       | ***************************************        |  |  |
| HMCPCOEN%                                            | 4.73               | Range         |                                       |                                                |  |  |
| NTROWN%                                              | 1.29               | 1.20 - 1.45   |                                       |                                                |  |  |
| CHLORNE%                                             | 0.03               | 0.02 - 0.04   |                                       |                                                |  |  |
| OXYŒN%                                               | 9.61               |               |                                       |                                                |  |  |

<sup>&</sup>lt;sup>1</sup>Must be met an an individual shipment basis.
<sup>2</sup>Must able in direct promotion to Bru

<sup>2</sup>Adjustable in direct proportion to Btu <sup>3</sup>Adjustable in inverse proportion to Btu

<sup>&</sup>lt;sup>5</sup>Referred value, coals not meeting this specification will be considered

|                               | MNERALAWALYSIS %/ABG-IT |                              |                   | . TRACEBLEMENTS FRM IN COAL |          |  |
|-------------------------------|-------------------------|------------------------------|-------------------|-----------------------------|----------|--|
| DESCRIPTION                   | AVERAGE.                | STD DEV.                     | DESCRIPTION       | AVERACE.                    | STD DBV. |  |
| P <sub>2</sub> O <sub>5</sub> | 0.20                    |                              | Antimony          | 2.0                         |          |  |
| SQ                            | 58.54                   |                              | Arsenic           | 2.9                         |          |  |
| F <sub>0</sub> Q              | 9.00                    |                              | Beryllium         | <0.2                        |          |  |
| A <sub>2</sub> Q              | 23.40                   |                              | Cadrium           | <0.03                       |          |  |
| TiQ                           | 0.87                    |                              | Cronium           | 8.1                         |          |  |
|                               | 2.35                    |                              | Cobalt            |                             |          |  |
| MgO                           | 1.09                    |                              | Fluorine          | 30                          |          |  |
| <b>\$</b> Q,                  | 1.24                    |                              | Lead              | 4.2                         |          |  |
| K <sub>O</sub>                | 1.71                    |                              | Lithium           |                             |          |  |
| Na <sub>2</sub> O             | 0.47                    | Typical Min/Max<br>0.35-0.55 | Mangenese         |                             |          |  |
| Undetermined                  | 1.13                    |                              | Mercury           | 0.08                        |          |  |
| Base/Acid Ratio               |                         |                              | Notel             | 14                          |          |  |
| Maximum Base/Acid Ratio       |                         |                              | Selenium          | 3                           |          |  |
|                               |                         | *NOTE ADDS-FETSIF            | MORETHAN ONE SEAM |                             |          |  |

<sup>&</sup>lt;sup>4</sup>Economic analyses will be based on these values.

### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 1 OF 3

| CONTACT: Cathy Frazier                                       |                                                                                               | TELEPHONE NO. 304-792-0040  |                           |                                                                 |  |  |
|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------|---------------------------|-----------------------------------------------------------------|--|--|
| MINE(S): Highland BOM DISTRIC                                | CT: 8                                                                                         | COUNTY: Logan               |                           | STATE: West Virginia                                            |  |  |
| CSX DISTRICT: EK CV Big Sandy                                | Other <u>Kanawha</u>                                                                          | /Logan_                     | R/R TIPPLE                | DESIGNAITON/NUMBER:                                             |  |  |
| NORFOLK SOUTHERN DISTRICT: ThackerOther                      | CV2Kenova                                                                                     | -                           | R/R TIPPLE                | DESIGNAITON/NUMBER: 0596                                        |  |  |
|                                                              |                                                                                               |                             |                           |                                                                 |  |  |
|                                                              |                                                                                               |                             |                           |                                                                 |  |  |
| TOTAL PRODUCTION CAPACITY PER MONTH: 550,000 TONS            |                                                                                               |                             |                           |                                                                 |  |  |
| PRODUCTION PER MONTH - MEETING OUR COA                       | L SPECIFICATIONS:                                                                             | 500,000                     | TONS                      |                                                                 |  |  |
| TYPE OF MINE: 75 % DEEP                                      | 25                                                                                            | % STRIP                     |                           | % AUGEF                                                         |  |  |
| SEAMS: Upper Cedar Grove                                     |                                                                                               | BLEND RATIOS:               |                           |                                                                 |  |  |
| COAL PREPARATION: 75% RAW                                    | 25%                                                                                           | WASHED                      |                           | COMBINATION                                                     |  |  |
| TYPE OF COAL WASHER, IF WASHED: Daniels V                    | Vasher – Heavy Media -                                                                        | - Cyclones – Spirals        |                           |                                                                 |  |  |
| TYPE OF COAL SAMPLING: John B. Long - 2 Sta                  | age Automatic                                                                                 |                             |                           |                                                                 |  |  |
| TYPE OF LABOR CONTRACT(S):                                   | DATE FOR RENEGOTIA                                                                            | TION:                       |                           |                                                                 |  |  |
| TYPE OF COAL WEIGHING: Certified Batch Weigh                 | า                                                                                             | SCALE CERTIFIED?            | x_                        | YES NO                                                          |  |  |
| PERIOD                                                       | TON                                                                                           | NAGE                        |                           | BASE PRICE PER TON FOB MINE                                     |  |  |
| January 2005 – December 2005                                 | 60,000 tons                                                                                   | s/month total               |                           | FOB MINE / FOB Barge KRT Ceredo                                 |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR IN SPOT.             | IDIVIDUAL WHICH IS N                                                                          | OT THE PRODUCER PI          | LEASE INDIC               |                                                                 |  |  |
| PRODUCER'S COMMENTS:                                         |                                                                                               |                             |                           |                                                                 |  |  |
| This proposal is subject to prior sale & subject to r        | nutually agreeable term                                                                       | s and conditions.           |                           |                                                                 |  |  |
|                                                              |                                                                                               |                             |                           |                                                                 |  |  |
| CREDIT REFERENCES (Minimum two): Duke Energ                  | y, Joy Manufacturing                                                                          |                             |                           |                                                                 |  |  |
| CUSTOMER REFERENCES: AEP, LG&E/KU; Public Service New Jersey |                                                                                               |                             |                           |                                                                 |  |  |
|                                                              |                                                                                               |                             |                           |                                                                 |  |  |
|                                                              |                                                                                               |                             |                           |                                                                 |  |  |
| Com                                                          |                                                                                               | TITLE: Senior Vice          | President                 | DATE: 5/11/04                                                   |  |  |
| PROC<br>ONE                                                  | ROBIN OTT<br>GRESS FUELS CORPORATION<br>PROGRESS PLAZA, SUITE 600<br>ETERSBURG, FLORIDA 33701 | OR<br>PHONE NO. 727/824-667 | POST OFFIC<br>ST. PETERSE | OTT<br>FUELS CORPORATION<br>SE BOX 15208<br>SURG, FLORIDA 33733 |  |  |

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### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2 PAGE 2 OF 3

## CURRENT OUALITY

|                                               | OFFERED COAL S                      | SPECIFICATIONS              | REQUIRED COAL SPECIFICATIONS                    |                                                   |  |
|-----------------------------------------------|-------------------------------------|-----------------------------|-------------------------------------------------|---------------------------------------------------|--|
| DESCRIPTION                                   | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED | CAROLINA<br>BIT <b>UMINOUS "AS</b><br>RECEIVED" | CAROLINAS<br>BITUMINOUS "AS<br>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. <sup>2</sup>                         | 13% MAX. <sup>2</sup>                             |  |
| SULFUR DIOXIDE (LB/MBTU)                      | 1.18                                | 1.20                        | 1.2 LB/MAX. <sup>1, 6</sup>                     | 2.0 LB/MAX. <sup>1</sup> 3.2 LB/MAX. <sup>1</sup> |  |
| 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. <sup>3</sup>                            | 37 MIN. <sup>3</sup>                              |  |
| SIZE                                          | 2 x 0                               | 2 × 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                                |                             |                                                 |                                                   |  |

| MINERAL ANALYSIS %WEIGHT       |         | . TRACE ELEMENTS PPM IN COAL |             |         |          |
|--------------------------------|---------|------------------------------|-------------|---------|----------|
| DESCRIPTION                    | AVERAGE | STD. DEV.                    | DESCRIPTION | AVERAGE | STD DEV. |
| P <sub>2</sub> O <sub>5</sub>  | 0.13    |                              | Antimony    |         |          |
| SiO <sub>2</sub>               | 61.90   |                              | Arsenic     | 5.8     |          |
| Fe <sub>2</sub> O <sub>3</sub> | 5.15    |                              | Beryllium   | 2.1     |          |
| Al <sub>2</sub> O <sub>3</sub> | 30.65   |                              | Cadmium     | 0.1     |          |
| TiO₂                           | 1.21    |                              | Chromium    | 33      |          |
| CaO                            | 0.74    |                              | Cobalt      | 4.1     |          |
| MgO                            | 0.65    |                              | Fluorine    |         |          |
| SO <sub>3</sub>                | 0.58    |                              | Lead        | 5.2     |          |
| K <sub>2</sub> O               | 1.88    |                              | Lithium     |         |          |
| Na₂O                           | 0.67    |                              | Manganese   |         |          |
| Undetermined                   |         |                              | Мегсигу     | 0.049   |          |
| Base/Acid Ratio                | 0.10    |                              | Nickel      |         |          |
| Maximum Base/Acid<br>Ratio     |         |                              | Selenium    | 5.1     |          |

# **PROGRESS**

### COAL PRODUCERS' SOLICITATION FORM Crystal River 1 & 2

PAGE 1 OF 3 FUELS CORPORATION 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 Other R/R TIPPLE DESIGNAITON/NUMBER: MAXIMUM LOADING CAPACITY: 110 loads 110 empties TRACK CAPACITY SEAMS: Pond Creek BLEND RATIOS: DATE FOR RENEGOTIATION: N/A TYPE OF LABOR CONTRACT(S): Non-Union 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 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 and subject to mutually agreeable terms. . CREDIT REFERENCES (Minimum two): Duke Energy, Joy Manufacturing CUSTOMER REFERENCES: Duke Energy, Detroit Edison, Ontario Power

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

SIGNATURE:

MRS. RÓBIN ÖTT PROGRESS FUELS CORPORATION ONE PROGRESS PLAZA, SUITE 600 ST. PETERSBURG, FLORIDA 33701

TITLE: Senior Vice President

DATE: 5/10/04

MRS. ROBIN OTT PROGRESS FUELS CORPORATION POST OFFICE BOX 15208 ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670 FAX NO. 727/824-6601

OR

| DESCRIPTION                                        | OFFERED COAL SI                     | PECIFICATIONS               | REQUIRED COAT                                 | REQUIRED COAL SPECIFICATIONS                         |  |  |
|----------------------------------------------------|-------------------------------------|-----------------------------|-----------------------------------------------|------------------------------------------------------|--|--|
|                                                    | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED | NORTH CAROLINA<br>BITUMINOUS "AS<br>RECEIVED" | CAROLINA<br>BITUMINOUS "AS<br>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. <sup>2</sup>                       | 13% MAX. <sup>2</sup>                                |  |  |
| SULFUR DIOXIDE (LB/MBTU)                           | 1.18#                               | 1.20#                       | 1.2 LB/MAX. <sup>1</sup>                      | 2.0 LB/MAX. <sup>1</sup><br>3.2 LB/MAX. <sup>1</sup> |  |  |
| BTU/LB                                             | 12400                               | 12300                       | 12,000 MIN.                                   | 12,000/LB MIN                                        |  |  |
| ASH SOFTENING<br>DEGREES FAHRENHEIT<br>H= 1/2W (R) | 2600                                | 2500                        | 2,500 MIN.                                    | 2,500 MIN                                            |  |  |
| VOLATILE %                                         | 30.00                               | 31.00                       | 28.0% MIN.1                                   | 28.0% MIN. <sup>1</sup>                              |  |  |
| GRINDABILITY, HARDGROVE                            | 43                                  | 42                          | 37 MIN. <sup>3</sup>                          | 37 MIN <sup>3</sup>                                  |  |  |
| SIZE                                               |                                     | 2 x 0                       | 2" X 0"                                       | 2" X 0"                                              |  |  |
| FINES (-1/4" X 0")                                 | 45                                  | 48                          | 40% MAX.5                                     | 45% MAX <sup>5</sup>                                 |  |  |
| 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 <sub>2</sub> 0 <sub>5</sub>  | 0.14    |                            | Antimony    |         |         |
| SiO <sub>2</sub>               | 62.25   |                            | Arsenic     | 5.9     |         |
| Fe <sub>2</sub> O <sub>3</sub> | 5.48    |                            | Beryllium   | 2.4     |         |
| AI <sub>2</sub> O <sub>3</sub> | 31.15   |                            | Cadmium     | 0.1     |         |
| TiO₂                           | 1.28    |                            | Chromium    | 32      |         |
| CaO                            | 0.71    |                            | Cobalt      | 4.7     |         |
| MgO                            | 0.68    |                            | Fluorine    |         |         |
| SO <sub>3</sub>                | 0.52    |                            | Lead        | 5.4     |         |
| K₂O                            | 1.85    |                            | Lithium     |         |         |
| Na₂O                           | 0.63    |                            | Manganese   |         |         |
| Undetermined                   |         |                            | Mercury     | 0.049   |         |
| Base/Acid Ratio                | 0.10    |                            | Nickel      |         |         |
| Maximum Base/Acid<br>Ratio     |         |                            | Selenium    | 5.1     |         |



### COAL PRODUCERS' SOLICITATION FOR ... CRYSTAL RIVER 4 & 5 PAGE 1 OF 3

| _LC                                                    | • .                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | ·                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Plaza, Suite 20                                        | 2; Littleto                                                                                                                                                                                                    | on, CO 801                                                                                                                                                                                                                                                                                                               | 120                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                        | TELEPHONE NO.                                                                                                                                                                                                  | 303-79                                                                                                                                                                                                                                                                                                                   | 5-0413                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| DISTRICT: 17                                           | COUNTY: Gunr                                                                                                                                                                                                   | nison                                                                                                                                                                                                                                                                                                                    | STATE: CO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| SandyOther_UPRR                                        |                                                                                                                                                                                                                | R/R TIPPLE DE                                                                                                                                                                                                                                                                                                            | SIGNATION/NUMBER:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Somerset, CO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| SING                                                   | SLE CAR:                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                          | TRAINL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | .OAD:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| ar trains in 24                                        | hours<br>HOURS                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | TRACK CAPACITY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| NO                                                     | IMPOR                                                                                                                                                                                                          | T COAL: LOAD PO                                                                                                                                                                                                                                                                                                          | ORT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                        |                                                                                                                                                                                                                | LOAD RA                                                                                                                                                                                                                                                                                                                  | ATE::                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| ,000 tons plus                                         |                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| CIFICATIONS: 100% T                                    | ons quotec                                                                                                                                                                                                     | quality                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                        | % STRIP                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | % AUGER                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                                        | BLEND RATIOS:                                                                                                                                                                                                  | None                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                        | WASHED                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | COMBINATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| npler                                                  |                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 1                                                      | N:                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                        | SCALE CERTIFIE                                                                                                                                                                                                 | D? XYE                                                                                                                                                                                                                                                                                                                   | SNO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| TON                                                    | INAGE                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                          | BASE PRICE PE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | R TON FOB MINE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| JAL WHICH IS NOT THE PROD                              | UCER PLEASE INDIC                                                                                                                                                                                              | CATE SO BY MAK                                                                                                                                                                                                                                                                                                           | ING AN "X" IN THIS SPO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | )T.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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|                                                        | TITLE: Sal                                                                                                                                                                                                     | les Rep                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | DATE: 5/11/04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| MRS. F<br>PROGRESS FUI<br>ONE PROGRES<br>ST. PETERSBUI | ADDITIONAL INFORMAT<br>ROBIN OTT<br>JELS CORPORATION<br>SS PLAZA, SUITE 600                                                                                                                                    |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                        | DISTRICT: 17 SandyOther_UPRR SING Car trains in 24NO  000 TONS plus CIFICATIONS: 100% TO  DATE FOR RENEGOTIATION  TON  JAL WHICH IS NOT THE PRODU  PROGRESS FUE ONE PROGRESS FUE ONE PROGRESS FUE ONE PROGRESS | TELEPHONE NO.  TELEPHONE NO.  DISTRICT: 17  COUNTY: Gunr  Sandy Other UPRR  SINGLE CAR:  SINGLE CAR:  HOURS  NO IMPOR  O00 TONS Plus  CIFICATIONS: 100% TONS QUOTEC  STRIP  BLEND RATIOS: N  WASHED  TONNAGE  JAL WHICH IS NOT THE PRODUCER PLEASE INDICE  Provide if short listed  1 provide if short listed  TITLE: Sa | TELEPHONE NO. 303-799  TELEPHONE NO. 303-799  DISTRICT: 17 COUNTY: Gunnison  SandyOther_UPRR R/R TIPPLE DE  SINGLE CAR:  CAR Trains in 24 hours HOURS HOURS NO IMPORT COAL: LOAD PO LOAD RO  OOOTONS plus  CIFICATIONS: 100% TONS QUOTED QUAlity WASHED  TONNAGE  TONNAGE  JAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAK  DIPOVIDE IF Short listed  TITLE: Sales Rep  MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO: MRSS FUELS CORPORATION ONE PROGRESS PLAZA, SUITE 600  TITLE: Sales Rep  MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO: MRSS FUELS CORPORATION ONE PROGRESS PLAZA, SUITE 600 | TELEPHONE NO. 303-795-0413  DISTRICT: 17 COUNTY: GUNDISON STATE: CO  SandyOther_UPRR R/R TIPPLE DESIGNATION/NUMBER:  SINGLE CAR: TRAINL  SINGLE CAR: TRAINL  SINGLE CAR: TRAINL  SINGLE CAR: TRAINL  SINGLE CAR: TRAINL  SINGLE CAR: TRAINL  SINGLE CAR: TRAINL  SINGLE CAR: TRAINL  SINGLE CAR: TRAINL  SINGLE CAR: TRAINL  SINGLE CAR: TRAINL  SINGLE CAR: TRAINL  SINGLE CAR: TRAINL  LOAD RATE::  DOOD TONS Plus  SIMPORT COAL: LOAD PORT  LOAD RATE::  BEEND RATIOS: None  WASHED   TONNAGE BASE PRICE PE  DATE FOR RENEGOTIATION:  SCALE CERTIFIED? XYES NO  TONNAGE BASE PRICE PE  JULIUM WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOONED TO THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOULD SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROORES SHOW THE PROOP THE P |

PHONE NO. 727/824-6670 FAX NO. 727/824-6601

### 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: per net ton, FOB loaded railcar, Somerset, CO

20068: per net ton, FOB loaded railcar, Somerset, CO 2007: per net ton, FOB loaded railcar, Somerset, CO 200: per net ton, FOB loaded railcar, Somerset, CO



### COAL PRODUCERS' SOLICITATION FOR INC CRYSTAL RIVER 4 & 5 PAGE 2 OF 3

### **CURRENT QUALITY**

|                                             | OFFERED COAL                        | SPECIFICATIONS              | REQUIRED COAL SPECIFICATIONS              |                                                       |  |
|---------------------------------------------|-------------------------------------|-----------------------------|-------------------------------------------|-------------------------------------------------------|--|
| DESCRIPTION                                 | "AS RECEIVED"<br>AVERAGE OR TYPICAL | 'AS RECEIVED'<br>GUARANTEED | BITUMINOUS<br>"AS RECEIVED"<br>GUARANTEED | <b>SUB-BITUMINO</b> US<br>*AS RECEIVED*<br>GUARANTEED |  |
| MOISTURE (TOTAL) %                          | 8.00                                | 9.00                        | 8.0% MAX.                                 | 30.0% MAX.                                            |  |
| SURFACE MOISTURE %                          | n/a                                 | n/a                         | 5.0% MAX.                                 | 5.0% MAX.                                             |  |
| ASH %                                       | 8.5                                 | 12                          | 10.0% MAX. <sup>2</sup>                   | 7.8% MAX. <sup>2</sup>                                |  |
| SULFUR DIOXIDE (LB/MBTU)                    | 0.77                                | 1.2                         | 1.2 LB/MAX.1                              | 1.2 LB/MAX.1                                          |  |
| BTU/LB                                      | 12,000                              | 11,900                      | 12,300 MIN.                               | 8,200/LB MIN.                                         |  |
| ASH SOFTENING<br>DEGREES FAHRENHEIT H=W (R) | 2400                                | 2300                        | 2,500 MIN.                                | 2,200 MIN.                                            |  |
| VOLATILE %                                  | 33.5                                | 31 4                        | 31.0% MIN.1                               | 31.0% MIN.1                                           |  |
| GRINDABILITY, HARDGROVE                     | 53                                  | 50                          | 42 MIN. <sup>3</sup>                      | 65 MIN. <sup>3</sup>                                  |  |
| SIZE                                        | 2×0                                 | 2×0                         | 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                                |                             |                                           |                                                       |  |

<sup>&</sup>lt;sup>1</sup>Must be met on an individual shipment basis.

<sup>&</sup>lt;sup>5</sup>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 <sub>2</sub> 0 <sub>5</sub>           | 00.65   |                            | Antimony    |              |          |  |
| SiO <sub>2</sub>                        | 53.19   |                            | Arsenic     |              |          |  |
| Fe <sub>2</sub> O <sub>3</sub>          | 06.18   |                            | Beryllium   | See Attached |          |  |
| Al <sub>2</sub> O <sub>3</sub>          | 25.62   |                            | Cadmium     |              |          |  |
| TiO <sub>2</sub>                        | 00.89   |                            | Chromium    |              |          |  |
| CaO                                     | 04.19   |                            | Cobalt      |              |          |  |
| MgO                                     | 01.40   |                            | Fluorine    |              |          |  |
| SO₃                                     | 03.09   |                            | Lead        |              |          |  |
| K₂O                                     | 01,42   |                            | Lithium     |              |          |  |
| Na <sub>2</sub> O                       | 01.03   |                            | Manganese   |              |          |  |
| Undetermined                            | 01.89   |                            | Mercury     |              |          |  |
| Base/Acid Ratio                         | 00.18   |                            | Nickel      |              |          |  |
| Maximum Base/Acid Ratio                 | 00.24   |                            | Selenium    |              |          |  |
| 'NOTE: ADD SHEETŞ IF MORE THAN ONE SEAM |         |                            |             |              |          |  |

<sup>&</sup>lt;sup>2</sup>Adjustable in direct proportion to Btu.

<sup>&</sup>lt;sup>3</sup>Adjustable in inverse proportion to Btu.

<sup>\*</sup>Economic analyses will be based on these values.



### COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 3 OF 3

PROJECTED QUALITY

|                                             | OFFERED COAL                        | SPECIFICATIONS              | REQUIRED COA                              | AL SPECIFICATIONS                       |
|---------------------------------------------|-------------------------------------|-----------------------------|-------------------------------------------|-----------------------------------------|
| DESCRIPTION                                 | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED | BITUMINOUS<br>"AS RECEIVED"<br>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. <sup>2</sup>                   | 7.8% MAX. <sup>2</sup>                  |
| SULFUR DIOXIDE (LB/MBTU)                    |                                     |                             | 1.2 LB/MAX.1                              | 1.2 LB/MAX.1                            |
| 3TU/LB                                      | quality                             | 4                           | 12,300 MIN.                               | 8,200/LB MIN.                           |
| ASH SOFTENING<br>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. <sup>3</sup>                      | 65 MIN. <sup>3</sup>                    |
| 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 %                                    |                                     | ·                           |                                           |                                         |

<sup>&</sup>lt;sup>1</sup>Must be met on an individual shipment basis

<sup>5</sup>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 <sub>2</sub> 0 <sub>5</sub>  |         |           | Antimony                   |         |         |
| SiO₂                           |         |           | Arsenic                    |         |         |
| Fe <sub>2</sub> O <sub>3</sub> |         |           | Beryllium                  |         |         |
| Al <sub>2</sub> O <sub>3</sub> |         |           | Cadmium                    |         |         |
| TiO₂                           |         |           | Chromium                   |         |         |
| CaO                            |         |           | Cobalt                     |         |         |
| MgO                            |         |           | Fluorine                   |         |         |
| SO <sub>3</sub>                |         |           | Lead                       |         |         |
| K <sub>2</sub> O               |         |           | Lithium                    |         |         |
| Na <sub>2</sub> O              |         |           | Manganese                  |         |         |
| Undetermined                   |         |           | Mercury                    |         |         |
| Base/Acid Ratio                |         |           | Nickel                     |         |         |
| Maximum Base/Acid Ratio        |         |           | Selenium                   |         |         |

<sup>&</sup>lt;sup>2</sup>Adjustable in direct proportion to Btu.

