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Exhibit B

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2nd POD

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September 15, 2005

Dear Prospective Bidder:

REQUEST FOR PROPOSALS FOR COAL SUPPLY

Bid Deadline: (10/17/2005)

Time: 12:00 (noon) EDT

Progress Fuels Corporation ("PFC") is soliciting your proposal for coal deliveries to Progress Energy Florida Inc.'s *Crystal River Units Nos. 1 and 2 ("Crystal River")*, beginning in January of 2006. Offers may be submitted for terms of one (1) to three (3) years. PFC prefers a quote for a minimum of 150,000 tons annually to be delivered in generally ratable monthly amounts; however quotes for lesser quantities will be considered. The quality of all coal should conform to the "Required Coal Specifications" listed on the attached Coal Producers' Solicitation Form. All guaranteed values are expected to be met on a per shipment basis.

For domestic coal PFC will consider both rail and barge loading origins for the quoted product.

- (i) For rail deliveries all prices should be quoted FOB (as such term is defined under the Uniform Commercial Code) the railcar at the mine loading point which must be located on a CSX rail district origin. The supplier must be capable of loading and shipping the coal twenty-four (24) hours per day, seven (7) days per week, in nine-five (95) unit train car lots (which shall be rapid discharge cars which are owned or leased by PFC or Progress Energy Florida, Inc.). The Bidder must specify their loading time requirements and the applicable CSX rail district origin. Any and all proposals for rail deliveries for which the guaranteed quality for sulfur dioxide exceeds the maximum specification of 2.1 pounds on a per shipment basis will automatically be disqualified from consideration.
- (ii) For barge deliveries all prices should be quoted FOB the barge. The Bidder should indicate any loading dock preferences.

In the case of either (i) or (ii), the quoted price should be inclusive of all taxes, fees and all other charges to mine, produce, load and deliver the coal to PFC at the applicable delivery point.

For import coal all prices should be quoted as a delivered price to a New Orleans, Louisiana or Mobile, Alabama area import terminal in self-discharged vessels (belted-type vessels are preferred), with the supplier retaining title and risk of loss to the coal until the coal crosses the ship's rail as it is being unloaded at the applicable delivery point. The quoted price shall be inclusive of all taxes, fees, insurance, freight and other charges to mine, produce, load and deliver the coal to PFC at the applicable delivery point.

PFC prefers a price quote which is effective as of January 1, 2006 and is fixed for a minimum of



twelve (12) months thereafter. For proposals of duration longer than twelve (12) months, PFC will consider both fixed price quotes and proposals containing price adjustment mechanisms. For proposals for duration of three (3) years, PFC will also consider quotes containing a price reopener.

Although not necessarily dispositive, PFC strongly prefers to utilize the PFC Coal Purchase Confirmation together with the General Terms and Conditions which are attached thereto and incorporation therein by reference (collectively the "PFC GTC") in the event it chooses, in its sole discretion to award any contract(s). PFC will make copy of the PFC GTC available for review to those Bidders, if any, making the "short list".

Your proposals are due by 11:00 a.m. Eastern Daylight Time (EDT) October 17, 2005. Proposals should be sent back on the attached Coal Producers' Solicitation Form. For multiple proposals, a separate form is required for each proposal. Please include all available analysis for the coal (i.e., proximate, ultimate, sulfur forms, mineral analysis of ash, ash fusion temperatures, trace element). If you desire to show a typical value, please ensure that you also include your guaranteed values in order for your proposal to be considered. If your proposal includes a blended product from various seams, please provide the quality data for the blended product as well as for each individual seam from which you would expect to ship coal should you be awarded a contract.

Electronic submissions are preferred but hardcopy submissions will be accepted provided that they are sealed. The proposals should be marked "Progress Fuels Coal Proposal – Term Contract Non-Compliance Coal Quotation" in the subject line (or on the face of the envelope if submitted by hard copy) and returned to:

Sheila Sheppard (sheila.sheppard@pgnmail.com)
c/o Progress Energy Carolinas, Inc.
Regulated Fuels Department
410 S. Wilmington St.
Mail Code: PEB 10
Raleigh, NC 27601

Proposals submitted to any other person or address will not be considered. Proposals should be valid, binding and irrevocable for thirty (30) Business Days (as defined below) from October 17, 2005. For the purposes of this Request for Proposals, a "Business Day" shall mean any day on which the Federal Reserve member banks of New York, New York are open for business, except for Saturdays, Sundays, or Holidays.

We encourage offers that provide added value to Progress Fuels Corporation, including (i) annual tonnage flexibility (expressed as a percentage); (ii) unilateral extension option(s) for PFC; (iii) coals with an SO₂ lower than 2.1# but greater than 1.5#; or (iv) potential partnering and/or strategic opportunities. Proposals will be evaluated not only on a delivered cost basis but also on a performance cost basis including, but not limited to, coal and ash handling impacts, generating station operating costs and environmental compliance.



Progress Fuels Corporation hereby reserves the right to waive informal technicalities and/or irregularities, to reject any and all proposals for any reason, and/or to accept or reject any proposal or proposals, as determined to be in the best interests of Progress Fuels Corporation in its sole and absolute judgment. In addition, Progress Fuels Corporation reserves the right to make inspection(s) of the mine(s), loading points and/or operations involved, and to further negotiate the terms and conditions of Bidder's proposal(s) or to award or not award the contract(s) and/or purchase order(s) on the basis of the proposal(s) as submitted, without further discussions, negotiations and/or explanations.

This constitutes a Request for Proposals only. In no event shall PFC be deemed to have accepted any offer by any Bidder unless and until a written acceptance of such offer (which acceptance may be evidenced by a written agreement to purchase such coal) is executed by a duly authorized representative of PFC.

If you have any questions, please contact Barbara Coppola (919) 546-6002 or Brett Phipps at (919) 546-7750.

Attachments



PRODUCER NAME:		
STREET ADDRESS:		
CONTACT:	TELEPHONE NO.:	
MINE(S):	BOM DISTRICT:	COUNTY: STATE:
ORIGIN RAILROAD(S)/DISTRICT: EK ___ CV ___ Big Sandy ___ Other _____		R/R TIPPLE DESIGNATION/NUMBER:
TYPE OF LOADING FACILITY: UNIT TRAIN: _____ SINGLE CAR: _____ TRAINLOAD: _____		
MAXIMUM LOADING CAPACITY: _____ TONS _____ HOURS _____ TRACK CAPACITY		
WATER DELIVERY CAPABILITY: ___ YES ___ NO IMPORT COAL: LOAD PORT _____		
SHIP THROUGH: _____ DOCK		LOAD RATE: _____
TOTAL PRODUCTION CAPACITY PER MONTH: _____ TONS		
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: _____ TONS		
TYPE OF MINE: ___ % DEEP ___ % STRIP ___ % AUGER		
SEAMS:	BLEND RATIOS:	
COAL PREPARATION: _____ RAW _____ WASHED _____ COMBINATION		
TYPE OF COAL WASHER, IF WASHED:		
TYPE OF COAL SAMPLING:		
TYPE OF LABOR CONTRACT(S):	DATE FOR RENEGOTIATION:	
TYPE OF COAL WEIGHING:	SCALE CERTIFIED? ___ YES ___ NO	
PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.		
PRODUCER'S COMMENTS:		
CREDIT REFERENCES (Minimum two):		
CUSTOMER REFERENCES (Minimum four):		
SIGNATURE:	TITLE:	DATE:

THIS FORM AND ANY ADDITIONAL INFORMATION TO:

Ms. Sheila Shepherd
Sheila.sheppard@pegm.com
 c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
 410 S. Wilmington Street
 Mail Code PEB10
 Raleigh, NC 27601

PEF-FUEL-001112



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

1 MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
 2 ADJUSTABLE IN DIRECT PROPORTION TO BTU.
 3 ADJUSTABLE IN INVERSE PROPORTION TO BTU.
 4 PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P ₂ O ₅			Antimony		
SiO ₂			Arsenic		
Fe ₂ O ₃			Beryllium		
Al ₂ O ₃			Cadmium		
TiO ₂			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO ₃			Lead		
K ₂ O			Lithium		
Na ₂ O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM



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

¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
² ADJUSTABLE IN DIRECT PROPORTION TO BTU.
³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.
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TiO ₂			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO ₃			Lead		
K ₂ O			Lithium		
Na ₂ O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

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September 15, 2005

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Bid Deadline: (10/17/2005)

Time: 12:00 (noon) EDT

Progress Fuels Corporation ("PFC") is soliciting your proposal for coal deliveries to Progress Energy Florida Inc.'s *Crystal River Units Nos. 4 and 5* ("*Crystal River*"), beginning in January of 2006. Offers may be submitted for terms of one (1) to three (3) years. PFC prefers a quote for a minimum of 150,000 tons annually to be delivered in generally ratable monthly amounts; however quotes for lesser quantities will be considered. The quality of all coal should conform to the "Required Coal Specifications" listed on the attached Coal Producers' Solicitation Form. All guaranteed values are expected to be met on a per shipment basis.

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- (i) For rail deliveries all prices should be quoted FOB (as such term is defined under the Uniform Commercial Code) the railcar at the mine loading point which must be located on a CSX rail district origin. The supplier must be capable of loading and shipping the coal twenty-four (24) hours per day, seven (7) days per week, in nine-five (95) unit train car lots (which shall be rapid discharge cars which are owned or leased by PFC or Progress Energy Florida, Inc.). The Bidder must specify their loading time requirements and the applicable CSX rail district origin. Any and all proposals for rail deliveries for which the guaranteed quality for SO₂ exceeds the maximum specification of 1.2 pounds on a per shipment basis will automatically be disqualified from consideration.
- (ii) For barge deliveries all prices should be quoted FOB the barge. The Bidder should indicate any loading dock preferences.

In the case of either (i) or (ii), the quoted price should be inclusive of all taxes, fees and all other charges to mine, produce, load and deliver the coal to PFC at the applicable delivery point.

For import coal all prices should be quoted as a delivered price to a New Orleans, Louisiana or Mobile, Alabama area import terminal in self-discharged vessels (belted-type vessels are preferred), with the supplier retaining title and risk of loss to the coal until the coal crosses the ship's rail as it is being unloaded at the applicable delivery point. The quoted price shall be inclusive of all taxes, fees, insurance, freight and other charges to mine, produce, load and deliver the coal to PFC at the applicable delivery point.

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twelve (12) months thereafter. For proposals of duration longer than twelve (12) months, PFC will consider both fixed price quotes and proposals containing price adjustment mechanisms. For proposals for duration of three (3) years, PFC will also consider quotes containing a price reopener.

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Your proposals are due by 11:00 a.m. Eastern Daylight Time (EDT) October 17, 2005. Proposals should be sent back on the attached Coal Producers' Solicitation Form. For multiple proposals, a separate form is required for each proposal. Please include all available analysis for the coal (i.e., proximate, ultimate, sulfur forms, mineral analysis of ash, ash fusion temperatures, trace element). If you desire to show a typical value, please ensure that you also include your guaranteed values in order for your proposal to be considered. If your proposal includes a blended product from various seams, please provide the quality data for the blended product as well as for each individual seam from which you would expect to ship coal should you be awarded a contract.

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Sheila Sheppard (sheila.sheppard@pgnmail.com)
c/o Progress Energy Carolinas, Inc.
Regulated Fuels Department
410 S. Wilmington St.
Mail Code: PEB 10
Raleigh, NC 27601

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We encourage offers that provide added value to Progress Fuels Corporation including (i) annual tonnage flexibility (expressed as a percentage); (ii) unilateral extension option(s) for PFC; (iii) innovative pricing proposals; or (iv) potential partnering and/or strategic opportunities. Proposals will be evaluated not only on a delivered cost basis but also on a performance cost basis including, but not limited to, coal and ash handling impacts, generating station operating costs and environmental compliance.



Progress Fuels Corporation hereby reserves the right to waive informal technicalities and/or irregularities, to reject any and all proposals for any reason, and/or to accept or reject any proposal or proposals, as determined to be in the best interests of Progress Fuels Corporation in its sole and absolute judgment. In addition, Progress Fuels Corporation reserves the right to make inspection(s) of the mine(s), loading points and/or operations involved, and to further negotiate the terms and conditions of Bidder's proposal(s) or to award or not award the contract(s) and/or purchase order(s) on the basis of the proposal(s) as submitted, without further discussions, negotiations and/or explanations.

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If you have any questions, please contact Barbara Coppola (919) 546-6002 or Brett Phipps at (919) 546-7750.

Attachments



**PROGRESS
FUELS**
CORPORATION

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

PRODUCER NAME:		
STREET ADDRESS:		
CONTACT:		TELEPHONE NO.:
MINE(S):	BOM DISTRICT:	COUNTY: STATE:
ORIGIN RAILROAD(S)/DISTRICT: EK ___ CV ___ Big Sandy ___ Other _____		R/R TIPPLE DESIGNATION/NUMBER:
TYPE OF LOADING FACILITY: UNIT TRAIN: _____ SINGLE CAR: _____ TRAINLOAD: _____		
MAXIMUM LOADING CAPACITY: _____ TONS _____ HOURS _____ TRACK CAPACITY		
WATER DELIVERY CAPABILITY: ___ YES ___ NO		IMPORT COAL: LOAD PORT _____
SHIP THROUGH: _____ DOCK		LOAD RATE:: _____
TOTAL PRODUCTION CAPACITY PER MONTH: _____ TONS		
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: _____ TONS		
TYPE OF MINE: ___ % DEEP ___ % STRIP ___ % AUGER		
SEAMS:		BLEND RATIOS:
COAL PREPARATION: ___ RAW ___ WASHED ___ COMBINATION		
TYPE OF COAL WASHER, IF WASHED:		
TYPE OF COAL SAMPLING:		
TYPE OF LABOR CONTRACT(S):		DATE FOR RENEGOTIATION:
TYPE OF COAL WEIGHING:		SCALE CERTIFIED? ___ YES ___ NO
PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.		
PRODUCER'S COMMENTS:		
CREDIT REFERENCES (Minimum two):		
INDUSTRY REFERENCES (Minimum four):		
SIGNATURE:		TITLE: DATE:

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Sheila Shepherd
Sheila.sheppard@pcnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

PEF-FUEL-001118



DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		4	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %		4	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)			1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB		4	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)		4	2,500 MIN.	2,200 MIN.
VOLATILE %		4	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE		4	42 MIN. ³	65 MIN. ³
SIZE			2" X 0"	2" X 0"
FINES (-1/4" X 0")			45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR			0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %			-----	-----
HYDROGEN %			-----	-----
NITROGEN %			-----	-----
CHLORINE %			-----	-----
OXYGEN %			-----	-----

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred 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 ₂ O ₅			Antimony		
SiO ₂			Arsenic		
Fe ₂ O ₃			Beryllium		
Al ₂ O ₃			Cadmium		
TiO ₂			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO ₃			Lead		
K ₂ O			Lithium		
Na ₂ O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PEF-FUEL-001119



DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		4	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %		4	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)			1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB		4	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)		4	2,500 MIN.	2,200 MIN.
VOLATILE %		4	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE		4	42 MIN. ³	65 MIN. ³
SIZE			2" X 0"	2" X 0"
FINES (-1/4" X 0")			45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR			0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %			-----	-----
HYDROGEN %			-----	-----
NITROGEN %			-----	-----
CHLORINE %			-----	-----
OXYGEN %			-----	-----

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred 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 ₂ O ₅			Antimony		
SiO ₂			Arsenic		
Fe ₂ O ₃			Beryllium		
Al ₂ O ₃			Cadmium		
TiO ₂			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO ₃			Lead		
K ₂ O			Lithium		
Na ₂ O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM



INCOLAB SERVICES VENEZUELA C.A.
COMMODITY SAMPLERS AND ANALYTICAL CHEMISTS

Oxbow Carbon & Minerals, Inc.
 1601 Forum Place, Suite 1400
 West Palm Beach, FL 33401
 Phone: 561-640-8800 / Fax: 561-697-1876

Oficina y Laboratorio: Avenida Principal
 de San Francisco
 Sector El Bajo
 Maracaibo
 Edo, Zulia

Teléfono (0261) 7619521
 Fax (0261) 7612787
 P.O. Box 390
 4001-A - Maracaibo
 Email: incolab@incolabvenezuela.com

Date : 14-Sep-05
 Our ref. : 050919-V
 Material : Compliance Steam Coal from Colombia
 Vessel : M/V B/L Date 12-Sep-05
 Shipper : Oxbow Carbon & Minerals LLC
 Consignee :
 Destination : Baltimore, MD, USA.
 Loading Port : La Ceiba, Venezuela
 Weight : 41,025.98 mt.
 Sampling Date : From 08-Sep-05 to 12-Sep-05

PROXIMATE ANALYSIS - AVERAGE OF 9 LOTS

Weight, mt	41,025.98
Total Moisture, ar - %	5.49
Ash, dry - %	9.03
Ash, ar - %	8.53
Volatile Matter, dry - %	39.18
Volatile Matter, ar - %	37.03
Gross Calorific Value, dry - Btu/Lb	13,546
Gross Calorific Value, ar - Btu/Lb	12,802
Gross Calorific Value, dry - Kcal/Kg	7,526
Gross Calorific Value, ar - Kcal/Kg	7,113
Gross Calorific Value, dry - Mj/Kg	31.50
Gross Calorific Value, ar - Mj/Kg	29.77
Total Sulfur, dry - %	0.80
Total Sulfur, ar - %	0.76
Fixed Carbon, dry - %	51.79
Fixed Carbon, ar - %	48.95
Hardgorve Grind. Index	52
HGI Moisture, ar - %	1.2

Analysis performed in accordance with ASTM standards.

PEF-FUEL-001136

For and on behalf of,
 INCOLAB SERVICES VENEZUELA C.A.





INCOLAB SERVICES VENEZUELA C.A.
COMMODITY SAMPLERS AND ANALYTICAL CHEMISTS

Oxbow Carbon & Minerals, Inc.
 1601 Forum Place, Suite 1400
 West Palm Beach, FL 33401
 Phone: 561-640-8800 / Fax: 561-697-1876

Oficina y Laboratorio: Avenida Principal
 de San Francisco
 Sector El Bajo
 Maracaibo
 Edo, Zulia

Teléfono (0261) 7619521
 Fax (0261) 7612787
 P.O. Box 390
 4001-A - Maracaibo
 Email: incolab@incolabvenezuela.com

Date : 14-Sep-05
 Our ref. : 050919-V
 Material : Compliance Steam Coal from Colombia
 Vessel : M/V 3/L Date 12-Sep-05
 Shipper : Oxbow Carbon & Minerals LLC
 Consignee : Inc.
 Destination : Baltimore, MD, USA.
 Loading Port : La Ceiba, Venezuela
 Weight : 41,025.98 mt.
 Sampling Date : From 08-Sep-05 to 12-Sep-05

SIZING ANALYSIS

	>	150 mm.	:	0.0 %
100 mm.	x	150 mm.	:	1.3 %
50 mm.	x	100 mm.	:	6.6 %
	<	50 mm.	:	92.1 %
Total			:	100.0 %

Analysis performed in accordance with ASTM standards.

For and on behalf of,
 INCOLAB SERVICES VENEZUELA C.A.





INCOLAB SERVICES VENEZUELA C.A.
COMMODITY SAMPLERS AND ANALYTICAL CHEMISTS

Oxbow Carbon & Minerals, Inc.
 1601 Forum Place, Suite 1400
 West Palm Beach, FI 33401
 Phone: 561-640-8800 / Fax: 561-697-1876

Oficina y Laboratorio: Avenida Principal
 de San Francisco
 Sector El Bajo
 Maracaibo
 Edo, Zulia

Teléfono (0261) 7619521
 Fax (0261) 7612787
 P.O. Box 390
 4001-A - Maracaibo
 Email: incolab@incolabvenezuela.com

Date : 14-Sep-05
 Our ref. : 050919-V
 Material : Compliance Steam Coal from Colombia
 Vessel : M/V , B/L Date 12-Sep-05
 Shipper : Oxbow Carbon & Minerals LLC
 Consignee :
 Destination : Baltimore, MD, USA.
 Loading Port : La Ceiba, Venezuela
 Weight : 41,025.98 mt.
 Sampling Date : From 08-Sep-05 to 12-Sep-05

HARDGROVE GRINDABILITY INDEX

Hardgrove Grindability Index : 52 at 1.2 % moisture

**ASH FUSION TEMPERATURE ANALYSIS
 REDUCING ATMOSPHERE**

	°C	°F
Initial Deformation Point	: 1424	2595
Softening Point	: 1475	2687
Hemispherical Point	: >1515	>2759
Fluid Point	: >1515	>2759

OXIDIZING ATMOSPHERE

	°C	°F
Initial Deformation Point	: 1464	2667
Softening Point	: >1515	>2759
Hemispherical Point	: >1515	>2759
Fluid Point	: >1515	>2759

Analysis performed in accordance with ASTM standards.