<sup>&</sup>lt;sup>3</sup>Adjustable in inverse proportion to Btu.

<sup>&</sup>lt;sup>4</sup>Economic analyses will be based on these values.

### **Peabody COALSALES Company**

COALSALES

Barbara E. Busby Vice President – Sales & Marketing 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

### North Antelope/Rochelle

## Compliance Coal Sales Proposal Progress Fuels Corp.

To:

б

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 |       |
| 1/1/06-12/31/06 | 300,000 tons |       |
| 1/1/07-12/31/07 | 300,000 tons |       |

12.

### 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.).

### SO<sub>2</sub>

### 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   | 80,000,000+ tons         |
| Shipments:     | }                        |

### Coal Quality: (Progress Fuels Current & Projected Quality Sheets attached)

| Parameter (as received) | Monthly Wtd.<br>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   | 160            |
| Rating           |                |
| 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 1<sup>st</sup> through the 15<sup>th</sup> and the 16<sup>th</sup> 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 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<sub>2</sub>/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:

per ton for 2005
per ton for 2006
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. Gefferson /dl.

Director - Coal Sales

Progress Fuels Corporation

Attachment - Coal Producer Solicitation Form



### COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 1 OF 3

| CONTACT: Joseph B. Jefferson                  |                       | TELEBHONE N       | O. (304) 526-0757                     | ,               |                      |
|-----------------------------------------------|-----------------------|-------------------|---------------------------------------|-----------------|----------------------|
|                                               | DISTRICT: Hazard      | COUNTY: Knot      |                                       | STATE: KY       |                      |
| ORIGIN RAILROAD(S)/DISTRICT: EK_X_CV_         |                       | COUNTY, MICH      | R/R TIPPLE DE                         | SIGNATION/NUM   | BER: 42420 Pioneer   |
| Other                                         |                       |                   | Tipple (Yellow C                      | reek)           |                      |
|                                               |                       | <del></del>       |                                       |                 |                      |
|                                               |                       |                   |                                       |                 |                      |
|                                               |                       |                   |                                       |                 |                      |
|                                               | _                     |                   |                                       |                 |                      |
|                                               |                       |                   |                                       |                 |                      |
|                                               |                       |                   |                                       |                 |                      |
|                                               |                       |                   |                                       |                 |                      |
|                                               |                       |                   |                                       |                 |                      |
| SEAMS: Amburgey, #4, #5A, #7, #8 Top          |                       | BLEND RATIOS      | · · · · · · · · · · · · · · · · · · · |                 |                      |
| SEAMS: Amburgey, #4, #0A, #7, #0 10p          |                       | RIEND KATIOS      |                                       |                 |                      |
| TYPE OF COAL WASHER, IF WASHED: Daniels       | Heavy Media           |                   |                                       |                 |                      |
| TIPE OF COAL TRACTIEN, IT TO SEE THE          | Heavy Ivicola         | <del></del>       |                                       |                 |                      |
| TYPE OF LABOR CONTRACT(S):                    | DATE FOR RENEGOTIA    | ATION:            |                                       |                 |                      |
| TYPE OF COAL WEIGHING: Belt Scale             | DATE FOR NENEOUTI     | SCALE CERTIF      | ביבעט                                 | YES X           | _NO                  |
|                                               | TON                   |                   | -IEU:                                 |                 |                      |
| PERIOD  2 Vegrs for the period 2005-2007      |                       | NAGE<br>Dos Month | 200                                   |                 | R TON FOB MINE       |
| 3 Years for the period 2005-2007              |                       | Per Month         |                                       | 05 - 2006 -     |                      |
| IF THIS COAL IS OFFERED BY A COMPANY OR SPOT. | INDIVIDUAL WHICH IS N | IOT THE PRODU     | CER PLEASE INL                        | OICATE SO BY MA | AKING AN "X" IN THIS |
| PRODUCER'S COMMENTS:                          |                       |                   |                                       |                 |                      |
|                                               |                       |                   |                                       |                 |                      |
| CREDIT REFERENCES (Minimum two)               |                       |                   |                                       |                 |                      |
| Upon Request                                  |                       |                   |                                       | <del></del>     |                      |
|                                               |                       | <b>.</b>          |                                       |                 |                      |
| INDUSTRY REFERENCES (Minimum four):           |                       |                   |                                       |                 |                      |
| Upon Request                                  |                       |                   |                                       |                 |                      |
|                                               |                       | Υ                 |                                       |                 |                      |
|                                               |                       | •                 |                                       |                 |                      |
| Groeph                                        |                       |                   |                                       |                 |                      |
| Go seph                                       |                       |                   | -                                     |                 |                      |
| Goseph                                        |                       |                   |                                       |                 |                      |
| Groeph                                        |                       |                   |                                       |                 | <u> </u>             |



### COAL PRODUCERS' SOLICITATION FORM **CRYSTAL RIVER 4 & 5** PAGE 2 OF 3

|                                                |                                     | PHONE NO. 727/824-6670<br>FAX NO. 727/824-6601 |                                           | CURRENT QUALITY                               |
|------------------------------------------------|-------------------------------------|------------------------------------------------|-------------------------------------------|-----------------------------------------------|
|                                                | OFFERED COAL SE                     | PECIFICATIONS                                  | REQUIRED COA                              | L SPECIFICATIONS                              |
| DESCRIPTION                                    | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED                    | BITUMINOUS<br>"AS RECEIVED"<br>GUARANTEED | SUB-BITUMINOUS<br>"AS RECEIVED"<br>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. <sup>2</sup>                   | 7.8% MAX. <sup>2</sup>                        |
| SULFUR DIOXIDE (LB/MBTU)                       | 1,20 lb                             | 1.20 lb                                        | 1.2 LB/MAX. <sup>1</sup>                  | 1.2 LB/MAX. <sup>1</sup>                      |
| BTU/LB                                         | 12,500                              | 12,500 4                                       | 12,300 MIN.                               | 8,200/LB MIN.                                 |
| ASH SOFTENINĞ<br>DEGREES FAHRENHEIT H≃W<br>(R) | 2700                                | 2700 4                                         | 2,500 MIN.                                | 2,200 MIN.                                    |
| VOLATILE %                                     | 35.83%                              | 32.0 % 4                                       | 31.0% MIN. <sup>1</sup>                   | 31.0% MIN. <sup>1</sup>                       |
| GRINDABILITY, HARDGROVE                        | 43                                  | 43 4                                           | 42 MIN. <sup>3</sup>                      | 65 MIN. <sup>3</sup>                          |
| SIZE                                           | 2 X 0                               | 2 X 0                                          | 2" X 0"                                   | 2" X 0"                                       |
| FINES (-1/4" X 0")                             | 40%                                 | 40%                                            | 45% MAX. <sup>5</sup>                     | 30% MAX. <sup>5</sup>                         |
| PYRITIC SULFUR                                 | .10                                 | .20 %                                          | 0.2% MAX. <sup>1</sup>                    | 0.2% MAX. <sup>1</sup>                        |
| FIXED CARBON %                                 | 49.05%                              |                                                |                                           | J                                             |
| HYDROGEN %                                     | 5.09%                               |                                                |                                           |                                               |
| NITROGEN %                                     | 1.51%                               |                                                |                                           |                                               |
| CHLORINE %                                     | .07%                                |                                                |                                           | ********                                      |
| OXYGEN %                                       | 6.52%                               |                                                | ********                                  |                                               |

<sup>&</sup>lt;sup>1</sup>Must be met on an individual shipment basis. <sup>2</sup>Adjustable in direct proportion to Btu. <sup>3</sup>Adjustable in inverse proportion to Btu.

<sup>&</sup>lt;sup>4</sup>Economic analyses will be based on these values. <sup>5</sup>Preferred value, coals not meeting this specification will be considered.

| M                              | INERAL ANALYSIS %W | EIGHT     | TRAC        | CE ELEMENTS PPM IN C | COAL     |
|--------------------------------|--------------------|-----------|-------------|----------------------|----------|
| DESCRIPTION                    | AVERAGE            | STD. DEV. | DESCRIPTION | AVERAGE              | STD DEV. |
| P <sub>2</sub> 0 <sub>5</sub>  | 1.77               | Unknown   | Antimonv    |                      | Unknown  |
| SiO <sub>2</sub>               | 60.93              | u         | Arsenic     | 1.4                  | u        |
| Fe <sub>2</sub> O <sub>3</sub> | 3.51               | si        | Beryllium   | 1.7                  |          |
| Al <sub>2</sub> O <sub>3</sub> | 27.07              | н         | Cadmium     | 0.04                 |          |
| TiO <sub>2</sub>               | 2.37               | и         | Chromium    | 13                   |          |
| CaO                            | 1.14               | ч         | Cobalt      | 6.2                  |          |
| MgO                            | 0.62               | и         | Fluorine    |                      | и        |
| SO <sub>3</sub>                | 0.85               | н         | Lead        | 7                    |          |
| K <sub>2</sub> O               | 1.77               | u         | Lithium     |                      | 4        |
| Na <sub>2</sub> O              | 0.37               | и         | Mandanese   |                      |          |
| Undetermined                   |                    |           | Mercury     | 0.03                 |          |
| Base/Acid Ratio                | 0.0820             | u         | Nickel      |                      |          |



### COAL PRODUCERS' SOLICITATION FORM **CRYSTAL RIVER 4 & 5** PAGE 3 OF 3

| Maximum Base/Acid -<br>Ratio -                                                                  | и                                   | Selenium                    | 2.3                                       | PROJECTED QUALITY                             |  |
|-------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------------|-------------------------------------------|-----------------------------------------------|--|
| "NOTE: ADD SHEETS IF MORE THAN ONE SEAM                                                         |                                     |                             |                                           |                                               |  |
|                                                                                                 | OFFERED COAL                        | SPECIFICATIONS              | REQUIRED CO                               | DAL SPECIFICATIONS                            |  |
| DESCRIPTION                                                                                     | "AS RECEIVED"<br>AVERAGE OR TYPICAL | "AS RECEIVED"<br>GUARANTEED | BITUMINOUS<br>"AS RECEIVED"<br>GUARANTEED | SUB-BITUMINOUS<br>"AS RECEIVED"<br>GUARANTEED |  |
| MOISTURE (TOTAL) %                                                                              | 6.50%                               | 8.00% <sup>4</sup>          | 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. <sup>2</sup>                   | 7.8% MAX. <sup>2</sup>                        |  |
| SULFUR DIOXIDE (LB/MBTU)                                                                        | 1.20 lb                             | 1.20 lb                     | 1.2 LB/MAX. <sup>1</sup>                  | 1.2 LB/MAX. <sup>1</sup>                      |  |
| 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. <sup>1</sup>                   | 31.0% MIN. <sup>1</sup>                       |  |
| GRINDABILITY, HARDGROVE                                                                         | 43                                  | 43 4                        | 42 MIN. <sup>3</sup>                      | 65 MIN. <sup>3</sup>                          |  |
| SIZE                                                                                            | 2 X 0                               | 2 X 0                       | 2" X 0"                                   | 2" X 0"                                       |  |
| FINES (-1/4" X 0")                                                                              | 40%                                 | 40%                         | 45% MAX. <sup>5</sup>                     | 30% MAX. <sup>5</sup>                         |  |
| PYRITIC SULFUR                                                                                  | .10                                 | .20 %                       | 0.2% MAX. <sup>1</sup>                    | 0.2% MAX. <sup>1</sup>                        |  |
| FIXED CARBON %                                                                                  | 49.05%                              |                             |                                           |                                               |  |
| HYDROGEN %                                                                                      | 5.09%                               |                             |                                           |                                               |  |
| NITROGEN %                                                                                      | 1.51%                               |                             |                                           |                                               |  |
| CHLORINE %                                                                                      | .07%                                |                             |                                           |                                               |  |
| OXYGEN %                                                                                        | 6.52%                               |                             |                                           |                                               |  |
| Must be met on an individual shipment basis.  4Economic analyses will be based on these values. |                                     |                             |                                           |                                               |  |

<sup>&</sup>lt;sup>1</sup>Must be met on an individual shipment basis.
<sup>2</sup>Adjustable in direct proportion to Btu.
<sup>3</sup>Adjustable in inverse proportion to Btu.

Economic analyses will be based on these values.
 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 <sub>2</sub> 0 <sub>5</sub>  | 1.77    | Unknown                    | Antimony    |         | Unknown  |
| SiO <sub>2</sub>               | 60.93   | "                          | Arsenic     | 1.4     | и        |
| Fe <sub>2</sub> O <sub>3</sub> | 3.51    | 1                          | Beryllium   | 1.7     | ų        |
| Al <sub>2</sub> O <sub>3</sub> | 27.07   | 4                          | Cadmium     | 0.04    | ц        |
| TiO <sub>2</sub>               | 2.37    | 4                          | Chromium    | 13      | и        |
| CaO                            | 1.14    | u                          | Cobalt      | 6.2     |          |
| MgO                            | 0.62    | "                          | Fluorine    |         |          |
| SO <sub>3</sub>                | 0.85    | tı                         | Lead        | 7       | u        |
| K₂O                            | 1.77    | ч                          | Lithium     |         | "        |
| Na <sub>2</sub> O              | 0.37    | и                          | Manganese   |         |          |
| Undetermined                   | -       | "                          | Mercury     | 0.03    |          |



### COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 1 OF 3

| PRODUCER NAME: Triton Coal Company, LLC                                                                                |                                                                                                       |                                          |  |  |  |  |
|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------------------------|--|--|--|--|
| STREET ADDRESS: 113 S. Gillette Ave., Suite 203; G                                                                     | Gillette, WY 827                                                                                      | 16                                       |  |  |  |  |
| CONTACT: Bob Gabbard                                                                                                   |                                                                                                       | 9-223-8820                               |  |  |  |  |
| MINE(S): Buckskin BOM DISTRICT: WY                                                                                     | COUNTY: Campbell                                                                                      | STATE: WY                                |  |  |  |  |
| ORIGIN RAILROAD(S)/DISTRICT: EK CV Big Sandy Other_ BNSF-                                                              | PRB R/R TIPP                                                                                          | PLE DESIGNATION/NUMBER: Buckskin Mine    |  |  |  |  |
| TYPE OF LOADING FACILITY: UNIT TRAIN: X SING                                                                           | LE CAR:                                                                                               | TRAINLOAD:                               |  |  |  |  |
| MAXIMUM LOADING CAPACITY:                                                                                              | HOURS                                                                                                 | 2 unit trains<br>136 cars TRACK CAPACITY |  |  |  |  |
| WATER DELIVERY CAPABILITY: X YESNO                                                                                     | WATER DELIVERY CAPABILITY: X YES NO IMPORT COAL: LOAD PORT                                            |                                          |  |  |  |  |
| SHIP THROUGH: no preference ock                                                                                        | LC                                                                                                    | DAD RATE::                               |  |  |  |  |
| TOTAL PRODUCTION CAPACITY PER MONTH: 1.6mm TONS                                                                        |                                                                                                       |                                          |  |  |  |  |
| 1 6                                                                                                                    | ONS                                                                                                   |                                          |  |  |  |  |
| TYPE OF MINE:% DEEP                                                                                                    | % STRIP                                                                                               |                                          |  |  |  |  |
| 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 mecha                                                                | nical 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 TONN                                                                                                            | AGE                                                                                                   | BASE PRICE PER TON FOB MINE              |  |  |  |  |
| January 1,2005-December 31,2007 1.0mm tons/ye                                                                          | ar                                                                                                    | * firm for 3 years                       |  |  |  |  |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODU                                              | CER PLEASE INDICATE SO B                                                                              | Y 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 -                                                             |                                                                                                       |                                          |  |  |  |  |
| Wyoming Machinery Company                                                                                              | - 307-472-1000                                                                                        |                                          |  |  |  |  |
|                                                                                                                        |                                                                                                       |                                          |  |  |  |  |
|                                                                                                                        |                                                                                                       |                                          |  |  |  |  |
| INDUSTRY REFERENCES (Minimum four): Oklahoma Gas & Electric                                                            | ; Western Farme:                                                                                      | rs; Dynegy; PP&L                         |  |  |  |  |
| INDUSTRY REFERENCES (Minimum four): Oklahoma Gas & Electric                                                            | ; Western Farme                                                                                       | rs; Dynegy; PP&L                         |  |  |  |  |
| INDUSTRY REFERENCES (Minimum four): Oklahoma Gas & Electric                                                            | ; Western Farme                                                                                       | rs; Dynegy; PP&L                         |  |  |  |  |
| INDUSTRY REFERENCES (Minimum four): Oklahoma Gas & Electric SIGNATURE: July Valvard /dm                                | ; Western Farme:                                                                                      |                                          |  |  |  |  |
| SIGNATURE: John Sabbard Idmi                                                                                           | TITLE: Vice Presion To:                                                                               |                                          |  |  |  |  |
| SIGNATURE: JULIA Jabbara Jam<br>MAIL THIS FORM AND ANY AI<br>MRS. RC<br>PROGRESS FUEL                                  | TITLE: Vice Presion DUTIONAL INFORMATION TO: DBIN OTT S CORPORATION                                   |                                          |  |  |  |  |
| SIGNATURE: JULY Jabbara Janu MAIL THIS FORM AND ANY AI  MRS. RC  PROGRESS FUEL  ONE PROGRESS ST. PETERSBURG            | TITLE: Vice Presion DUTIONAL INFORMATION TO: DBIN OTT S CORPORATION PLAZA, SUITE 600 G, FLORIDA 33701 |                                          |  |  |  |  |
| SIGNATURE: July Javan Jam  MAIL THIS FORM AND ANY AI  MRS. RC  PROGRESS FUEL  ONE PROGRESS ST. PETERSBURG  POST OFFICE | TITLE: Vice Presion To: DITIONAL INFORMATION TO: DBIN OTT S CORPORATION PLAZA, SUITE 600              |                                          |  |  |  |  |

### COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 2 OF 3

### **CURRENT QUALITY**

|                                             | OFFERED COAL                        | SPECIFICATIONS                           | REQUIRED CO.                              | AL SPECIFICATIONS                       |
|---------------------------------------------|-------------------------------------|------------------------------------------|-------------------------------------------|-----------------------------------------|
| DESCRIPTION                                 | *AS RECEIVED*<br>AVERAGE OR TYPICAL | 'AS RECEIVED' GUARANTEED 3 train minimum | BITUMINOUS<br>"AS RECEIVED"<br>GUARANTEED | SUB-BITUMINOUS "AS RECEIVED" GUARANTEED |
| MOISTURE (TOTAL) %                          | 29.95                               | 30.00                                    | 8.0% MAX.                                 | 30.0% MAX.                              |
| SURFACE MOISTURE %                          |                                     |                                          | 5.0% MAX.                                 | 5.0% MAX.                               |
| ASH %                                       | 5.15                                | 5.50                                     | 10.0% MAX. <sup>2</sup>                   | 7.8% MAX. <sup>2</sup>                  |
| SULFUR DIOXIDE (LB/MBTU)                    | 0.83                                | 0.90*                                    | 1.2 LB/MAX.1                              | 1.2 LB/MAX.1                            |
| BTU/LB .                                    | 8,400                               | 8,300 *                                  | 12,300 MIN.                               | 8,200/LB MIN.                           |
| ASH SOFTENING<br>DEGREES FAHRENHEIT H=W (R) | 2,226                               | 2,200                                    | 2,500 MIN.                                | 2,200 MIN.                              |
| VOLATILE %                                  | 30.25                               | 31.00                                    | 31.0% MIN.1                               | 31.0% MIN. <sup>†</sup>                 |
| GRINDABILITY, HARDGROVE                     | 62                                  | 65                                       | 42 MIN. <sup>3</sup>                      | 65 MIN. <sup>3</sup>                    |
| SIZE                                        | 2"x0                                | 2"x0                                     | 2" X 0"                                   | 2" X 0"                                 |
| FINES (-1/4" X 0")                          | 20%                                 | 25%                                      | 45% MAX. <sup>5</sup>                     | 30% MAX.5                               |
| PYRITIC SULFUR                              | 0.04                                | 0.10                                     | 0.2% MAX. <sup>1</sup>                    | 0.2% MAX.1                              |
| FIXED CARBON %                              | 34.65                               | n/a                                      | . manage-glood                            | -                                       |
| HYDROGEN %                                  | 3.24                                | n/a                                      |                                           |                                         |
| NITROGEN %                                  | 0.63                                | n/a                                      |                                           |                                         |
| CHLORINE %                                  | 0.01                                | n/a                                      |                                           | · <u></u>                               |
| OXYGEN %                                    | 11.67                               | n/a                                      | ·                                         |                                         |

<sup>&</sup>lt;sup>2</sup>Adjustable in direct proportion to Btu.

<sup>3</sup>Adjustable in inverse proportion to Btu.

<sup>3</sup>Adjustable in inverse proportion to Btu.

<sup>3</sup>Adjustable in inverse proportion to Btu.

| DESCRIPTION                    | AVERAGE | STD. DEV. | DESCRIPTION | AVERAGE | STD DEV. |
|--------------------------------|---------|-----------|-------------|---------|----------|
| P <sub>2</sub> 0 <sub>5</sub>  | 0.90    | 0.32      | Antimony    | 0.20    | 0.05     |
| SiO <sub>2</sub>               | 31.27   | 2.91      | Arsenic     | 2.00    | 0.40     |
| Fe <sub>2</sub> O <sub>3</sub> | 7.08    | 0.75      | Beryllium   | 0.30    | 0.10     |
| Al <sub>2</sub> O <sub>3</sub> | 13.15   | 0.90      | Cadmium     | 0.05    | 0.02     |
| TiO <sub>2</sub>               | 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 <sub>3</sub>                | 10.98   | 2.27      | Lead        | 2.00    | 1.00     |
| K <sub>2</sub> O               | 0.19    | 0.07      | Lithium     | 3.00    | 1.60     |
| Na <sub>2</sub> O              | 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     |



### COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 1 OF 3

| PRODUCER NAME: Triton Coal Company                                                                                                |                                                          |                                                  |                |                |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------|----------------|----------------|
|                                                                                                                                   | y, LLC                                                   |                                                  |                |                |
| STREET ADDRESS: 113 S. Gillette Ave                                                                                               | e., Suite 203; (                                         | Gillette, WY 82716                               |                |                |
| CONTACT: Bob Gabbard                                                                                                              |                                                          | TELEPHONE NO. 859-223-                           | 8820           |                |
| MINE(S): North Rochelle BOMDIS                                                                                                    | TRICT: WY                                                | COUNTY: Campbell                                 | STATE: WY      |                |
| ·                                                                                                                                 |                                                          |                                                  |                |                |
| 1                                                                                                                                 |                                                          |                                                  |                | 111.00         |
|                                                                                                                                   |                                                          |                                                  |                |                |
|                                                                                                                                   |                                                          |                                                  |                |                |
| \                                                                                                                                 |                                                          |                                                  | -              |                |
| ę <u>no</u>                                                                                                                       |                                                          |                                                  |                |                |
| 1                                                                                                                                 |                                                          |                                                  |                |                |
| F                                                                                                                                 |                                                          |                                                  |                |                |
| 1                                                                                                                                 |                                                          |                                                  |                |                |
| §                                                                                                                                 |                                                          |                                                  |                |                |
| С                                                                                                                                 |                                                          | •                                                |                |                |
| T                                                                                                                                 |                                                          |                                                  |                |                |
| T                                                                                                                                 | -                                                        | _                                                |                |                |
| T                                                                                                                                 |                                                          | 11                                               |                |                |
| TYPE OF COAL WEIGHING: Batch & weigh-in-                                                                                          | -motion                                                  | SCALE CERTIFIED? X YES                           | NO             |                |
|                                                                                                                                   |                                                          |                                                  |                |                |
| PERIOD                                                                                                                            | TON                                                      | AGE                                              | BASE PRICE PER | R TON FOB MINE |
| PERIOD  January 1, 2005-December 31, 200                                                                                          |                                                          |                                                  | BASE PRICE PER |                |
|                                                                                                                                   |                                                          |                                                  |                |                |
|                                                                                                                                   |                                                          |                                                  |                |                |
|                                                                                                                                   |                                                          |                                                  |                |                |
| January 1, 2005-December 31, 200                                                                                                  | 07 1.0mm tons/y                                          |                                                  |                |                |
| January 1, 2005-December 31, 200  CREDIT REFERENCES (Minimum two): Fairmon                                                        | 07 1.0mm tons/y                                          | rear                                             |                |                |
| January 1, 2005-December 31, 200  CREDIT REFERENCES (Minimum two): Fairmon                                                        | 07 1.0mm tons/y                                          | rear  ny - 307-686-2400                          |                |                |
| January 1, 2005-December 31, 200  CREDIT REFERENCES (Minimum two): Fairmon                                                        | 07 1.0mm tons/y                                          | rear<br>ny - 307-686-2400<br>pany - 307-472-1000 | firm for 3     |                |
| January 1, 2005-December 31, 200  CREDIT REFERENCES (Minimum two): Fairmon Wyoming                                                | 07 1.0mm tons/y                                          | rear<br>ny - 307-686-2400<br>pany - 307-472-1000 | firm for 3     |                |
| January 1, 2005-December 31, 200  CREDIT REFERENCES (Minimum two): Fairmor  Wyoming  INDUSTRY REFERENCES (Minimum four): Oklahoma | nt Supply Compar<br>g Machinery Compar<br>Gas & Electric | rear<br>ny - 307-686-2400<br>pany - 307-472-1000 | firm for 3     |                |
| January 1, 2005-December 31, 200  CREDIT REFERENCES (Minimum two): Fairmon Wyoming                                                | nt Supply Compar<br>g Machinery Compar<br>Gas & Electric | rear<br>ny - 307-686-2400<br>pany - 307-472-1000 | firm for 3     |                |



### COAL PRODUCERS' SOLICITATION FORM CRYSTAL RIVER 4 & 5 PAGE 1 OF 3

| PRODUCER NAME: Triton Coal Company, LLC                                                   |                                                                                                         | ,                | ,                   |                |
|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------|---------------------|----------------|
| STREET ADDRESS: 113 S. Gillette Ave., Suite 203;                                          | Gillette, W                                                                                             | Y 82716          |                     |                |
| CONTACT: Bob Gabbard                                                                      | TELEPHONE NO.                                                                                           | 859-223-         | 8820                |                |
| MINE(S): North Rochelle BOM DISTRICT: WY                                                  | COUNTY: Camp                                                                                            | bell             | STATE: WY           |                |
| ORIGIN RAILROAD(S)/DISTRICT: EK CV Big Sandy Other PRB_UF                                 | P/BNSF                                                                                                  | R/R TIPPLE DESIG | SNATION/NUMBER:     | North Rochelle |
| TYPE OF LOADING FACILITY: UNIT TRAIN: X SIN                                               | GLE CAR:                                                                                                |                  | TRAINL              | OAD:           |
| MAXIMUM LOADING CAPACITY: 18,000 TONS 4                                                   | HOURS 4                                                                                                 | unit trai        | ns @ 150 <u>car</u> | TRACK CAPACITY |
| WATER DELIVERY CAPABILITY: X YESNO IMPORT COAL: LOAD PORT                                 |                                                                                                         |                  |                     |                |
| SHIP THROUGH: NO preference OCK                                                           |                                                                                                         | LOAD RATE        | <b></b>             |                |
| TOTAL PRODUCTION CAPACITY PER MONTH: 2mm TONS                                             |                                                                                                         |                  |                     |                |
| PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 2mm                                 | TONS                                                                                                    |                  |                     |                |
| TYPE OF MINE:% DEEP                                                                       |                                                                                                         |                  |                     | % 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 med                                     | chanical sam                                                                                            | pler             |                     |                |
| TYPE OF LABOR CONTRACT(S): NOTICE DATE FOR RENEGOTIATION                                  | n/a                                                                                                     |                  |                     |                |
| TYPE OF COAL WEIGHING: Batch & weigh-in-motion                                            | SCALE CERTIFIE                                                                                          | D? X YES         | NO                  |                |
| PERIOD TO                                                                                 | NNAGE                                                                                                   |                  | BASE PRICE PE       | R TON FOB MINE |
| January 1-December 31, 2005 1.0 mm                                                        |                                                                                                         |                  | *                   |                |
| IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PROD                  | OUCER PLEASE INDIC                                                                                      | ATE SO BY MAKING | AN "X" IN THIS SPO  | т.             |
| PRODUCER'S COMMENTS: *Price is based on 8,                                                | 800 Btu and                                                                                             | 0.80# SQ2        | guarantees          |                |
|                                                                                           |                                                                                                         | ;                |                     | •              |
| CREDIT REFERENCES (Minimum two): Fairmont Supply Compa                                    | any - 307-68                                                                                            | 36-2400          |                     |                |
| Wyoming Machinery Con                                                                     | npany - 307-                                                                                            | 472-1000         |                     |                |
|                                                                                           |                                                                                                         |                  |                     |                |
| NDUSTRY REFERENCES (Minimum four): Oklahoma Gas & Electric; Western Farmers; Dynegy; PP&L |                                                                                                         |                  |                     |                |
|                                                                                           |                                                                                                         |                  |                     |                |
|                                                                                           |                                                                                                         |                  |                     |                |
| SIGNATURE: ) alun Vabland/du                                                              | TITLE: Vice                                                                                             | President        |                     | DATE: 5/11/04  |
| PROGRESS FU<br>ONE PROGRES                                                                | ADDITIONAL INFORMAT<br>ROBIN OTT<br>JELS CORPORATION<br>SS PLAZA, SUITE 600<br>IRG, FLORIDA 33701<br>OR | TION TO:         |                     |                |

POST OFFICE BOX 15208 ST. PETERSBURG, FLORIDA 33733 PHONE NO. 727/824-6670 FAX NO. 727/824-6601



### COAL PRODUCERS' SOLICITATION FORM **CRYSTAL RIVER 4 & 5** PAGE 2 OF 3

### **CURRENT QUALITY**

|                                             | OFFERED COAL                        | SPECIFICATIONS                           | REQUIRED COA                              | AL SPECIFICATIONS                             |
|---------------------------------------------|-------------------------------------|------------------------------------------|-------------------------------------------|-----------------------------------------------|
| DESCRIPTION                                 | "AS RECEIVED"<br>AVERAGE OR TYPICAL | 'AS RECEIVED' GUARANTEED 3 train minimum | BITUMINOUS<br>"AS RECEIVED"<br>GUARANTEED | SUB-BITUMINOUS<br>"AS RECEIVED"<br>GUARANTEED |
| MOISTURE (TOTAL) %                          | 27.57                               | 28.50                                    | 8.0% MAX.                                 | 30.0% MAX.                                    |
| SURFACE MOISTURE %                          |                                     |                                          | 5.0% MAX.                                 | 5.0% MAX.                                     |
| ASH %                                       | 4.62                                | 5.20                                     | 10.0% MAX. <sup>2</sup>                   | 7.8% MAX. <sup>2</sup>                        |
| SULFUR DIOXIDE (LB/MBTU)                    | 0.55                                | 0.65*                                    | 1.2 LB/MAX.1                              | 1.2 LB/MAX.1                                  |
| BTU/LB :                                    | 8,768                               | 8,650*                                   | 12,300 MIN.                               | 8,200/LB MIN.                                 |
| ASH SOFTENING<br>DEGREES FAHRENHEIT H=W (R) | 2,165                               | 2,100                                    | 2,500 MIN.                                | 2,200 MIN.                                    |
| VOLATILE %                                  | 32.90                               | 31.50                                    | 31.0% MIN. <sup>1</sup>                   | 31.0% MIN.1                                   |
| GRINDABILITY, HARDGROVE                     | 64                                  | 63 4                                     | 42 MIN. <sup>3</sup>                      | 65 MIN. <sup>3</sup>                          |
| 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                                      |                                           |                                               |

¹Must be met on an individual shipment basis. \*Price adjustment based ⁴Economic analyses will be based on these values.
²Adjustable in direct proportion to Btu.
On 8,800 Btu & 0.80# SO2 
§Preferred value, coals not meeting this specification <sup>2</sup>Adjustable in direct proportion to Btu. <sup>3</sup>Adjustable in inverse proportion to Btu.

<sup>&</sup>lt;sup>5</sup>Preferred value, coals not meeting this specification will be considered.

|                                        | MINERAL ANALYSIS %WEIGHT |           |               | TRACE ELEMENTS PPM IN CO. | AL       |
|----------------------------------------|--------------------------|-----------|---------------|---------------------------|----------|
| DESCRIPTION                            | AVERAGE                  | STD. DEV. | - DESCRIPTION | AVERAGE                   | STD DEV. |
| P <sub>2</sub> 0 <sub>5</sub>          | 1.00                     | 0.24      | Antimony      | 0.19                      | 0.11     |
| SiO <sub>2</sub>                       | 32.42                    | 2.43      | Arsenic       | 0.60                      | 0.20     |
| Fe <sub>2</sub> O <sub>3</sub>         | 5,78                     | 0.49      | Beryllium     | 0.10                      | 0.10     |
| Al <sub>2</sub> O <sub>3</sub>         | 15.34                    | 0.97      | Cadmium       | 0.05                      | 0.01     |
| TiO <sub>2</sub>                       | 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 <sub>3</sub>                        | 8.26                     | 1.15      | Lead          | 1.00                      | 0.00     |
| <b>K</b> ₂0                            | 0.32                     | 0.09      | Lithium       | 2.6                       | 0.49     |
| Na <sub>2</sub> O                      | 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, Ll      | _C                 |               |
|----------------------------------|--------------|--------------|------------------|--------------------|---------------|
| MINE:                            | ·            | North Roch   | elle             | <del>*******</del> |               |
|                                  |              | STANDARD     | NUMBER OF        | OCCUR              | RENCE         |
|                                  | MEAN         | DEVIATION    | ANALYSIS         | 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                  |              |              |                  |                    | <u> </u>      |
| (% Weight Of Ash)                | 20.40        | 0.40         | 050.00           | 40.74              | 07.00         |
| 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<br>29.33      | 0.17<br>17.14 |
| Lime Ovide                       | 25.05        | 1.93         | 252.00<br>252.00 | 7.00               | 3.68          |
| Magnesium Oxide                  | 5.59         | 0.44<br>0.16 | 252.00           | 1.81               | 0.75          |
| Titania  Phospharus Reptovida    | 1.39<br>1.00 | 0.16         | 37.00            | 1.55               | 0.75          |
| Phosphorus Pentoxide             | 8.26         | 1.15         | 252.00           | 13.00              | 5.59          |
| Sulfur Trioxide                  |              |              |                  | 7.18               |               |
| Ferric Oxide                     | 5.78<br>2.99 | 0.49<br>0.77 | 252.00<br>252.00 | 4.45               | 4.33<br>0.33  |
| Undetermined                     | 2.991        | 0.77         | 202.00           | 4.43               | 0.33          |
| WATER SOLUBLE ALKALI             | 0.45         | 0.00         | 150.00           | 0.20               | 0.40          |
| 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, LL                                                                                                                                           | _C                                                                                                                                                     |                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| MINE:                                                                                                                                                                                                                           |                                                                                                                                                     | North Roche                                                                                                                                            | elle                                                                                                                                                  |                                                                                                                                                        |                                                                                                                                          |
|                                                                                                                                                                                                                                 |                                                                                                                                                     | STANDARD                                                                                                                                               | NUMBER OF                                                                                                                                             | OCCUR                                                                                                                                                  | RENCE                                                                                                                                    |
|                                                                                                                                                                                                                                 | MEAN                                                                                                                                                | DEVIATION                                                                                                                                              | ANALYSIS                                                                                                                                              | Maximum                                                                                                                                                | Minimum                                                                                                                                  |
| MISCELLANEOUS                                                                                                                                                                                                                   |                                                                                                                                                     |                                                                                                                                                        |                                                                                                                                                       |                                                                                                                                                        |                                                                                                                                          |
| Hardgrove Grindability Index                                                                                                                                                                                                    | 64.2                                                                                                                                                | 9.23                                                                                                                                                   | 33                                                                                                                                                    | 84                                                                                                                                                     | 4:                                                                                                                                       |
| Equilibrium Moisture                                                                                                                                                                                                            | 26.21                                                                                                                                               | 0.65                                                                                                                                                   | 40                                                                                                                                                    | 27.71                                                                                                                                                  | 24.9                                                                                                                                     |
| Slag Viscosity                                                                                                                                                                                                                  | NA                                                                                                                                                  | NA                                                                                                                                                     | NA                                                                                                                                                    | NA                                                                                                                                                     | N.                                                                                                                                       |
| Apparent Specific Gravity                                                                                                                                                                                                       | NA                                                                                                                                                  | NA                                                                                                                                                     | NA                                                                                                                                                    | NA                                                                                                                                                     | N.                                                                                                                                       |
| 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                                                                                                                                                  | 2,17                                                                                                                                     |
| Oxidizing Atm: Fluid                                                                                                                                                                                                            | 2,231                                                                                                                                               | 64                                                                                                                                                     | 68                                                                                                                                                    | 2,380                                                                                                                                                  | 2,200                                                                                                                                    |
|                                                                                                                                                                                                                                 |                                                                                                                                                     |                                                                                                                                                        |                                                                                                                                                       |                                                                                                                                                        |                                                                                                                                          |
| TRACE ELEMENTS (PPM in Coal) (*Indicates special interest)                                                                                                                                                                      |                                                                                                                                                     |                                                                                                                                                        |                                                                                                                                                       |                                                                                                                                                        |                                                                                                                                          |
| (*Indicates special interest)                                                                                                                                                                                                   | 0.19                                                                                                                                                | 0.11                                                                                                                                                   | 17.00                                                                                                                                                 | 0.39                                                                                                                                                   | 0.0                                                                                                                                      |
| (*Indicates special interest) Antimony                                                                                                                                                                                          | 0.19<br>0.60                                                                                                                                        | 0.11                                                                                                                                                   | 17.00<br>17.00                                                                                                                                        | 0.39                                                                                                                                                   |                                                                                                                                          |
| (*Indicates special interest)  Antimony  Arsenic*                                                                                                                                                                               | 0.60                                                                                                                                                | 0.20                                                                                                                                                   | 17.00                                                                                                                                                 | 0.90                                                                                                                                                   | 0.3                                                                                                                                      |
| (*Indicates special interest)  Antimony  Arsenic*  Barium                                                                                                                                                                       | 0.60<br>314.00                                                                                                                                      | 0.20<br>43.00                                                                                                                                          | 17.00<br>17.00                                                                                                                                        | 0.90<br>381.00                                                                                                                                         | 0.3<br>239.0                                                                                                                             |
| (*Indicates special interest)  Antimony  Arsenic*                                                                                                                                                                               | 0.60<br>314.00<br>0.10                                                                                                                              | 0.20<br>43.00<br>- 0.10                                                                                                                                | 17.00<br>17.00<br>17.00                                                                                                                               | 0.90<br>381.00<br>0.30                                                                                                                                 | 0.3<br>239.0<br>0.1                                                                                                                      |
| (*Indicates special interest)  Antimony  Arsenic*  Barium  Beryllium*                                                                                                                                                           | 0.60<br>314.00<br>0.10<br>25.00                                                                                                                     | 0.20<br>43.00                                                                                                                                          | 17.00<br>17.00                                                                                                                                        | 0.90<br>381.00<br>0.30<br>30.00                                                                                                                        | 0.3<br>239.0<br>0.1<br>21.0                                                                                                              |
| (*Indicates special interest)  Antimony  Arsenic*  Barium  Beryllium*  Boron                                                                                                                                                    | 0.60<br>314.00<br>0.10<br>25.00<br>25.70                                                                                                            | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70                                                                                                                | 17.00<br>17.00<br>17.00<br>17.00<br>17.00                                                                                                             | 0.90<br>381.00<br>0.30                                                                                                                                 | 0.3<br>239.0<br>0.1<br>21.0<br>9.7                                                                                                       |
| (*Indicates special interest)  Antimony  Arsenic*  Barium  Beryllium*  Boron  Bromine                                                                                                                                           | 0.60<br>314.00<br>0.10<br>25.00                                                                                                                     | 0.20<br>43.00<br>- 0.10<br>3.00                                                                                                                        | 17.00<br>17.00<br>17.00<br>17.00                                                                                                                      | 0.90<br>381.00<br>0.30<br>30.00<br>37.40                                                                                                               | 0.3<br>239.0<br>0.1<br>21.0<br>9.7<br>0.0                                                                                                |
| (*Indicates special interest)  Antimony Arsenic* Barium Beryllium* Boron Bromine Cadmium*                                                                                                                                       | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05                                                                                                    | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01                                                                                                        | 17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00                                                                                                    | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00                                                                                             | 0.3<br>239.0<br>0.1<br>21.0<br>9.7<br>0.0<br>121.0                                                                                       |
| (*Indicates special interest)  Antimony  Arsenic*  Barium  Beryllium*  Boron  Bromine  Cadmium*  Chlorine  Chromium*                                                                                                            | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05<br>166.00<br>2.00                                                                                  | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01<br>33.00<br>1.00                                                                                       | 17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00                                                                                           | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00<br>3.00                                                                                     | 0.3<br>239.0<br>0.1<br>21.0<br>9.7<br>0.0<br>121.0<br>2.0                                                                                |
| (*Indicates special interest)  Antimony  Arsenic*  Barium  Beryllium*  Boron  Bromine  Cadmium*  Chlorine                                                                                                                       | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05<br>166.00<br>2.00<br>1.70                                                                          | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01<br>33.00<br>1.00<br>0.30                                                                               | 17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00                                                                                  | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00<br>3.00<br>2.50                                                                             | 0.3<br>239.0<br>0.1<br>21.0<br>9.7<br>0.0<br>121.0<br>2.0                                                                                |
| (*Indicates special interest)  Antimony  Arsenic*  Barium  Beryllium*  Boron  Bromine  Cadmium*  Chlorine  Chromium*  Cobalt                                                                                                    | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05<br>166.00<br>2.00                                                                                  | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01<br>33.00<br>1.00                                                                                       | 17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00                                                                                           | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00<br>3.00<br>2.50<br>10.00                                                                    | 0.3<br>239.0<br>0.1<br>21.0<br>9.7<br>0.0<br>121.0<br>2.0<br>1.2                                                                         |
| (*Indicates special interest)  Antimony  Arsenic*  Barium  Beryllium*  Boron  Bromine  Cadmium*  Chlorine  Chromium*  Cobalt  Copper                                                                                            | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05<br>166.00<br>2.00<br>1.70<br>9.00                                                                  | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01<br>33.00<br>1.00<br>0.30                                                                               | 17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00                                                                | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00<br>3.00<br>2.50<br>10.00                                                                    | 0.3<br>239.0<br>0.1<br>21.0<br>9.7<br>0.0<br>121.0<br>2.0<br>1.2<br>8.0<br>67.6                                                          |
| (*Indicates special interest)  Antimony Arsenic* Barium Beryllium* Boron Bromine Cadmium* Chlorine Chromium* Cobalt Copper Fluorine*                                                                                            | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05<br>166.00<br>2.00<br>1.70<br>9.00<br>83.70                                                         | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01<br>33.00<br>1.00<br>0.30<br>1.00<br>12.20                                                              | 17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00                                                                | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00<br>3.00<br>2.50<br>10.00                                                                    | 0.3<br>239.0<br>0.1<br>21.0<br>9.7<br>0.0<br>121.0<br>2.0<br>1.2<br>8.0<br>67.6                                                          |
| (*Indicates special interest)  Antimony Arsenic* Barium Beryllium* Boron Bromine Cadmium* Chlorine Chromium* Cobalt Copper Fluorine* Lead*                                                                                      | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05<br>166.00<br>2.00<br>1.70<br>9.00<br>83.70                                                         | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01<br>33.00<br>1.00<br>0.30<br>1.00<br>12.20<br>0.00                                                      | 17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00                                                       | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00<br>3.00<br>2.50<br>10.00<br>107.40                                                          | 0.3<br>239.0<br>0.1<br>21.0<br>9.7<br>0.0<br>121.0<br>2.0<br>1.2<br>8.0<br>67.6<br>1.0                                                   |
| (*Indicates special interest)  Antimony Arsenic* Barium Beryllium* Boron Bromine Cadmium* Chlorine Chromium* Cobalt Copper Fluorine* Lead* Manganese                                                                            | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05<br>166.00<br>2.00<br>1.70<br>9.00<br>83.70<br>1.00                                                 | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01<br>33.00<br>1.00<br>0.30<br>1.00<br>12.20<br>0.00<br>2.00                                              | 17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00                                              | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00<br>3.00<br>2.50<br>10.00<br>107.40<br>1.00                                                  | 0.3 239.0 0.1 21.0 9.7 0.0 121.0 2.0 1.2 8.0 67.6 1.0 3.0 0.0                                                                            |
| (*Indicates special interest)  Antimony  Arsenic*  Barium  Beryllium*  Boron  Bromine  Cadmium*  Chlorine  Chromium*  Cobalt  Copper  Fluorine*  Lead*  Manganese  Mercury*                                                     | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05<br>166.00<br>2.00<br>1.70<br>9.00<br>83.70<br>1.00<br>8.00<br>0.06                                 | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01<br>33.00<br>1.00<br>0.30<br>1.00<br>12.20<br>0.00<br>2.00<br>0.02                                      | 17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00                                              | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00<br>3.00<br>2.50<br>10.00<br>107.40<br>1.00<br>10.00<br>0.08                                 | 0.3 239.0 0.1 21.0 9.7 0.0 121.0 2.0 1.2 8.0 67.6 1.0 3.0 0.0 2.0                                                                        |
| (*Indicates special interest)  Antimony  Arsenic*  Barium  Beryllium*  Boron  Bromine  Cadmium*  Chlorine  Chromium*  Cobalt  Copper  Fluorine*  Lead*  Manganese  Mercury*  Nickel                                             | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05<br>166.00<br>2.00<br>1.70<br>9.00<br>83.70<br>1.00<br>8.00<br>0.06                                 | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01<br>33.00<br>1.00<br>0.30<br>1.00<br>12.20<br>0.00<br>2.00<br>0.02<br>1.00                              | 17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00                                     | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00<br>3.00<br>2.50<br>10.00<br>107.40<br>1.00<br>10.00<br>0.08<br>4.00                         | 0.3 239.0 0.1 21.0 9.7 0.0 121.0 2.0 1.2 8.0 67.6 1.0 3.0 0.0 2.0 N                                                                      |
| (*Indicates special interest)  Antimony Arsenic* Barium Beryllium* Boron Bromine Cadmium* Chlorine Chromium* Cobalt Copper Fluorine* Lead* Manganese Mercury* Nickel Phosphorus                                                 | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05<br>166.00<br>2.00<br>1.70<br>9.00<br>83.70<br>1.00<br>8.00<br>0.06<br>3.00<br>NA                   | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01<br>33.00<br>1.00<br>0.30<br>1.00<br>12.20<br>0.00<br>2.00<br>0.02<br>1.00<br>NA                        | 17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00                                     | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00<br>3.00<br>2.50<br>10.00<br>107.40<br>1.00<br>0.08<br>4.00<br>NA                            | 0.3 239.0 0.1 21.0 9.7 0.0 121.0 2.0 1.2 8.0 67.6 1.0 3.0 0.0 2.0 N 0.3                                                                  |
| (*Indicates special interest)  Antimony Arsenic* Barium Beryllium* Boron Bromine Cadmium* Chlorine Chromium* Cobalt Copper Fluorine* Lead* Manganese Mercury* Nickel Phosphorus Selenium*                                       | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05<br>166.00<br>2.00<br>1.70<br>9.00<br>83.70<br>1.00<br>8.00<br>0.06<br>3.00<br>NA                   | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01<br>33.00<br>1.00<br>0.30<br>1.00<br>12.20<br>0.00<br>2.00<br>0.02<br>1.00<br>NA<br>0.10                | 17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00<br>17.00                   | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00<br>3.00<br>2.50<br>10.00<br>107.40<br>1.00<br>10.00<br>0.08<br>4.00<br>NA<br>0.70           | 0.3 239.0 0.1 21.0 9.7 0.0 121.0 2.0 1.2 8.0 67.6 1.0 3.0 0.0 2.0 N 0.3 120.0                                                            |
| (*Indicates special interest)  Antimony Arsenic* Barium Beryllium* Boron Bromine Cadmium* Chlorine Chromium* Cobalt Copper Fluorine* Lead* Manganese Mercury* Nickel Phosphorus Selenium* Strontium                             | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05<br>166.00<br>2.00<br>1.70<br>9.00<br>83.70<br>1.00<br>8.00<br>0.06<br>3.00<br>NA<br>0.50           | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01<br>33.00<br>1.00<br>0.30<br>1.00<br>12.20<br>0.00<br>2.00<br>0.02<br>1.00<br>NA<br>0.10<br>14.00       | 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00<br>3.00<br>2.50<br>10.00<br>107.40<br>1.00<br>10.00<br>0.08<br>4.00<br>NA<br>0.70<br>171.00 | 0.0<br>0.3<br>239.0<br>0.1<br>21.0<br>9.7<br>0.0<br>121.0<br>2.0<br>1.2<br>8.0<br>67.6<br>1.0<br>3.0<br>0.0<br>2.0<br>N.<br>0.3<br>120.0 |
| (*Indicates special interest)  Antimony  Arsenic*  Barium  Beryllium*  Boron  Bromine  Cadmium*  Chlorine  Chromium*  Cobalt  Copper  Fluorine*  Lead*  Manganese  Mercury*  Nickel  Phosphorus  Selenium*  Strontium  Titanium | 0.60<br>314.00<br>0.10<br>25.00<br>25.70<br>0.05<br>166.00<br>2.00<br>1.70<br>9.00<br>83.70<br>1.00<br>8.00<br>0.06<br>3.00<br>NA<br>0.50<br>150.00 | 0.20<br>43.00<br>- 0.10<br>3.00<br>7.70<br>0.01<br>33.00<br>1.00<br>0.30<br>1.00<br>12.20<br>0.00<br>2.00<br>0.02<br>1.00<br>NA<br>0.10<br>14.00<br>NA | 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 17.00 NA                                  | 0.90<br>381.00<br>0.30<br>30.00<br>37.40<br>0.08<br>244.00<br>3.00<br>2.50<br>10.00<br>107.40<br>1.00<br>0.08<br>4.00<br>NA<br>0.70                    | 0.3 239.0 0.1 21.0 9.7 0.0 121.0 2.0 1.2 8.0 67.6 1.0 3.0 0.0 2.0 N. 0.3 120.0                                                           |