PEF-FUEL-001138

For and on behalf of,
 INCOLAB SERVICES VENEZUELA C.A.





INCOLAB SERVICES VENEZUELA, C.A.

Commodity Sampler and Analytical Chemist
Tel. +58-261-761-9521 - Fax: +58-261-761-2787 - E-mail: incolab@incolabvenezuela.com
P.O. Box 390 - 4001A - Maracaibo

Office and Laboratory

Avenida Principal de San Francisco
Sector El Bejo, Maracaibo
Estado Zulia, Venezuela

ANALYSIS RESULTS REPORT TO OXBOW

Vessel:

Our Ref.:

Your OS.:

Date:

Loading Port:

Material:

Receiver:

Sampled:

NET CALORIFIC VALUE

	ar	dry
Net Calorific Value, - Btu/Lb	-	-
Net Calorific Value, - Kcal/Kg	-	-
Net Calorific Value, - Mj/Kg	-	-

ASH FUSION TEMPERATURES

REDUCING ATMOSPHERE		
	°C	°F
Initial Deformation - IT	1424	2595
Softening - ST	1475	2687
Hemispherical - HT	>1515	>2759
Fluid - FT	>1515	>2759
OXIDIZING ATMOSPHERE		
	°C	°F
Initial Deformation - IT	1464	2667
Softening - ST	>1515	>2759
Hemispherical - HT	>1515	>2759
Fluid - FT	>1515	>2759

EQUILIBRIUM MOISTURE

Equilibrium Moisture, - %	-
---------------------------	---

OTHER ANALYSIS

	ar	dry
Chlorine - %	0.0273	0.0289
-	-	-
-	-	-
-	-	-
-	-	-

GIESLER PLASTOMETRY TEST

Initial Softening Temperature °C	-
Maximum Fluidity Temperature °C	-
Solidification Temperature °C	-
Maximum Fluidity DDPM	-

ULTIMATE

	ar	dry
Moisture, - %	5.49	-
Carbon, - %	70.26	74.34
Hydrogen, - %	4.94	5.23
Nitrogen, - %	1.46	1.54
Ash, - %	8.53	9.03
Sulphur, - %	0.76	0.80
Oxygen, - %	8.56	9.06

ASH MINERAL, DRY BASIS

Silicon dioxide, - %	60.69
Aluminum oxide, - %	24.86
Iron oxide, - %	7.92
Calcium oxide, - %	1.17
Magnesium oxide, - %	0.73
Sodium oxide, - %	0.35
Potassium oxide, - %	1.25
Manganese dioxide, - %	0.03
Titanium dioxide, - %	0.52
Phosphorous pentoxide, - %	0.24
Sulphur trioxide, - %	1.19
Others - %	1.05

HGI AND FSI

Free Swelling Index	5.0
Hardgrove Index, % Moisture =	1.2 52

SULFUR FORMS

	ar	dry
Sulfate Sulfur - %	-	-
Pyritic Sulfur - %	-	-
Organic Sulfur - %	-	-

PEF-FUEL-001139



**PROGRESS
FUELS
CORPORATION**

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

~~CONFIDENTIAL~~
PFCOCT2005
WRK 10/18/05 JAC 10/19/05

PRODUCER NAME: Logan & Kanawha Coal Co., Inc.		
STREET ADDRESS: 96 MacCorkle Ave., SW, South Charleston, WV 25303		
CONTACT: Joe Czul	TELEPHONE NO. (304) 746-4011	
MINE(S): Snap Creek	BOM DISTRICT: 8	COUNTY: Logan STATE: WV
ORIGIN RAILROAD(S)/DISTRICT: EK ___ CV ___ Blg Sandy ___ Other: Kanawha		R/R TIPPLE DESIGNATION/NUMBER: Belva 82592
TYPE OF LOADING FACILITY: UNIT TRAIN: <input checked="" type="checkbox"/> SINGLE CAR: _____ TRAINLOAD: 100 Cars		
MAXIMUM LOADING CAPACITY: 10,000 TONS _____ 4 HOURS _____ 100 TRACK CAPACITY		
WATER DELIVERY CAPABILITY: ___ YES <input checked="" type="checkbox"/> NO IMPORT COAL: LOAD PORT _____		
SHIP THROUGH: _____ DOCK LOAD RATE: _____		
TOTAL PRODUCTION CAPACITY PER MONTH: 75,000 TONS		
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 70,000 TONS		
TYPE OF MINE: _____ % DEEP 100 % STRIP _____ % AUGER		
SEAMS: Coalburg, Stockton	BLEND RATIOS: 70/30	
COAL PREPARATION: _____ RAW _____ WASHED _____ COMBINATION		
TYPE OF COAL WASHER, IF WASHED:		
TYPE OF COAL SAMPLING: 2 stage automatic		
TYPE OF LABOR CONTRACT(S): Non-Union	DATE FOR RENEGOTIATION:	
TYPE OF COAL WEIGHING:	SCALE CERTIFIED? ___ YES ___ NO	
PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.		
PRODUCER'S COMMENTS: Subject to prior sale		
CREDIT REFERENCES (Minimum two):		
CUSTOMER REFERENCES (Minimum four):		

SIGNATURE: *Steve Nathan* TITLE: Director, Sales DATE: 10/14/05

THIS FORM AND ANY ADDITIONAL INFORMATION TO:

Ms. Sheila Shepherd
Sheila.sheppard@gmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

PEF-FUEL-001140



DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6	8 ⁴	8.0% MAX.
SURFACE MOISTURE %	2	4	5.0% MAX.
ASH %	12	13 ⁴	12% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.6	1.8	2.1 LB/MAX. ¹
BTU/LB	12,200	12,000 ⁴	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2700 ⁴	2,500 MIN.
VOLATILE %	32	30 ⁴	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	45	42 ⁴	42 MIN. ³
SIZE	2 x 0		2' X 0"
FINES (-1/4" X 0")	40	50	45% MAX. ⁴
FIXED CARBON %	73.04		---
HYDROGEN %	4.77		---
NITROGEN %	1.32		---
SULFUR %	.10		---
OXYGEN %	6.13		---

¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

² ADJUSTABLE IN DIRECT PROPORTION TO BTU.

³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.

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

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P ₂ O ₅	.15		Antimony		
SiO ₂	59.84		Arsenic	1.70	
Fe ₂ O ₃	4.50		Beryllium	2722 ²	
Al ₂ O ₃	29.10		Cadmium	1.11	
TiO ₂	1.57		Chromium	15.50	
CaO	1.11		Cobalt	22.20	
			Copper		
MgO	.61		Fluorine		
SO ₃	.23		Lead	6.08	
K ₂ O	1.35		Lithium		
Na ₂ O	.12		Manganese	.74	
Undetermined			Mercury	.18	
Base/Acid Ratio	.08		Nickel	150	
Maximum Base/Acid Ratio	.10		Selenium	4.05	
			Zinc		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PEF-FUEL-001141

Sheppard, Sheila

WRIC 10/18/05

From: Shirley Senters [SSenters@camcoal.com]
ant: Friday, October 14, 2005 12:07 PM
o: Sheppard, Sheila
Cc: Mike Goff
Subject: Emailing: Coal_Proposal

fac 10/18/05

PFCOCT2005 - 04



Coal_Proposal.PDF
(575 KB)

<<Coal_Proposal.PDF>>

The message is ready to be sent with the following file or link attachments:

Coal_Proposal

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

CONFIDENTIAL

PFCOCT2005 - ay

CENTRAL APPALACHIA MINING LLC (CAM)
COAL PROPOSAL

CONFIDENTIAL

WRK 10/18/05
BAC 10/18/05

DATE: October 14, 2005

FROM: Central Appalachia Mining LLC (CAM)

TO: Ms. Sheila Sheppard
Progress Energy Carolinas, Inc.

RE: Progress Energy's RFP Dated September 15, 2005

Central Appalachia Mining (CAM) is responding to your RFP for supply of coal to only the Crystal River Units Nos. 1 and 2, beginning [REDACTED]

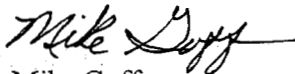
For term, tonnage, quality, and pricing, see attachments.

If selected, CAM is requesting that language is to be instituted in to the agreement using components associated with surface & deep mining (labor, fuel, equipment, supplies, etc.) tying it to indices such as PPI, etc.

This proposal will remain valid until close of business on Monday, October 31, 2005 and will be subject to prior sale with CAM reserving the right to withdraw the proposal at anytime during the time period indicated above.

If you should have any questions or comments concerning this, please feel free to give me a call at 606.432.3900 x306 or e-mail me at mgoff@camcoal.com.

Thanks,



Mike Goff
VP Sales & Marketing

116 Main Street - P.O. Box 1169
Pikeville, Kentucky 41502
Tele 606.432.3900 - Fax 606.432.0031

PEF-FUEL-001143



**PROGRESS
FUELS
CORPORATION**

COAL PRODUCERS' SOLICITATI
Crystal River 1 & 2
PAGE 1 OF 3

PFCOCT2005 - 04

WMC 10/18/05

CONFIDENTIAL
OAC 10/18/05

PRODUCER NAME: <u>Central Appalachia Mining LLC (CAM)</u>		
STREET ADDRESS: <u>P.O. Box 1169 - 116 Main Street - Pikeville, KY 41502</u>		
CONTACT: <u>Mike Goff</u>	TELEPHONE NO. <u>606/432-3900 x 306</u>	
MINE(S): <u>Various</u>	BOM DISTRICT: <u>8</u>	COUNTY: <u>Pike</u> STATE: <u>Kentucky</u>
ORIGIN RAILROAD(S)/DISTRICT: EK <input type="checkbox"/> CV <input type="checkbox"/> Big Sandy <input checked="" type="checkbox"/> Other <input type="checkbox"/>		R/R TIPPLE DESIGNATION/NUMBER: <u>84917</u>
TYPE OF LOADING FACILITY: UNIT TRAIN: <input checked="" type="checkbox"/> SINGLE CAR: <input type="checkbox"/> TRAINLOAD: <input type="checkbox"/>		
MAXIMUM LOADING CAPACITY: <u>11,000</u> TONS	<u>4</u> HOURS	<u>150</u> TRACK CAPACITY
WATER DELIVERY CAPABILITY: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	IMPORT COAL: LOAD PORT <input type="checkbox"/>	
SHIP THROUGH: <input type="checkbox"/> DOCK	LOAD RATE: <input type="checkbox"/>	
TOTAL PRODUCTION CAPACITY PER MONTH: <u>300K</u> TONS		
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: <u>20K</u> TONS		
TYPE OF MINE: <u>25</u> % DEEP	<u>75</u> % STRIP	<input type="checkbox"/> % AUGER
SEAMS: <u>E. Kherd</u>	BLEND RATIOS: <input type="checkbox"/>	
COAL PREPARATION: <input checked="" type="checkbox"/> RAW	<input checked="" type="checkbox"/> WASHED	<input type="checkbox"/> COMBINATION
TYPE OF COAL WASHER, IF WASHED: <input type="checkbox"/>		
TYPE OF COAL SAMPLING: <u>Mechanical</u>		
TYPE OF LABOR CONTRACT(S): <u>None</u>	DATE FOR RENEGOTIATION: <input type="checkbox"/>	
TYPE OF COAL WEIGHING: <u>Batch</u>	SCALE CERTIFIED? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
[REDACTED]	[REDACTED]	[REDACTED]
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.		
PRODUCER'S COMMENTS: [REDACTED]		
CREDIT REFERENCES (Minimum two): <u>Wayne Supply - Pikeville, KY</u> <u>Rogers Petroleum - Pikeville, KY</u>		
CUSTOMER REFERENCES (Minimum four): <u>Dominion Energy</u> <u>Duke Energy</u>		
SIGNATURE: <u>Mike Goff</u>	TITLE: <u>VP Sales & Marketing</u>	DATE: <u>10/14/05</u>

THIS FORM AND ANY ADDITIONAL INFORMATION TO

Ms. Sheila Shepherd
Sheila.sheppard@pncmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

PEF-FUEL-001144



**PROGRESS
FUELS
CORPORATION**

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

CAM

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		8.0% ⁴	8.0% MAX.
SURFACE MOISTURE %		5.0%	5.0% MAX.
ASH %		12.0% ⁴	12% MAX. ²
SULFUR DIOXIDE (LB/MBTU)		2.1 LB/MBTU	2.1 LB/MAX. ¹
BTU/LB		12,500 ⁴	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)		2500° MIN ⁴	2,500 MIN.
VOLATILE %		31.0 MIN ⁴	31.0% MIN. ¹
GRINDABILITY, HARDGROVE		42 MIN ⁴	42 MIN. ³
SIZE		2" X 0"	2" X 0"
FINES (-1/4" X 0")		45-50%	45% MAX. ⁴
FIXED CARBON %			---
HYDROGEN %			---
NITROGEN %			---
CHLORINE %			---
OXYGEN %			---

- ¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
- ² ADJUSTABLE IN DIRECT PROPORTION TO BTU.
- ³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.
- ⁴ PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P ₂ O ₅			Antimony		
SiO ₂			Arsenic		
Fe ₂ O ₃			Beryllium		
Al ₂ O ₃			Cadmium		
TiO ₂			Chromium		
CaO			Cobalt		
			Copper		
MgO			Fluorine		
SO ₃			Lead		
K ₂ O			Lithium		
Na ₂ O			Manganese		
Undetermined			Mercury		
Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		
			Zinc		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PEF-FUEL-001145

CONFIDENTIAL

Florida RFP Supplier Discussions

Supplier: Central Appalachia Mining / MIKE GOFF

Date: November 4, 2005

PEC Reps: Barbara Coppola *BAC 11/4/05*
Brett Phipps

Follow-up Questions on Bid PFCOCT2005-04

Basis for proposal and mine sources?
Sulfur content - 2.1 lb max
Pricing indices - examples?

DISCUSSED CAM'S TRADING FLOOR - CHANGED & SELLING AS MUCH COAL DIRECT AS POSSIBLE.



CAM PRODUCTION SOURCES

- DAMRON FORK (50% SURFACE / 50% DEEP)
- DAMRON FORK LOADING POINT

PRICE BASED ON HIS OFFER [REDACTED] AS SEVERAL WEEKS EARLIER

MIKE WILL SEND US LANGUAGE REGARDING PRICING ACCORDING TO INDEXES
- QUARTERLY ADJUSTMENTS

2009 TONS AVAILABLE

QUALITY HISTORY OF CSX -> FLORIDA?

1.2% TYPICAL

1.6 - 2.0

OFFERED	PENALTY	1.8 - 2.1
	PREMIUM	1.5 - 1.8

Coppola, Barbara

From: Mottola, Daniel
Sent: Friday, November 04, 2005 7:57 AM
To: Coppola, Barbara
Cc: Phipps, Brett
Subject: CAM FL RFP request

Here are the results of the request to see what CAM's coal cost would have to reach in order to be equivalent to Trinity on a Cash Cost and Util. Cost basis:

- [REDACTED]
- CAM [REDACTED] CAM [REDACTED]
- CAM coal cost in RFP is [REDACTED]
- [REDACTED]
- CAM [REDACTED] CAM [REDACTED]
- CAM coal cost in RFP is [REDACTED]

Daniel Mottola, PMP
Sr. Engineer
Regulated Fuels Department
Progress Energy Carolinas, Inc.
PEB 10 / (919) 546-3493
Vnet: 770-3493

PEF-FUEL-001147

CONFIDENTIAL

CENTRAL APPALACHIA MINING LLC (CAM)
REVISED COAL PROPOSAL

CONFIDENTIAL

DATE: November 8, 2005

FROM: Central Appalachia Mining LLC (CAM)

TO: Brett Phipps & Barbara Coppola
Progress Energy Carolinas, Inc.

RE: Progress Energy's RFP Dated September 15, 2005

Brett and Barbara, thanks for taking time out of your busy schedules to meet with me last Friday. After coming back and meeting with Jim and Terry, we are making the following changes to our original October 14, 2005 proposal:

Term: [REDACTED]

Tonnage: [REDACTED]

Railroad & Loadout: CSX (Big Sandy District) Damron Fork Loadout #84917

Specifications: Moisture 8%, Ash 12%, Btu 12,500, Sulfur 1.8 Lbs SO₂/MMBtu on a annual basis – 2.1 Lbs SO₂/MMBtu reject per shipment basis – Premium/Penalty on the Lbs of SO₂ on a monthly average (Penalty 1.8Lbs SO₂ – 2.1Lbs SO₂) (Premium on 1.8LBs SO₂ down to 1.5LBs SO₂).

Base Price: [REDACTED] FOB Railcar

Escalations: Quarterly escalation of following components, based on index (producer price index or equivalent up or down):

Diesel Fuel
Labor
Supplies (such as steel)
Equipment

If you should have any questions or comments concerning this, please feel free to give me a call at 606.432.3900 x306 or e-mail me at mgoff@camcoal.com.

Thanks,

Mike Goff

Mike Goff
VP Sales & Marketing

116 Main Street – P.O. Box 1169
Pikeville, Kentucky 41502
Tele 606.432.3900 – Fax 606.432.0031

PEF-FUEL-001148

Coppola, Barbara

From: Mottola, Daniel
Sent: Wednesday, November 09, 2005 12:19 PM
To: Coppola, Barbara
Cc: Haynes, Debra; Vinson, Eddie; Phipps, Brett
Subject: RE: Progress Energy November 8, 2005 Window Coal 2nd Admendment.doc

Here's the updated version. I added a rebid row in for 07and 08 for CAM. It did much better, still not #1...close though. Please review and let me know if anything else is needed. Thanks.



Sept05_RFP_Evalu
ations_Form.xl...

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

From: Coppola, Barbara
Sent: Wednesday, November 09, 2005 11:22 AM
To: Mottola, Daniel
Subject: FW: Progress Energy November 8, 2005 Window Coal 2nd Admendment.doc

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

From: Mike Goff [<mailto:MGoff@camcoal.com>]
Sent: Tuesday, November 08, 2005 11:47 AM
To: Phipps, Brett; Coppola, Barbara
Subject: Progress Energy November 8, 2005 Window Coal 2nd Admendment.doc

<< File: Progress Energy November 8, 2005 Window Coal 2nd Admendment.doc >>

PEF-FUEL-001149

REDACTED

PEF-FUEL-001150

Coppola, Barbara

From: Mike Goff [MGoff@camcoal.com]
Sent: Wednesday, November 16, 2005 10:26 AM
To: Coppola, Barbara; Phipps, Brett
Subject: Progress Price Adj Memo.doc

Barbara and Brett, here is an example of how the quarterly escalations on the componets should work (tying it to a proper published index). Per my counter offer dated November 8, 2005 one component that was mistakenly left out was explosives, which should have been where I showed equipment (which is really the steel component). If you should have any questions or comments concerning this, please feel free to give me a call.

Thanks,
Mike Goff
606.432.3900 x306

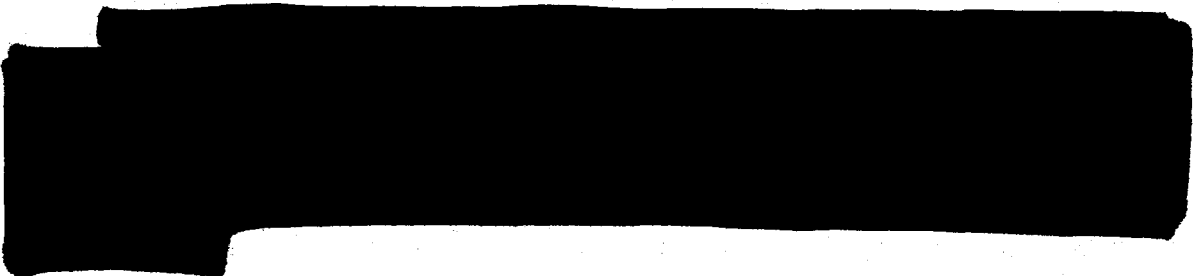
**CAM HOLDINGS LLC
MEMORANDUM**

CONFIDENTIAL

To: Mike Goff
Cc: Terry Coleman
Rick Boone
Fr: Nick Glancy
Date: November 15, 2005
Re: Progress Contract Price Adjustments

This memorandum is to summarize the price adjustments mechanisms for the proposed Progress contract. **We will finalize the allocations of the f.o.b. railcar price among the various components, such as labor (wages and benefits), explosives (ammonium nitrate), diesel fuel, and steel as soon as possible so that all parties can see how these provisions may move pricing.**

In addition to the following index driven adjustments, the contract will also provide for immediate adjustments for changes in taxes and fees, as well as a price adjustment provision for changes in laws and regulations affecting the mining, processing, transporting and loading of the coal. I am not addressing in this memorandum monthly quality price adjustments which may be agreed to between CAM and Progress. Subject to the adjustments mentioned in this memorandum the f.o.b. railcar price is fixed.