## **COAL QUALITY**

| COMPANY:                                           |       | Triton Coal | Company, Ll | .C      |         |
|----------------------------------------------------|-------|-------------|-------------|---------|---------|
| MINE:                                              |       | Buckskin    |             |         |         |
|                                                    |       | STANDARD    | NUMBER OF   | OCCUR   | RENCE   |
|                                                    | MEAN  | DEVIATION   | ANALYSIS    | Maximum | 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.     |
| 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   | 8,10    |
| ULTIMATE ANALYSIS (% By Weight, As-Received Basis) |       |             |             |         |         |
| Moisture                                           | 29.90 | 1.15        |             | 32.00   | 27.     |
| Carbon                                             | 48.90 | 0.67        |             | 50.30   | 47.     |
| Hydrogen                                           | 3.10  | 0.07        |             | 3.40    | 2.      |
| Nitrogen                                           | 0.60  | 0.10        |             | 0.70    | 0.4     |
| Chlorine                                           | 0.01  | 0.01        |             | 0.03    | 0.0     |
| Sulfur                                             | 0.40  | 0.09        |             | 0.50    | 0.:     |
| 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    | 0.0     |
| Organic                                            | 0.30  | 0.10        |             | 0.50    | 0.      |
| Pyritic                                            | 0.04  | 0.05        |             | 0.10    | 0.      |
| MINERALS OF ASH (% Weight Of Ash)                  |       |             |             |         |         |
| Silica                                             | 30.50 | 5.10        |             | 40.80   | 21.     |
| 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.      |
| 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  | 2           |             | 3.20    |         |
| WATER SOLUBLE ALKALI                               | 31.0  |             |             |         |         |
| Sodium Oxide                                       | 0.13  | 0.02        |             | 0.18    | 0.      |
| Potassium Oxide                                    | n/a   | n/a         |             | n/a     | o.      |
| 1 Stassion Caide                                   | 11/4  | 11/0        |             | 11/4    |         |

## COAL QUALITY - (Continued)

| COMPANY:                           |        | Triton Coal | Company, LL | .C      |            |
|------------------------------------|--------|-------------|-------------|---------|------------|
| MINE:_                             |        | Buckskin    |             |         |            |
|                                    |        | STANDARD    | NUMBER OF   | OCCUR   | RENCE      |
|                                    | MEAN   | DEVIATION   | ANALYSIS    | Maximum | Minimum    |
| MISCELLANEOUS                      |        |             |             |         |            |
| Hardgrove Grindability Index       | 55     | 6           |             | 62      | 50         |
| Equilibrium Moisture               | 29.05  | 0.85        |             | 31.00   | 27.20      |
| Slag Viscosity                     | n/a    | n/a         |             | n/a     | n/a        |
| Apparent Specific Gravity          | 1.27   | 0.25        |             | 1.31    | 1.10       |
| 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    | 0.18       |
| Arsenic*                           | 2.00   | 0.40        |             | 2.60    | 1.00       |
| Barium                             | 380.00 | 50.00       |             | 480.00  | 300.00     |
| Beryllium*                         | 0.30   | . 0.10      |             | 0.50    | 0.10       |
| Boron                              | 50.00  | 4.00        |             | 60.00   | 40.00      |
| Bromine                            | 20.00  | 2.00        |             | 25.00   | 15.00      |
| Cadmium*                           | 0.05   | 0.02        |             | 0.07    | 0.02       |
| Chlorine                           | 240.00 | 105.00      |             | 400.00  | 120.00     |
| Chromium*                          | 4.00   | 2.00        |             | 8.00    | 2.00       |
| Cobalt                             | 1.50   | 1.00        |             | 5.10    | 0.80       |
| Copper                             | 9.00   | 2.00        |             | 14.00   | 4.00       |
| Fluorine*                          | 27.60  | 5.00        |             | 34.90   | 17.00      |
| Lead*                              | 2.00   | 1.00        |             | 4.00    | 1.00       |
| Manganese                          | 21.00  | 8.00        |             | 45.00   | 12.00      |
| Mercury*                           | 0.09   | 0.02        |             | 0.12    | 0.02       |
| Nickel                             | 5.00   | 2.00        |             | 10.00   | 2.00       |
| Phosphorus                         | n/a    | n/a         |             | n/a     | n/a        |
| Selenium*                          | 1.20   | 0.40        |             | 2.00    | 0.40       |
| Strontium                          | 270.00 | 40.00       |             | 380.00  | 200.00     |
| Titanium                           | n/a    | n/a         |             | n/a     | <u>n/a</u> |
| Uranium                            | 0.50   | 0.01        |             | 1.00    | 0.30       |
| Vanadium                           | 12.00  | 4.00        |             | 20.00   | 7.00       |
| Zinc                               | 11.00  | 3.00        |             | 20.00   | 3.00       |

## CONFIDENTIAL

### 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"
American General Oil Corp.
P.O. Box 510
Mobile, Ala. 36601
Attn: Normand McAllister, Jr.
Phone: 251-626-5861

Fax: 251-626-6868

Buyer agrees to purchase from Seller approximately 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 barrel including freight. Florida taxes of Seven cents(\$.07) per barrel taxes will be added to each invoice. Total sun roof the purchase is estimated to be approximately

Payment terms to be net days from date of delivery, provided invoices and documentation are promptly faxed to the number below.

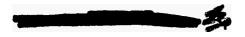
Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery is expected to begin after September 10, 2004 and will continue Monday through Friday 7:00 AM-9:00 PM until completed.

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                      |
|------------------|----------------------------------------------|
| Colonial Oil Co. | Progress Energy Florida                      |
| Sign:            | Sign:                                        |
| Title:           | Title: <u>Director Gas &amp; Oil Trading</u> |
| Date:            | Date: <u>September 10, 2004</u>              |



Z

|                                                                                                                                                                   | JI 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" American General Oil Corp. P.O. Box 510 Mobile, Ala. 36601 Attn: Normand McAllister, Jr. Phone: 251-626-5861 Fax: 251-626-6868                                                                                                                                                                                                                                                   |
| 2.5 % sulfur # 6 fuel oil for delivery to 2.5 % sulfur fuel oil will be Florida taxes of Seven cents (\$.07) pe the purchase is estimated to be approximated.     | Buyer's Suwannee River Plant. The delivered price for the per barrel including freight er barrel taxes will be added to each invoice. Total sum of approximately                                                                                                                                                                                                                          |
| Payment terms to be adocumentation are promptly faxed to                                                                                                          | days from date of delivery, provided invoices and othe number below                                                                                                                                                                                                                                                                                                                       |
| ,                                                                                                                                                                 | nated, properly licensed and insured petroleum transport<br>regin after September 13, 2004 and will continue Monday<br>completed.                                                                                                                                                                                                                                                         |
|                                                                                                                                                                   | pon truck loading at Seller's terminals. Seller will provide o delivery and with each delivery ticket.                                                                                                                                                                                                                                                                                    |
| explosion, shall pass from Seller to<br>connection point between Seller's tr<br>the Delivery Point(s). Seller shall be<br>Product prior to the time of delivery o | duct, including but not limited to risk of loss, spills, fire or Buyer when and as the Product passes the first (1st) ansportation equipment and Buyer's storage facilities at deemed to be in exclusive control and possession of f Product to Buyer. Deliveries of Product by Seller shall be ble local, state and federal regulations pertaining to the uct prior to passage of title. |
|                                                                                                                                                                   | re documenting each truck delivery will be sent to Oil<br>in PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-                                                                                                                                                                                                                                                                         |
| ACCI                                                                                                                                                              | EPTANCE OF AGREEMENT                                                                                                                                                                                                                                                                                                                                                                      |
| Colonial Oil Co.                                                                                                                                                  | Progress Energy Florida                                                                                                                                                                                                                                                                                                                                                                   |
| Sign:                                                                                                                                                             | Sign:                                                                                                                                                                                                                                                                                                                                                                                     |
| Title:                                                                                                                                                            | Title: Director, Gas & Oil Trading                                                                                                                                                                                                                                                                                                                                                        |

Date:\_\_\_\_\_

Date: <u>September13, 2004</u>





| "Buyer"                   |
|---------------------------|
| Florida Power Corporation |
| PO Box 1551, PEB10A       |
| Raleigh, NC. 27602        |
| Attn: Dale Williams       |
| Dhana, 010 E44 0002       |

Attn: Dale Williams Phone: 919-546-2083 Fax: 919-546-6842 Seller"
Royal Petroleum, Inc.
6741 S. Military Trail
Lake Worth, Fl 33463
Attn: Mr. Arnold Seaton

Phone: 321-723-8424 Fax: 331-768-2403

| Buyer agrees to purchase from Seller approximately                                         | gallons (42        |
|--------------------------------------------------------------------------------------------|--------------------|
| truck loads) of high sulfur(.5%) #2 fuel oil ("Product") for a total cost per gallon det   | ermined by The     |
| in effect on date of delivery at Tampa, Florida                                            | per                |
| -gallon (which includes freight, taxes, and any other applicable charges for-delivery) del | livered to Buyer's |
| Turner Plant ("Delivery Point"). The total sum of the purchase is approximately            |                    |
|                                                                                            |                    |
| Payment terms to be net and a 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                       |
|-----------------------|-----------------------------------------------|
| Royal Petroleum, INC. | FLORIDA POWER CORPORATION                     |
| Sign:                 | Sign:                                         |
| Title:                | Title: <u>Director, Oil &amp; Gas Trading</u> |
| Date:                 | Date: <u>July 9, 2004</u>                     |





"Buyer"
Florida Power Corporation
PO Box 1551, PEB10A
Raleigh, NC. 27602
Attn: Dale Williams
Phone: 919-546-2083

Phone: 919-546-2083 Fax: 919-546-6842 Seller"
Royal Petroleum, Inc.
6741 S. Military Trail
Lake Worth, Fl 33463
Attn: Mr. Arnold Seaton
Phone: 321-723-8424
Fax: 331-768-2403

Buyer agrees to purchase from Seller approximately truck loads) of high sulfur (.5%) #2 fuel oil ("Product") for a total cost per gallon determined by The in effect on date of delivery per gallon delivery and any other applicable charges for delivery delivery delivery and any other applicable charges for delivery delivery and any other applicable charges for delivery delivered to Buyer's Turner Plant ("Delivery Point"). The total sum of the purchase is approximately

Payment terms to be net 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 7/19/042 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                       |
|---------|-----------------|-----------------------------------------------|
| Royal F | Petroleum, INC. | FLORIDA POWER CORPORATION                     |
|         |                 |                                               |
| Sign:   |                 | Sign:                                         |
| Title:  |                 | Title: <u>Director, Oil &amp; Gas Tradina</u> |
| Date: _ |                 | Date: July 14, 2004                           |







"Buyer"
Florida Power Corporation
PO Box 1551, PEB10A
Raleigh, NC. 27602
Attn: Dale Williams

Attn: Dale Williams Phone: 919-546-2083 Fax: 919-546-6842 Seller"
Royal Petroleum, Inc.
6741 S. Military Trail
Lake Worth, FI 33463
Attn: Mr. Arnold Seaton
Phone: 321-723-8424

Fax: 331-768-2403

| of high sulfur (.5%) #2 fuel oil ("Product") for a total cost per gallon determined by in effect on date of delivery at-Tempa, Florida (which includes freight, taxes, and any other |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                      |
| delivery at-Jampa, Florida and any other                                                                                                                                             |
| (Which includes height, laxes, and any other                                                                                                                                         |
| applicable charges for delivery) delivered to Buyer's Crystal River Plant ("Delivery Point"). The total sum of                                                                       |
| the purchase is approximately                                                                                                                                                        |
| Payment terms to be net 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                       |
|-----------------------|-----------------------------------------------|
| Royal Petroleum, INC. | FLORIDA POWER CORPORATION                     |
|                       |                                               |
| Sign:                 | Sign:                                         |
| Title:                | Title: <u>Director, Oil &amp; Gas Trading</u> |
| Date:                 | Date: <u>8/17/04</u>                          |

|                                                                                                                                                                       | CEPTANCE OF AGREEMENT Progress Energy -Florida                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                       | ocumenting each truck delivery will be sent to the Progress 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-                                                                                                                                                                                                                                                                                            |
| pass from Seller to Buyer when and as the transportation equipment or pipeline and deemed to be in exclusive control and p Buyer. Deliveries of Product by Seller sho | ncluding but not limited to risk of loss, spills, fire or explosion, shall e Product passes the first (1st) connection point between Seller's d Buyer's storage facilities at the Delivery Point(s). Seller shall be possession of Product prior to the time of delivery of Product to all be made in conformity with all applicable local, state and portation and unloading of Product prior to passage of title. |
| Specifications of delivered oil will be provided fuel oil .                                                                                                           | vided prior to delivery. Seller intends to deliver high Sulfur #2 red                                                                                                                                                                                                                                                                                                                                               |
| The fuel volumes will be measured by the by meter measured at the Seller's termina                                                                                    | e difference in the tare and fill weight of the transport vehicles or al.                                                                                                                                                                                                                                                                                                                                           |
|                                                                                                                                                                       | ed, properly licensed and insured petroleum transport company<br>/04 during the hours of 7AM-3PM, Monday through Friday or as                                                                                                                                                                                                                                                                                       |
| dyed #2 fuel oil ("Product") for a total of                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Florida Power Corp. dba Progress Energy<br>PO Box 1551, PEB10A<br>Raleigh, NC. 27602<br>Attn: Dale Williams<br>Phone: 919-546-2083<br>Fax: 919-546-6842               | y-Florida Sommers Oil Co.<br>1000 Sommers Blvd.<br>Richmond Hill,Ga 31324<br>Attn: Mr. John R. Turner<br>Phone: 229-246-6501<br>Fax: 229-243-0725                                                                                                                                                                                                                                                                   |



| "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  Buyer agrees to purchase from Seller approximate the of the first of the of the following seller approximate the of the first of the first of the of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of the first of t | Seller" Sommers Oil Co. 1000 Sommers Blvd. Richmond Hill,Ga 31324 Attn: Mr. John R. Turner Phone: 229-246-6501 Fax: 229-243-0725  tely barrels of high sulfur(.5%) recommendations.                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | gallon of (which includes freight, taxes, and any to Buyer's Suwannee River Plant ("Delivery Point"). The of Invoice.                                                                                                                                                                                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | erly licensed and insured petroleum transport company<br>7AM-3PM, Monday through Friday or as designated by                                                                                                                                                                                                                                                |
| The fuel volumes will be measured by the difference by meter measured at the Seller's terminal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | ce in the tare and fill weight of the transport vehicles or                                                                                                                                                                                                                                                                                                |
| Specifications of delivered oil will be provided prid<br>dyed fuel oil .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | or to delivery. Seller intends to deliver high Sulfur #2 red                                                                                                                                                                                                                                                                                               |
| pass from Seller to Buyer when and as the Product transportation equipment or pipeline and Buyer's seemed to be in exclusive control and possession Buyer. Deliveries of Product by Seller shall be mo                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | but not limited to risk of loss, spills, fire or explosion, shall passes the first (1st) connection point between Seller's storage facilities at the Delivery Point(s). Seller shall be not Product prior to the time of delivery of Product to ade in conformity with all applicable local, state and and unloading of Product prior to passage of title. |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | ring each truck delivery will be sent to the Progress<br>eigh, NC 27602, Phone 919-546-2132 and Fax 919-546-                                                                                                                                                                                                                                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | OF AGREEMENT                                                                                                                                                                                                                                                                                                                                               |
| Sommers Oil Co.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Progress Energy -Florida                                                                                                                                                                                                                                                                                                                                   |
| Sign: Title:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Sign: Title: <u>Director, Oil &amp; Gas Trading</u>                                                                                                                                                                                                                                                                                                        |
| Date:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Date: 6/28/04                                                                                                                                                                                                                                                                                                                                              |

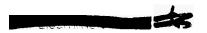




"Buyer"

| Florida Power Corp. dba Progress Energy-Florida<br>PO Box 1551, PEB10A<br>Raleigh, NC. 27602<br>Attn: Dale Williams<br>Phone: 919-546-6842                                                         | Sommers Oil Co.<br>1000 Sommers Blvd,<br>Richmond Hill,Ga 31324<br>Attn: Mr. John R. Turner<br>Phone: 229-246-6501<br>Fax: 229-243-0725                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                    | Buyer agrees to purchase from Seller approximately truck loads of high sulfur(.5%) red dyed #2 fuel oil (which includes freight, taxes, and any other applicable                                                                                                                                                                                                      |
| charges for delivery) delivered to Buyer's-Cry<br>purchase is approximately<br>Payment terms to be net a cays from received                                                                        | stal River Plant ("Delivory Point"). The total sum of the ipt of Invoice.                                                                                                                                                                                                                                                                                             |
| Delivery of oil will be by Seller's designated, propvia tank truck. Delivery will be 24 hrs/day from 8/1                                                                                           | erly licensed and insured petroleum transport company 4-8/18/04 or as designated by Buyer.                                                                                                                                                                                                                                                                            |
| The fuel volumes will be measured by the different by meter measured at the Seller's terminal.                                                                                                     | nce in the tare and fill weight of the transport vehicles or                                                                                                                                                                                                                                                                                                          |
| Specifications of delivered oil will be provided pr<br>dyed fuel oil .                                                                                                                             | ior to delivery. Seller intends to deliver high Sulfur #2 red                                                                                                                                                                                                                                                                                                         |
| pass from Seller to Buyer when and as the Productransportation equipment or pipeline and Buyer's deemed to be in exclusive control and possessic Buyer. Deliveries of Product by Seller shall be m | g but not limited to risk of loss, spills, fire or explosion, shall at passes the first (1st) connection point between Seller's storage facilities at the Delivery Point(s). Seller shall be on of Product prior to the time of delivery of Product to hade in conformity with all applicable local, state and in and unloading of Product prior to passage of title. |
|                                                                                                                                                                                                    | nting each truck delivery will be sent to the Progress leigh, NC 27602, Phone 919-546-2132 and Fax 919-546-                                                                                                                                                                                                                                                           |
| ACCEPTANO                                                                                                                                                                                          | CE OF AGREEMENT                                                                                                                                                                                                                                                                                                                                                       |
| Sommers Oil Co.                                                                                                                                                                                    | Progress Energy -Florida                                                                                                                                                                                                                                                                                                                                              |
| Sign:                                                                                                                                                                                              | Sign:                                                                                                                                                                                                                                                                                                                                                                 |
| itle:                                                                                                                                                                                              | Title: <u>Director, Oil &amp; Gas Trading</u>                                                                                                                                                                                                                                                                                                                         |
| )ate:                                                                                                                                                                                              | Date: 8/17/04                                                                                                                                                                                                                                                                                                                                                         |

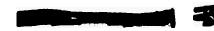
Seller"



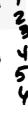
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# 3

| "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" Sommers Oil Co. 1000 Sommers Blvd. Richmond Hill, Ga 31324 Attn: Mr. John R. Turner Phone: 229-246-6501 Fax: 229-243-0725                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| per gallon of \$1.3722 (which includes freight, to                                                                                                                                                       | yer agrees to purchase from Seller up to ur(.5%) red dyed #2 fuel oil ("Product") for a total costaxes, and any other applicable charges for delivery). The total sum of the purchase is approximately                                                                                                                                                      |
| Payment terms to be net days from receip                                                                                                                                                                 | ot of Invoice.                                                                                                                                                                                                                                                                                                                                              |
| Delivery of oil will be by Seller's designated, prope<br>via tank truck. Delivery will be 24 hrs/day starting 9,                                                                                         | rly licensed and insured petroleum transport company<br>/10/04 through 9/17/04 or as designated by Buyer.                                                                                                                                                                                                                                                   |
| The fuel volumes will be measured by the difference by meter measured at the Seller's terminal.                                                                                                          | ce in the tare and fill weight of the transport vehicles or                                                                                                                                                                                                                                                                                                 |
| Specifications of delivered oil will be provided pric<br>dyed fuel oil .                                                                                                                                 | or to delivery. Seller intends to deliver high Sulfur #2 red                                                                                                                                                                                                                                                                                                |
| pass from Seller to Buyer when and as the Product transportation equipment or pipeline and Buyer's sideemed to be in exclusive control and possession Buyer. Deliveries of Product by Seller shall be ma | but not limited to risk of loss, spills, fire or explosion, shall passes the first (1st) connection point between Seller's storage facilities at the Delivery Point(s). Seller shall be a of Product prior to the time of delivery of Product to ade in conformity with all applicable local, state and and unloading of Product prior to passage of title. |
|                                                                                                                                                                                                          | ing each truck delivery will be sent to the Progress<br>eigh, NC 27602, Phone 919-546-2132 and Fax 919-546-                                                                                                                                                                                                                                                 |
|                                                                                                                                                                                                          | OF AGREEMENT                                                                                                                                                                                                                                                                                                                                                |
| Sommers Oil Co.                                                                                                                                                                                          | Progress Energy -Florida                                                                                                                                                                                                                                                                                                                                    |
| ign:<br>itle:<br>Date:                                                                                                                                                                                   | Sign: Title: <u>Director, Oil &amp; Gas Trading</u> Date: <u>9/13/04</u>                                                                                                                                                                                                                                                                                    |
|                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                             |

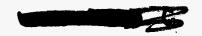


| Florida Power Corp. dba Progress Energy-Florida                                                                                                                                                                 | Sommers Oil Co.                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PO Box 1551, PEB10A<br>Raleigh, NC. 27602                                                                                                                                                                       | 1000 Sommers Blvd.<br>Richmond Hill,Ga 31324                                                                                                                                                                                                                                                                                                                 |
| Attn: Dale Williams                                                                                                                                                                                             | Attn: Mr. John R. Turner                                                                                                                                                                                                                                                                                                                                     |
| Phone: 919-546-2083                                                                                                                                                                                             | Phone: 229-246-6501                                                                                                                                                                                                                                                                                                                                          |
| Fax: 919-546-6842                                                                                                                                                                                               | Fax: 229-243-0725                                                                                                                                                                                                                                                                                                                                            |
|                                                                                                                                                                                                                 | ed dyed #2 fuel oil ("Product") for a total cost per gallon<br>by other applicable charges for delivery) delivered to<br>total sum of the purchase is approximately                                                                                                                                                                                          |
| days norm to be nor                                                                                                                                                                                             | 7 61 11 10 10 60.                                                                                                                                                                                                                                                                                                                                            |
|                                                                                                                                                                                                                 | erly licensed and insured petroleum transport company<br>/28/04 through 10/1/04 or as designated by Buyer.                                                                                                                                                                                                                                                   |
| The fuel volumes will be measured by the difference by meter measured at the Seller's terminal.                                                                                                                 | ce in the tare and fill weight of the transport vehicles or                                                                                                                                                                                                                                                                                                  |
| Specifications of delivered oil will be provided pridayed fuel oil .                                                                                                                                            | or to delivery. Seller intends to deliver high Sulfur #2 red                                                                                                                                                                                                                                                                                                 |
| pass from Seller to Buyer when and as the Product<br>transportation equipment or pipeline and Buyer's<br>deemed to be in exclusive control and possession<br>Buyer. Deliveries of Product by Seller shall be mo | but not limited to risk of loss, spills, fire or explosion, shall a passes the first (1st) connection point between Seller's storage facilities at the Delivery Point(s). Seller shall be not product prior to the time of delivery of Product to ade in conformity with all applicable local, state and and unloading of Product prior to passage of title. |
|                                                                                                                                                                                                                 | ting each truck delivery will be sent to the Progress<br>eigh, NC 27602, Phone 919-546-2132 and Fax 919-546-                                                                                                                                                                                                                                                 |
| ACCEPTANCE                                                                                                                                                                                                      | E OF AGREEMENT                                                                                                                                                                                                                                                                                                                                               |
| Sommers Oil Co.                                                                                                                                                                                                 | Progress Energy -Florida                                                                                                                                                                                                                                                                                                                                     |
| Sign:                                                                                                                                                                                                           | Sign:                                                                                                                                                                                                                                                                                                                                                        |
| litle:                                                                                                                                                                                                          | Title: <u>Director, Oil &amp; Gas Trading</u>                                                                                                                                                                                                                                                                                                                |
| Date:                                                                                                                                                                                                           | Date: <u>10/1/04</u>                                                                                                                                                                                                                                                                                                                                         |





| UP 11 ORC                                                                                                                                                                                                               | MIAGE ACREEMENT                                                                                                                                                                                                                                                                                                                          |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| "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" Birchwood Trading Inc. 2083 Lamplight Circle Woodbury, MN. 55125 Attn: Jack Stone Phone: 651-731-8155 Fax: 651-731-8159                                                                                                                                                                                                         |  |
| price for the #6 fuel oil will be per                                                                                                                                                                                   | very to Buyer's Suwannee River Plant. The delivered barrel including rail freight but not including rail and taxes(\$.07/bbl) Total sum of the purchase is                                                                                                                                                                               |  |
| Payment terms to be net formed 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.                                                                           |                                                                                                                                                                                                                                                                                                                                          |  |
| product specifications to Buyer prior to                                                                                                                                                                                | ar loading at Seller's terminals. Seller will provide delivery and with each delivery ticket. Such eing delivered is in conformance with Buyer's                                                                                                                                                                                         |  |
| explosion, shall pass from Seller to Buyer connection point between Seller's transporte the Delivery Point(s). Seller shall be deemed Product prior to the time of delivery of Product                                  | cluding but not limited to risk of loss, spills, fire or when and as the Product passes the first (1st) ation equipment and Buyer's storage facilities at ed to be in exclusive control and possession of ct to Buyer. Deliveries of Product by Seller shall be at, state and federal regulations pertaining to the 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                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                          |  |
| Birchwood Trading, Inc.                                                                                                                                                                                                 | Progress Energy Florida                                                                                                                                                                                                                                                                                                                  |  |
| Sign:                                                                                                                                                                                                                   | Sign:                                                                                                                                                                                                                                                                                                                                    |  |
| Title:                                                                                                                                                                                                                  | Title: <u>Director, Gas &amp; Oil Trading</u>                                                                                                                                                                                                                                                                                            |  |
| Date:                                                                                                                                                                                                                   | Date: <u>September 15, 2004</u>                                                                                                                                                                                                                                                                                                          |  |



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Sign:

Title:

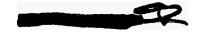
Date:\_\_\_\_

|                                                                                                                                                               | SPOT FORCHASE AGREEMENT                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Buyer" Florida Power Corp. d.b.a. Progress Energy Florida PO Box 1551,PEB10A Raleigh, NC 27602 Attn: Dale D. Williams Phone: 919-546-6842                    | "Seller" Birchwood Trading Inc. 2083 Lamplight Circle Woodbury, MN. 55125 Attn: Jack Stone Phone: 651-731-8155 Fax: 651-731-8159                                                                                                                                                                                                                                                                                                   |
| of maximum 2.5 % sulfur #6 fu                                                                                                                                 | per barrel including rail freight but not including rail and taxes(\$.07/bbl) Total sum of the purchase is                                                                                                                                                                                                                                                                                                                         |
| Payment terms to be net documentation are promptly for                                                                                                        | days from date of delivery, provided invoices and exed to the number below.                                                                                                                                                                                                                                                                                                                                                        |
| Delivery of oil will be by Sell<br>company. Delivery is to be dur                                                                                             | er's designated, properly licensed and insured rail transporting October, 2004.                                                                                                                                                                                                                                                                                                                                                    |
| product specifications to Bu                                                                                                                                  | ured upon car loading at Seller's terminals. Seller will provide<br>yer prior to delivery and with each delivery ticket. Such<br>product being delivered is in conformance with Buyer's                                                                                                                                                                                                                                            |
| explosion, shall pass from Sell connection point between Sel the Delivery Point(s). Seller sh Product prior to the time of delimade in conformity with all ap | e Product, including but not limited to risk of loss, spills, fire or er to Buyer when and as the Product passes the first (1st) ler's transportation equipment and Buyer's storage facilities at all be deemed to be in exclusive control and possession of very of Product to Buyer. Deliveries of Product by Seller shall be plicable local, state and federal regulations pertaining to the Product prior to passage of title. |
|                                                                                                                                                               | nvoice documenting each tank car delivery will be sent to Oil Wilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-                                                                                                                                                                                                                                                                                                          |
|                                                                                                                                                               | ACCEPTANCE OF AGREEMENT                                                                                                                                                                                                                                                                                                                                                                                                            |
| Birchwood Trading, Inc.                                                                                                                                       | Progress Energy Florida                                                                                                                                                                                                                                                                                                                                                                                                            |

Sign: \_\_\_\_\_

Date: September 15, 2004

Title: Director, Gas & Oil Trading



|                                                                                                                                                                                                                       | 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" Colonial Oil Co. 1301 Riverplace Blvd., Suite 2646 Jacksonville, FL 32207 Attn: Keith Hill Phone: 904-396-1388 Ext. 220 Fax: 904-858-6699                                                                                                                                                                                                                                                                                |  |
| maximum 2.5 % sulfur #6 fuel of price for the 2.5 % sulfur fuel of including freight and taxes. Total                                                                                                                 | om Seller approximately barrels of oil for delivery to Buyer's Suwannee River Plant. The delivered oil will be per barrel al sum of the purchase is estimated to be approximately                                                                                                                                                                                                                                                 |  |
| Payment terms to be net documentation are promptly fa                                                                                                                                                                 | days from date of delivery, provided invoices and xed 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 terminais. Seller will provide product specifications to Buyer prior to delivery and with each delivery ticket.                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |
| explosion, shall pass from Selle<br>connection point between Selle<br>the Delivery Point(s). Seller sha<br>Product prior to the time of deliv                                                                         | e Product, including but not limited to risk of loss, spills, fire or er to Buyer when and as the Product passes the first (1st) er's transportation equipment and Buyer's storage facilities at all be deemed to be in exclusive control and possession of very of Product to Buyer. Deliveries of Product by Seller shall be olicable local, state and federal regulations pertaining to the 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                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |
| Colonial Oil Co.                                                                                                                                                                                                      | Progress Energy Florida                                                                                                                                                                                                                                                                                                                                                                                                           |  |
| Sign:                                                                                                                                                                                                                 | Sign:                                                                                                                                                                                                                                                                                                                                                                                                                             |  |
| Title:                                                                                                                                                                                                                | Title: <u>Director, Gas &amp; Oil Trading</u>                                                                                                                                                                                                                                                                                                                                                                                     |  |
| Date:                                                                                                                                                                                                                 | Date: <u>May 24, 2004</u>                                                                                                                                                                                                                                                                                                                                                                                                         |  |



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### 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"
Colonial Oil Co.
1301 Riverplace Blvd., Suite 2646
Jacksonville, FL 32207
Attn: Bob Bossman
Phone: 904-396-1388 Ext. 222

Fax: 904-858-6699

Buyer agrees to purchase from Seller approximately barrels of maximum 1.0 % sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered

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 average**d for the month of** July per barrel including freight and taxes. Total sum of the purchase is estimated to be approximately

Payment terms to be net days from date of delivery, provided invoices and accumentation 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 July 12, 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                               |
|--------|--------------|-------------------------------------------------------|
| Color  | nial Oil Co. | Progress Energy Florida                               |
| Sign:  |              | Sign:                                                 |
| Title: |              | Title: <u>Director</u> , <u>Gas &amp; Oil Trading</u> |
| Date:  |              | Date: July.6. 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"  Martin Product Sales. 5900 Memorial Drive, STE 305 Houston, Texas 77007 Attn: Barry Balzer Phone: 713/350-6819 Fax: 713/350-6801                                                                                                                                                                                                                                                                                     |  |
| for the 2.5% Sulfur fuel oil will be                                                                                                                                      | Seller approximately barrels of or delivery to Buyer's Suwannee River Plant. The delivered price per barrel including a purchase is estimated to be approximately                                                                                                                                                                                                                                                              |  |
| Payment terms to be net promptly faxed to the number be                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                |  |
| 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.         |                                                                                                                                                                                                                                                                                                                                                                                                                                |  |
|                                                                                                                                                                           | upon truck loading at Seller's terminals. Specifications of the o delivery and with each delivery ticket.                                                                                                                                                                                                                                                                                                                      |  |
| explosion, shall pass from Seller connection point between Seller facilities at the Delivery Point(s). possession of Product prior to the Seller shall be made in conform | Product, including but not limited to risk of loss, spills, fire or to Buyer when and as the Product passes the first (1st) is transportation equipment or pipeline and Buyer's storage. Seller shall be deemed to be in exclusive control and time of delivery of Product to Buyer. Deliveries of Product by the with all applicable local, state and federal regulations and unloading of Product prior to passage of title. |  |
|                                                                                                                                                                           | voice documenting each truck delivery will be sent to Oil ilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132                                                                                                                                                                                                                                                                                                          |  |
| ACCEPTANCE OF AGREEMENT                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                |  |
| Martin Product Sales.                                                                                                                                                     | Progress Energy Florida                                                                                                                                                                                                                                                                                                                                                                                                        |  |
| Sign:                                                                                                                                                                     | Sign:                                                                                                                                                                                                                                                                                                                                                                                                                          |  |
| itle                                                                                                                                                                      | Title: Director Cas & Oil Tradina                                                                                                                                                                                                                                                                                                                                                                                              |  |

Date: <u>May 24,2004</u>

Date:\_\_\_\_\_



|                                                                                                                                                                      | SPOT PURCHASE AGREEMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Buyer"                                                                                                                                                              | "Seller"                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Florida Power Corp.                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| dba Progress Energy Florida                                                                                                                                          | Martin Product Sales.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| PO Box 1551, PEB10A<br>Raleigh, NC 27602                                                                                                                             | 5900 Memorial Drive,STE 305<br>Houston,Texas 77007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Attn: Dale D. Williams                                                                                                                                               | Attn: Barry Balzer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Phone: 919-546-2083                                                                                                                                                  | Phone: 713/350-6819                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Fax: 919-546-6842                                                                                                                                                    | Fax: 713/350-6801                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| maximum 2.5% Sulfur # 6 fuel oil to for the 2.5% Sulfur fuel oil will be                                                                                             | barrels of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the contro |
| Payment terms to be net promptly faxed to the number b                                                                                                               | days from date of delivery, provided invoices are elow.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|                                                                                                                                                                      | esignated, properly licensed and insured petroleum transport<br>ter the previous order for 18,000 barrels is complete. Delivery<br>1-9 PM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                                                                                                                                                      | I upon truck loading at Seller's terminals. Specifications of the to delivery and with each delivery ticket.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| explosion, shall pass from Selle connection point between Selle facilities at the Delivery Point(spossession of Product prior to the Seller shall be made in conform | Product, including but not limited to risk of loss, spills, fire or to Buyer when and as the Product passes the first (1st) r's transportation equipment or pipeline and Buyer's storage. Seller shall be deemed to be in exclusive control and time of delivery of Product to Buyer. Deliveries of Product by nity with all applicable local, state and federal regulations and unloading of Product prior to passage of title.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                                                                                                                                                                      | voice documenting each truck delivery will be sent to Oil<br>Vilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                                                                                                                                      | CCEPTANCE OF AGREEMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Martin Product Sales.                                                                                                                                                | Progress Energy Florida                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| iign:                                                                                                                                                                | Sign:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| itle:                                                                                                                                                                | Title: Director Gas & Oil Tradina                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

Date: <u>May 24,2004</u>

Date:\_\_\_\_



|                                                                                                                                                                                                   | OF CROTIACE ACKERIENT                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Buyer"                                                                                                                                                                                           | "Seller"                                                                                                                                                                                                                                                                                                                                                                                                          |
| Florida Power Corp.<br>dba Progress Energy Florida<br>PO Box 1551,PEB10A<br>Raleigh, NC 27602<br>Attn: Dale D. Williams<br>Phone: 919-546-2083<br>Fax: 919-546-6842                               | Martin Product Sales,<br>5900 Memorial Drive,STE 305<br>Houston,Texas 77007<br>Attn: Barry Balzer<br>Phone: 713/350-6819<br>Fax: 713/350-6801                                                                                                                                                                                                                                                                     |
| maximum 1.0% Sulfur # 6 fuel oil for for the 1.0% Sulfur fuel oil will be                                                                                                                         | Seller approximately barrels of delivery to Buyer's Suwannee River Plant. The delivered price per barrels sum of the purchase is estimated to be approximately from date of delivery, provided invoices are                                                                                                                                                                                                       |
| promptly taxed to the harmber bere                                                                                                                                                                | yw,                                                                                                                                                                                                                                                                                                                                                                                                               |
| Delivery of oil will be by Seller's des<br>company. Delivery will begin 7/19                                                                                                                      | ignated, properly licensed and insured petroleum transport<br>/04 Monday -Friday 7 AM -9 PM.                                                                                                                                                                                                                                                                                                                      |
|                                                                                                                                                                                                   | pon truck loading at Seller's terminals. Specifications of the delivery and with each delivery ticket.                                                                                                                                                                                                                                                                                                            |
| explosion, shall pass from Seller to<br>connection point between Seller's<br>facilities at the Delivery Point(s).<br>possession of Product prior to the till<br>Seller shall be made in conformit | roduct, including but not limited to risk of loss, spills, fire or to Buyer when and as the Product passes the first (1st) transportation equipment or pipeline and Buyer's storage Seller shall be deemed to be in exclusive control and the of delivery of Product to Buyer. Deliveries of Product by with all applicable local, state and federal regulations dunloading of Product prior to passage of title. |
|                                                                                                                                                                                                   | bice documenting each truck delivery will be sent to Oil son, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132                                                                                                                                                                                                                                                                                                |
| AC                                                                                                                                                                                                | CEPTANCE OF AGREEMENT                                                                                                                                                                                                                                                                                                                                                                                             |
| Martin Product Sales.                                                                                                                                                                             | Progress Energy Florida                                                                                                                                                                                                                                                                                                                                                                                           |
| Sign:                                                                                                                                                                                             | Sign:                                                                                                                                                                                                                                                                                                                                                                                                             |
| Title:                                                                                                                                                                                            | Title: Director, Gas & Oil Trading                                                                                                                                                                                                                                                                                                                                                                                |
| Date:                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                   |



"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"

Martin Product Sales LLC 5900 Memorial Drive, Suite 305

Houston, Texas 77007 Attn: Barry Balser Phone: 713/350-6819 Fax: 713/350-6801

| Buyer agrees to purchase from Seller approximately barrels of maxim                           | num   |
|-----------------------------------------------------------------------------------------------|-------|
| 2.5% Sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for | r the |
| 2.5% Sulfur fuel oil will be per barrel inclu                                                 | ding  |
| freight and taxes                                                                             | be    |
| approximately                                                                                 |       |

Payment terms to be net 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 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                       |
|---------------------------|-----------------------------------------------|
| Martin Product Sales LLC. | Progress Energy Florida                       |
| Sign:                     | Sign:                                         |
| Title:                    | Title: <u>Director, Gas &amp; Oil Trading</u> |
| Date:                     | Date: September 1, 2004                       |



1

"Seller"

"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

Martin Product Sales LLC 5900 Memorial Drive, Suite 305 Houston, Texas 77007 Attn: Barry Balser

Phone: 713/350-6819 Fax: 713/350-6801

| Buyer agrees to purchase from             | Seller approximately delivery to Buyer's Suwannee River Plant. The delivery | barrels of |
|-------------------------------------------|-----------------------------------------------------------------------------|------------|
| for the 1.0% Sulfur fuel oil will be !    |                                                                             | per barrel |
| including freight and taxes approximately | Total sum of the purchase is estimo                                         | ned to be  |

Payment terms to be net 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 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.

| Α                         | CCEPTANCE OF AGREEMENT                       |
|---------------------------|----------------------------------------------|
| Martin Product Sales LLC. | Progress Energy Florida                      |
| Sign:                     | Sign:                                        |
| Title:                    | Title: <u>Director, Gas &amp; Oil Tradin</u> |
| Date:                     | Date: September 13, 2004                     |



|                                                                                                                                                              | 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" Massey Oil Co. 272 Powell St. Camilla, Ga. 31730 Attn: Mr. Mark Melius Phone: 334-444-4910 Fax: 334-502-7468                                                                                                                                                                                                                                                                                    |
| Plant. The delivered price for the                                                                                                                           | for delivery to Buyer's Suwannee River                                                                                                                                                                                                                                                                                                                                                                   |
| Payment terms to be net documentation are promptly faxe                                                                                                      | days from date of delivery, provided invoices and do the number below.                                                                                                                                                                                                                                                                                                                                   |
| company. Delivery is to begin Se<br>7:00 AM-3:00 PM until Septembe                                                                                           | esignated, properly licensed and insured petroleum transport eptember 3, 2004 and will continue Monday through Friday er 30, 2004. Buyer may elect to suspend or discontinue notice due to scheduled plant outages.                                                                                                                                                                                      |
| product specifications to Buyer                                                                                                                              | d upon truck loading at Seller's terminals. Seller will provide<br>prior to delivery and with each delivery ticket. Such<br>act being delivered is on-spec in conformance with US EPA<br>il.                                                                                                                                                                                                             |
| explosion, shall pass from Seller to connection point between Seller's the Delivery Point(s). Seller shall I Product prior to the time of delivery           | roduct, including but not limited to risk of loss, spills, fire or to Buyer when and as the Product passes the first (1st) transportation equipment and Buyer's storage facilities at be deemed to be in exclusive control and possession of of Product to Buyer. Deliveries of Product by Seller shall be table local, state and federal regulations pertaining to the oduct prior to passage of title. |
| At completion of delivery, an involved Trading and Logistics, Attn: Jim Wils 546-2132 and Fax 919-546-6842.                                                  | pice documenting each truck delivery will be sent to Oil son PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-                                                                                                                                                                                                                                                                                        |
| AC                                                                                                                                                           | CEPTANCE OF AGREEMENT                                                                                                                                                                                                                                                                                                                                                                                    |
| Massey Oil                                                                                                                                                   | Progress Energy Florida                                                                                                                                                                                                                                                                                                                                                                                  |
| Sign:                                                                                                                                                        | Sign:                                                                                                                                                                                                                                                                                                                                                                                                    |
| Title:                                                                                                                                                       | Title: <u>Director, Gas &amp; Oil Trading</u>                                                                                                                                                                                                                                                                                                                                                            |