Some of the indices may not be published until after the effective date of the adjustment under the contract, so a retroactive adjustment shall be made when the appropriate index number is published. If the basis for any of the index numbers is changed, the index shall be adjusted to take into account such changed basis. In the event any designated index is discontinued or altered, becomes unavailable, or is no longer applicable, the parties will undertake to agree on a substitute index or a substitute method of cost adjustment which most closely matches the economic structure of the discontinued or altered index. If the parties fail to reach agreement on the substitute index

or method within 90 days, then the substitute index or substitute method of cost adjustment shall be submitted to arbitration and resolved.

The Base Price per ton shall be increased or decreased for each percentage point of change, or proportionately for fractional parts of a percentage point of change, to reflect changes in the following index. The Base Price will be allocated per the index weight detailed below. Changes shall be based upon the index for the end of the preceding month, unless otherwise noted.

<u>Component</u>	<u>Index Weight</u>	<u>Index Base</u>
<u>Steel:</u>		
American Metals Market – Chicago based #1 Busheling * October 17, 2005—Base Date	_____ %	_____
*3rd Monday of the Month Publication		
<u>Labor (Wages)</u>		
Bureau of Labor Statistics Employment Cost Index (ECI) Wages and Salaries for Private Industry Goods Producing, excluding sales (includes mining, construction and manufacturing)	_____ %	165.2
September 30, 2005—Base Date		
<u>Labor (Benefits)</u>		
Bureau of Labor Statistics Employment Cost Index (ECI) Benefits (not seasonally adjusted) Goods Producing (includes mining, construction and manufacturing)	_____ %	210.9
September 30, 2005—Base Date		

Explosives (Ammonium Nitrate)

Green Market Report(?) _____% _____/ton
_____, 2005—Base Date

Diesel

No. 2 Diesel Fuel Published Rack Price
At Catlettsburg, Kentucky Terminal
(average over 7 days prior to Base Date) _____% _____/gal.
November 15, 2005—Base Date

EXAMPLE BASED ON LABOR (Wages) COMPONENT CHANGE:

Assumption: Index Weight is 20% of Base Price or \$10.00 per ton
Actual Index Weight to be determined.

Month	Base Price	Base Index
January, 2007	\$50.00	165.2

Formula: $\frac{(B - C)}{B} \times \text{Base Price} \times A = \text{Labor (Wages) Adjustment}$

Where:

A = Index Weight of .20 (20% of price)

B = Base Index of 165.2

C = Index at Adjustment Date of 166.02 (.50% increase)

Calculation: $\frac{165.2 - 166.02}{165.2} \times \$50.00 \times .20 = \$0.05/\text{ton increase}$

CONFIDENTIAL

**CENTRAL APPALACHIA MINING LLC (CAM)
REVISED COAL PROPOSAL**

DATE: November 22, 2005

FROM: Central Appalachia Mining LLC (CAM)

TO: Brett Phipps & Barbara Coppola
Progress Energy Carolinas, Inc.

RE: Progress Energy's RFP Dated September 15, 2005

Brett and Barbara, CAM is making the following counter proposal to our November 8, 2005 offer.

Term: [REDACTED]

Tonnage: [REDACTED]

Railroad & Loadout: CSX (Big Sandy District) Damron Fork Loadout #84917

Specifications: Moisture 8%, Ash 12%, Btu 12,500, Sulfur 1.8 Lbs SO₂/MMBtu on a annual basis – 2.1 Lbs SO₂/MMBtu reject per shipment basis – Premium/Penalty on the Lbs of SO₂ on a monthly average (Penalty 1.8Lbs SO₂ – 2.1Lbs SO₂) (Premium on 1.8Lbs SO₂ down to 1.5Lbs SO₂).

Base Price: [REDACTED] T FOB Railcar for [REDACTED]
[REDACTED] at the beginning of each of those years.

This proposal will be subject to prior sale. If you should have any questions or comments concerning this, please feel free to give me a call at 606.432.3900 x306 or e-mail me at mgoff@camcoal.com.

Thanks,

Mike Goff

Mike Goff
VP Sales & Marketing

116 Main Street – P.O. Box 1169
Pikeville, Kentucky 41502
Tele 606.432.3900 – Fax 606.432.0031

PEF-FUEL-001155

Sheppard, Sheila

From: Ellis Dusenbury [edusenbury@alphanr.com]
nt: Friday, October 14, 2005 1:31 PM
o: Sheppard, Sheila
Subject: Crystal River Bid

WPK 10/18/05
for 10/18/05



Progress.Florida Bid
10.05.DOC...

Attached is our bid in response to your Sept 15th RFP. Please note that this bid is subject to prior sale and final management approval. Also note that btu and sulfur premium/penalties would be calculated from 12,400btu and 1.8#SO2 monthly average levels. If there are any questions or if you need additional information, please do no hesitate to call me.
Best regards,

Ellis Dusenbury
Vice President
Alpha Coal Sales Co., LLC
edusenbury@alphanr.com
704-643-5013 Phone
704-643-5015 Fax
704-905-1544 Mobile



**PROGRESS
FUELS
CORPORATION**

COAL PRODUCERS' SOLICIT
Crystal River 1 &
PAGE 1 OF 3

PFCOCT2005 - 05

WPK 10/18/05 Date 10/18/05

DUCER NAME: Alpha Coal Sales Co., LLC

STREET ADDRESS: 6201 Fairview Rd, Suite 200, Charlotte, NC 28210

CONFIDENTIAL

CONTACT: L Ellis Dusenbury

TELEPHONE NO. 704-643-5013

MINE(S) Enterprise Coal Company

BOM DISTRICT: 8

COUNTY: Letcher

STATE: Kentucky

ORIGIN RAILROAD(S)/DISTRICT: EK_X CV Big Sandy Other

R/R TIPPLE DESIGNATION/NUMBER: 42679

TYPE OF LOADING FACILITY:

UNIT TRAIN: X

SINGLE CAR: _____

TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:

10,000 TONS

4 HOURS

TRACK CAPACITY

WATER DELIVERY CAPABILITY: YES NO

IMPORT COAL: LOAD PORT _____

SHIP THROUGH: _____ DOCK

LOAD RATE: _____

TOTAL PRODUCTION CAPACITY PER MONTH: 125,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 125,000 TONS

TYPE OF MINE: 80 % DEEP

20 % STRIP

% AUGER

SEAMS: Hazard 4, Amburgy

BLEND RATIOS:

COAL PREPARATION: 20 RAW

80 WASHED

COMBINATION

TYPE OF COAL WASHER, IF WASHED: Heavy media

TYPE OF COAL SAMPLING: 3 Stage Automatic

TYPE OF LABOR CONTRACT(S): None

DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: None

SCALE CERTIFIED? YES NO

PERIOD

TONNAGE

BASE PRICE PER TON FOB MINE

[REDACTED]

[REDACTED]

[REDACTED]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: Offer subject to prior sale and final management approval. Penalty/premiums for sulfur and Btu calculated from average values.

CREDIT REFERENCES (Minimum two): S&P

CUSTOMER REFERENCES (Minimum four): Progress Carolinas, Duke Power, Dominion Energy, Cogentrix

SIGNATURE:

TITLE: Vice President

DATE: Oct 14, 2005

THIS FORM AND ANY ADDITIONAL INFORMATION TO:

Ms. Sheila Sheppard
Sheila.sheppard@pcnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

PEF-FUEL-001157



DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.5	7.5	8.0% MAX.
SURFACE MOISTURE %			5.0% MAX.
ASH %	11.0	12.0 max	12% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.8	2.1 max	2.1 LB/MAX. ¹
BTU/LB	12,400	12,100	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2600	2600	2,500 MIN.
VOLATILE %	33	31.0 min	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	45	42 min	42 MIN. ³
SIZE	2 x 0		2" X 0"
FINES (-1/4" X 0")	50		45% MAX. ⁴
FIXED CARBON %	69.8		-----
HYDROGEN %	4.6		-----
NITROGEN %	1.4		-----
SULFUR %	0.2		-----
OXYGEN %	5.0		-----

¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

² ADJUSTABLE IN DIRECT PROPORTION TO BTU.

³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.

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

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P ₂ O ₅	2.73		Antimony		
SiO ₂	57.95		Arsenic	5.14	
Fe ₂ O ₃	7.51		Beryllium	2.29	
Al ₂ O ₃	26.80		Cadmium	.004	
TiO ₂	1.58		Chromium	24.67	
CaO	1.43		Cobalt	9.61	
			Copper	20.63	
MgO	0.01		Fluorine		
SO ₃	1.37		Lead	10.62	
K ₂ O	2.73		Lithium		
Na ₂ O	0.36		Manganese	13.95	
Undetermined			Mercury	0.10	
Acid Ratio	0.15		Nickel	16.48	
Maximum Base/Acid Ratio			Selenium	2.41	
			Zinc	18.53	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PEF-FUEL-001158



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

¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
² ADJUSTABLE IN DIRECT PROPORTION TO BTU.
³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.
⁴ PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P ₂ O ₅			Antimony		
SiO ₂			Arsenic		
Fe ₂ O ₃			Beryllium		
Al ₂ O ₃			Cadmium		
TiO ₂			Chromium		
CaO			Cobalt		
			Copper		
MgO			Fluorine		
SO ₃			Lead		
K ₂ O			Lithium		
Na ₂ O			Manganese		
Undetermined			Mercury		
/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		
			Zinc		

Coppola, Barbara

From: Mottola, Daniel
Sent: Friday, November 04, 2005 8:17 AM
To: Coppola, Barbara
Cc: Phipps, Brett
Subject: ALPHA FL RFP request

Here are the results of the request to see what Alpha's coal cost would have to reach in order to be equivalent to Trinity on a [REDACTED] and [REDACTED] basis. The results might look a little odd, but keep in mind Alpha was worse than CAM on a [REDACTED] basis, but better on a [REDACTED] basis. Comparison between Alpha and CAM to follow.

- [REDACTED]
 - Alpha [REDACTED]; Alpha [REDACTED]
 - Alpha coal cost in RFP is [REDACTED]
- [REDACTED]
 - Alpha [REDACTED]; Alpha [REDACTED]
 - Alpha coal cost assumed to be [REDACTED] again

Daniel Mottola, PMP
Sr. Engineer
Regulated Fuels Department
Progress Energy Carolinas, Inc.
PEB 10 / (919) 546-3493
Vnet: 770-3493

PEF-FUEL-001160

CONFIDENTIAL

Vinson, Eddie

CONFIDENTIAL

From: Phipps, Brett
Sent: Thursday, December 01, 2005 7:59 AM
To: Vinson, Eddie
Subject: FW: Roxana

Brett Phipps
Manager, Coal Procurement
Regulated Fuels Department
Progress Energy
410 S. Wilmington St.
PEB 10
Raleigh, NC 27601

O> 919-546-7750
F> 919-546-2590
C> 919-630-0269
brett.phipps@pgnmail.com
www.progress-energy.com

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

From: Ellis Dusenbury [mailto:edusenbury@alphanr.com]
Sent: Tuesday, November 29, 2005 10:41 AM
To: Coppola, Barbara; Phipps, Brett
Subject: Roxana

Following up on my recent visit, we are pleased to offer 2 trains/mo of our Roxana coal for delivery in [REDACTED] at [REDACTED] per ton, fob mine. Terms and conditions as per our existing contract with quality at 12,400 btu, 12.5% ash, 2.0#SO2 max. We could also make the Florida window spec if you desire.

Offer subject to prior sale and final management approval.
Please let me know if you have any questions or need additional information.
Best regards,

Ellis Dusenbury
Vice President
Alpha Coal Sales Co., LLC
edusenbury@alphanr.com
704-643-5013 Phone
704-643-5015 Fax
704-905-1544 Mobile

Coppola, Barbara

From: Mottola, Daniel
Sent: Friday, November 04, 2005 1:41 PM
To: Mottola, Daniel; Coppola, Barbara
Cc: Phipps, Brett
Subject: RE: ALPHA FL RFP request

CONFIDENTIAL

Revised...

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

From: Mottola, Daniel
Sent: Friday, November 04, 2005 8:17 AM
To: Coppola, Barbara
Cc: Phipps, Brett
Subject: ALPHA FL RFP request

Here are the results of the request to see what Alpha's coal cost would have to reach in order to be equivalent to Trinity on a [REDACTED] and [REDACTED] basis. The results might look a little odd, but keep in mind Alpha was worse than CAM on a [REDACTED] basis, but better on a [REDACTED] basis. Comparison between Alpha and CAM to follow.

- [REDACTED]
 - Alpha [REDACTED], Alpha [REDACTED]
 - Alpha coal cost in RFP is [REDACTED]
- [REDACTED]
 - Alpha [REDACTED], Alpha [REDACTED]
 - Alpha coal cost assumed to be [REDACTED] again

Daniel Mottola, PMP
Sr. Engineer
Regulated Fuels Department
Progress Energy Carolinas, Inc.
PEB 10 / (919) 546-3493
Vnet: 770-3493

PEF-FUEL-001162

Sheppard, Sheila

NAK 10/18/05
for 10/18/05

From: Tim Monson [Tmonson@insightbb.com]
it: Friday, October 14, 2005 6:47 PM
To: Sheppard, Sheila
Subject: Progress Fuels - Crystal River Units 1 & 2. Term Contract Non-Compliance Coal Quotation
Importance: High

CONFIDENTIAL

PFCOCT2005 - 06

RE: Term Contract Non-Compliance Coal Quotation

Dear Ms Sheppard,

Please find attached the cover letter and coal proposal from Onyx Coal Sales, Inc. for Progress Fuels Corporation and its Crystal River Units #1 and 2. We have quoted you [redacted] for [redacted] and have included the option for [redacted] and [redacted]

We look forward to hearing from your about our offer.

Sincerely,

Tim Monson
859-224-2368

WRK 10/18/05
for 10/18/05

4509 Olde Bridge Court
Lexington, Kentucky 40513
Phone: 859-224-2368
Cell: 859-492-4368
E-Mail: tmonson@insightbb.com

CONFIDENTIAL

October 14, 2005

PFCOCT2005 - 06

Ms Shelia Sheppard
c/o Progress Energy Carolinas Inc.
Regulated Fuels Department
410 S. Wilmington St.
Raleigh, NC 27601

Dear Ms Sheppard:

Onyx Coal Sales, Inc. is pleased to submit its proposal from its Floyd County, Kentucky mining facility for your consideration.

Customer:	Progress Fuels Corporation
Operating Company:	Onyx Coal Sales, Inc.
Loading Point:	Lancer, CSX # 84238
Coal Preparation:	Washed and Raw
Type of Mining:	Deep and Surface
Size:	2" x 0", 45% 1/4" x 0" maximum
Quality:	
Moisture:	8.00%
Ash:	12.00%
Lbs.SO2/ MMBTU:	1.666
Volatile:	31.0%
Sulfur:	1.00%
Heating Value:	12,000
HGI	42 +/-3
Fusion, H=W, R.	2,500 degrees
Tonnage:	_____ trains per month, _____ tons per year
Term:	Calendar years of _____
Governing Weights:	CSX RR scales to govern
Terms of Payment:	Net 25 from date of shipment
Governing Samples:	At origin via an automatic mechanical sampler
Governing Laboratory:	Mineral Labs, Salyersville, KY
Premium/Penalty:	Subject to mutual agreement
Terms of Escalation:	_____

PEF-FUEL-001164

CONFIDENTIAL

Price fob origin point [REDACTED]

This offer is made subject to the prior sale of the coal and to our credit approval of the Buyer. This offer shall remain open for the acceptance until November 17, 2005, at which time it shall be deemed revoked if Buyer has not given Seller written notice of acceptance.

Thank you for your interest in our coal. We look forward to your prompt response.

Respectfully,

Timothy V. Monson
Representative
Onyx Coal Sales, Inc.

pc: CP
PE25290

PEF-FUEL-001165



**PROGRESS
FUELS**
CORPORATION

COAL PRODUCERS' SO
Crystal River
PAGE 1 OF 3

PFCOCT2005 - 06

WIK 10/18/05 *for 10/18/05*

CONFIDENTIAL

PRODUCER NAME: ONYX COAL SALES, INC.		
STREET ADDRESS: 439 Meadows Branch, Prestonsburg, KY 41653		
CONTACT: Tim Monson	TELEPHONE NO. 859-224-2368	
MINE(S): Cheyenne Enterprise #9 Emma, Double C Mine. BOM DISTRICT: Eight (8)	COUNTY: Floyd	STATE: KY
ORIGIN RAILROAD(S)/DISTRICT: EK ___ CV ___ Big Sandy_XX___ Other _____	R/R TIPPLE DESIGNATION/NUMBER: CSX, Lancer, CSX #84238	
TYPE OF LOADING FACILITY: UNIT TRAIN: <u>24 Hour Unit Train</u> SINGLE CAR: _____ TRAINLOAD: _____		
MAXIMUM LOADING CAPACITY: <u>9,000 - 9,500</u> TONS <u>24</u> HOURS <u>95</u> TRACK CAPACITY		
WATER DELIVERY CAPABILITY: ___ YES ___ <u>XX</u> NO IMPORT COAL: LOAD PORT <u>None</u>		
SHIP THROUGH: _____ DOCK LOAD RATE::		
TOTAL PRODUCTION CAPACITY PER MONTH: <u>50,000</u> TONS		
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: <u>35,000</u> TONS		
TYPE OF MINE: <u>50</u> % DEEP <u>50</u> % STRIP _____ % AUGER		
SEAMS: Broas, Elkhorn #3 and Fire Clay	BLEND RATIOS: Various	
COAL PREPARATION: <u>75%</u> RAW <u>25%</u> WASHED _____ COMBINATION		
TYPE OF COAL WASHER, IF WASHED: Heavy media, water only cyclones, Orbital Screens and Spirals,		
TYPE OF COAL SAMPLING: Flow Sampling, ONYX will install an automatic mechanical sampler if this proposal is successful.		
TYPE OF LABOR CONTRACT(S): Non-Union	DATE FOR RENEGOTIATION: not applicable	
TYPE OF COAL WEIGHING: CSX Railroad's Certified Scales	SCALE CERTIFIED? <u>X</u> YES ___ NO	
PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
[REDACTED]	[REDACTED]	[REDACTED]
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.		
PRODUCER'S COMMENTS: This coal is quoted "subject to prior sales". The base price for the quoted coal for [REDACTED]		
[REDACTED] No Trace Elements are available. Currently talking with SGS Laboratories about running the elements.		
CREDIT REFERENCES (Minimum two):		
Knott Floyd Land Company, Pikeville, KY		
Crimson Coal Company, Birmingham, AL		
CUSTOMER REFERENCES (Minimum four):		
Dominion Virginia Power Company, Richmond, VA		
[REDACTED] Carbon, LLC, Houston, TX		
[REDACTED] abody Coal Company, St. Louis, MO		
Arch Coal Company, St Louis, MO		
SIGNATURE: Clark Pergrem	TITLE: Vice President	DATE: October 14, 2005



MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

Ms. Sheila Sheppard
Sheila.sheppard@gonmail.com
 c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
 410 S. Wilmington Street
 Mail Code PEB10
 Raleigh, NC 27601

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7.0%	8.00% ⁴	8.0% MAX.
SURFACE MOISTURE %	4.50%	6.00 %	5.0% MAX.
ASH %	11.50%	12.00 ⁵	12% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.50 lbs SO ₂ /MMBtu	1.666 lb.SO ₂ /MMBtu	2.1 LB/MAX. ¹
BTU/LB	>12,000	12,000 ⁴	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2500	>2,500 ⁴	2,500 MIN.
VOLATILE %	33.00%	>30.00% ⁴	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	43 +/- 3	42 +/- 3 ⁴	42 MIN. ³
SIZE	2" x 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	<45.0%	45% maximum	45% MAX. ⁴
FIXED CARBON %	53.00%		-----
HYDROGEN %	4.72%		-----
NITROGEN %	1.27%		-----
CHLORINE %	0.06%		-----
OXYGEN %	5.83%		-----

¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

² ADJUSTABLE IN DIRECT PROPORTION TO BTU.

³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.

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

MINERAL ANALYSIS %WEIGHT

TRACE ELEMENTS PPM IN COAL

DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P ₂ O ₅	0.08		Antimony		
SiO ₂	53.94		Arsenic		
Fe ₂ O ₃	3.94		Beryllium		
Al ₂ O ₃	30.25		Cadmium		
TiO ₂	1.92		Chromium		
CaO	3.32		Cobalt		
			Copper		
	0.72		Fluorine		
SO ₃	2.66		Lead		
K ₂ O	1.71		Lithium		
Na ₂ O	0.43		Manganese		



Undetermined	1.03		Mercury		
Base/Acid Ratio	0.2188		Nickel		
Maximum Base/Acid Ratio			Selenium		
			Zinc		PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

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

¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

² ADJUSTABLE IN DIRECT PROPORTION TO BTU.

³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.