Date: <u>September 2,2004</u>

Date:\_\_\_\_\_



# 1234

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | ASE AGREEMENT                                                                                     |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|--|
| "Buyer" Florida Power Corp. d.b.a. Progress Energy Florida PO Box 1551,PEB10A Raleigh, NC 27602 Attn: Dale D. Williams Phone: 919-546-6842                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | "Seller" TexPar Energy, L.L.C. PO Box 587 Waukesha, Wi 53187 Attn: Jack Kruse Phone: 904-261-6682 |  |
| .5 % sulfur # 2 red dyed fuel oil for delivery to B for the # 2 fuel oil will be per gallor purchase is estimated to be approximatel Payment terms to be net days                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | from date of delivery, provided invoices and                                                      |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | operly licensed and insured petroleum transport d will continue Monday through Friday 7:00 AM-    |  |
| The fuel volume will be measured upon truck product specifications to Buyer prior to delivery                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | loading at Seller's terminals. Seller will provide 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. |                                                                                                   |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | enting each truck delivery will be sent to Oil<br>P.O. Box 1551, Raleigh, NC 27602, Phone 919-    |  |
| ACCEPTANCE OF AGREEMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                   |  |
| TexPar Energy ,L.L.C.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Progress Energy Florida                                                                           |  |
| Sign:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Sign:                                                                                             |  |
| Title:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | itle: <u>Director, Gas &amp; Oil Trading</u>                                                      |  |
| Date:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Date: <u>June 4., 2004</u>                                                                        |  |



| 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: 919-546-6842                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | "Seller" TexPar Energy,L.L.C. PO Box 587 Waukesha,Wi 53187 Attn: Jack Kruse Phone: 904-261-2080 Fax: 904-261-6682                                                                                                 |  |
| Payment terms to be net                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | oil for delivery to Buyer's Suwannee for the including freight and is estimated to be approximately adays from date of delivery, provided invoices and                                                            |  |
| company. Delivery is to begin J                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | ea to the number below.  esignated, properly licensed and insured petroleum transport une 23, 2004 and will continue Monday through Friday 12:00 Seller will make reasonable efforts to make all deliveries after |  |
| product specifications to Buye                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | ed upon truck loading at Seller's terminals. Seller will provide or prior to delivery and with each delivery ticket. Such duct being delivered is on-spec in conformance with US EPA 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. |                                                                                                                                                                                                                   |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | voice documenting each truck delivery will be sent to Oil<br>Vilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-                                                                                          |  |
| ACCEPTANCE OF AGREEMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                   |  |
| TexPar Energy ,L.L.C.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Progress Energy Florida                                                                                                                                                                                           |  |
| Sign:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Sign:                                                                                                                                                                                                             |  |
| Title:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Title: <u>Director, Gas &amp; Oil Tradina</u>                                                                                                                                                                     |  |

Date: <u>June 22,, 2004</u>

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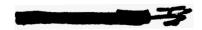
Date:



| 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: 919-546-6842                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | "Seller" TexPar Energy, L.L.C. PO Box 587 Waukesha, Wi 53187 Attn: Jack Kruse Phone: 904-261-6682                                                                                                             |  |
| Buyer agrees to purchase from Seller apprenaximum 1.0 % sulfur Plant. The delivered price for the Total sum of the purchase is estimated to be a  Payment terms to be net days documentation are promptly faxed to the num                                                                                                                                                                                                                                                                                                                                                                                                                                     | pil for delivery to Buyer's Suwannee River including freight and taxes.  approximately  from date of delivery, provided invoices and                                                                          |  |
| Delivery of oil will be by Seller's designated, pr<br>company. Delivery is to begin July 1, 2004 and<br>9:00 PM until September 30, 2004. Buyer may e                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | roperly licensed and insured petroleum transport<br>d will continue Monday through Friday 12:00 PM-<br>elect to suspend or discontinue shipments on one<br>nt outages. Seller will make reasonable efforts to |  |
| product specifications to Buyer prior to c                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | k loading at Seller's terminals. Seller will provide<br>delivery and with each delivery ticket. Such<br>elivered is on-spec in conformance with US EPA                                                        |  |
| 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                               |  |
| TexPar Energy ,L.L.C.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Progress Energy Florida                                                                                                                                                                                       |  |
| Sign:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Sign:                                                                                                                                                                                                         |  |
| Title:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Title: <u>Director, Gas &amp; Oil Trading</u>                                                                                                                                                                 |  |
| Date:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Date: <u>June 29, 2004</u>                                                                                                                                                                                    |  |



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | "Buyer"                                                                                                                             |                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Florida Power Corp. d.b.a.<br>Progress Energy Florida                                                                               | "Seller"<br>TexPar Energy,L.L.C.                                                                                                                                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | PO Box 1551, PEB10A                                                                                                                 | PO Box 587                                                                                                                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Raleigh, NC 27602                                                                                                                   | Waukesha, Wi 53187                                                                                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Attn: Dale D. Williams                                                                                                              | Attn: Jack Kruse                                                                                                                                                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Phone: 919-546-2083                                                                                                                 | Phone: 904-261-2080                                                                                                                                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Fax: 919-546-6842                                                                                                                   | Fax: 904-261-6682                                                                                                                                                               |
| 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2.5 % sulfur #6 fuel oil for delivery to Buyer's Su<br>#6 fuel oil will be per barrel including ra<br>estimated to be approximately | barrels of maximum awannee River Plant. The delivered price for the ill freight and taxes. Total sum of the purchase is from date of delivery, provided invoices and ber below. |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                     | , properly licensed and insured rail transport<br>34 and will continue until completed as part of                                                                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | product specifications to Buyer prior to de                                                                                         | oading at Seller's terminals. Seller will provide elivery and with each delivery ticket. Such g delivered is in conformance with Buyer's                                        |
| 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 documer Trading and Logistics, Attn: Jim Wilson PEB10A, 546-2132 and Fax 919-546-6842.        |                                                                                                                                                                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | ACCEPTANCE C                                                                                                                        | DF AGREEMENT                                                                                                                                                                    |
| •                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | TexPar Energy ,L.L.C.                                                                                                               | Progress Energy Florida                                                                                                                                                         |
| (                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Sign:                                                                                                                               | Sign:                                                                                                                                                                           |
| 7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Title:                                                                                                                              | tte: <u>Director, Gas &amp; Oil Trading</u>                                                                                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Date:                                                                                                                               | Date: <u>July,9, 2004</u>                                                                                                                                                       |



| "Buyer"                   |
|---------------------------|
| Florida Power Corp. d.b.c |
| Progress Energy Florida   |
| PO Box 1551, PEB10A       |
| Raleigh, NC 27602         |
| Attn: Dale D. Williams    |
| Phone: 919-546-2083       |

Fax: 919-546-6842

"Seller"

TexPar Energy, L.L.C.

PO Box 587

Waukesha.Wi 53187 Attn: Jack Kruse

Phone: 904-261-2080 Fax: 904-261-6682

Buyer agrees to purchase from Seller approximately barrels of maximum 2.5 % sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the per barrel including rail freight and taxes. Total sum of the purchase is #6 fuel oil will be estimated to be approximately

Payment terms to be net 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                    |
|-----------------------|--------------------------------------------|
| TexPar Energy ,L.L.C. | Progress Energy Florida                    |
| Sign:                 | Sign:                                      |
| Title:                | Title: <u>Director</u> , Gas & Oil Trading |
| Date:                 | Date: <u>September, 27, 2004</u>           |



| "Buyer"                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | "Seller"                                                                                                                                                       |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Florida Power Corp. dba Progress Energy Florida PO Box 1551,PEB10A Raleigh, NC 27602 Attn: Dale D. Williams Phone: 919-546-6842 Fax: 919-546-6842                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | TransMontaigne Product Services,Inc.<br>804 N. Dock St.<br>Palmetto,Fla. 34221<br>Attn: Mike Piermatteo<br>Phone: 800-282-3495-229<br>Fax: 941-723-6610        |  |
| for the 1.0% Sulfur fuel oil will be including freight and taxes. Total sum of the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | barrels of Buyer's Suwannee River Plant. The delivered price per barrel purchase is estimated to be approximately from date of delivery, provided invoices are |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | operly licensed and insured petroleum transport<br>4, Monday through Friday 7AM- 9PM.                                                                          |  |
| The fuel volume will be measured upon truck to oil will be provided by Seller prior to delivery an                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | pading at Seller's terminals. Specifications of the d 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. |                                                                                                                                                                |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | nenting each truck delivery will be sent to Oil x 1551, Raleigh, NC 27602, Phone 919-546-2132                                                                  |  |
| ACCEPTANCE (                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | OF AGREEMENT                                                                                                                                                   |  |
| FransMontaigne Product Services, Inc. Sign:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Progress Energy Florida Sign:                                                                                                                                  |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Title: <u>Director, Gas &amp; Oil Tradina</u><br>Date: <u>July 16, 2004</u>                                                                                    |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                |  |



| "Buyer"<br>Florida Power Corp. dba                                                                                                                                                   | "Seller"                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Progress Energy Florida                                                                                                                                                              | TransMontaigne Product Services,Inc.                                                                                                                                                                                                                                                                                                                                 |
| PO Box 1551,PEB10A<br>Raleigh, NC 27602                                                                                                                                              | 804 N. Dock St.<br>Palmetto,Fla. 34221                                                                                                                                                                                                                                                                                                                               |
| Attn: Dale D. Williams                                                                                                                                                               | Attn: Mike Piermatteo                                                                                                                                                                                                                                                                                                                                                |
| Phone: 919-546-2083                                                                                                                                                                  | Phone: 800-282-3495-229                                                                                                                                                                                                                                                                                                                                              |
| Fax: 919-546-6842                                                                                                                                                                    | Fax: 941-723-6610                                                                                                                                                                                                                                                                                                                                                    |
| .05% Sulfur #2 fuel oil will be                                                                                                                                                      | y to Buyer's Debary Plant. The delivered price for the                                                                                                                                                                                                                                                                                                               |
| per gallon including freight and approximately                                                                                                                                       | taxes. Total sum of the purchase is estimated to be                                                                                                                                                                                                                                                                                                                  |
| Payment terms to be net promptly faxed to the number below.                                                                                                                          | days from date of delivery, provided invoices are                                                                                                                                                                                                                                                                                                                    |
| company. Delivery will begin July 12, 2004                                                                                                                                           | d, properly licensed and insured petroleum transport, Monday through Friday 6AM-11PM for the week of change delivery hours upon reasonable notice to                                                                                                                                                                                                                 |
| The fuel volume will be measured upon tru<br>oil will be provided by Seller prior to deliver                                                                                         | ck loading at Seller's terminals. Specifications of the y and with each delivery ticket.                                                                                                                                                                                                                                                                             |
| explosion, shall pass from Seller to Buye connection point between Seller's transportacilities at the Delivery Point(s). Seller possession of Product prior to the time of contents. | including but not limited to risk of loss, spills, fire or er when and as the Product passes the first (1st) ortation equipment or pipeline and Buyer's storage shall be deemed to be in exclusive control and delivery of Product to Buyer. Deliveries of Product by all applicable local, state and federal regulations ding of Product prior to passage of title. |
|                                                                                                                                                                                      | ocumenting each truck delivery will be sent to Oil<br>D. Box 1551, Raleigh, NC 27602, Phone 919-546-2132                                                                                                                                                                                                                                                             |
| ACCEPTANCE OF AGREEMENT                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                      |
| TransMontaigne Product Services, Inc.                                                                                                                                                | Progress Energy Florida                                                                                                                                                                                                                                                                                                                                              |
| Sign:                                                                                                                                                                                | Sign: Title: <u>Director, Gas &amp; Oil Trading</u>                                                                                                                                                                                                                                                                                                                  |
| Date:                                                                                                                                                                                | Date: <u>July 9 , 2004</u>                                                                                                                                                                                                                                                                                                                                           |



OCTOBER 26, 2004

## REVISION

TO:

PROGRESS ENERGY FLORIDA

D/B/A FLORIDA POWER CORPORATION

ATTN:

DALE WILLIAMS

RE:

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, 19<sup>TH</sup> FLOOR

RALEIGH, NC 27601

SELLER:

RIO ENERGY INTERNATIONAL, INC.

5718 WESTHEIMER, SUITE 1806

HOUSTON, TEXAS 77057

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, TERMINAL - TAMPA, FLORIDA

DELIVERY

PERIOD:

OCTOBER 27-29, 2004 (OTHERWISE MUTUALLY AGREEABLE)

PRICE:



PAYMENT:

TRANSFER TO SELLER'S DESIGNATED ACCOUNT 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.

HAS GRANTED TO 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. 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

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 <u>CITY OF HOUSTON, HARRIS COUNTY, STATE OF TEXAS</u> 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:

RIO ENERGY INTERNATIONAL, INC.

ATTN: RAUL ABELLO TELEPHONE: 713/977-5718 TELEX NO.: 166-034 RIO HOU FAX NO.: 713/975-5423 OR 5424

WE THANK YOU FOR CONCLUDING THIS TRANSACTION

BEST REGARDS,

RIO ENERGY INTERNATIONAL, INC. HOUSTON. TEXAS

TRT NO.: 166-034 RIO HOU

**OCTOBER 1, 2004** 

TO:

PROGRESS ENERGY FLORIDA

D/B/A FLORIDA POWER CORPORATION

ATTN:

DALE WILLIAMS

RE:

Manne THIS WILL CONFIRM THE AGREEMENT BETWEEN WILLIAMS AS FOLLOWS:

BY TELECON (September 30, 2004)

BUYER

PROGRESS ENERGY FLORIDA, D/B/A FLORIDA POWER CORPORATION

411 FAYETTEVILLE ST. MALL, 19<sup>TH</sup> FLOOR

RALEIGH, NC 27601

SELLER:

RIO ENERGY INTERNATIONAL, INC. 5718 WESTHEIMER, SUITE 1806

HOUSTON, TEXAS 77057

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. TERMINAL - TAMPA, FLORIDA



PERIOD:

OCTOBER 5-7, 2004 (OTHERWISE MUTUALLY AGREEABLE)

PRICE:

PAYMENT:

TRANSFER TO SELLER'S DESIGNATED ACCOUNT 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

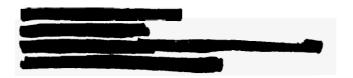
SATURDAY, SUNDAY, OR HOLIDAY.

AN ASSIGNMENT OF AND SECURITY HAS GRANTED TO I 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. 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



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 <u>CITY OF HOUSTON.HARRIS COUNTY, STATE OF TEXAS</u> 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.

ORCE 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:

1.

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:

RIO ENERGY INTERNATIONAL, INC.

ATTN: RAUL ABELLO TELEPHONE: 713/977-5718 TELEX NO.: 166-034 RIO HOU FAX NO.: 713/975-5423 QR 5424

WE THANK YOU FOR CONCLUDING THIS TRANSACTION.

BEST REGARDS,

RIO ENERGY INTERNATIONAL, INC. HOUSTON, TEXAS TRT NO.: 166-034 RIO HOU

### Williams, Dale D.

From: COmarine@aol.com

Sent: Tuesday, June 29, 2004 10:44 AM

To: Williams, Dale D.

Cc: mike.ginzel@martin-gas.com; scott@martin-gas.com; ruben@martinmlp.com; mikem@martin-

gas.com

Subject: Florida Power / Barge Cargo

Dale.

Just wanted to give you a quick outline of our conversation from this morning.

will receive, take title to, store and deliver approx. 80,000 bbls. of #2 fuel oil to FPC Bayboro Terminal. We will bill FPC attention after each delivery to Bayboro. The will cover will cover the terminal and barge delivery expenses.

Approximately 10,000 bbls will be received via tanker trucks and 70,000 bbls via

The product will be stored at the product is being stored for FPC. The terminal's property insurance will provide coverage for the product while it is onboard.

FPC will be responsible for all cargo related expenses. The only exception will be the second 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, Angela Reece Central Oil Company, Inc.

Main Office (813) 248-2105 Ext.#5250 Cell (813) 817-2409



September 14, 2004

Mr. Dale Williams Florida Power Corporation C/O Progress Energy PO Box 1551 Raleigh, NC 27602-1551

Central Oil Company, Inc. 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 and schedule

Product: HS #2 Diesel

Pickup Location: FPC Inventory at Terminal

Delivery Location: FPC Crystal River Coal Plant

Freight Rate: Flat fee. Rate includes for loading and

for unloading.

Demurrage: per hour (pro-rated)

Payment Terms: 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,

Angela Reece

Central Oil Company, Inc.



AUGUST 3, 2004

TO:

PROGRESS ENERGY FLORIDA

D/B/A FLORIDA POWER CORPORATION

ATTN:

DALE WILLIAMS

RE:

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, 19<sup>TH</sup> FLOOR

RALEIGH, NC 27601

SELLER:

RIO ENERGY INTERNATIONAL, INC.

5718 WESTHEIMER, SUITE 1806

HOUSTON, TEXAS 77057

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,

INSTRUCTIONS:

TERMINAL - TAMPA, FLORIDA

DELIVERY

PERIOD:

AUGUST 4-5, 2004 (OTHERWISE MUTUALLY AGREEABLE)

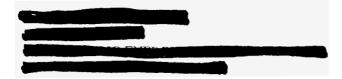
PRICE:

PAYMENT:

TRANSFER TO SELLER'S DESIGNATED ACCOUNT 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.

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



1234

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 <u>CITY OF HOUSTON, HARRIS COUNTY, STATE OF</u>
<u>TEXAS</u> 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:

RIO ENERGY INTERNATIONAL, INC.

ATTN: RAUL ABELLO TELEPHONE: 713/977-5718 TELEX NO.: 166-034 RIO HOU FAX NO.: 713/975-5423 OR 5424

WE THANK YOU FOR CONCLUDING THIS TRANSACTION.

BEST REGARDS,

RIO ENERGY INTERNATIONAL, INC. HOUSTON, TEXAS

TRT NO.: 166-034 RIO HOU

JULY 1, 2004

TO:

PROGRESS ENERGY FLORIDA

D/B/A FLORIDA POWER CORPORATION

ATTN:

DALE WILLIAMS

RE:

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, 19<sup>TH</sup> FLOOR

RALEIGH, NC 27601

SELLER:

RIO ENERGY INTERNATIONAL, INC.

5718 WESTHEIMER, SUITE 1806

HOUSTON, TEXAS 77057

PRODUCT:

NO. 2 HEATING OIL

**OUANTITY:** 

BARRELS, PER SHORE TANK UPGAUGE AT DISCHARGE PORT.

2

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:** 

, FLORIDA 35,000 NBBLS

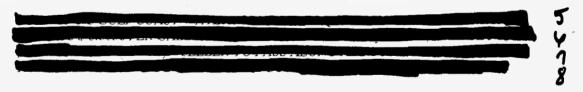
OIL TERMINAL 70,000 NBBLS

**DELIVERY** 

PERIOD:

JULY 3-6, 2004 (OTHERWISE MUTUALLY AGREEABLE)

PRICE:

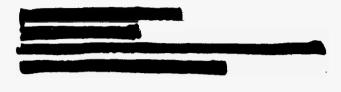


'AYMENT:

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.

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:



1234

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

5

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.

RBITRATION:

ANY CONTROVERSY ARISING OUT OF OR RELATING TO THE CONTRACT SHALL BE SETTLED BY ARBITRATION IN THE <u>CITY OF HOUSTON, HARRIS COUNTY, STATE OF TEXAS</u> 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.

DRCE 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:

RIO ENERGY INTERNATIONAL, INC. ATTN: RAUL ABELLO TELEPHONE: 713/977-5718

TELEX NO.: 166-034 RIO HOU FAX NO.: 713/975-5423 OR 5424

WE THANK YOU FOR CONCLUDING THIS TRANSACTION

BEST REGARDS.

RIO ENERGY INTERNATIONAL, INC. HOUSTON, TEXAS

TRT NO.: 166-034 RIO HOU

732-750-6000 732-750-6447 (FAX) 1 HESS PLAZA WOODBRIDGE, NJ 07095-0961

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 Amerada Hess Corporation ("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 the season 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 the per gallon for any unused gallons until Contract Quantity has been satisfied.



- 3. Delivery Point: Tampa, FL
- 4. Price
  The price to Progress Energy is fixed ("Fixed Price") as follows:
  subject to the additional costs associated with volume adjustments in Paragraph 2 above.
- 5. Payment Terms
  Seller's payment terms are
- 6. <u>Tax Clause</u>
  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.

Very truly yours, Ron Rhoades

This offer of sale is strictly confidential between Progress Energy and Amerada Hess Corporation. <u>This offer is valid until 10:00 AM on June 25, 2004</u>. <u>Please indicate if you accept or decline this bid by signing in the appropriate space below, and returning via fax to (866) 829-6466 no later than 10:00 AM today, June 25, 2004</u>.

We look forward to continuing a mutually beneficial business relationship with your company. If you have any questions, please feel free to contact Tracy Necklen on (732) 750-6699.

Senior Account Manager
Energy Marketing

DECLINED

BY: 

Signature

Print Name

Print Name

Date

Date

#### NO. 2 FUEL OIL SALES CONTRACT

BETWEEN

FLORIDA POWER CORPÓRATION d/b/a PROGRESS ENERGY FLORIDA, INC.

("BUYER")

AND

BP PRODUCTS NORTH AMERICA INC. ("SELLER")

AS OF

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 BP Products North America Inc., a Maryland corporation (Seller), 28100 Torch Parkway, Warrenville, Illinois 60555. 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.
- "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.

- 1.5 "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" 1
- "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 \$1,000,000,000.000. 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 OUANTITY

- 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.

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 <u>anticipated</u> volume requirements (the "Forecast") no <u>later</u> than the 25<sup>th</sup> 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



- 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

### 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:

BP Products North America Inc.

Attn: Betsy Leibson, Strategic Account Sales

28100 Torch Parkway, 415C

Warrenville, IL 60555 Phone: (630) 836-5054

Facsimile: (630) 836-6090

For Invoices:

At the above address

Attn: Pat Pusko, 415D Phone: (630) 836-5243 Facsimile: (630) 836-5350

1.12

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

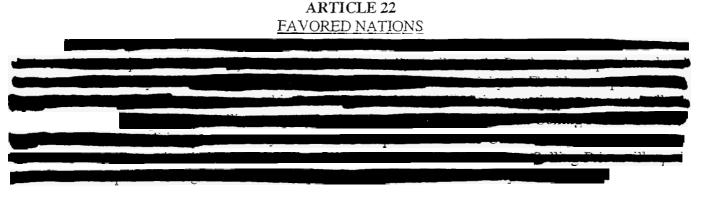
The article headings herein are for the purpose of convenience and reference only and shall not be taken to qualify, explain or affect any provisions hereof.

#### 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 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.
- 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.

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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)

Robert F. Caldwell Name:

(Please Print)

Title: Vice President

Date: \_\_

February 11, 2004

Witness:

BP Products North America Inc.

(Seller)

By:

Name:

James S. Fawley

Title:

Marketing Manager

Date:

January 23, 2004

#### **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.<br>Max. | 540° F<br>650° F | D-86         |
| Viscosity @ 100° F Min. CS<br>Max.   | 1.9<br>3.6       | D-445        |
| Ash Weight % Maximum                 | 0.01             | D-482        |
| Gravity Minimum API                  | 30               | D-287/D-1298 |
| Sulfur Weight % Maximum <sup>2</sup> | 0.5              | D-1552/      |
| BTU/Gallon Minimum <sup>3</sup>      | 137,000          | D-240        |
| DuPont Stability Maximum             | 7 maximūm        | N/A          |
| Oxidation Stability mg/100 ml Max.   | 2.5              | D-2274       |

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.

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 LOC                                                               | ATIONS/DELIVERY POINTS                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NCLOTE POWER PLANT 729 Bailey's Bluff Road foliday, 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<br>415 S. Islands Avenue<br>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.                                                                                                                |
| GGINS PLANT<br>ist Shore Drive<br>dsmar, 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.                                                                                                                                                                |
| NES ENERGY COMPLEX 00 County Road 555 rtow, FL 33830                    | Kerosine is received by truck. Located 8.1 miles from FL 60 West.                                                                                                                                                                                                                                  |
| TERCESSION CITY PLANT 5 Osceola-Polk Line Road ercession 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. |
| PINAR PLANT So. Econlockhatchee Trail ando, 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<br>oute 8, Box 286<br>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 D1 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.
- 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 do as not supply gaskets for transfer connections.

#### EXHIBIT D

# PRICING & BID INCREMENT ADDER TO INDEX PRICE

| Rack Options Products | Annual Volume  |                 |      | Proposed<br>New |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------|----------------|-----------------|------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| LS# 2 / Dyed          | Ainual voidine | Terminal        | CITY | Adders          | Demurrage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| LS# 2 / Dyed          |                |                 |      |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| HS# 2 / Dyed          |                |                 |      |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| LS# 2 / Dyed          |                |                 |      | 3               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| HS# 2 / Dyed          |                | And September 1 |      |                 | The same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the sa |
| HS# 2 / Dyed          |                |                 | 10   |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Pipeline Options      |                |                 |      | 4               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Products              | Annual Volume  | Terminal        | CITY |                 | Demurrage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| LS# 2 / Dyed          |                |                 |      |                 | Committee of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the cont |
| HS# 2 / Dyed          |                |                 |      | 3               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

#### EXHIBIT E

|                                 | FREIGHT                      |                   |       |              |     | A       |
|---------------------------------|------------------------------|-------------------|-------|--------------|-----|---------|
| Location                        | Address                      | City              | Zip:  | Terminal     | PTC | Freight |
| Crystal River # 4               | Powerline Road               | Crystal River     |       | Tampa        | 1   | 4       |
| Crystal River # 1&2             | Powerline Road               | Crystal River     | 34429 | Tampa        |     | 15      |
| Crystal River #5                | Fowerline Road               | Crystal River     | 34430 | Tampa        |     | 342     |
| Anclote Plant, Holiday, FI      | 1729 Bailey's Bluff Rd.      | Holiday           | 34691 | Tampa        | X   | 44.5    |
| Debary, FI                      | 176 West Highbanks Rd.       | Debary            | 32713 | Jacksonville |     |         |
| Intercession City, FI           | 6525 Osceola-Polk Line Rd.   | Intercession City | 33848 | Tampa        |     | 3.5     |
| Intercession City, FI           | 6526 Osceola-Polk Line Ad.   | Intercession City | 33849 | Orlando      |     | 33      |
| Turner Plant, Deltona, Fl       | 201 Debary Rd.               | Debary            | 32725 | Jacksonville | 1   |         |
| Suwannee Plant, Live Oak, Fl    | Route 8, Box 286             | Live Oak          | 32060 | Jacksonville |     |         |
| Higgins Plant, Oldsmar, Fl      | East Shire Drive             | Oldsmar           | 34677 | Tampa        | X   |         |
| Avon Park, Fl                   | 14158 S. Islands Avenue      | Avon Park         | 33825 | Tampa        | X   |         |
| Gainesville, Fl                 | Mowry Rd. Building 82        | Gainesville       | 32611 | Jacksonville |     |         |
| Rio Pinar Plant, Orlando, Fl    | 103 S. Econlockhatchee Trail | Orlando           | 32806 | Tampa        | X   |         |
| Rio Pinar Plant, Orlando, Fl    | 103 S. Econlockhatchee Trail | Orlando           | 32806 | Orlando      | Х   |         |
| Debary, FI                      | 176 West Highbanks Rd.       | Debary            | 32713 | Tampa        |     |         |
| Suwannee Plant, Live Oak, Fl    | Route 8, Box 286             | Live Oak          | 32060 | Bainbridge   |     |         |
| Turner Plant, Deltona, Fl       | 201 Debary Rd.               | Debary            | 32725 | Tampa        |     | وخشش    |
| Hines Plant, Bartcw, Fl         | 7700 County Road 555 S.      | Bartow            | 33830 | Tampa        | Χ   |         |
| Turner Plant, Deltona, Fl       | 201 Debary Rd.               | Debary            | 32725 | Orlando      |     |         |
| Debary, Fl                      | 176 West Highbanks Rd.       | Debary            | 32713 | Orlando      |     |         |
| ntercession City, FI (pipeline) | 6525 Osceola-Polk Line Rd.   | Intercession City | 33848 | Pipeline     |     |         |

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| Central Besser, Hill  Royal And feator Competion and con  Texpa Jule Kruse  John Many, McClonna  Biofrey John Many, McClonna  Quatur Grey Besones or Sjorden Dydg, ret  Jew 1100 de/coil.com  Deleo Giltre. Chuch Baffe 1:386-739-6654  A. Hen rhoddes Dhess.com                                        | ų<br>1                               |
| Colonel Bossom, Hell  Royal And Featon Competro a asl. con  Terpa Jule Kruse  Sommer Gran Turnen  Kio Franz John Manny, Mc (comme  Quantum Grey Resource or s) orden a pode, not  Stari Jeru 110 a de/co cil. com  Delco O: 1 tn. Chuck Balfe 1:386-739-6654  A. Hear rhoades a hess. com               | ų<br>1                               |
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| Jenner Grun Tupnen  Kin Frang John Monny, McClamare  Quantin Grey Resource or Syorden Dydg, ret  Lari  Deleo Giltn. Chuch Baffe 1:386-739-6654  A. Hen rhoddes Dhess.com                                                                                                                                | ų<br>1                               |
| Somes Grue Typen  ** ** ** ** ** ** ** ** ** ** ** ** **                                                                                                                                                                                                                                                | 7 8                                  |
| Delso (i) the Chuck Balfe 1:386-739-6654  A. Hear rhoddes Dhess.com                                                                                                                                                                                                                                     | 8                                    |
| Delco Giltne. Chuch Baffe 1-386-739-6654  A. Hen rhoddes Dhess.com                                                                                                                                                                                                                                      | 9                                    |
| Delso Oiltn. Chuch Baffe 1-386-739-6654  A. Hen rhoddes Dhess.com                                                                                                                                                                                                                                       |                                      |
| A. Hen rrhoddes Dhess.com                                                                                                                                                                                                                                                                               |                                      |
| A. Hen rrhoddes whess.com                                                                                                                                                                                                                                                                               | 10                                   |
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# ATTACHMENT 1 ANNUAL SYSTEM REQUIREMENTS Florida Power Corporation

| I.   | COMPANY INF                                                 | FORMATION                |        |  |  |  |
|------|-------------------------------------------------------------|--------------------------|--------|--|--|--|
|      | Seller's Name <u>Ce</u>                                     | entral Oil Company, Inc. |        |  |  |  |
|      | Seller's Address 1001 McClosky Blvd., Tampa, Florida 33605  |                          |        |  |  |  |
|      | Seller's Representative Angela Reece Phone # (813) 248-2105 |                          |        |  |  |  |
|      | Location(s): Tam                                            | npa, Florida             | •      |  |  |  |
|      |                                                             |                          |        |  |  |  |
| II.  | I. 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: Discharge Rate:

Demurrage: per hour 2

Payment Terms: from date of delivery 3

Calculation of Product Price:

#### Base Price

The Selling Base Price of Product for current week deliveries shall be the 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



**Bayboro Terminal** 



#### 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: Ungela Raeco Central Oil Company, Inc., Tampa, Florida

Angela Reece

### **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.

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mode of Transportation:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Tanker Trucks                                                                                                                                                                               |
| Quality:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Based on FPC Procurement Specifications for Fuel Oil #2                                                                                                                                     |
| Quantity:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Approximately 7,500 gross gallons                                                                                                                                                           |
| Delivery Laytime:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | for each Tanker Truck Load                                                                                                                                                                  |
| Demurrage:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2                                                                                                                                                                                           |
| Payment Terms:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | days from date of delivery                                                                                                                                                                  |
| Calculation of Product Price:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | ice of Product for current week deliveries shall be the  In the event no posting is  will be used to determine the price.  previous week and Sundays will be considered the following week. |
| Adder The adder will be the amount add handling costs. The adder for eac                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | ed to the Selling Base Price which will cover the freight costs and Seller's the location would be as follows:                                                                              |
| Anclote Power Plant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                             |
| Avon Park Plant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                             |

| Crystal River Coal Plants                |                    | - 1 |
|------------------------------------------|--------------------|-----|
| Higgins Plant                            |                    | 2   |
| Intercession City Plant                  | (0.5% sulfur only) | 3   |
| Rio Pinar Plant                          |                    | 4   |
| Suwannee Plant                           |                    | 5   |
| George T. Turner Plant                   |                    | Ļ   |
| University of Florida Cogeneration Plant |                    | 1   |

#### 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: Central Oil Company, Inc., Tampa, Florida

Angela Reece

# 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 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

Central Oil Company, Inc.

By

Title

V.P. Marine & Utility Sales

Business Address of Bidder\_

1001 McClosky Blvd.

Tampa Florida 33605

Address of Principal Office

1001 McCloskey Blvd.

Tampa, Florida 33605

Name and Address of Bidder's

Parent Company (If Applicable) <u>Martin Resources</u>

4200 B Stone Road

Kilgore, Texas 75662

#### Williams, Dale D.

From:

Enright, Richard D [enrighr@bp.com]

Sent:

Tuesday, September 30, 2003 2:56 PM

To:

dale.williams@pgnmail.com

Cc:

Betsy Leibson (E-mail)

Subject:

FW: FPC #2 Fuel Oil Annual System Requirements Bid Response.







Response.doc

2004\_xls

Dale,

I have made the appropriate changes for our rebid on the attachments. In order for to regain the existing contract to supply all current Florida Power locations, I have lowered the original freight rates by (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-

From: Leibson, Betsy

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

#### COMPANY INFORMATION

Seller's Name: BP Products North America, Inc.

Seller's Address: 28100 Torch Parkway, 415 C, Warrenville, II 60055

Seller's Representative: Betsy Leibson, Phone: 630-836-5054

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:

Through a clear understanding build on our prior experience, 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 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.

| America Inc.                                                   | Bidder: |         | BP       | Products                | North  |
|----------------------------------------------------------------|---------|---------|----------|-------------------------|--------|
|                                                                | Ву      | Betsy   | Leibsor  | า                       |        |
|                                                                | Title:  | Strateç | gic Acc  | ount Sales              |        |
| Business Address of Bidder                                     |         | BP Pro  | oducts i | North America           | a Inc. |
|                                                                |         |         |          | Parkway, 415<br>I 60555 | С      |
|                                                                |         |         |          |                         |        |
| Address of Principal Office                                    |         | Same    |          |                         |        |
| Name and Address of Bidder's<br>Parent Company (If Applicable) |         | Same    |          |                         |        |





# Exhibit A Revised BP Platt's USGC Pipeline Average Daily Posting Quantity and Pricing Schedule

| Buyera  |               |  |
|---------|---------------|--|
| Contact | Dale Williams |  |

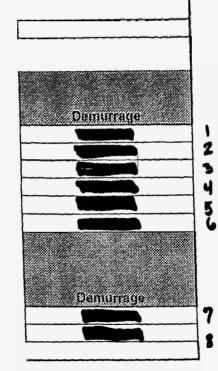
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| Effective Date        | Jan 1 2004             |                      |                 |                  |                                  |             |               |                    |
|-----------------------|------------------------|----------------------|-----------------|------------------|----------------------------------|-------------|---------------|--------------------|
| Tune Perior           | d 1 Year               |                      |                 |                  |                                  |             |               |                    |
| TotalVolume (gals     |                        |                      |                 |                  |                                  |             |               | Permonin / Total   |
| volumes are assumed t | o be delivered RATABLE | over the life of the | contract unless | s otherwise spec | ified and agree                  | d by both p | arties)       | Н                  |
|                       |                        |                      |                 | Pri              | or Year Adder                    | s           | Proposed      |                    |
| Rack Options Products | Annual Volume          | Terminal             | CITY            | 2001             | 2002                             | 2003        | New<br>Adders | FL. AF. L. S       |
| LS# 2 / Dyed          |                        |                      |                 |                  |                                  |             |               | Fixed Freight Rate |
| LS# 2 / Dyed          |                        |                      |                 |                  |                                  | =           |               |                    |
| HS# 2 / Dyed          |                        |                      |                 |                  | _=                               |             |               |                    |
| LS# 2 / Dyed          |                        |                      |                 |                  | =                                |             |               |                    |
| HS# 2 / Dyed          |                        |                      |                 |                  | ==                               |             |               |                    |
| HS# 2 / Dyed          |                        |                      |                 |                  |                                  |             |               |                    |
| Pipeline Options      |                        |                      |                 | Current Bid      | Proposed<br>New Bid<br>Increment |             |               |                    |
| Products              | Annual Volume          | * Tenninal           | CITY            | Adders           | Adders                           |             |               | Enva Control       |
| LS# 2 / Dyed          |                        |                      |                 |                  |                                  |             |               | Fixed Freight Rati |
| HS# 2 / Dyed          |                        |                      | 4               | <del></del>      |                                  |             |               | 1                  |





BP Oil Betsy Leibson 1-866-273-4732 Ext. 5054 630-836-6090





| R          |                                  |                              |                   |           |                     |                | <b>Current Contract</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Acutal (9/03)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Percent         |
|------------|----------------------------------|------------------------------|-------------------|-----------|---------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| ship to #  | Location                         | Address                      | CONTRACTOR        | 7/0-0-1-1 | 7                   |                | 2003                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | DAO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Change          |
| STIP TO IF | Crystal River # 4                |                              | City              | Zip Code  | terminal            | PTO Required   | DSL-T&DPnte                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | As of 9/8/03                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                 |
|            |                                  | Powerline Road               | Crystal River     |           | Tampa               |                | <b>用型对这类的</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | AMILE OF THE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | · (440.00)      |
|            | Crystal River # 1&2              | Powerline Road               | Crystal River     | 34429     | Tampa               |                | TO A CONTROL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | and the second                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 0.00            |
|            |                                  | Powerline Road               | Crystal River     | 34430     | Tampa               |                | <b>小声,他是</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 65.0.00°        |
|            | Anclote Plant, Holiday, Fl       |                              | Holiday           | 34691     | Tampa               | Х              | 100 may 4 miles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | A Zina Manada a Si                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>* 0.00</b> * |
| -          | Debary, FI                       |                              | Debary            | 32713     | Jacksonville        |                | 1927 July 2003 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | MARKET                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 0.00            |
| -1         |                                  | 6525 Osceola-Polk Line Rd.   | Intercession City | 33848     | Tampa               |                | 5/6-7/6591 / 3199                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Billion of the San State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State State | 0.00            |
|            |                                  | 6526 Osceola-Polk Line Rd.   | Intercession City | 33849     | Orlando             |                | 10.002 (20.002)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 19420-1943-1944                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | # <u>₽</u> 0.00 |
|            | Turner Plant, Deltona, Fl        | 201 Debary Rd.               | Debary            | 32725     | Jacksonville        |                | THE STREET                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | # 0.00          |
|            | Suwannee Plant, Live Oak, Fl     | Route 8, Box 285             | Live Oak          | 32060     | Jacksonville        |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                 |
|            | Higgins Plant, Oldsmar, FI       | East Shire Drive             | Oldsmar           |           | Tampa               | X              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | AND THE PROPERTY OF THE PARTY O | 0.00            |
|            | Avon Park, FI                    | 14158 S. Islands Avenue      | Avon Park         |           | Tampa               | $\frac{1}{x}$  | 7417175657050                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 0.00            |
|            | Gainesville, FI                  | Mowry Rd. Building 82        | Gainesville       |           | Jacksonville        |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 0.00            |
|            | Rio Pinar Plant, Orlando, Fl     | 103 S. Econlockhatchee Trail | Orlando           |           | Tampa               | X              | V. A.C. V. B. B. D. S. V. S. S. J.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 0.00            |
|            | Rio Pinar Plant, Orlando, Fl     | 103 S. Econlockhatchee Trail | Orlando           |           | Orlando             | X              | Franks Side Addition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                 |
|            | Debary, FI                       | 176 West Highbanks Rd.       | Debary            |           | Tampa               | <u> </u>       | 2000年1200年120日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日 - 100日   | en a transfer and the second                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 0.00            |
|            | Suwannee Plant, Live Oak, Fl     | Route 8, Box 286             | Live Oak          |           | Bainbridge.         | <del> </del>   | A STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STA |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 0.00            |
| 17         | Turner Plant, Deltona, Fl        | 201 Debary Rd.               | Debary            |           | Tampa               | <del> </del>   | CONTRACTOR OF THE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | AND COMPANY OF SAME                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | (A+Q.09         |
|            | Hines Plant, Bartow, FI          | 7700 County Road 555 S.      | Bartow            |           | Tampa               | <del>  x</del> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | STATE OF 1882 187                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 0.00            |
| 1 2 1      | Turner Plant, Deltona, FI        | 201 Debary Rd.               | Debary            |           | Orlando             | <del>  ^</del> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>₽</b> 0.00   |
| į.         | Debary, FI                       | 176 West Highbanks Rd.       | Debary            |           |                     | <del> </del>   | ASSESSMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | A 10 10 10 10 10 10 10 10 10 10 10 10 10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Fig. 0.00       |
|            | Intercession City, FI (pipeline) | 6525 Osceola-Polk Line Rd.   | Intercession City |           | Orlando<br>Pipetine |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>"我们是我们</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 0.00<br>*≴.0:10 |

#### Williams, Dale D.

From:

Sent:

Leibson, Betsy [leibsone@bp.com]
Wednesday, September 17, 2003 3:56 PM

To:

Williams, Dale D.

Subject:

FPC #2 Fuel Oil Annual System Requirements Bid Response.



Pricing for 2004 Bid.xls



2004 Bid Response.doc



FP Freight Rates Bid 2004.xis





# Exhibit A Revised BP Platt's USGC Pipeline Average Daily Posting Quantity and Pricing Schedule

| Buyer.   |               |  |
|----------|---------------|--|
| Contact: | Dale Williams |  |

Soller Confact Phone Fax

| Effective Date:           |                         |                      |                |                                        |                 |              |                  |                    |
|---------------------------|-------------------------|----------------------|----------------|----------------------------------------|-----------------|--------------|------------------|--------------------|
| Time Period:              | 1 Year                  |                      |                |                                        |                 |              |                  |                    |
| TotalVolume (gals):       |                         |                      |                |                                        | <u> </u>        |              | <del></del>      |                    |
| volumes, are, assumed, to | be delivered RATABLE of | over the life of the | contract unles | s otherwise spe                        | cified and agre | ed by both n | artical          | Fe DOM: THE        |
|                           |                         | B                    |                |                                        | E               | ou by boin p | arries) <b>C</b> | 니                  |
|                           |                         |                      |                | Pr                                     | ior Year Adde   | rs           | Propose          | П                  |
| Rack Options              |                         |                      |                | 2001                                   | 2002            | 2003         | New              |                    |
| Products                  | Annual Volume           | Tenninal             | CITY           |                                        |                 | 2000         | Adders           | Elved Evitate S.   |
| LS# 2 / Dyed              |                         |                      |                |                                        |                 |              |                  | Fixed Freight Rati |
| LS# 2 / Dyed              |                         |                      |                |                                        |                 |              |                  |                    |
| HS# 2 / Dyed              |                         |                      |                |                                        |                 |              | +=               |                    |
| LS# 2 / Dyed              |                         |                      | 4              |                                        |                 | =            |                  |                    |
| HS# 2 / Dyed              |                         |                      |                |                                        |                 |              |                  |                    |
| HS# 2 / Dyed              |                         |                      |                |                                        |                 |              | +=               |                    |
|                           |                         |                      |                |                                        |                 |              |                  |                    |
|                           |                         |                      |                |                                        | Proposed        |              |                  |                    |
| Pipeline Options          |                         |                      |                | Current Eld                            | •               |              |                  |                    |
| Products                  | -Annual Volume          | Terminal             | CITY           | ************************************** | Borement        |              |                  |                    |
| LS#2/Dyed                 |                         |                      |                | Autorie                                | Addes           |              |                  | Fixed Freight Rate |
| HS# 2 / Dyed              |                         |                      |                | -                                      |                 |              | 7                |                    |
|                           |                         |                      |                | <b>——</b>                              |                 |              |                  |                    |



6

BP Oil Betsy Leibson 1-866-273-4732 Ext. 5054 630-836-6090 Demurrage Demurrage



## ATTACHMENT 1 ANNUAL SYSTEM RERQUIREMENTS Florida Power Corporation

#### COMPANY INFORMATION

Seller's Name: BP Products North America, Inc.

Seller's Address: 28100 Torch Parkway, 415 C, Warrenville, II 60055

Seller's Representative: Betsy Leibson, Phone: 630-836-5054

Location(s):

#### II. MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

UTILITY GAL

GALLONS

**PERIOD** 

Carolina Power and Light

9,529,047

2002

Florida Power

54,064,167

2002

#### III. Proposal:

Through a clear understanding build on our prior experience, 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).

P

### 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 , 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.

Bidder: BP Products North America Inc. Betsy Leibson By Strategic Account Sales Title: Business Address of Bidder BP Products North America Inc. 28100 Torch Parkway, 415 C Warrenville, II 60555 Address of Principal Office Same Name and Address of Bidder's Same Parent Company (If Applicable)

P.CI

#### 2002 Florida Power Freight Rates CPG

|     |   | 1   |   |
|-----|---|-----|---|
| ila | 7 | 1/2 | H |

Debary, FI

Intercession City, FI (pipeline)

176 West Highbanks Rd.

6525 Osceola-Polk Line Rd

Debary

Intercession City.

Current Contract Acutal (9/03) Percent 2003 DAO Change Location . Address City Zip Code Terminal PTO Required DSL-T & D R\*\* His As of 9/8/03 1 - MEVE Crystal River # 4 Powerline Road 34428 Tampa Crystal River #R 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, FI 1729 Bailey's Bluff Rd. Holiday 34691 Tampa #10.00 · Debary, FI 176 West Highbanks Rd. Debary 32713 Jacksonville **₩0.00**/ Intercession City, FI 6525 Osceola-Polk Line Rd. Intercession City 33848 Tampa **0.00** Intercession City, FI 6528 Osceola-Polk Line Rd. Intercession City. 33849 Orlando 0.00 Turner Plant, Deltona, Fl 201 Debary Rd. Debary 32725 Jacksonville 流(0,00x Suwannee Plant, Live Oak, Fl Route 8, Box 286 Live Oak 32060 Jacksonville 0.00 Higgins Plant, Oldsmar, FI East Shire Drive Oldsmar 34677 Tampa X W/O.00 Avon Park, FI 14158 S. Islands Avenue Avon Park 33825 Tampa X 0.00 Gainesville, FI Mowry Rd. Bullding 82 Gainesville 32611 Jacksonville # 0.00 si Rio Pinar Plant, Orlando, Fl 103 S. Econlockhatchee Trail Orlando 32806 Tampa X Pro All III #0.00 se Rio Pinar Plant, Orlando, FI 103 S. Econlockhatchee Trail Orlando 32806 Orlando X **₹**0.00€ Debary, FI 176 West Highbanks Rd. Debary 32713 Tampa \$40.00 xx Suwannee Plant, Live Oak, FI Route 8, Box 286 Live Oak 32060 Bainbridge 数の計画 Turner Plant, Deltona, FI 201 Debary Rd. Debary 32725 Tampa #0,00<sub>/2</sub> Hines Plant, Bartow, FI 7700 County Road 555 S. Bartow X 33830 Tampa 海0:009年 Turner Plant, Deltona, Fl 201 Debary Rd. Debary 32725 Orlando #0.00 #0.00

32713 Orlando

33848 Pipeline

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 Colonial Oil Industries, Inc.