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

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P ₂ O ₅			Antimony		
SiO ₂			Arsenic		
Fe ₂ O ₃			Beryllium		
Al ₂ O ₃			Cadmium		
TiO ₂			Chromium		
			Cobalt		
			Copper		
MgO			Fluorine		
SO ₃			Lead		
K ₂ O			Lithium		



**PROGRESS
FUELS**
CORPORATION

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

Na ₂ O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		
			Zinc		
*NOTE: ADD SHEETS IF MORE THAN ONE SEAM					

Sheppard, Sheila

WRC 10/18/05

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Sunday, October 16, 2005 5:09 PM
To: Sheppard, Sheila
Subject: Progress Fuels Coal Proposal - Term Contract Compliance Coal Quotation

AC 10/18/05



PFCOCT2005 - 07

Progress Compl
Sep2005.DOC (17...

Please accept the attached proposal to supply Progress Fuels with term compliance coal for the Crystal River Units # 4 & #5.

If there are any questions regarding this submittal, please contact me.

Andrew W. Cox
Sales Director
CMC - Coal Marketing Company
2720 Willow Oak Circle
Charlottesville, VA 22901-9526

(434) 984 - 2625 Office
(434) 984 - 2624 Fax
(434) 409 - 5208 Cell



**PROGRESS
FUELS**
CORPORATION

COAL PRODUCERS' SOL
CRYSTAL RIVE
PAGE 1 OF 3

PFCOCT2005 - 07
WRIC 10/18/05
BAC 10/18/05

PRODUCER NAME: Coal Marketing Company (USA) Inc. for its affiliate, Carbones del Cerrejon

STREET ADDRESS: 2720 Willow Oak Circle Charlottesville, VA 22901

CONFIDENTIAL

CONTACT: Andrew W. Cox

TELEPHONE NO. (434) 984 - 2625

MINE(S): Cerrejon

BOM DISTRICT: N/A

COUNTY:

STATE:

ORIGIN RAILROAD(S)/DISTRICT: EK CV Big Sandy Other

R/R TIPPLE DESIGNATION/NUMBER:

TYPE OF LOADING FACILITY:

UNIT TRAIN:

SINGLE CAR:

TRAINLOAD:

MAXIMUM LOADING CAPACITY:

TONS

HOURS

TRACK CAPACITY

WATER DELIVERY CAPABILITY: YES

NO

IMPORT COAL: LOAD PORT Puerto Bolivar, Colombia

SHIP THROUGH: IMT DOCK

LOAD RATE: 5,400 tons per hour

TOTAL PRODUCTION CAPACITY PER MONTH: 2.9 million TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 1.8 million TONS

TYPE OF MINE: % DEEP

100 % STRIP

% AUGER

SEAMS: 32 seams, too numerous to name.

BLEND RATIOS:

COAL PREPARATION: RAW

WASHED

COMBINATION

TYPE OF COAL WASHER, IF WASHED: 5% of product washed, by heavy media cyclones and spirals

TYPE OF COAL SAMPLING: Automatic sweep arm sampling station by J.B.Long

TYPE OF LABOR CONTRACT(S): N/A

DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: Vessel Draft Survey

SCALE CERTIFIED?

YES

NO

PERIOD

TONNAGE

BASE PRICE PER TON FOB MINE

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: The product offered herein is subject to prior sale and availability. All final terms and conditions of a sales agreement are subject to negotiation,

CMC board approval and credit approval. Ocean freight rates offered as part of this proposal are subject to confirmation.

CREDIT REFERENCES (Minimum two): Eitzen Bulk, Kinder Morgan Bulk Terminals

INDUSTRY REFERENCES (Minimum four): Southern Company Services, Jacksonville Electric Authority, South Carolina Electric and Gas, Dominion Energy

SIGNATURE: Andrew W. Cox

TITLE: Sales Director

DATE: 16 October 2005

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

Ms. Sheila Shepherd

Sheila.sheppard@pcnmail.com

c/o Progress Energy Carolinas, Inc. Regulated Fuels Department

410 S. Wilmington Street

Mail Code PEB10

Raleigh, NC 27601

PEF-FUEL-001171



DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	13.1	13.8 MAX ¹	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	3.0	5.0 MAX	5.0% MAX.	5.0% MAX.
ASH %	7.5	8.3 MAX	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.05	1.20 MAX	1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB	11,400	11,400 MIN	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,300	2,210 MIN	2,500 MIN.	2,200 MIN.
VOLATILE %	33.3	31.7 MIN	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	49	46 MIN	42 MIN. ³	65 MIN. ³
SIZE	2" x 0"	2" x 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	47 %	53 % MAX	45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR %	0.2	0.25 MAX	0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %	64.3		-----	-----
HYDROGEN %	4.6		-----	-----
ROGEN %	1.2		-----	-----
FLORINE %	0.03		-----	-----
OXYGEN %	8.67		-----	-----

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred 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 ₂ O ₅	0.22	0.03	Antimony	1.4	
SiO ₂	60.2	0.8	Arsenic	1.5	
Fe ₂ O ₃	8.4	0.5	Beryllium	0.4	
Al ₂ O ₃	20.1	0.9	Cadmium	0.4	
TiO ₂	0.96	0.1	Chromium	11	
CaO	2.4	0.4	Cobalt	1.0	
MgO	2.3	0.4	Fluorine	51	
SO ₃	2.1	0.2	Lead	6.0	
K ₂ O	2.2	0.35	Lithium	n/a	
Na ₂ O	0.8	0.15	Manganese	48	
Mercurium	0.32		Mercury	0.01	
Base/Acid Ratio	0.20		Nickel	11	
Maximum Base/Acid Ratio	0.24		Selenium	0.3	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM



DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	13.1	13.8 MAX ¹	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	3.0	5.0 MAX	5.0% MAX.	5.0% MAX.
ASH %	7.5	8.3 MAX	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.05	1.20 MAX	1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB	11,400	11,400 MIN	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,300	2,210 MIN	2,500 MIN.	2,200 MIN.
VOLATILE %	33.3	31.7 MIN	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	49	46 MIN	42 MIN. ³	65 MIN. ³
SIZE	2" x 0"	2" x 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	47 %	53 % MAX	45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR	0.2	0.25 MAX	0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %	64.3		-----	-----
HYDROGEN %	4.6		-----	-----
NITROGEN %	1.2		-----	-----
CHLORINE %	0.03		-----	-----
OXYGEN %	8.67		-----	-----

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred 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 ₂ O ₅	0.22	0.03	Antimony	1.4	
SiO ₂	60.2	0.8	Arsenic	1.5	
Fe ₂ O ₃	8.4	0.5	Beryllium	0.4	
Al ₂ O ₃	20.1	0.9	Cadmium	0.4	
TiO ₂	0.96	0.1	Chromium	11	
CaO	2.4	0.4	Cobalt	1.0	
MgO	2.3	0.4	Fluorine	51	
SO ₃	2.1	0.2	Lead	6.0	
K ₂ O	2.2	0.35	Lithium	n/a	
Na ₂ O	0.8	0.15	Manganese	48	
Un-determined	0.32		Mercury	0.01	
Base/Acid Ratio	0.20		Nickel	11	
Maximum Base/Acid Ratio	0.24		Selenium	0.3	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PEF-FUEL-001173

PFCOCT2005 - 08

WRK 10/18/05 fac 10/18/05

Sheppard, Sheila

From: Runyon, Bud [BRunyon@intlcoal.com]
Date: Monday, October 17, 2005 9:29 AM
To: Sheppard, Sheila
Cc: Kramer, Betty
Subject: "Term Contract Non-Compliance Coal Quotation"

Sheila---could you please confirm receipt and that all pages (5) are legible. Hard copy will be sent via first class mail. Tks.

Bud Runyon
 Vice President Sales
 International Coal Group, Inc.
 2000 Ashland, KY 41101
 Office: 606-920-7420
 Fax: 606-920-7788
 Cell: 606-922-8599
 E-mail: brunyon@intlcoal.com

CONFIDENTIALITY NOTE: This e-mail message is for the sole use of the intended recipient or recipients and may contain confidential and privileged information. Any unauthorized review, use, disclosure, distribution or other dissemination of this e-mail message and/or the information contained therein is strictly prohibited. If you are not the intended recipient of this e-mail message, please contact the sender by reply e-mail and destroy all copies of the original message.



PFCOCT2005 - 08

SMC 10/18/05

WRK 10/18/05

VIA ELECTRONIC MAIL (sheila.sheppard@pgnmail.com) & US MAIL

October 17, 2005

Ms. Barbara Coppola
Progress Energy Carolinas, Inc.
410 S. Wilmington St. PEB8A
Raleigh, NC 27601

**Re: REQUEST FOR PROPOSALS FOR COAL SUPPLY
(Dated September 15, 2005)**

Dear Ms. Coppola:

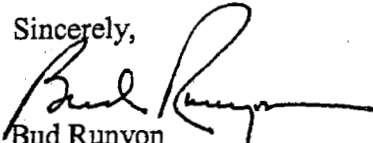
ICG, LLC is pleased to present the attached proposal for coal supply, pursuant to your inquiry dated September 15, 2005. **Please note comment on bid form regarding ICG interest in partnership on private rail equipment.**

We are proposing a three (3) year supply of Birch River Mine product with fixed prices for each contract year. ICG would retain the option to supply from other future West Virginia CSX sources as we move through the term. Such source would be subject to Progress review and approval of quality prior to any shipments. Freight differentials would be for ICG account. Further, ICG takes general exception to the Terms & Conditions as indicated in the Request, but subject to your interest in our proposal, we would expect to negotiate a final agreement with similar terms and conditions

Per the Request, this proposal shall remain valid for 30 business days from September 17, 2005; however, it shall remain subject prior sale of the coal and any agreement negotiated as a result of this proposal shall remain subject to final approval of the ICG Board of Directors.

If you have any questions, please do not hesitate to give me a call.

Sincerely,


Bud Runyon
Vice President Sales

PEF-FUEL-001175



**PROGRESS
FUELS**
CORPORATION

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

WRK 10/18/05

CONFIDENTIAL

PRODUCER NAME: ICG, LLC		
STREET ADDRESS: 2000 Ashland Drive, Ashland, KY 41101		
CONTACT: Bud Runyon	TELEPHONE NO. (606) 920-7420	
MINE(S): Birch River	BOM DISTRICT: 8	COUNTY: Webster STATE: West Virginia
ORIGIN RAILROAD(S)/DISTRICT: EK CV Big Sandy Other: CSX (A&O) Gauley N.	R/R TIPPLE DESIGNATION/NUMBER: 74820	
TYPE OF LOADING FACILITY: UNIT TRAIN: 4 hour Batch SINGLE CAR: TRAINLOAD:		
MAXIMUM LOADING CAPACITY: 20,000 TONS	24 HOURS	120 TRACK CAPACITY
WATER DELIVERY CAPABILITY: YES NO	IMPORT COAL: LOAD PORT	
SHIP THROUGH: DOCK	LOAD RATE:	
TOTAL PRODUCTION CAPACITY PER MONTH: 260,000 TONS		
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 200,000 TONS		
TYPE OF MINE: % DEEP	100 % STRIP	% AUGER
SEAMS: Kittanning/Clarion	BLEND RATIOS: 75/25	
COAL PREPARATION: RAW WASHED	X COMBINATION	
TYPE OF COAL WASHER, IF WASHED: Heavy Media		
TYPE OF COAL SAMPLING: Redding 3-Stage plus Gammametrics on loadout		
TYPE OF LABOR CONTRACT(S): None	DATE FOR RENEGOTIATION: N/A	
TYPE OF COAL WEIGHING: Kanawha Batch	SCALE CERTIFIED? X YES NO	
PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.		
PRODUCER'S COMMENTS: ICG would be receptive to a "partner" concept with PFC on investment in private railcars to facilitate timely delivery of the Birch River product to Crystal River.		
CREDIT REFERENCES (Minimum two): Available on further request and prior to the award of any contract.		
CUSTOMER REFERENCES (Minimum four): Progress Fuels Carolinas Georgia Power Duke Energy City Water Light & Power (Springfield, IL)		
SIGNATURE: <i>Bud E. Runyon</i>	TITLE: Vice President Sales	DATE: 10/17/2005
MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO: Ms. Sheila Shepherd Sheila.shepherd@epamail.com c/o Progress Energy Carolinas, Inc. Regulated Fuels Department 410 S. Wilmington Street Mail Code PEB10 Raleigh, NC 27601		



DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.0	6.50 ⁴	8.0% MAX.
SURFACE MOISTURE %			5.0% MAX.
ASH %	11 - 14	12.50 ⁴	12% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.6 - 2.10	1.90	2.1 LB/MAX. ¹
BTU/LB	12100 - 12500	12300 ⁴	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700 - 2800	2700 ⁴	2,500 MIN.
VOLATILE %	31 - 34	31 ⁴	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	43 - 48	42 ⁴	42 MIN. ³
SIZE	2" x 0"	2" x 0"	2" X 0"
FINES (-1/4" X 0")	40 - 45	45	45% MAX. ⁴
FIXED CARBON %	47 - 51	--	---
HYDROGEN %	4.16	--	---
NITROGEN %	1.27	--	---
CHLORINE %	0.08	--	---
OXYGEN %	6.10	--	---

¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

² ADJUSTABLE IN DIRECT PROPORTION TO BTU.

³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.

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

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	Typical	STD. DEV.	DESCRIPTION	Typical	STD DEV.
P ₂ O ₅	0.17		Antimony	0.50	
SiO ₂	57.74		Arsenic	1.40	
Fe ₂ O ₃	5.11		Beryllium	1.98	
Al ₂ O ₃	28.25		Cadmium	0.08	
TiO ₂	1.64		Chromium	13.75	
CaO	0.70		Cobalt	3.66	
			Copper	13.10	
MgO	0.66		Fluorine	n/a	
SO ₃	0.81		Lead	5.90	
K ₂ O	2.24		Lithium	n/a	
Na ₂ O	0.20		Manganese	16.70	
Undetermined	2.48		Mercury	0.06	
Base/Acid Ratio	0.14		Nickel	10.01	
Maximum Base/Acid Ratio			Selenium	n/a	
			Zinc	8.67	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM



MINERAL LABS, INC.

Box 549
 Salyersville, Kentucky 41465
 Phone (606) 349-6145

COMPANY REQUESTING ANALYSIS:

Date Analyzed: 5/18/05

Y

Lab No.: 15056125

4582

Sample Taken By: CUSTOMER

ICG, LLC
 2000 ASHLAND DRIVE
 ATTN: CURT KRAMER
 ASHLAND, KENTUCKY 41104

Sample I.D.:

BIRCH RIVER 05-15-05

PROXIMATE ANALYSIS	As Received	Dry Basis	M.A.F. B.T.U.	ULTIMATE ANALYSIS	As Received	Dry Basis
% Moisture	4.86			Moisture	4.86	
% Ash	13.90	14.61		Carbon	70.02	73.60
% Volatile	30.75	32.32		Hydrogen	4.61	4.85
% Fixed Carbon	50.49	53.07		Nitrogen	1.32	1.39
				Chlorine	0.08	0.08
B.T.U.	12,250	12,876	15,078	Sulfur	1.15	1.20
% Sulfur	1.15	1.20		Ash	13.90	14.61
				Oxygen (diff.)	4.06	4.27

- SULFUR FORMS -

% Pyritic Sulfur	XXX	XXX
% Sulfate Sulfur	XXX	XXX
% Organic Sulfur	XXX	XXX
% Total Sulfur	XXX	XXX
T-250 Temp. of Ash	XXX	XXX

- MINERAL ANALYSIS -

	% Wt. Ignited Basis
Phos. pentoxide, P ₂ O ₅	0.17
Silica, SiO ₂	57.74
Ferric oxide, Fe ₂ O ₃	5.11
Alumina, Al ₂ O ₃	28.25
Titania, TiO ₂	1.64
Lime, CaO	0.70
Magnesia, MgO	0.66
Sulfur trioxide, SO ₃	0.81
Potassium oxide, K ₂ O	2.24
Sodium oxide, Na ₂ O	0.20
Undetermined	2.48

- FUSION TEMPERATURE OF ASH -

	Reducing	Oxidizing
Initial	2700+ °F	XXX °F
Softening	2700+ °F	XXX °F
Hemispherical	2700+ °F	XXX °F
Fluid	2700+ °F	XXX °F

Base/Acid Ratio XXX

% Mercury XXX

Water Soluble Alkalies

As Na₂O XXX

As K₂O XXX

- HARDGROVE GRINDABILITY INDEX 44

- FREE SWELLING INDEX 6 1/2

- EQUILIBRIUM MOISTURE XXX

4051160-RP

Submitted By

Jd Bm



Box 549, Salyersville, Kentucky 41465
(606) 349-6145 • Fax (606) 349-6106

May 18, 2005
LAB # 015056125

ICG, LLC
2000 ASHLAND DRIVE
ATTN: CURT KRAMER
ASHLAND, KY 41104

SAMPLE ID: 5/15/2005; BIRCH RIVER

BASIC TRACE ELEMENT ANALYSIS (ppm)
AS DRY WHOLE COAL BASIS

Beryllium	1.98
Cadmium	0.08
Chromium	13.75
Copper	13.10
Lead	5.90
Manganese	16.7
Nickel	10.01
Vanadium	55.26
Zinc	8.67

ADDITIONAL METALS (ppm)
AS DRY WHOLE COAL BASIS

Arsenic	1.40
Barium	XXX
Silver	XXX
Thallium	XXX
Mercury	0.06
Cobalt	3.66
Molybdenum	0.10
Antimony	0.50

*ALL TRACE ELEMENTS ARE ppm AS DRY WHOLE COAL BASIS

Submitted By H. B. Mc

PEF-FUEL-001179

*WRK 10/18/05 for 10/18/05***Sheppard, Sheila**

From: Tim 2 Patterson [tp2smcoal@tds.net]
Date: Monday, October 17, 2005 10:18 AM
To: Sheppard, Sheila
Subject: Crystal River Solicitation

Sheila,
I talked with Barbara today and explained our situation of not getting our bid in the mail in time. She told me that it would be fine to scan in the bid and email it to you by the deadline today. The hard copy is in transit as we speak. Sorry about this. I hope I haven't complicated things too bad. If you have any questions or problems please don't hesitate to give me a call at 865-966-8222. Thank you for your help.

Tim "Deuce" Patterson
Smoky Mountain Coal Corp.
tp2smcoal@tds.net



**PROGRESS
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CORPORATION**

COAL PRODUCERS' SOLICITATI
Crystal River 1 & 2
PAGE 1 OF 3

PFCOCT2005 - 09

WRK 10/18/05 10/18/05

CONFIDENTIAL

PRODUCER NAME: <u>Smoky Mountain Coal Corp. (Agent for Coal River Resources)</u>		
STREET ADDRESS: <u>9725 Cogdill Road, Suite 203</u>		
CONTACT: <u>Deuce Patterson</u>	TELEPHONE NO. <u>865-966-8222</u>	
MINE(S): <u>Coal River Res.</u> BOM DISTRICT: <u>8</u>	COUNTY: <u>Boone</u>	STATE: <u>WV</u>
ORIGIN RAILROAD(S)/DISTRICT: EK <input type="checkbox"/> CV <input type="checkbox"/> Big Sandy <input type="checkbox"/> Other <u>Kanawha</u>		R/R TIPPLE DESIGNATION/NUMBER: <u>82204</u>
TYPE OF LOADING FACILITY: UNIT TRAIN: <input checked="" type="checkbox"/> SINGLE CAR: _____ TRAINLOAD: _____		
MAXIMUM LOADING CAPACITY: <u>12000</u> TONS _____ HOURS _____ <u>150</u> TRACK CAPACITY		
WATER DELIVERY CAPABILITY: <input checked="" type="checkbox"/> YES _____ NO IMPORT COAL: LOAD PORT _____		
SHIP THROUGH: <u>Ceredo</u> DOCK _____ LOAD RATE: _____		
TOTAL PRODUCTION CAPACITY PER MONTH: <u>100,000</u> TONS		
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: <u>100,000</u> TONS		
TYPE OF MINE: <u>0</u> % DEEP <u>100</u> % STRIP <u>0</u> % AUGER		
SEAMS: <u>Lower Cedar Grove, Powellton, #2Gas</u>		BLEND RATIOS: <u>1/3 Each</u>
COAL PREPARATION: <u>100% RAW</u> _____ WASHED _____ COMBINATION _____		
TYPE OF COAL WASHER, IF WASHED: <u>N/A</u>		
TYPE OF COAL SAMPLING: <u>Ramsey Automatic</u>		
TYPE OF LABOR CONTRACT(S): <u>N/A</u>		DATE FOR RENEGOTIATION: <u>N/A</u>
TYPE OF COAL WEIGHING: <u>Kanawha Batch Scales</u>		SCALE CERTIFIED? <input checked="" type="checkbox"/> YES _____ NO
PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
_____	_____	_____
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.		
PRODUCER'S COMMENTS: _____		
<u>The price is subject to a fuel and explosive surcharge to be negotiated. This offer is subject to prior sale.</u>		
CREDIT REFERENCES (Minimum two):		
<u>AmSouth Bank</u>		
<u>First Tennessee Bank</u>		
CUSTOMER REFERENCES (Minimum four):		
<u>Southern Company</u>		
<u>DTE Energy</u>		
<u>Consumers Energy</u>		
<u>Duke Energy</u>		
SIGNATURE: _____		TITLE <u>Sales Representative</u> DATE: <u>10/15/05</u>

IL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

Ms. Sheila Shepherd
Sheila.sheppard@pncmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

PEF-FUEL-001181



DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.0	8.0 ⁴	8.0% MAX.
SURFACE MOISTURE %	3.0	5.0	5.0% MAX.
ASH %	12.0	13.0 ⁴	12% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.9	2.1	2.1 LB/MAX. ¹
BTU/LB	12200	12000 ⁴	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2500 ⁴	2,500 MIN.
VOLATILE %	33.0	31.0 ⁴	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	45	42 ⁴	42 MIN. ³
SIZE	2 X 0	2 X 0	2" X 0"
FINES (-1/4" X 0")	40	45	45% MAX. ⁴
FIXED CARBON %	49		---
HYDROGEN %	4.55		---
NITROGEN %	1.30		---
CHLORINE %	0.18		---
OXYGEN %	5.68		---

¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

² ADJUSTABLE IN DIRECT PROPORTION TO BTU.

³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.

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

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P ₂ O ₅	0.24		Antimony	0.5	
SiO ₂	52.09		Arsenic	9.71	
Fe ₂ O ₃	12.45		Beryllium	3.22	
Al ₂ O ₃	25.78		Cadmium	0.23	
TiO ₂	1.29		Chromium	14.26	
CaO	1.09		Cobalt	7.06	
			Copper	21.18	
MgO	1.12		Fluorine	96.41	
SO ₃	1.15		Lead	8.16	
K ₂ O	3.68		Lithium	N/A	
Na ₂ O	0.52		Manganese	129.1	
Undetermined	0.59		Mercury	0.12	
Base/Acid Ratio	0.17		Nickel	15.86	
Maximum Base/Acid Ratio	0.20		Selenium	5.58	
			Zinc	15.01	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM



DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.0	8.0 ⁴	8.0% MAX.
SURFACE MOISTURE %	3.0	5.0	5.0% MAX.
ASH %	12.0	13.0 ⁴	12% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.9	2.1	2.1 LB/MAX. ¹
BTU/LB	12200	12000 ⁴	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2500 ⁴	2,500 MIN.
VOLATILE %	33.0	31.0 ⁴	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	45	42 ⁴	42 MIN. ³
SIZE	2 X 0	2 X 0	2' X 0"
FINES (-1/4" X 0")	40	45	45% MAX. ⁵
FIXED CARBON %	49		---
HYDROGEN %	4.55		---
NITROGEN %	1.30		---
FLUORINE %	0.18		---
OXYGEN %	5.68		---

¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
² ADJUSTABLE IN DIRECT PROPORTION TO BTU.
³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.
⁴ PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P ₂ O ₅	0.24		Antimony	0.5	
SiO ₂	52.09		Arsenic	9.71	
Fe ₂ O ₃	12.45		Beryllium	3.22	
Al ₂ O ₃	25.78		Cadmium	0.23	
TiO ₂	1.29		Chromium	14.26	
CaO	1.09		Cobalt	7.06	
			Copper	21.18	
MgO	1.12		Fluorine	96.41	
SO ₃	1.15		Lead	8.16	
K ₂ O	3.68		Lithium	N/A	
Na ₂ O	0.52		Manganese	129.1	
Undetermined	0.59		Mercury	0.12	
Base/Acid Ratio	0.17		Nickel	15.86	
Maximum Base/Acid Ratio	0.20		Selenium	5.58	
			Zinc	15.01	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

SMOKY MOUNTAIN COAL CORPORATION

9725 COGDILL ROAD, SUITE 203

KNOXVILLE, TENNESSEE 37932

Phone: 865-966-8222

FAX: 865-777-3633

ORIGINAL

CONFIDENTIAL

October 15, 2005

Sheila Shepherd
c/o Progress Energy Carolinas, Inc.
Regulated Fuels Department
410 S. Wilmington St.
Mail Code: PEB 10
Raleigh, NC 27601

Dear Barbara and Brett,

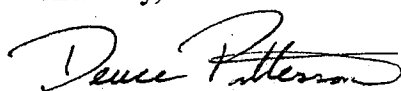
Thank you for soliciting our bid for the coal requirements at Progress Energy's Crystal River plant.

Attached you will find a multiple year offer from the Coal River Resources operation on the CSX railroad in Boone County, West Virginia. The offer is for three years with a [REDACTED] escalation in price each year. We also request governmental impositions and diesel/explosive adjusters, however these terms may be negotiated to something mutually acceptable.

Since this coal has been quoted to other prospective customers, our proposal must be subject to prior sale of the coal being offered.

Thank you again for giving us this opportunity. Please feel free to call me if you have any questions.

Sincerely,



Deuce Patterson
Sales Representative
Smoky Mountain Coal Corporation



**PROGRESS
FUELS
CORPORATION**

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

CONFIDENTIAL

PRODUCER NAME: Smoky Mountain Coal Corp. (Agent for Coal River Resources)

STREET ADDRESS: 9725 Cogdill Road, Suite 203

CONTACT: Deuce Patterson TELEPHONE NO. 865-966-8222

MINE(S): Coal River Res. BOM DISTRICT: 8 COUNTY: Boone STATE: WV

ORIGIN RAILROAD(S)/DISTRICT: EK CV Big Sandy Other Kanawha R/R TIPPLE DESIGNATION/NUMBER: 82204

TYPE OF LOADING FACILITY:
UNIT TRAIN: X SINGLE CAR: _____ TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
12000 TONS _____ HOURS _____ TRACK CAPACITY 150

WATER DELIVERY CAPABILITY: X YES _____ NO IMPORT COAL: LOAD PORT _____

SHIP THROUGH: Ceredo DOCK LOAD RATE: _____

TOTAL PRODUCTION CAPACITY PER MONTH: 100,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 100,000 TONS

TYPE OF MINE: 0 % DEEP 100 % STRIP 0 % AUGER

SEAMS: Lower Cedar Grove, Powellton, #2Gas BLEND RATIOS: 1/3 Each

COAL PREPARATION: 100% RAW _____ WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED: N/A

TYPE OF COAL SAMPLING: Ramsey Automatic

TYPE OF LABOR CONTRACT(S): N/A DATE FOR RENEGOTIATION: N/A

TYPE OF COAL WEIGHING: Kanawha Batch Scales SCALE CERTIFIED? X YES _____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
[REDACTED]	[REDACTED]	[REDACTED]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: [REDACTED]

[REDACTED] The price is subject to a fuel and explosive surcharge to be negotiated. This offer is subject to prior sale.

CREDIT REFERENCES (Minimum two):

- AmSouth Bank
- First Tennessee Bank

CUSTOMER REFERENCES (Minimum four):

- Southern Company
- DTE Energy
- Consumers Energy
- Duke Energy

SIGNATURE: Deuce Patterson II "Deuce" TITLE: Sales Representative DATE: 10/15/05

FOR THIS FORM AND ANY ADDITIONAL INFORMATION TO:

Ms. Sheila Shepherd
Sheila.sheppard@pefmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

PEF-FUEL-001185



DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.0	8.0 ⁴	8.0% MAX.
SURFACE MOISTURE %	3.0	5.0	5.0% MAX.
ASH %	12.0	13.0 ⁴	12% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.9	2.1	2.1 LB/MAX. ¹
BTU/LB	12200	12000 ⁴	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2500 ⁴	2,500 MIN.
VOLATILE %	33.0	31.0 ⁴	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	45	42 ⁴	42 MIN. ³
SIZE	2 X 0	2 X 0	2" X 0"
FINES (-1/4" X 0")	40	45	45% MAX. ⁴
FIXED CARBON %	49		---
HYDROGEN %	4.55		---
NITROGEN %	1.30		---
CHLORINE %	0.18		---
OXYGEN %	5.68		---

¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
² ADJUSTABLE IN DIRECT PROPORTION TO BTU.
³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.
⁴ PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P ₂ O ₅	0.24		Antimony	0.5	
SiO ₂	52.09		Arsenic	9.71	
Fe ₂ O ₃	12.45		Beryllium	3.22	
Al ₂ O ₃	25.78		Cadmium	0.23	
TiO ₂	1.29		Chromium	14.26	
CaO	1.09		Cobalt	7.06	
			Copper	21.18	
MgO	1.12		Fluorine	96.41	
SO ₃	1.15		Lead	8.16	
K ₂ O	3.68		Lithium	N/A	
Na ₂ O	0.52		Manganese	129.1	
Undetermined	0.59		Mercury	0.12	
Base/Acid Ratio	0.17		Nickel	15.86	
Maximum Base/Acid Ratio	0.20		Selenium	5.58	
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PFCOCT2005 - 10

WRK 10/18/05 ~~10/18/05~~

Sheppard, Sheila

From: Risley, Mary Lou (KEC) [MaryLou.Risley@kennecottenergy.com]
Date: Monday, October 17, 2005 10:19 AM
To: Sheppard, Sheila
Cc: Kelley, Mike (KEC)
Subject: PROGRESS FUELS COAL PROPOSAL - TERM CONTRACT COMPLIANCE COAL QUOTATION

Sheila: Please confirm receipt of this e-mail by sending a quick note back to me.

Thank you for your consideration.

Please do not hesitate to call Mike Kelley or me, if you have any questions.

Best Regards,

Mary Lou Risley
 Manager, Origination & Structured Products
 Kennecott Energy Company
marylou.risley@kennecottenergy.com
 307.685.6130
 307.687.6009 (Fax)

CONFIDENTIAL and PROPRIETARY information of Kennecott Energy Company (C) 2002. All rights reserved. This work contains information that is confidential and proprietary to Kennecott Energy Company. The senders contact information is also protected by the Kennecott Energy Company Data Protection Policy, and should not be circulated. Removal of this notice, use, transfer, republication, disclosure and/or copyintg of all or part of this message, or its attachments, is strictly prohibited, except with the express, written permission of Kennecott Energy Company. If you have received this e-mail message in error, please return it and contact Mary Lou Risley at 6130.



October 24, 2005 validity date



WRK 10/18/05
for 10/18/05

Kennecott Energy Company
505 South Gillette Avenue (82716)
Post Office Box 3009
Gillette, Wyoming 82717-3009
Telephone: (307) 685-6130
Fax: (307) 687-6009

Mary Lou Risley
Manager, Origination & Structured
Products

October 17, 2005

CONFIDENTIAL

Ms. Sheila Sheppard
Progress Energy Carolinas, Inc.
Regulated Fuels Department
410 S. Wilmington St.
Raleigh, NC 27601

Dear Ms. Sheppard:

Kennecott Energy Company on behalf of Kennecott Energy and Coal Company (collectively referred to hereinafter as "Kennecott") is pleased to respond to your request for proposal dated September 15, 2005 to supply coal to Crystal River Units Nos. 1 and 2 and or 4 and 5.

COAL OFFERED

Origin	Coal & Allied Operations (a Rio Tinto Group Company) in Australia
Term	[REDACTED]
Quantity	[REDACTED]
Base Price	The CFR IC Rail Marine Terminal in Convent, Louisiana or CFR McDuffie River Terminal in Mobile, Alabama price of [REDACTED] /ton is based on coal having a standard heating value of 11,400 Btu/Lb. and a standard sulfur value of 0.88 Lbs. SO ₂ /mmBtu content. The standard heating and sulfur values are for price adjustment purposes only. The price shall be subject to adjustment for variations in the actual weighted average value from the standard heating value on a FOB barge basis, and for variation in SO ₂ content from the standard sulfur value in accordance with mutually agreed upon adjustment provisions.
Typical Quality	See attached.
Sampling & Analysis	In accordance with ASTM standards.
Data Transmission	As mutually agreed upon.

Ms. Sheila Sheppard
October 17, 2005
Page 2

Delivery Schedule

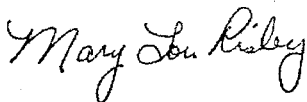
As mutually agreed upon.

Terms & Conditions

This offer is considered proprietary and confidential; it should not be divulged to third parties without the express written approval of Kennecott. **Attached is a Master Coal Purchase and Sale Agreement identifying the terms and conditions under which this bid is submitted. Any modifications to these terms and conditions could result in pricing implications. Coal is offered subject to prior sale and availability and in any event, this offer will expire after October 24, 2005,** 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 4:00 PM MST on or before October 24, 2005.** This offer and Kennecott's obligation to enter into a coal supply agreement is subject to Kennecott'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 307.685.6130.

Sincerely,



Mary Lou Risley
Manager, Origination & Structured Products

MLR

Attachments

RIO TINTO THERMAL COAL

QUALITY PARAMETER	TYPICAL (MEAN VALUE)	TYPICAL DRY VALUE	TYPICAL MOISTURE-ASH FREE VALUE
<u>PROXIMATE</u>			
% Moisture	10.00		
% Ash	12.50	13.89	
% Volatile	27.70	30.78	35.74
% Fixed Carbon	49.80	55.33	64.26
BTU/lb	11382	12647	14686
MAFBTU	14686		
Dry BTU	12647		
% Sulfur	0.50	0.56	0.65
<u>ULTIMATE</u>			
% Moisture	10.00		
% Carbon	65.44	72.71	84.44
% Hydrogen	4.19	4.66	5.41
% Nitrogen	1.47	1.63	1.90
% Chlorine	0.02	0.02	0.02
% Sulfur	0.50	0.56	0.65
% Ash	12.50		
% Oxygen	5.90	6.56	7.61
<u>SULFUR FORMS</u>			
Pyritic Sulfur (%)	0.01	0.01	0.01
Sulfate Sulfur (%)	0.02	0.02	0.03
Organic Sulfur (%)	0.47	0.52	0.61
Total Sulfur (%)	0.50	0.56	0.65
<u>MINERAL ANALYSIS OF ASH</u>			
% Silicon Dioxide (Silica, SiO ₂)	63.00		
% Aluminum Oxide (Alumina, Al ₂ O ₃)	25.00		
% Titanium Dioxide (Titanium, TiO ₂)	1.25		
% Iron Oxide (Ferric Oxide, Fe ₂ O ₃)	4.70		
% Calcium Oxide (Lime, CaO)	0.50		
% Magnesium Oxide (Magnesia, MgO)	0.70		
% Potassium Oxide (K ₂ O)	1.20		
% Sodium Oxide (Na ₂ O)	0.30		
% Sulfur Trioxide (SO ₃)	0.20		
% Phosphorous Pentoxide (P ₂ O ₅)	0.40		
% Strontium Oxide (SrO)	0.10		
% Barium Oxide (BaO)	0.10		
% Undetermined	2.55		
Base/Acid Ratio	0.08		
Base Value	7.40		
Acid Value	89.25		
<u>ASH FUSION TEMPERATURES</u>			
Reducing (°F)			
Initial	2642		
Softening (H=W)	2687		
Hemispherical (H=1/2W)	2732		
Fluid	2822		
Fluid-Initial Temp. Difference	180		
Oxidizing (°F)			
Initial	2732		
Softening (H=W)	2777		
Hemispherical (H=1/2W)	2822		
Fluid	2912		
Fluid-Initial Temp. Difference	180		

for
10/12/05

RIO TINTO THERMAL COAL

QUALITY PARAMETER

TYPICAL
(MEAN VALUE)

ADDITIONAL ANALYSES AND CALCULATED VALUES

T250 Temperature (°F)	2743
HGI (at as-received moisture)	50
Specific Gravity	1.10
%Alkalies Na2O Dry (Total Alkali Content on Coal)	0.151
%Na2O - Dry Coal	0.04
%Na2O As-received Coal	0.04
Silica Value (Silica Ratio)	91.44
Slag Factor	0.05
Slag factor per Fusion Temperature	2678
Dolomite Ratio	16.22
Ash Precipitation Index	24.67
Silica to Alumina Ratio	2.52
Calcium to Silica Ratio	0.01
Iron to Calcium Ratio	9.40
Fouling Factor (Fouling Index)	0.02
SO2/MMBTU	0.88
lbs S/MMBTU	0.44
lbs Sodium/MMBTU	0.033
lbs Ash/MMBTU	10.98

TYPICAL COAL TOP SIZE

2 inch

TRACE ELEMENT SUMMARY

Parts Per Million
Whole Coal, Dry Basis

TYPICAL
(MEAN VALUE)

ANTIMONY (Sb)	0.9
ARSENIC (As)	1.1
BARIUM (Ba)	74
BERYLLIUM (Be)	2
BORON (B)	18
BROMIDE (Br)	33
CADMIUM (Cd)	0.05
CHLORINE (Cl)	230
CHROMIUM (Cr)	10
COBALT (Co)	10
COPPER (Cu)	11
FLUORINE (F)	56
LITHIUM (Li)	13
MANGANESE (Mn)	30
MERCURY (Hg)	0.02
MOLYBDENUM (Mo)	3
NICKEL (Ni)	8
LEAD (Pb)	8
SELENIUM (Se)	0.4
SILVER (Ag)	<0.1
STRONTIUM (Sr)	78.0
THALLIUM (Tl)	<1.0
TIN (Sn)	9
VANADIUM (V)	31
ZIRCONIUM (Zr)	66
ZINC (Zn)	18

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PFCOCT2005 - 10
base 10/18/05

Master Coal Purchase and Sale Agreement

between

"CUSTOMER"

and

Kennecott Energy and Coal Company

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Master Coal Purchase and Sale Agreement Index

- Article 1. General Terms and Definitions**
- Article 2. Term**
- Article 3. Quantity**
- Article 4. Delivery and Transportation**
- Article 5. Title and Risk of Loss; Equipment Damage**
- Article 6. Coal Quality Specifications**
- Article 7. Sampling and Analysis**
- Article 8. Weighing**
- Article 9. Price and Price Adjustments**
- Article 10. Invoices, Payments, Netting, Set off, and Credit Ratings**
- Article 11. Force Majeure**
- Article 12. Records, Audits, Access**
- Article 13. Default, Remedies, and Termination**
- Article 14. Notices**
- Article 15. Cooperation**
- Article 16. Warranty, Limitation on Liability, Duty to Mitigate & Indemnification**
- Article 17. Limitation on Waiver**
- Article 18. Confidentiality**
- Article 19. Entirety, Amendments**
- Article 20. Successors and Assigns**
- Article 21. Governing Laws**

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Article 22. Interpretation

Article 23. Resale and Buyer's Obligations

Article 24. Survival

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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 _____, 2005, between Kennecott Energy and Coal Company ("Kennecott"), a Delaware corporation, and _____ ("_____"), a _____ corporation. Both Kennecott and _____ may be individually referred to herein as a "Party" or collectively as "Parties".

RECITALS

WHEREAS, each Party is engaged in the sale and/or purchase of Powder River Basin ("PRB") Coal or other Coal. The Parties believe it will be mutually beneficial to set the terms and conditions under which such Coal sales and purchases may be made between them.

IN CONSIDERATION of the mutual covenants and promises set forth hereafter, the Parties to this Agreement, intending to legally bind themselves, agree now as follows:

ARTICLE 1. GENERAL TERMS AND DEFINITIONS

1.01 The terms of this Agreement shall govern all purchases and sales of Coal between the Parties (hereinafter "Transactions") or options thereon during the term of this Agreement unless the Parties expressly indicate otherwise. All amendments, modifications, revisions and changes to this Agreement or any related Transaction or option must be in writing and signed by both Parties. If the Parties enter into an option concerning the purchase and/or sale of Coal, the terms and conditions of this Agreement and the Confirmation Letter shall govern the Transaction once the option has been exercised.

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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.

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- 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

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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

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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 Buyer's 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.

If Rejection Limits are specified in the Confirmation, this Section 6.02 shall apply.

6.02 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 \$0.50 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

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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.

6.03 If there are three (3) Non-Conforming Shipments as defined in Section 6.02, whether rejected or not, under a Transaction in any three (3) month period or, if two (2) out of four (4) consecutive shipments under a Transaction are Non-Conforming Shipments, Buyer may upon notice confirmed in writing and sent to Seller, suspend future shipments except those shipments already loaded into railcars. Seller shall, within sixty (60) days, provide Buyer with reasonable assurances that subsequent deliveries of Coal shall meet or exceed the specifications set forth in the Confirmation. If Seller fails to provide such assurances within that sixty (60) day period, Buyer shall have the right to terminate the Transaction without further obligation hereunder on the part of either Party. Termination shall be the sole remedy of Buyer under this Section. Buyer's waiver of this right for any one train shall not constitute a waiver for subsequent trains. If Seller provides such assurances to Buyer's reasonable satisfaction, deliveries hereunder shall resume and any tonnage deficiencies resulting from suspension may be made up at Buyer's sole option subject to a mutually agreeable schedule. Buyer shall not unreasonably withhold its acceptance of Seller's assurances, or delay the resumption of shipment.