Seller's Address 1301 Riverplace Blvd. Suite 2646 Jacksonvillle, FL 32207

Seller's Representative Robert A. Bosman Phone # 904-396-1388

Location(s): Jacksonville, FL

#### II. MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

| UTILITY                      | GALLONS | PERJOD     |   |
|------------------------------|---------|------------|---|
| Progress Energy              |         | 10/02-8/03 | 1 |
| Gainesville Regional Utility |         | 10/02-8/03 | 2 |

#### Ⅲ. Proposal

Location: Suwannee Plant

Estimated Quantity:

Term: January 1, 2004 - December 31, 2004

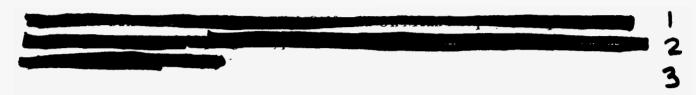
Payment terms: from receipt of invoice

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!

|                            | METHOD          |                  | ASTM TEST    |
|----------------------------|-----------------|------------------|--------------|
| Flash Point Minimum        |                 | 140° F or legal  | D-93         |
| Pour Point Maximum         |                 | 20° F            | D-97         |
| Water & Sediment % Vo      | lume Maximum    | 0.05%            | D-96/D1796   |
| Carbon Residue on 10%      | Bottoms Max.    | 0.25%            | D-189/D-4530 |
| Distillation Points 90%    | Min.<br>Max.    | 540° F<br>650° F | D-86         |
| Viscosity @ 100° F         | Min. CS<br>Max. | 2.0<br>3.6       | D-445        |
| Ash Weight % Maximum       |                 | 0.01             | D-482        |
| Gravity Minimum API        |                 | 30               | D-287/D-1298 |
| Sulfur Weight % Maximur    | $\pi^2$         | 0.5              | D-1552/      |
| Vanadium Maximum PPN       | 1               | 1.5              | D-3605       |
| Sodium + Potassium PPN     | // Maximum      | 2                | D-3605       |
| Calcium PPM Maximum        |                 | 4                | D-3605       |
| Lead PPM Maximum           |                 | 1                | D-3605       |
| BTU/Gallon Minimum³        |                 | 137,000          | D-240        |
| DuPont Stability Maximum   | 1               | 5 maximum        | N/A          |
| Oxidation Stability mg/100 | ml Max.         | 2.5              | D-2274       |

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.

<sup>2</sup> 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<br>1729 Bailey's Bluff Road<br>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<br>1415 S. Islands Avenue<br>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<br>Weedon Island Drive<br>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<br>1300 Third Street South<br>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                                             | 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.  45,640 bbls in 2000, 111,606 bbls in 2001 & 98,477 bbls in 2002                                                                                                                                                  |
| DEBARY PLANT<br>176 West Highbanks Road<br>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                                                                                                                                                                                                                                                                                                                      |
|                                                                       |                                                                                                                                                                                                                                                                                                                                                                                        |
|                                                                       |                                                                                                                                                                                                                                                                                                                                                                                        |

| East Shore Drive<br>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<br>6525 Osceola-Polk Line Road<br>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<br>103 So. Econlockhatchee Trail<br>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<br>Route 8, Box 286<br>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<br>201 Debary Avenue<br>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<br>7700 County Road 555<br>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 17<sup>th</sup> day of September, 2003.

Attachments

|                                                                                                                              | Didde | Γ                        |
|------------------------------------------------------------------------------------------------------------------------------|-------|--------------------------|
|                                                                                                                              | Ву    | (Signature)              |
|                                                                                                                              |       | Robert A. Bosman         |
|                                                                                                                              | Title | Marketing Representative |
| Business Address of Bidder<br>Colonial Oil Industries, Inc.<br>1301 Riverplace Blvd. Suite 2646<br>Jacksonville, FL 32207    |       |                          |
|                                                                                                                              |       |                          |
| Address of Principal Office<br>Colonial Oil Industries, Inc.<br>101 North Lathrop Avenue<br>Savannah, GA 31402               |       |                          |
|                                                                                                                              |       |                          |
|                                                                                                                              |       |                          |
| Name and Address of Bidder's Parent Company (If Applicable) Colonial Group, Inc. 101 North Lathrop Avenue Savannah, GA 31402 |       |                          |
|                                                                                                                              |       |                          |

#### **ATTACHMENT 4**

#### UNABLE TO SUBMIT A BID FOR NO. 2 OIL SUPPLY ANNUAL SYSTEM REQUIREMENTS

f your firm cannot submit a bid at this time, please provide the information requested below and return to:

| Progress Energy Florida  11 Fayetteville Street  22 Box 1551, PEB 10  Attn: Dale Williams                                   |        |
|-----------------------------------------------------------------------------------------------------------------------------|--------|
| taleigh, NC 27602                                                                                                           |        |
| Pear Mr. Williams:                                                                                                          |        |
| /e have received the Request for Proposal for supply of No. 2 oil to FPC, with a deadline for receipt of eptember 17, 2003. | bid of |
| <sup>7</sup> e wish to remain active on your Bidder's List.                                                                 |        |
| e 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                                                                                                            |        |
|                                                                                                                             |        |

If submitting a "NO BID," DO NOT RETURN THE BID PACKAGE. Return this form only.

TE:

P.15

F4 . .

#### 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:

TransMontaigne Product Services Inc. (TPSI), 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.

TPSI 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".

TPSI 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.

TPSI also declares that it is willing and able to enter into negotiations with FPC for a No. 2 oil supply contract.

| TransMontaigne Product Services Inc. |                                              |                       |  |  |  |
|--------------------------------------|----------------------------------------------|-----------------------|--|--|--|
| Ву                                   | <del></del>                                  |                       |  |  |  |
| Drew McIntos                         | h, Vice President                            |                       |  |  |  |
|                                      | Address of Principal Office:                 | PO Box 5660           |  |  |  |
|                                      |                                              | Denver, CO 80217-5600 |  |  |  |
|                                      | Name and Address of Bidders' Parent Company: | TransMontaigne        |  |  |  |

1670 Broadway, Suite 3100

### ATTACHMENT 2A No. 2 OIL PRICING AND QUALITY

TransMontaigne Product Services Inc. (TPSI) 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.

| includes barge, pipelin | publication for the reference<br>e or truck transportation to the reference |                         | der windir |
|-------------------------|-----------------------------------------------------------------------------|-------------------------|------------|
| Plant Location          | OPIS City Daily Rack Average Price                                          | Product Adder           | /\$gallcn  |
|                         |                                                                             |                         |            |
| Avon Park               | TAMPA                                                                       | #2 DF O.1-Hwy Lo-Sulfur | \$         |
| .L. Bartow              | TAMPA                                                                       | #2 DF On-Hwy Lo-Sulfur  | \$         |
| Bayboro                 | TAMPA                                                                       | #2 DF On-Hwy Lo-Sulfur  | \$.        |
| Crystal River           | TAMPA                                                                       | #2 DF On-Hwy Lo-Sulfur  | \$.        |
| ebary                   | TAFT / ORLANDO                                                              | #2 DF On-Hwy Lo-Sulfur  | \$.        |
| iggins                  | TAMPA                                                                       | #2 DF On-Hwy Lo-Sulfur  | \$.        |
| ntercession City Pyrel  | TAMPA                                                                       | #2 DF On-Hwy Lo-Sulfur  | \$.        |
| io Pinar                | TAFT / ORLANDO                                                              | #2 DF On-Hwy Lo-Sulfur  | 9888       |
| uwannee                 | BAINBRIDGE, GA                                                              | #2 DF On-Hwy Lo-Sulfur  | S          |
| eorge Turner            | TAFT / ORLANDO                                                              | #2 DF On-Hwy Lo-Sulfur  | \$.        |

The Florida Pollution Taxes and any applicable Federal, State and Local taxes will be billed separately. A pump off charge of \$ per transport truck load will be charged when applicable.

NO BID

NO BID

**Hines** 

For example, the delivered price to the Anclote plant will escalate with the plus an adder of \$.0229 per gallon plus any applicable taxes.

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 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: 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: 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 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.

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# ATTACHMENT 1 ANNUAL SYSTEM REQUIREMENTS

## I. COMPANY INFORMATION

Seller's Name.....TransMontaigne Product Services Inc.

Mike Piermatteo (941)722-7727

### II. MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

| UTILITY               | GALLUNS | <u>PERIOD</u> |
|-----------------------|---------|---------------|
| Florida Power & Light |         | 2003          |
| Tampa Electric        |         | 2003          |
| City of Lakeland      |         | 2003          |
| Orlando Utilities     |         | 2003          |
| Keys Energy Services  |         | 2003          |
| Florida Power Corp.   |         | 2003          |

# III. Proposal

See attachment 2A.

# ATTACHMENT 1 ANNUAL SYSTEM REQUIREMENTS Florida Power Corporation

#### 1 COMPANY INFORMATION

Seller's Name Royal Petroleum, Inc.

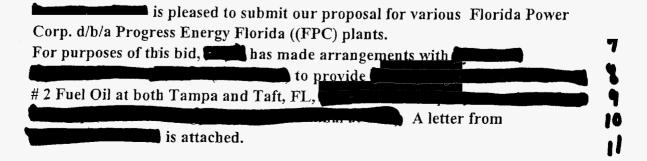
Seller's Representative Arnold E. Seaton Phone # 321 723-8424

Ft. Lauderdale, FL Lake Worth, FL Melbourne, FL

#### 11 MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

| UTILITY | PERIOD |                               |  |
|---------|--------|-------------------------------|--|
|         |        | 1/1/2002 - 8/31/2003          |  |
|         |        | 1/1/2002 - 8/31/2003 2        |  |
|         |        | 1/1/2002 - 8/31/2003 <b>3</b> |  |
|         |        | 1/1/2002 - 8/31/2003 • 4      |  |
|         |        | 1/1/2002 - 8/31/2003 <b>5</b> |  |
|         |        |                               |  |



Pricing for this bid will fluctuate daily with

This posting is published daily in the publication and is available by subscription. A 2003 daily history of this posting from both

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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.

TAXES: Pollution taxes, currently 0.02072 per gallon, are in addition to prices quoted.

to conform to Colonial Pipeline Company Grade 75 Specification for Fungible Fuel Oil - 40 Cetane - see attached copy.

OTHER: In the unlikely event the is out of service during a required delivery schedule product will be made available at with an appropriate adjustment for the additional transportation.

1. For reference purposes only,
Tampa was
Orlando was
per gallon

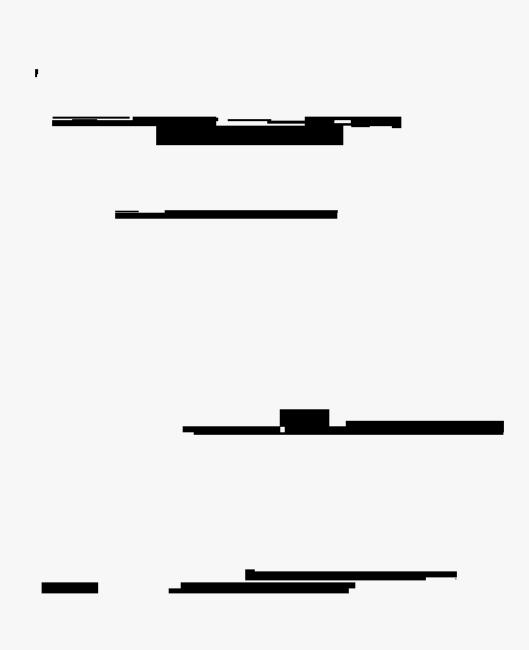
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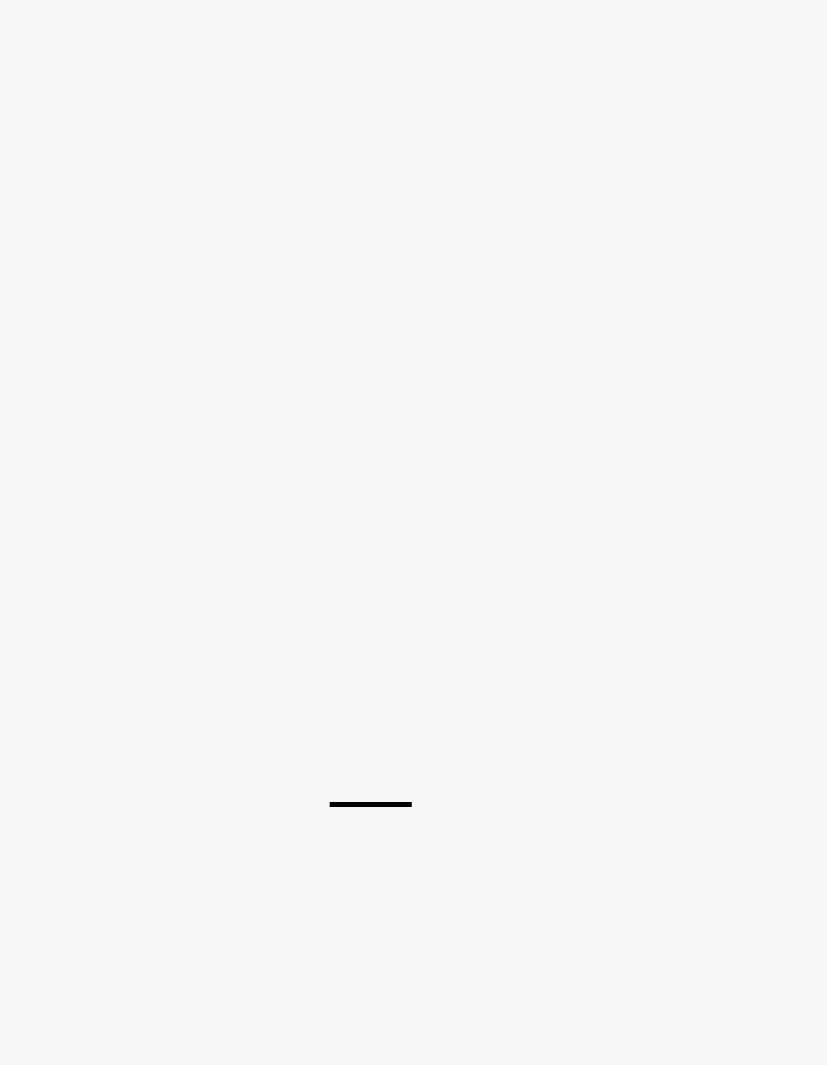
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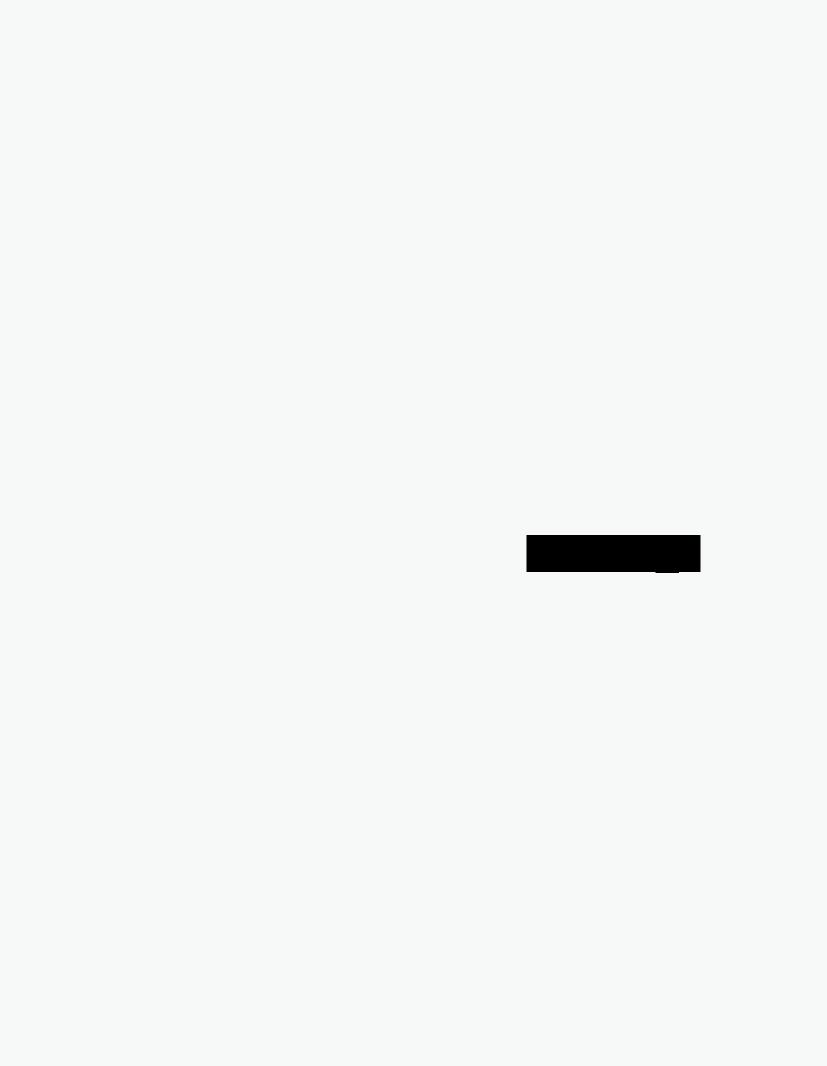


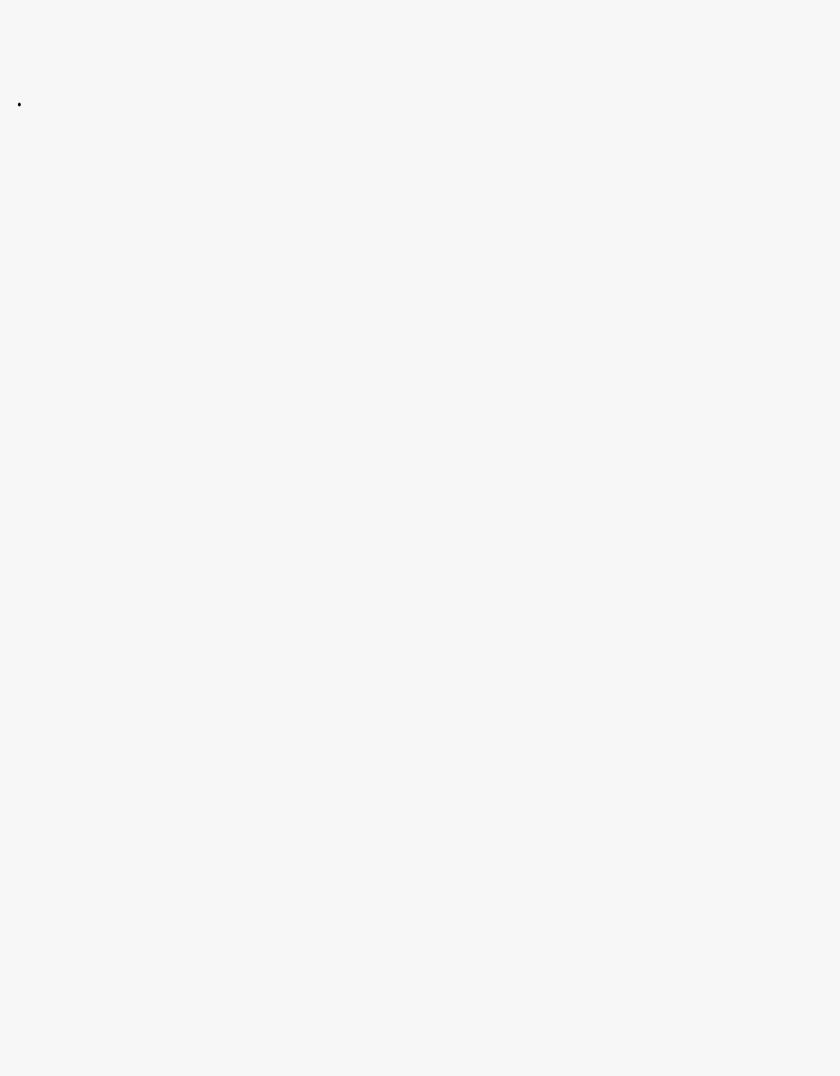


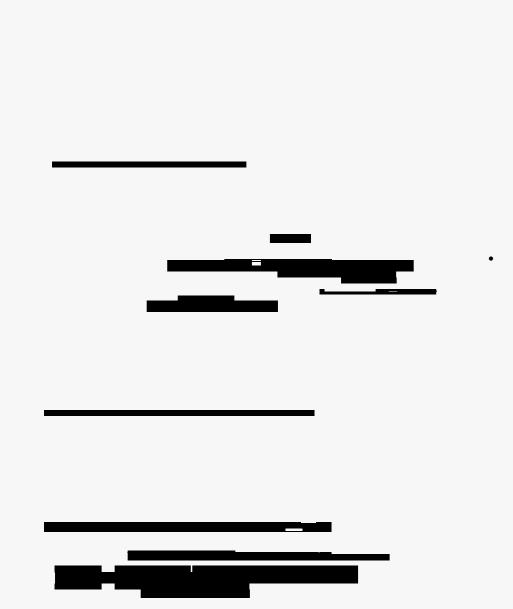


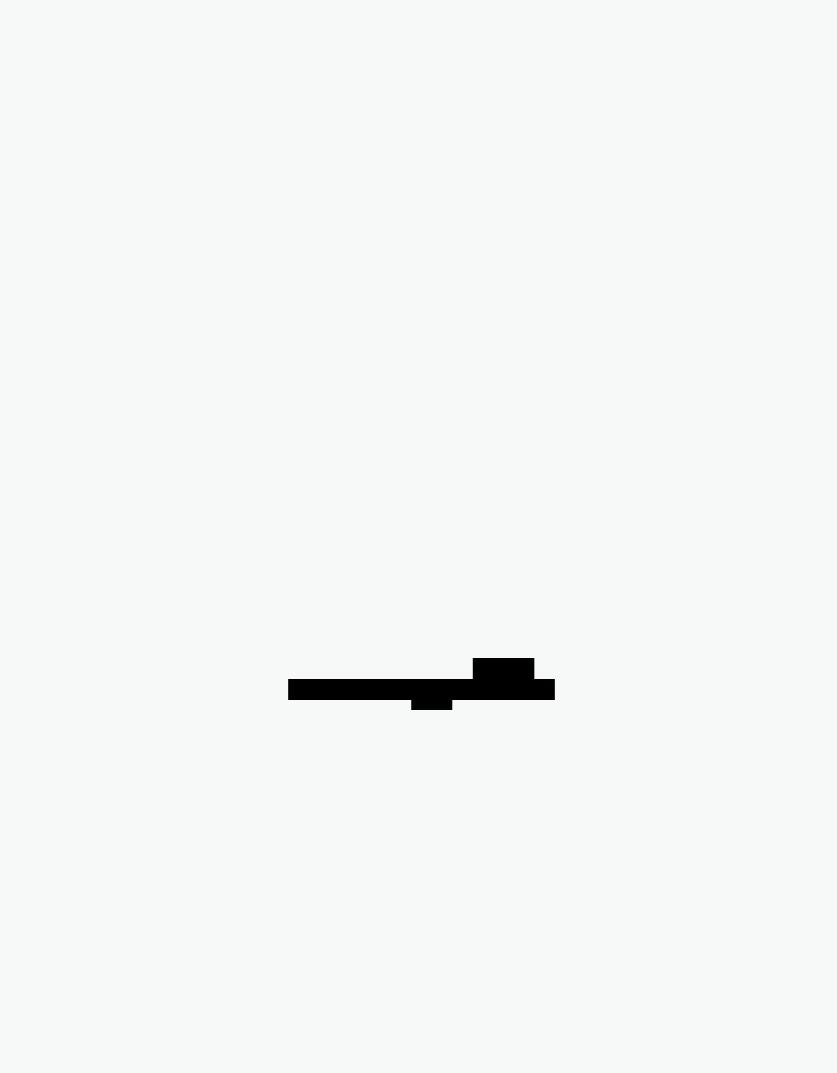
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