6.04 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

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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.

ARTICLE 7. SAMPLING AND ANALYSIS

7.01 Seller shall cause, at its expense, the Coal in each unit train to be sampled and analyzed at the individual mine in accordance with applicable ASTM standards. Buyer shall have the right, at its own risk and expense, to have a representative present at any and all times to observe sampling and analysis procedures. All samples shall be divided into three (3) parts and put in suitable airtight containers. One part shall be furnished to Buyer or its designee for its analysis, one part shall be retained for analysis by Seller or its designee (which analysis shall be the basis for payment), and the third part shall be retained by Seller or its designee in one of the aforesaid containers properly sealed and labeled for a period thirty (30) days after the date of sample collection. Buyer's samples are to be clearly labeled as to mine, date of sampling, date of preparation, and other identification as to shipment (such as train identification number) and are to be sent within forty-eight (48) hours of train loading to the address listed below unless a different address is provided by Buyer in the Confirmation or otherwise in writing. Seller shall cause the following data, subject to future adjustment, to be provided to Buyer by a mutually agreed upon method of electronic data transmission within

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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 % Na₂O in ash (if set forth in the Confirmation), (the "Short Proximate Analysis"). Any additional analysis requested by Buyer that exceeds the information provided in the Short Proximate Analysis shall be at Buyer's expense.

Mailing address for sample splits:

- 7.02** In the event a dispute arises between Buyer and Seller within thirty (30) days of Seller's analysis due to a difference between Buyer and Seller's short proximate analyses of a sample that exceeds the ASTM interlab repeatability limits, an independent testing laboratory, mutually agreeable to Buyer and Seller, will be retained to analyze the third part of such sample. The Party whose calorific value analysis and/or sulfur analysis is closest to the independent analysis shall prevail and such Party's calorific value analysis and/or sulfur 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 and/or sulfur analysis is furthest from the independent analysis and therefore, not used. In the event both Parties' calorific value analyses and/or sulfur 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

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but valid weights are obtained for thirty (30) or more railcars in such train, the arithmetic average of all of the valid net weights of the thirty or more railcars in such train shall be used as the net weight for each railcar in such train for which a valid net weight was not determined by Seller's scales. If Seller's scales are inoperative or fail to determine the valid net weight of at least thirty (30) railcars in a unit train, the weighted arithmetic average of the net railcar weights of the previous ten (10) unit trainloads of Coal shipped to Buyer shall be used as the net weight for each of the unweighed railcars in such train. The calculation of the weighted arithmetic average net weight for the previous ten (10) unit trainloads shall exclude all bad-order railcars, which were not loaded, and any trainload of Coal for which the net weights were estimated on thirty (30) or more railcars. The Buyer shall be notified electronically immediately after the above instance occurs.

ARTICLE 9. PRICE AND PRICE ADJUSTMENTS

- 9.01** For all Coal delivered under this Agreement, Buyer shall pay Seller the base price as set forth in the Confirmation.
- 9.02** Seller shall be solely responsible for all assessments, fees, costs, expenses, and taxes relating to the mining, production, sale, use, loading and tender of Coal to Buyer or in any way accruing or levied prior to transfer of title to the Coal to Buyer and including, without limitation, severance taxes, royalties, ad valorem, black lung fees, reclamation fees and other costs, charges and liabilities. The base price includes reimbursement to Seller of all environmental, land restoration and regulatory costs, including without limitation any reclamation costs required under applicable federal, state or local law as of the date of the Transaction. Buyer shall be responsible for any sales and/or use tax unless Buyer provides Seller an appropriate exemption certificate or similar document. The base price shall be subject to adjustments for changes in existing laws and regulations (including changes in levies and rates), or new laws or regulations, or changes in interpretations thereof enacted

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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 Energy and Coal Company
Attn: Revenue Accounting
Caller Box 3017 (82717-3017)
1001 S. Douglas Hwy., Suite 160
Gillette, WY 82716

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ACH/Wires to Kennecott:
Kennecott Energy and Coal
Account # 060-00298-13
Wells Fargo Bank
41 East 100 South
ACH ABA # 124000012
Wire ABA # 121000248

Payment Detail:

To ensure proper allocation of payments to appropriate invoice, e-mail invoice numbers and amounts to: keccash@kenergy.com or information may be faxed to (307) 687-6010

- 10.02** For all invoices, payment will be made within 5 business days of receipt of that invoice. Amounts shall be paid via electronic means (i.e., ACH or Federal Reserve wire transfer of funds). The wire transfer of funds shall be sent to Seller's bank as indicated on the invoice.
- 10.03** In the event Buyer in good faith disputes part or all of an invoice, notice of the disputed portion, with reasons for dispute, must be given prior to the due date of the invoice and the undisputed portion shall be paid by the due date. If the disputed portion is determined to have been properly due and payable, interest on that portion in dispute and which has not been paid shall accrue from the date that portion was due and payable. If a disputed portion is paid and is later determined not to have been properly due and payable, interest will similarly be refunded from the date payment had been received. Interest shall be paid at one (1) percentage point over the then current U.S. prime rate as listed in the Money Rates section of The Wall Street Journal. All invoices will be final and not subject to further adjustments or correction unless objection to the accuracy thereof is made prior to the lapse of one (1) year after the termination of the applicable Transaction.
- 10.04** If each Party or Party's affiliate is required to pay an amount to the other Party in the same invoice period, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting; in which case, the Party owing

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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

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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

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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

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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 SO₂ 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

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price agreed to for the specific Transaction minus the highest reasonable market price on an equivalent per mmBtu SO₂ adjusted basis at which Seller is able, or (ii) would be able, to sell or otherwise dispose of the Coal at the time of Buyer's breach; except that if such difference is negative, then neither Party shall have any obligation to make any deficiency payment to the other.

- d) Buyer and Seller shall be subject to commercially reasonable good faith obligation to mitigate any damages hereunder.

13.02 The occurrence of any of the following shall constitute an "Event of Default":

- a) Failure by either Party to pay any amounts due.
- b) Either Party materially breaches any contractual obligation under this Agreement.
- c) Either Party (i) makes any general assignment or any general arrangement for the benefit of creditors, (ii) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors or has such a petition involuntarily filed against it and such petition is not withdrawn or dismissed within thirty (30) days after such filing, (iii) otherwise becomes bankrupt or insolvent (however evidenced), or (iv) is unable to pay its debts as they fall due.

13.03 In addition to the non-defaulting Party's remedies under this Article, in the Event of Default with respect to a specific Transaction, the non-defaulting Party shall have the same rights with respect to such specific Transaction as it has under this Agreement in addition to the right to exercise all other rights and remedies available under applicable law.

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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 Energy and Coal 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 Energy and Coal 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

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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.

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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.

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- 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 Energy and Coal Company

By: _____

Kelly A. Cosgrove
Vice President
Marketing, Government & Public Affairs

Date: _____

By: _____

Title: _____

Date: _____

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SAMPLE

CONFIRMATION LETTER

Kennecott #:

Buyer:

Seller: Kennecott Energy and Coal Company

Caller Box 3009 (82717-3009)
505 South Gillette Avenue
Gillette, WY 82716

Attn:
Phone:
Fax:

Attn:
Phone:
Fax:

This letter shall confirm the transaction arranged _____, between _____ (" ") and Kennecott Energy and Coal Company ("Kennecott") pursuant to the Master Coal Purchase and Sale Agreement effective _____, 2003. The terms and conditions of this transaction are as follows:

Kennecott to sell and deliver and _____ to purchase and receive.

Transaction Type: Physical Coal

Product: Sub-Bituminous coal; _____ Btu/Lb. and _____ Lbs. SO₂/mmBtu

Base Price: \$_____ per ton of coal

Shipment Period:

Quantity:

Delivery Point: FOB Railcar, _____ Mine – _____ County, Wyoming

Topsize: _____" x 0" ASTM

Quality: Coal Quality Specifications

Section 9.03 – Standard Btu and Sulfur for price adjustments as set forth below:

Sections 6.02 & 6.04 Reject Limits/ Non-Conforming Shipment

Btu/Lb
Lbs. SO₂/mmBtu

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Btu Adjustment:

To reflect the actual heat content of the coal delivered, each month the Base Price of coal will be adjusted for any variation from _____ Btu/Lb., using the following formula:

$$\text{Btu Adjustment Per Ton} = P \times \frac{(AR - BB)}{BB}$$

Where:

- P = The Base Price of coal per ton delivered during the month;
- AR = The monthly weighted average "As-Received" Btu's per pound of the respective coal[s] delivered to _____; and,
- BB = The Base Btu's per pound of the respective coal[s] delivered to _____ during the month; the BB value = _____

All shipment Btu's and weighted average Btu's shall be in zero decimals. All prices for Btu adjustments shall be calculated using floating-point decimals, with the result being rounded to three decimal places as shown in the following example:

Sample info: P = \$7.00/ton, BB = 8800, AR = 8820

$$\begin{aligned} \text{Btu adjustment per ton} &= \$7.00 \times \frac{(8820 - 8800)}{8800} \\ &= \$7.00 \times .002272727 \\ &= \$0.015909089 \\ &= \$0.016 \end{aligned}$$

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 ("SO₂"). The pounds SO₂ per mmBtu shall be calculated in accordance with the following formula based on Seller's lab analysis of the percent sulfur in the Coal and the calorific value of the Coal. All weighted average sulfur shall be in two decimals:

$$\text{Lbs. SO}_2/\text{mmBtu} = \frac{\text{Monthly Weighted Average Sulfur \% in Coal} \times 20,000}{\text{Monthly Weighted Average Btu/Lb.}}$$

All shipment sulfur percent and weighted average sulfur percent shall be stated in two decimals. SO₂ 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

$$\text{Lbs. SO}_2/\text{mmBtu} = (.22 \times 20,000) / 8820 = .498866213 = .50$$

Sulfur adjustment in \$/ton of Coal =

$$\frac{(\text{Base Lb. SO}_2/\text{mmBtu} - \text{Actual Lb. SO}_2/\text{mmBtu}) \times \text{Actual Btu/Lb.} \times \text{\$ADI}}{1,000,000}$$

ADI = The "SO₂ Monthly Average Price" published by *Air Daily* for the month preceding delivery.

Base Lb. SO₂/mmBtu =

DRAFT

All shipment SO₂ and weighted average SO₂ 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 SO₂ = .55, Actual SO₂ = .50,
SO₂ Allowance (ADI) = \$146.10*

Sulfur Adjustment in \$/ton of Coal = $((.55 - .50) \times 8820 \times \$146.10) / 1,000,000$
= \$0.0644301
= \$0.064

IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR, AND EACH OF THE PARTIES WAIVES THE RIGHT TO SEEK INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES UNDER THIS AGREEMENT.

Please confirm that the terms and conditions stated herein accurately reflect your understanding of our agreement by signing and returning to Leslie Thorn at Seller's address.

By: _____

Date: _____

By: _____
Kennecott Energy and Coal Company

Date: _____

PFCOCT2005 - LL

WAL

10/18/05 fac 10/10/05

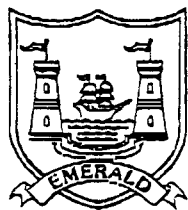
Sheppard, Sheila

From: Jack Wells [jackwells@emeraldcoal.com]
t: Monday, October 17, 2005 10:25 AM
To: Sheppard, Sheila
Cc: SteveWeber@EmeraldCoal.com
Subject: Progress Fuels Coal Proposal - Term Contract Non-Compliance Coal Quotation

Attached is our offer. Thank you for the opportunity to bid. Please let me know if you require any further information.

Jack Wells
 Emerald International Corporation
 6895 Burlington Pike
 Florence, KY 41042
 859-525-2522

*can read
 scanned document
 in email, but
 it does
 not print.*



PFCOCT2005 - 11
WRK 10/18/05 pncw/05

FACSIMILE MESSAGE

DATE: 10-18-05

NAME: Sheila Sheppard

FIRM: _____

FAX: _____

SENDER'S NAME: _____

TOTAL NUMBER OF PAGES INCLUDING THIS PAGE: 3

PEF-FUEL-001223

EMERALD INTERNATIONAL CORPORATION

6895 Burlington Pike • Florence, Kentucky 41042 • U.S.A. • (859) 525-2522 • Fax: (859) 525-4052



**PROGRESS
FUELS**
CORPORATION

COAL PRODUCERS' SOLICITA'
Crystal River 1 & 2
PAGE 1 OF 3

PFCOCT2005 - 17

WRK 10/18/05

CONFIDENTIAL

PRODUCER NAME: *Emerald International Corp.*

STREET ADDRESS: *6895 Burlington Pike Florence, KY 41042*

CONTACT: *Steve Weber*

TELEPHONE NO. *859-525-2522*

MINE(S): _____ BOM DISTRICT: _____

COUNTY: _____ STATE: _____

ORIGIN RAILROAD(S)/DISTRICT: *EK CV Big Sandy Other*

R/R TIPPLE DESIGNATION/NUMBER: _____

TYPE OF LOADING FACILITY:
UNIT TRAIN: _____

SINGLE CAR: _____

TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
_____ TONS

_____ HOURS

_____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: YES _____ NO

IMPORT COAL: LOAD PORT _____

SHIP THROUGH: *IMT* DOCK _____

LOAD RATE: _____

TOTAL PRODUCTION CAPACITY PER MONTH: _____ TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: _____ TONS

TYPE OF MINE: _____ % DEEP

_____ % STRIP

_____ % AUGER

SEAMS: _____

BLEND RATIOS: _____

COAL PREPARATION: RAW

_____ WASHED

_____ COMBINATION

TYPE OF COAL WASHER, IF WASHED: _____

TYPE OF COAL SAMPLING: *2 Stage Automatic*

TYPE OF LABOR CONTRACT(S): *Non-Union*

DATE FOR RENEGOTIATION: _____

TYPE OF COAL WEIGHING: *Barge Draft*

SCALE CERTIFIED? _____ YES _____ NO

PERIOD

TONNAGE

BASE PRICE PER TON FOB *Gulf Barge*

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: *Price is F.O.B. your Gulf Barge at IMT ✓*

CREDIT REFERENCES (Minimum two): *Cinergy*

Camelot Coal Company

CUSTOMER REFERENCES (Minimum four): *Cinergy*

Progress Fuels

DTE

Southern Company

**NO
SUPPORT**

SIGNATURE *Sheila Sheppard*

TITLE: *Prosiht*

DATE: *10/17/01*

THIS FORM AND ANY ADDITIONAL INFORMATION TO:

Ms. Sheila Sheppard
Sheila.sheppard@epamail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

PEF-FUEL-001224



**PROGRESS
FUELS
CORPORATION**

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

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7.0	10.0 ⁴	8.0% MAX.
SURFACE MOISTURE %	2.5	5.0	5.0% MAX.
ASH %	10.0	12.0 ⁴	12% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	2.10	2.10	2.1 LB/MAX. ¹
BTU/LB	11,900	11,800 ⁴	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,650	2,500 ⁴	2,500 MIN.
VOLATILE %	36.0	34.0 ⁴	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	45	42 ⁴	42 MIN. ³
SIZE	2x0	2x0	2' X 0"
FINES (-1/4" X 0")	28	45	45% MAX. ⁴
FIXED CARBON %	71.42		-----
HYDROGEN %	4.91		-----
NITROGEN %	1.20		-----
CHLORINE %	0.05		-----
OXYGEN %	7.95		-----

¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
² ADJUSTABLE IN DIRECT PROPORTION TO BTU.
³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.
⁴ PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P ₂ O ₅	0.26		Antimony		
SiO ₂	53.24		Arsenic		
Fe ₂ O ₃	16.77		Beryllium		
Al ₂ O ₃	22.63		Cadmium		
TiO ₂	1.09		Chromium		
CaO	1.58		Cobalt		
			Copper		
MgO	0.76		Fluorine		
SO ₃	0.93		Lead		
K ₂ O	1.22		Lithium		
Na ₂ O	0.33		Manganese		
Undetermined	1.19		Mercury		
Acid Ratio	0.27		Nickel		
Maximum Base/Acid Ratio	0.30		Selenium		
			Zinc		

NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PEF-FUEL-001225

TOTAL P. 03

WALK 10/18/05 For 10/18/05

Sheppard, Sheila

From: iacbalt@interamcoal.com
ent: Monday, October 17, 2005 10:43 AM
fo: Sheppard, Sheila; iacbalt@interamcoal.com
Subject: Request for Proposals for Coal Supply



Reque001.pdf (274 KB) XeroxAttach.txt (283 B)

Please open the attached document. It was scanned and sent to you using a Xerox WorkCentre.

Attachment file type : PDF
Device Name : IAC BALTIMORE
Device Location :

For more information on Xerox products and solutions, please visit <http://www.xerox.com>.



Inter-American Coal, Inc.

5016 Dorsey Hall Drive
Suite 202
Ellicott City, MD 21042
USA

PFCOCT2005 - 12
WRK 10/18/05 SAC 10/18/05

IAC

CONFIDENTIAL

Tel (410) 730-6800
Fax (410) 997-6842
email: IAC@interamcoal.com

Ms. Sheila Sheppard,
c/o Progress Energy Carolina, Inc
Regulated Fuels Department
410 S. Wilmington Street
Raleigh, NC 27601

October 17, 2005

Re: Your RFP for Coal Supply dated September 15, 2005-10-16

OWNED BY
CARBOZULIA
GACI

Dear Ms. Sheppard,

We are pleased to respond to your above referenced enquiry for the supply of compliance coal to Crystal River Units # 4 and # 5.

Inter American Coal has had a long history in supplying South American compliance coal to FPC that started in the eighties. Our most recent transactions date back to 2001 when we introduced coal from our captive (64 %) owned Mina Norte mine in Venezuela that has been in operation since 1996 and is operated by our affiliate Carbones de la Guajira SA, Maracaibo, Venezuela.

As a result of a decision, made in 2004, to expand coal production at Mina Norte gradually over the period 2005 thru 2007 from 1.2 million mt to 2.0 million mt we are in a position to propose as follows:

Seller: Inter American Coal Inc as agent for Inter American Coal NV (Aruba)

Coal Origin: Mina Norte coal mine, Paez, Zulia state, Venezuela operated by Carbones de la Guajira SA which is 64 % owned by Inter American Coal.

Volume: [REDACTED]

Price: [REDACTED]

This price includes all taxes, US customs and federal waterway usage charges, insurance costs, marine bunker fuel costs, port disbursements and miscellaneous fees.

Price Adjustments: Basis Actual Heat value of the cargo expressed in BTU/lb GAR basis USD 2.69/mmBTU

PEF-FUEL-001227

Delivery: By our (part) owned fleet of 6 belt discharge vessels. Intent to use m/v Warsaw (50,000 dwt) and/or m/v Gdynia (68,000 dwt).

Discharge Conditions: 12 TT from NOR (WIPON, WIBON, WIFPON), Vessel to self discharge to the shore side hopper at IMT at a minimum rate of 1,000 mt/hr and/or board/board transfer thru belt self discharge to intra-coastal barges at anchorage. Progress to guarantee a min. 2000 mt/hr takeaway capacity.

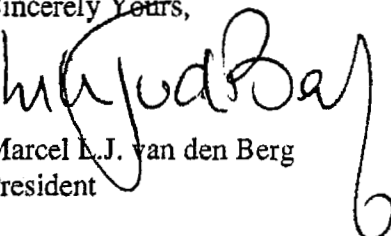
We are enclosing the filled out Coal Producer's Solicitation Form as related to this proposal.

This proposal is firm and valid thru close of business 5 pm EDT November 11, 2005.

If any questions please contact:
Marcel L. J. van den Berg

Phone (410) 730 6800
Fax (410) 997 6842
Cell (443) 756 3133
Email mvandenberg@interamcoal.com

Sincerely Yours,



Marcel L.J. van den Berg
President



**PROGRESS
FUELS
CORPORATION**

COAL PRODUCERS' SOLICIT
CRYSTAL RIVER 4
PAGE 1 OF 3

PFCOCT2005 - 12

WRK 10/18/05

CONFIDENTIAL

PRODUCER NAME: <u>CARBONES DE LA GUAJIRA S.A. / INTER AMERICAN COAL N.V</u>		
STREET ADDRESS: <u>506 DORSEY HALL DRIVE SUITE 202 ELICOTT CITY MD 21042</u>		
CONTACT: <u>MARCEL L.J. VANDENBERG</u>	TELEPHONE NO. <u>(410) 730 6800</u>	
MINE(S): <u>MINA NORTE</u>	BOM DISTRICT:	COUNTY: <u>PAEZ</u> STATE: <u>ZULIA/VENEZUELA</u>
ORIGIN RAILROAD(S)/DISTRICT: EK ___ CV ___ Blg Sandy ___ Other ___		R/R TIPPLE DESIGNATION/NUMBER:
TYPE OF LOADING FACILITY: UNIT TRAIN: _____ SINGLE CAR: _____ TRAINLOAD: _____		
MAXIMUM LOADING CAPACITY: _____ TONS _____ HOURS _____ TRACK CAPACITY		
WATER DELIVERY CAPABILITY: <input checked="" type="checkbox"/> YES _____ NO		IMPORT COAL: LOAD PORT <u>EL BAJO</u>
SHIP THROUGH: <u>EL BAJO DOCK</u>		LOAD RATE: <u>15,000 MT/WWD SHIP</u>
TOTAL PRODUCTION CAPACITY PER MONTH: <u>125,000 TONS (2006)</u>		
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: <u>110,000 TONS</u>		
TYPE OF MINE: _____ % DEEP <u>100</u> % STRIP _____ % AUGER		
SEAMS: <u>4(A+B), 5(A+B), 6, 7 & series</u>		BLEND RATIOS:
COAL PREPARATION: <u>100% RAW</u> _____ WASHED _____ COMBINATION		
TYPE OF COAL WASHER, IF WASHED:		
TYPE OF COAL SAMPLING: <u>AUTOMATIC SAMPLER AT LOAD PORT</u>		
TYPE OF LABOR CONTRACT(S): <u>COMPANY</u>	DATE FOR RENEGOTIATION: <u>6/07</u>	
TYPE OF COAL WEIGHING: <u>SCALES / DRAFT SURVEY</u>	SCALE CERTIFIED? <input checked="" type="checkbox"/> YES _____ NO	
PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.		
PRODUCER'S COMMENTS: <u>PREVIOUSLY SUPPLIED CRYSTAL RIVER #4.5 (2000/2001)</u>		
CREDIT REFERENCES (Minimum two): <u>BANK OF AMERICA</u> <u>ARUBA BANK</u>		
INDUSTRY REFERENCES (Minimum four): <u>F. POWER CORP (see above)</u> <u>DYNEX</u> <u>NORTHEAST UTILITIES, SAVANNAH ELECTRIC</u>		
SIGNATURE:	TITLE: <u>PRESIDENT</u>	DATE: <u>6/17/05</u>

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Sheila Shepherd
Sheila.shepherd@pcnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

PEF-FUEL-001229



DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL %	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.5	7.0 ⁴	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	4.0	4.5	5.0% MAX.	5.0% MAX.
ASH %	7.0	7.0 ⁴	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.10	1.20	1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB	13,000	13,000 ⁴	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2350 F	2350 F ⁴	2,500 MIN.	2,200 MIN.
VOLATILE %	33	32 ⁴	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	48	46 ⁴	42 MIN. ³	65 MIN. ³
SIZE	2x0	2x0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	40	45	45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR	0.19	0.20	0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %	53.5		---	---
HYDROGEN %	4.75		---	---
NITROGEN %	1.3		---	---
CHLORINE %	0.03		---	---
OXYGEN %	8.0		---	---

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred 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 ₂ O ₅	0.14		Antimony	1	
SiO ₂	57.14		Arsenic	5.3	
Fe ₂ O ₃	8.63		Beryllium	30	
Al ₂ O ₃	20.69		Cadmium	< 0.26	
TiO ₂	0.71		Chromium	5.5	
CaO	3.60		Cobalt	1.5	
			Copper	4.5	
MgO	2.72		Fluorine		
SO ₃	2.38		Lead	4	
K ₂ O	1.37		Lithium		
Na ₂ O	0.49		Manganese	21	
Undetermined	1.78		Mercury	0.03	
Base/Acid Ratio			Nickel	5.5	
Maximum Base/Acid Ratio			Selenium	4.9	
			Zinc	13.2	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM



DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	SEE	4	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	CURRENT		5.0% MAX.	5.0% MAX.
ASH %	QUALITY	4	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)			1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB		4	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)		4	2,500 MIN.	2,200 MIN.
VOLATILE %		4	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE		4	42 MIN. ³	65 MIN. ³
SIZE			2" X 0"	2" X 0"
FINES (-1/4" X 0")			45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR			0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %			---	---
HYDROGEN %			---	---
NITROGEN %			---	---
CHLORINE %			---	---
OXYGEN %			---	---

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred 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 ₂ O ₅	SEE		Antimony	SEE	
SiO ₂	CURRENT		Arsenic	CURRENT	
Fe ₂ O ₃	QUALITY		Beryllium	QUALITY	
Al ₂ O ₃			Cadmium		
TiO ₂			Chromium		
CaO			Cobalt		
			Copper		
MgO			Fluorine		
SO ₃			Lead		
K ₂ O			Lithium		
Na ₂ O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		
			Zinc		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PEF-FUEL-001231

PFCOCT2005 - 13

WBK 10/18/05 BMC 10/18/05

Sheppard, Sheila

From: Michael F Moran [michaelfmoran@yahoo.com]
ent: Monday, October 17, 2005 11:04 AM
To: Sheppard, Sheila
Cc: Phipps, Brett
Subject: Coal Proposal

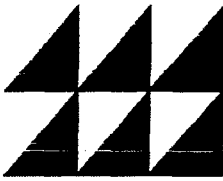
Please see attached

Michael F. Moran
Providence Energy Corporation
11622 Chestnut Hill Drive
Matthews, NC 28105

Office: (704) 846-8248
FAX: (704) 844-0569
Mobile: (704) 502-7472

Limited quality ~~analysis~~
analysis attached.

WJRK 10/18/05



WILLIAMSON ENERGY, LLC

CONFIDENTIAL

CONFIDENTIAL
DISCUSSION DOCUMENT

[October 18, 2005]

PROPOSAL
III. Basin / 11,600 BTU / 4.35 lbs. SO₂ per MMBTU

Purpose: The proposal describes a potential transaction whereby Williamson Energy, LLC ("Williamson"), sells coal to Progress Fuels Corporation ("Progress") for a [REDACTED].
[REDACTED] The term and quantities are for suggestion only and all significant commercial terms and conditions are subject to execution of a definitive agreement by Williamson and Progress.

Buyer: Progress

Seller: Williamson

Term: [REDACTED]

Quantity: [REDACTED]

Price (\$/ton): [REDACTED]

This non-binding document is for discussion purposes only and sets forth terms and conditions under which Williamson Energy, LLC proposes to negotiate a mutually agreeable definitive written agreement. Neither this term sheet nor any prior understanding between the parties creates or is intended to create a binding and enforceable contract between the parties, and may not be relied upon by either party as the basis for a contract by estoppel or otherwise.

WRK 10/18/05

WILLIAMSON ENERGY, LLC

Domestic Specifications:

	Standard
Btu/lb.	11,600
Lbs. SO ₂ /MMBTU	4.35
Ash (%)	10.0
Moisture (%)	10.0
Volatile (%)	36
Fixed Carbon	46
HGI	50 Nominal
Sizing	2 X 0

Delivery Point: FOB Barge at Cook Coal Terminal, Milepost 947.5

Coal Testing: Progress and Williamson recognize that the coal offered in this proposal will require performance testing at the Crystal River Power Station. In the event the coal does not perform adequately, Progress and Williamson will mutually agree on a replacement coal.

Weighing, Sampling, & Analysis: Origin weights and analyses will be used by the parties at Williamson's expense. Weighing will be performed using draft survey by an independent 3rd party. Sampling and analyses will be performed according to ASTM.

Quality Adjustments: Quality adjustments to be mutually agreed to by both parties.

Confidentiality: The parties agree to maintain the above information as confidential and not to disclose such information except to those employees, agents, and affiliates whose access is necessary to evaluate the possible transaction and who have been informed of the confidentiality restrictions contained herein. Each party agrees to be responsible for the actions, uses and disclosures of any of its representatives.

Validity: Subject to Prior Sale

Proposed by:

Mike Moran
(704) 846-8248

This non-binding document is for discussion purposes only and sets forth terms and conditions under which Williamson Energy, LLC proposes to negotiate a mutually agreeable definitive written agreement. Neither this term sheet nor any prior understanding between the parties creates or is intended to create a binding and enforceable contract between the parties, and may not be relied upon by either party as the basis for a contract by estoppel or otherwise.

for 10/18/05 WRK 10/18/05

Sheppard, Sheila

From: Martinez, Alvaro [Alvaro.Martinez@ssmcoal.com]
nt: Monday, October 17, 2005 11:06 AM
Coppola, Barbara; Sheppard, Sheila
Cc: Phipps, Brett
Subject: SSM import steam coal offer - 2006

CONFIDENTIAL

Validity date:
10/21/05 @ 5:00pm ET



SSM-Progress Energy Coal Offer...NDITIONS TO PROX
SSM TERMS & Analysis & Trac...
SSM Coal - Ash

October 17, 2005

Barbara A. Coppola
Progress Energy Carolinas, Inc.
410 S. Wilmington Street
Raleigh, NC 27602

Phone: +1 (919) 546-6002

RE: Import steam coal offer for Crystal River generating plant / [redacted] shipments

Dear Barbara,

SSM Coal Americas LLC is pleased to offer subject to prior sale and reconfirmation of freight steam coal to Progress Energy Carolinas, Inc., for your generating station in Crystal River, Florida, as follows:

1. COMMODITY AND QUANTITY

[redacted]

2. DELIVERY PERIOD

[redacted] can as per mutual agreement.

3. TYPICAL QUALITY

The goods will have the following typical specifications, on an "as received" basis, determined in accordance with ASTM standards:

- Calorific Value (BTU/LB) G.A.R: 12,500 Typical, 12,200 Minimum
- Moisture: 7.5% Typical, 10% Maximum
- Ash: 9.0% Typical, 10% Maximum
- Sulfur: 0.75% Typical, 1% Maximum
- Volatiles: 37.0% Typical, 31% Minimum

HGI: 48 - 53 Typical, 42 Minimum
Size: Screened 0 x 3"
Ash Softening °F (H=W): +2,700 Typical, +2,500 Minimum

CONFIDENTIAL

	Reducing	Oxidizing
Initial Deformation	+2.700°F	+2.700°F
Softening (H=W)	+2.700°F	+2.700°F
Hemispherical (H=1/2W)	+2.700°F	+2.700°F
Fluid	+2.700°F	+2.700°F

4. PRICE AND DELIVERY TERM

The unit price for the coal offered is [REDACTED]

5. PENALTY/PREMIUM

The contract price will be adjusted at a pro-rata basis for calorific value above/below 12,500 Btu/lb.
G.A.R.

6. QUANTITY DETERMINATION

By independent surveyor at vessel loading port by vessel draft survey, result to be final and binding for both Parties. Costs are for Seller's account.

7. QUALITY DETERMINATION

By independent surveyor at vessel loading port by vessel's certificate of analysis. Although the agreed laboratory will effectively be appointed by the Seller, the appointment will be considered to have been made on behalf of both the Seller and the Buyer. The results found will be final and binding for both Parties. Costs will be equally shared between the Seller and the Buyer.

The laboratory will be instructed to retain an umpire sample for a period of 2 months after sampling. Only if the analysis made appears to be manifestly wrong, either Party may request the umpire sample to be analysed by another mutually acceptable laboratory. Such request must be made within the above 2 months' period on penalty of lapse of the right to challenge the analysis. The cost of such further analysis will be borne by the Party requesting the analysis. In case the umpire analysis proves that the initial analysis was manifestly wrong, the figures of the umpire analysis will replace the initial figures. In the alternative, the figures found by the first laboratory remain final and binding.

8. SHIPPING CONDITIONS

Terms to follow upon submittal of actual freight rate.

9. PAYMENT CONDITIONS

Subject to SSM's credit department final approval of Buyer's credit, Buyer shall remit payment to seller by telegraphic transfer within 30 days after bill of lading date.

9. VALIDITY

This offer is valid until 5:00pm ET October 21, 2005. If more time is needed please let us know.

11. OTHER

Other terms and conditions as per SSM Coal Americas LLC Terms & Conditions of Sale to Progress Energy Carolinas, Inc., which are included with this offer.

We look forward to your response and hope we can work together.

Regards,

Alvaro Martinez

Phone: +1-410-910-0754

<<SSM-Progress Energy Coal Offer 2006.pdf>> <<SSM TERMS & CONDITIONS TO PROGRESS ENERGY OCT-17-2005.pdf>> <<SSM Coal - Ash Analysis & Trace Elements.pdf>>

PFCOCT2005 - 14



October 17, 2005

*WAK 10/18/05
from 10/18/05*

Barbara A. Coppola
Progress Energy Carolinas, Inc.
410 S. Wilmington Street
Raleigh, NC 27602

Phone: +1 (919) 546-6002

CONFIDENTIAL

RE: Import steam coal offer for Crystal River generating plant [REDACTED] shipments

Dear Barbara,

SSM Coal Americas LLC is pleased to offer subject to prior sale and reconfirmation of freight steam coal to Progress Energy Carolinas, Inc., for your generating station in Crystal River, Florida, as follows:

1. COMMODITY AND QUANTITY

[REDACTED]

2. DELIVERY PERIOD

[REDACTED]

Loading laycan as per mutual agreement.

3. TYPICAL QUALITY

The goods will have the following typical specifications, on an "as received" basis, determined in accordance with ASTM standards:

Calorific Value (BTU/LB) G.A.R: 12,500 Typical, 12,200 Minimum
Moisture: 7.5% Typical, 10% Maximum
Ash: 9.0% Typical, 10% Maximum
Sulfur: 0.75% Typical, 1% Maximum
Volatiles: 37.0% Typical, 31% Minimum
HGI: 48 - 53 Typical, 42 Minimum
Size: Screened 0 x 3"
Ash Softening °F (H=W): +2,700 Typical, +2,500 Minimum

Ash Fusion Temperatures:	Reducing	Oxidizing
Initial Deformation	+2.700°F	+2.700°F
Softening (H=W)	+2.700°F	+2.700°F
Hemispherical (H=1/2W)	+2.700°F	+2.700°F
Fluid	+2.700°F	+2.700°F

SSM Coal Americas LLC

10500 Little
Patuxent Parkway
Suite #510
Columbia, MD 21044

TEL 410.910.0640
FAX 410.910.0630



CONFIDENTIAL



4. PRICE AND DELIVERY TERM

The unit price for the coal offered is [REDACTED]

5. PENALTY/PREMIUM

The contract price will be adjusted at a pro-rata basis for calorific value above/below 12,500 Btu/lb, G.A.R.

6. QUANTITY DETERMINATION

By independent surveyor at vessel loading port by vessel draft survey, result to be final and binding for both Parties. Costs are for Seller's account.

7. QUALITY DETERMINATION

By independent surveyor at vessel loading port by vessel's certificate of analysis. Although the agreed laboratory will effectively be appointed by the Seller, the appointment will be considered to have been made on behalf of both the Seller and the Buyer. The results found will be final and binding for both Parties. Costs will be equally shared between the Seller and the Buyer.

The laboratory will be instructed to retain an umpire sample for a period of 2 months after sampling. Only if the analysis made appears to be manifestly wrong, either Party may request the umpire sample to be analysed by another mutually acceptable laboratory. Such request must be made within the above 2 months' period on penalty of lapse of the right to challenge the analysis. The cost of such further analysis will be borne by the Party requesting the analysis. In case the umpire analysis proves that the initial analysis was manifestly wrong, the figures of the umpire analysis will replace the initial figures. In the alternative, the figures found by the first laboratory remain final and binding.

8. SHIPPING CONDITIONS

Terms to follow upon submittal of actual freight rate.

9. PAYMENT CONDITIONS

Subject to SSM's credit department final approval of Buyer's credit, Buyer shall remit payment to seller by telegraphic transfer within 30 days after bill of lading date.

10. VALIDITY

This offer is valid until 5:00pm ET ~~October 21, 2005~~. If more time is needed please let us know.

11. OTHER

Other terms and conditions as per SSM Coal Americas LLC Terms & Conditions of Sale to Progress Energy Carolinas, Inc., which are included with this offer.

SSM Coal Americas LLC

10500 Little
Patuxent Parkway
Suite #510
Columbia, MD 21044

TEL 410.910.0640
FAX 410.910.0630



We look forward to your response and hope we can work together.

Regards,

Alvaro Martinez
Phone: +1-410-910-0754

SSM Coal Americas LLC

10500 Little
Patuxent Parkway
Suite #510
Columbia, MD 21044

TEL 410.910.0640
FAX 410.910.0630

WAK 10/18/05 proc 10/18/05

**SSM COAL AMERICAS LLC TERMS & CONDITIONS OF SALE FORMING PART OF THE OFFER TO
PROGRESS ENERGY CAROLINAS INC DATED OCTOBER 17, 2005**

1. RISK OF LOSS

Risk of loss or damage to the goods shall pass from Seller to Buyer progressively as the goods pass the ship's rail at the loading port.

2. RESERVATION OF OWNERSHIP

Up to the moment of full settlement of all monies due by Buyer to Seller, the goods delivered under this Agreement shall remain Seller's property. In spite of this reservation of ownership, Buyer shall have the right to use or to sell the goods in the ordinary course of business; all other acts of disposition, also the binding of the goods for third parties by means of pledging or transfer of ownership for security or otherwise, shall be forbidden to the Buyer.

In case the goods will be blended with other goods, by conclusion of this Agreement, for the purpose of this clause Buyer is considered to have transferred to Seller the co-ownership of the total blended quantity, in which case Seller accepts such co-ownership.

The Buyer shall be under obligation to insure the goods against customary risks for its account but on Seller's behalf and for Seller's benefit, as long as the ownership of the goods has not been transferred to Buyer.

3. FORCE MAJEURE

In the event of force majeure the obligations of both Seller and Buyer will be suspended until after the end thereof. If the force majeure lasts longer than 60 days, either party shall be entitled to cancel, by means of a written declaration and without court intervention, whole or part of the Agreement. In case of force majeure Buyer and Seller shall not be liable for any losses suffered as a result thereof by the other Party or its business relations.

Force majeure is deemed to exist if the performance of a contractual obligation (other than the payment of monies due in relation to deliveries and/or services already made) of either Seller or Buyer will be wholly or partly prevented or impeded by any cause beyond the reasonable control of that Party and in case of circumstances due to which that Party cannot be reasonably required to accomplish the performance of its contractual obligations, regardless whether such causes or circumstances could have been foreseen at the time when the agreement was entered into.

In any event Parties shall be able to claim force majeure in case of strikes, lock-outs, labour disputes, sabotage, storm, floods and other natural phenomena, explosion, accidents, fire, war or acts of war, international conflicts, civil commotion, riot, insurrection, piracy, terrorism, blockade, epidemic, quarantine, sickness of personnel, embargo, mobilization, non-delivery or delayed delivery from suppliers, shortage of suitable transportation-, loading- or unloading facilities, transport-, loading- or unloading hindrances or -delays, distraints of whichever kind, shortage of energy or raw materials, operational difficulties, export- or import restrictions or -prohibitions, institutions of quota and/or other measures or acts of any government, international organization or agency thereof.

Nothing herein shall require Buyer or Seller to make any settlement or arrangement with any labour union, supplier or other party which Buyer respectively Seller deems inadvisable.

The provisions of this clause will apply notwithstanding any delay of performance of either Party at the time the force majeure becomes operative.

In the event of reduction of quantity or change of quality of the goods shipped by Seller's supplier, Seller may equitably allocate his available supplies from the producing facility named in this Agreement to all his affected commitments and reduce the total quantity of goods to be supplied to Buyer without liability. Equitable allocation may include, at Seller's sole option, allocation to full shipment sizes and cancellation of other full shipment sizes. If the allocation would result in a reduced shipment size being available for Buyer, Buyer shall have the option to either accept the parcel available for him against reimbursement to Seller of any and all extra cost that Seller incurs in the delivery of such reduced parcel, or to cancel the delivery altogether.

4. LIQUIDATION CLAUSE

Without limiting any other rights that may be available to the liquidating party (as hereinafter defined), in the event that a party hereto (the "defaulting party") is the subject of a bankruptcy, insolvency or other similar proceeding or fails to pay its debts generally as they become due, the other party hereto (the "liquidating party") shall have the right, exercisable in its sole discretion and at any time, to liquidate this Agreement and any or all other Agreements then outstanding between the Parties (whether the liquidating party is the seller or buyer thereunder) by declaring any or all such Agreements terminated by means of a mere written statement (whereupon they shall become automatically terminated, except for the payment obligation referred to below and any and all remaining payment obligations still existing under this Agreement), calculating the difference, if any, between the price specified therein and the market price for the relevant commodity (as determined by the liquidating party in a commercially reasonable manner at the time or times reasonably determined by the liquidating party) and aggregating or netting such market damages to a single liquidated settlement payment that will be due and payable upon first demand therefore.

5. DISPUTES

Disputes, of whatever nature, do not entitle the Buyer to withhold payment of any amount due to the Seller.

6. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, The United States of America.

7. JURISDICTION

Any dispute of whatever nature arising out of or in connection with this Agreement will in first instance be decided by the competent Court in the State of New York, The United States of America.

8. LIMITATION OF LIABILITIES

THE BUYER ASSUMES ALL RISKS INVOLVED IN THE USE OF THE GOODS SOLD HEREUNDER AND DECLARES TO BE AWARE THAT THE GOODS MAY BECOME, BY CHEMICAL REACTIONS OR OTHERWISE, DIRECTLY OR INDIRECTLY, HAZARDOUS TO LIFE, HEALTH AND PROPERTIES, BY REASON OF INFLAMMABILITY, EXPLOSION OR OTHER SIMILAR OR DIFFERENT REASONS, DURING THE TRANSPORTATION, HANDLING, STORAGE, REMOVAL, USE, DISPOSAL OR ANY OTHER POSSIBLE EVENTS. NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE IS MADE BY THE SELLER, EVEN IF SUCH PURPOSE IS KNOWN TO THE SELLER. THE SELLER WARRANTS ONLY THAT AT DELIVERY THE GOODS WILL CONFORM TO

THE SPECIFICATIONS MENTIONED IN THIS AGREEMENT AND THAT THE SELLER HAS THE RIGHT TO SELL AND DELIVER THE GOODS TO THE BUYER FREE AND CLEAR OF ANY LIENS, ENCUMBRANCES AND OTHER CLAIMS OF THIRD PARTIES. THE SELLER SHALL NOT BE LIABLE FOR SPECIFIC PERFORMANCE NOR FOR ANY INDIRECT, INCIDENTAL OR CONSEQUENTIAL LOSSES OR DAMAGES OR FOR ANY LOSS OF PROFITS.

9. CLAIMS

Any claim arising with respect to a delivery under this Agreement must be made by written notice to the Seller within 14 days after the moment the goods have become available to the Buyer for inspection; otherwise any such claim shall be deemed to have been waived.

In proving the validity of his claim, in any case the Buyer will have to prove that already at the time that the goods were delivered to him, they had the content and/or quality of which the Buyer complains. By handling or processing the goods delivered under this Agreement, the Buyer will be deemed to have waived any claim.

10. TAXES

All taxes, fees, duties and other similar charges (however denominated) imposed on, or arising out of, the sale of the goods to the Buyer or on the goods themselves (or value added thereto) subsequent to the delivery to the Buyer, shall be for the account of and payable by the Buyer and all such items imposed prior to the delivery to the Buyer shall be for the account of and payable by the Seller, according to the applicable law. Any income taxes arising out of or by virtue of this Agreement or its performance shall be for the sole account of the contracting Party on which they are legally imposed.

11. REMEDIES

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

12. WAIVERS

Failure of either Party to require strict performance of any provision of this Agreement, or such Party's forbearance to exercise any right, shall not be deemed a waiver by such Party of its right to require strict performance or exercise such right in the future.

13. CONFIDENTIALITY

Each Party to this Agreement shall treat the terms of this Agreement as confidential and shall not disclose them to any third party without the prior written consent of the other Party. Despite the foregoing, either Party may disclose the contents of this Agreement to its employees, affiliates and professional advisers on a need to know basis. Furthermore either Party may disclose the contents of this Agreement as required by law or regulations, provided such disclosure will be restricted to only that part of the Agreement that is required to be disclosed and the other Party is notified of the need to disclose before the actual disclosure.

14. ENTIRE AGREEMENT

This Agreement contains the entire agreement between the Buyer and the Seller with respect to the subject matter herein and supersedes all previous writings, understandings, negotiations, representations or agreements with respect thereto, except where provided otherwise.

This Agreement shall only come into force after being signed by both the Buyer and the Seller. Any amendments to this Agreement shall be in the form of an addendum to the Agreement and shall come into force only after both Parties will have signed the addendum, whereafter it will form an integral part of this Agreement.

In spite of the foregoing and notwithstanding the Buyer's obligation to return the Agreement duly signed, the Buyer's acceptance of a performing vessel nomination shall signify binding acceptance of all the terms and conditions of this Agreement, even if the Buyer has not executed this Agreement.

If any provision of this Agreement shall be invalid, illegal or unenforceable to any extent, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby. If the invalidity, illegality or unenforceability of one or more provisions of this Agreement or any other circumstance concerning the performance under this Agreement reveals a situation not provided for in this Agreement, the Buyer and the Seller shall jointly seek an arrangement having a valid legal and economic effect which will be as similar as possible to the ineffective provision and will cover the scope of any missing provision in a manner reasonably directed to the purpose of this Agreement.

Except as provided otherwise herein, provisions of Incoterms 2000 shall apply.

15. ASSIGNMENT

Neither this Agreement nor the rights and obligations arising out of it may be assigned, delegated or otherwise transferred by either the Buyer or the Seller to any third party without the other Party's prior written consent, which consent shall not be unreasonably withheld. Despite the foregoing, either Party is allowed in principle to assign its rights and obligations to an affiliated company, provided the creditworthiness of the affiliated company is acceptable to the other party. Also, Seller is allowed to transfer the receivable(s) arising under this Agreement to a financial institution.

16. LANGUAGE

All communications between the Buyer and the Seller with regard to this Agreement shall be in the English language.



WRK/10/18/05

Zona Industrial II Etapa Calle 149-A con
Avenida 67-A, Parcela P1-5, Maracalbo
Teléfonos: (58.261) 7363093- 7363493
Fax (58.261) 7362784

Av. Rómulo Betancourt Cerca Peaje Los
Potocos, Barcelona, Edo. Anzategui
Teléfonos: (58.281) 4187166
Fax (58.281) 4187443

Zona Industrial Matanzas, Edificio
Servicios Portuarios Muelle Sidor
Puerto Ordaz, Edo. Bolívar
Teléfonos: (58.286) 9906731
Fax (58.286)9906099

Minerals
F470101

Certificate 4701/0014578-03-20
Order No. 4434/05
Page No. 1 of 1

TO: SSM COAL AMERICAS, LLC

VESSEL : MARITIME ALLIANCE
DATE : JULY 26th - JULY 28th 2005
PORT : LA CEIBA, VENEZUELA
PRODUCT : CUCUTA COAL OF COLOMBIA AND
TACHIRA COAL OF VENEZUELA ORIGIN
SHIPPER : SSM COAL AMERICAS, LLC
CONSIGNEE : TO ORDER
DESTINATION : KINDER M ORGAN TAMPAPLEX TERMINAL,
TAMPA, FL. USA
QUANTITY : 32,198.33 MT

ANALYSIS CERTIFICATE

The following analytical results were established by the laboratory of SGS Colombia S.A. , according to instructions received from SGS Venezuela, S.A., and in accordance with the applicable ASTM Standards:

NOTE: THIS RESULTS IS BASED ON AVERAGE CALCULATED COMPOSITE

MINERAL ANALYSIS OF ASH

Silica, SiO ₂	60.34
Alumina, Al ₂ O ₃	26.07
Titania, TiO ₂	1.42
Ferric Oxide, Fe ₂ O ₃	6.35
Lime, CaO	1.49
Magnesia, MgO	0.63
Sodium Oxide, Na ₂ O	0.31
Potassium Oxide, K ₂ O	1.07
Manganese Oxide, Mn ₃ O ₄	0.01
Phosphorous Pentoxide, P ₂ O ₅	0.24
Sulphur Trioxide, SO ₃	1.30
Undetermined	0.77

PCT. WEIGHT IGNITED BASIS

FUSION TEMPERATURE OF ASH

Initial deformation temperature, IT
Softening temperature, (H=W), ST
Hemispherical temperature, (H=1/2W), HT
Fluid temperature, FT

OXIDIZING ATMOSPHERE

+1482° C +2700° F
+1482° C +2700° F
+1482° C +2700° F
+1482° C +2700° F

FUSION TEMPERATURE OF ASH

Initial deformation temperature, IT
Softening temperature, (H=W), ST
Hemispherical temperature, (H=1/2W), HT
Fluid temperature, FT

REDUCING ATMOSPHERE

+1482° C +2700° F
+1482° C +2700° F
+1482° C +2700° F
+1482° C +2700° F



Zona Industrial II Etapa Calle 149-A con
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CONSIGNEE : TO ORDER
DESTINATION : KINDER MORGAN TAMPAPLEX TERMINAL,
TAMPA, FL. USA
QUANTITY : 32,198.33 MT

ANALYSIS CERTIFICATE

The following analytical results were established by the laboratory of SGS COLOMBIA S.A., according to instructions received from SGS Venezuela, S.A., and in accordance with the applicable ASTM D3683 Standards:

RESULTS BASED ON AVERAGE WEIGHED COMPOSITE SAMPLE

TRACES ELEMENTS	DRY BASIS (ppm)
Beryllium, Be	0.90
Cadmium, Cd	0.38
Chromium, Cr	9.70
Copper, Cu	13.7
Lead, Pb	4.90
Manganese, Mn	13.4
Nickel, Ni	18.6
Vanadium, V	35.2
Zinc, Zn	20.1

Maracaibo, Venezuela
August 02nd, 2005

SGS VENEZUELA, S.A.

PEF-FUEL-001246

PFCOCT2005 - 15
WRK 10/18/05 ~~10/18/05~~

Sheppard, Sheila

From: George McClellan [george.mcclellan@earthlink.net]
t: Monday, October 17, 2005 11:33 AM
To: Sheppard, Sheila
Cc: Dan Edwards; Jeffery A. Hoops
Subject: Progress Fuels Coal Proposal - Term Contract Non-Compliance Coal Quotation

Re: "Progress Fuels Coal Proposal - Term Contract Non-Compliance Coal Quotation"

Please find our indication of availability attached.

Thank you,

George A. McClellan
Trinity Coal Marketing LLC
1051 Main Street, Suite 100
Milton, West Virginia 25541
Direct Telephone: 804-364-5883
Direct Fax: 804-364-3367
Cell: 713-304-7306
email: george.mcclellan@earthlink.net

WRK 10/18/05 SAC 10/18/05

Trinity coal marketing llc
1051 Main Street, Suite A
Milton, west Virginia 25541
Telephone 304-743-8617
Facsimile 304-743-8618

CONFIDENTIAL

October 17, 2005

Ms. Sheila Sheppard
Progress Energy Carolinas, Inc.
Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB 10
Raleigh, North Carolina 27601

Dear Ms. Sheppard:

We are pleased to forward the attached indications of availability to Progress Fuels Corporation in response to your "Request for Proposals for Coal Supply" dated September 15, 2005.

Please note we are in a position to deliver low sulphur steam coal to be produced by our operating affiliates, Bear Fork Resources, LLC and Levisa Fork Resources, LLC during the period [REDACTED]

We would expect to use the same agreement as was negotiated between North Springs Resources, LLC and Progress Energy in the event Progress were to enter into a coal supply agreement under this RFP.

Thank you for your consideration. We will be pleased to provide any additional information that may be required.

Regards,

George A. McClellan
President

Trinity coal marketing llc
1051 Main Street, Suite A, Milton West Virginia 25541
george.mcclellan@earthlink.net

This document is for discussion purposes only and sets forth terms and conditions under which Trinity Coal Marketing LLC and those represented by Trinity propose to negotiate a mutually agreeable definitive written agreement. Neither this Proposal nor any prior understanding between the parties creates or is intended to create a binding and enforceable contract between the parties, and may not be relied upon by either party as the basis for a contract by estoppel or otherwise.

Trinity coal marketing llc
1051 Main Street, Suite A, Milton West Virginia 25541
george.mcclellan@earthlink.net



**PROGRESS
FUELS
CORPORATION**

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

CONFIDENTIAL

PFCOCT2005 - 15

DATE 10/18/05
WRK 10/18/05

Trinity Coal Marketing LLC

PRODUCER NAME: Bear Fork Resources, LLC / Levisa Fork Resources, LLC

STREET ADDRESS: 1051 Main Street, Milton, West Virginia 25541

CONTACT: Dan Edwards TELEPHONE NO. 540-832-3657

MINE(S): Multiple BOM DISTRICT: COUNTY: Pike / Floyd STATE: Kentucky

ORIGIN RAILROAD(S)/DISTRICT: EK CV Big Sandy XX
Other Hazard R/R TIPPLE Banner 84000 / Sigmon # 42845

TYPE OF LOADING FACILITY:
UNIT TRAIN: 100 car SINGLE CAR: TRAINLOAD:

MAXIMUM LOADING CAPACITY:
11,000 TONS 4 HOURS 100 cars TRACK CAPACITY

WATER DELIVERY CAPABILITY: XX YES NO IMPORT COAL: LOAD PORT

SHIP THROUGH: Big Sandy River DOCK LOAD RATE::

TOTAL PRODUCTION CAPACITY PER MONTH: 400,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 300,000 TONS

TYPE OF MINE: 20 % DEEP 65% STRIP 15 % AUGER

SEAMS: multiple - BLEND RATIOS: various

COAL PREPARATION: 70% typical RAW 30% typical WASHED COMBINATION

TYPE OF COAL WASHER, IF WASHED: Heavy media cyclone (2 - plants - Banner and Little Elk)

TYPE OF COAL SAMPLING: automatic 4 - stage - ASTM at train loading

TYPE OF LABOR CONTRACT(S): None DATE FOR RENEGOTIATION: NA

TYPE OF COAL WEIGHING: Certified batch weigh SCALE CERTIFIED? XX YES NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: Please note - this offer is to be supplied by a combination of Bear Fork Resources, LLC (Pike County) and Levisa Fork Resources, LLC (Floyd County). Loading is to take place at the new Banner Transloading Facility - CSX Big Sandy District. Seller retains the option to deliver from Little Elk Mining Company, LLC with loading to take place at the Sigmon Unit Train Loadout Facility - CSX Hazard District. Note that the TTI Railroad has favorable rail rates in effect from CSX Hazard District to Maysville, Ohio for transloading into barge.

In addition, Seller can transload coal from truck to barge on the Big Sandy River. Price for barge delivery as follows: [REDACTED]

Other - Please note the above prices and tonnages are indications of availability only and are subject to reconfirmation and approval by the Board of Directors of Trinity Coal Partners LLC. They are not to be considered firm offers.

CUSTOMER REFERENCES (Minimum four):



**PROGRESS
FUELS**
CORPORATION

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

Trinity Coal Marketing LLC

SIGNATURE: George A. McClellan

TITLE: President

DATE: 10-17-05

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

Ms. Sheila Sheppard
Sheila.sheppard@pqnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

Trinity Coal Marketing LLC

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.00	8.00 4	8.0% MAX.
SURFACE MOISTURE %	2.00	4.00	5.0% MAX.
ASH %	11.50	12.00 4	12% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	2.00	2.10	2.1 LB/MAX. ¹
U/LB	12,200	12,000 4	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2550	2500	2,500 MIN.
VOLATILE %	34.00	32.00 4	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	43 - 47	42	42 MIN. ³
SIZE	0 x 2 inches	0 x 2 inches	2" X 0"
FINES (-1/4" X 0")	40%	45%	45% MAX. ⁴
FIXED CARBON %	68.00		-----
HYDROGEN %	5.00		-----
NITROGEN %	1.45		-----
CHLORINE %	0.10	0.15	-----
OXYGEN %	6.00		-----

¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

² ADJUSTABLE IN DIRECT PROPORTION TO BTU.

³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.

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

MINERAL ANALYSIS %WEIGHT

TRACE ELEMENTS PPM IN COAL

DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
SiO ₂	0.34		Antimony	TBA	
Fe ₂ O ₃	8.55		Arsenic	TBA	
Al ₂ O ₃	27.46		Beryllium	TBA	
			Cadmium	TBA	



Trinity Coal Marketing LLC

TiO ₂	1.62		Chromium	TBA	
CaO	1.36		Cobalt	TBA	
			Copper	TBA	
MgO	1.17		Fluorine	TBA	
SO ₃	0.71		Lead	TBA	
K ₂ O	1.54		Lithium	TBA	
Na ₂ O	0.64		Manganese	TBA	
Undetermined			Mercury	TBA	
Base/Acid Ratio			Nickel	TBA	
Maximum Base/Acid Ratio			Selenium	TBA	
			Zinc	TBA	PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

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

¹ MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.

² ADJUSTABLE IN DIRECT PROPORTION TO BTU.

³ ADJUSTABLE IN INVERSE PROPORTION TO BTU.

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

MINERAL ANALYSIS %WEIGHT

TRACE ELEMENTS PPM IN COAL

DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P ₂ O ₅			Antimony		
SiO ₂			Arsenic		



Trinity Coal Marketing LLC

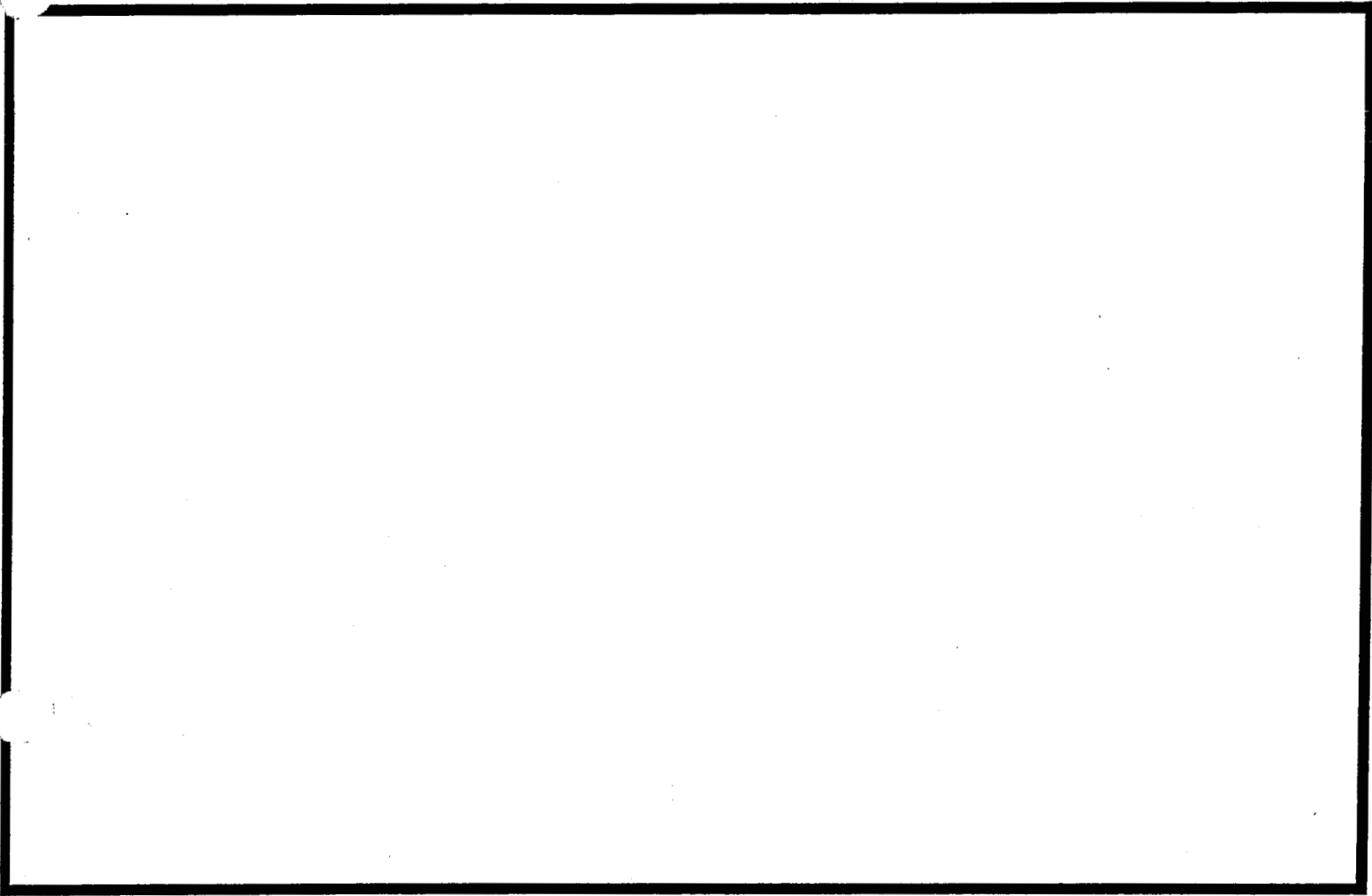
Fe ₂ O ₃			Beryllium		
Al ₂ O ₃			Cadmium		
TiO ₂			Chromium		
CaO			Cobalt		
			Copper		
MgO			Fluorine		
SO ₃			Lead		
K ₂ O			Lithium		
Na ₂ O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		
			Zinc		



**PROGRESS
FUELS**
CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2
PAGE 5 OF 3

Trinity Coal Marketing LLC

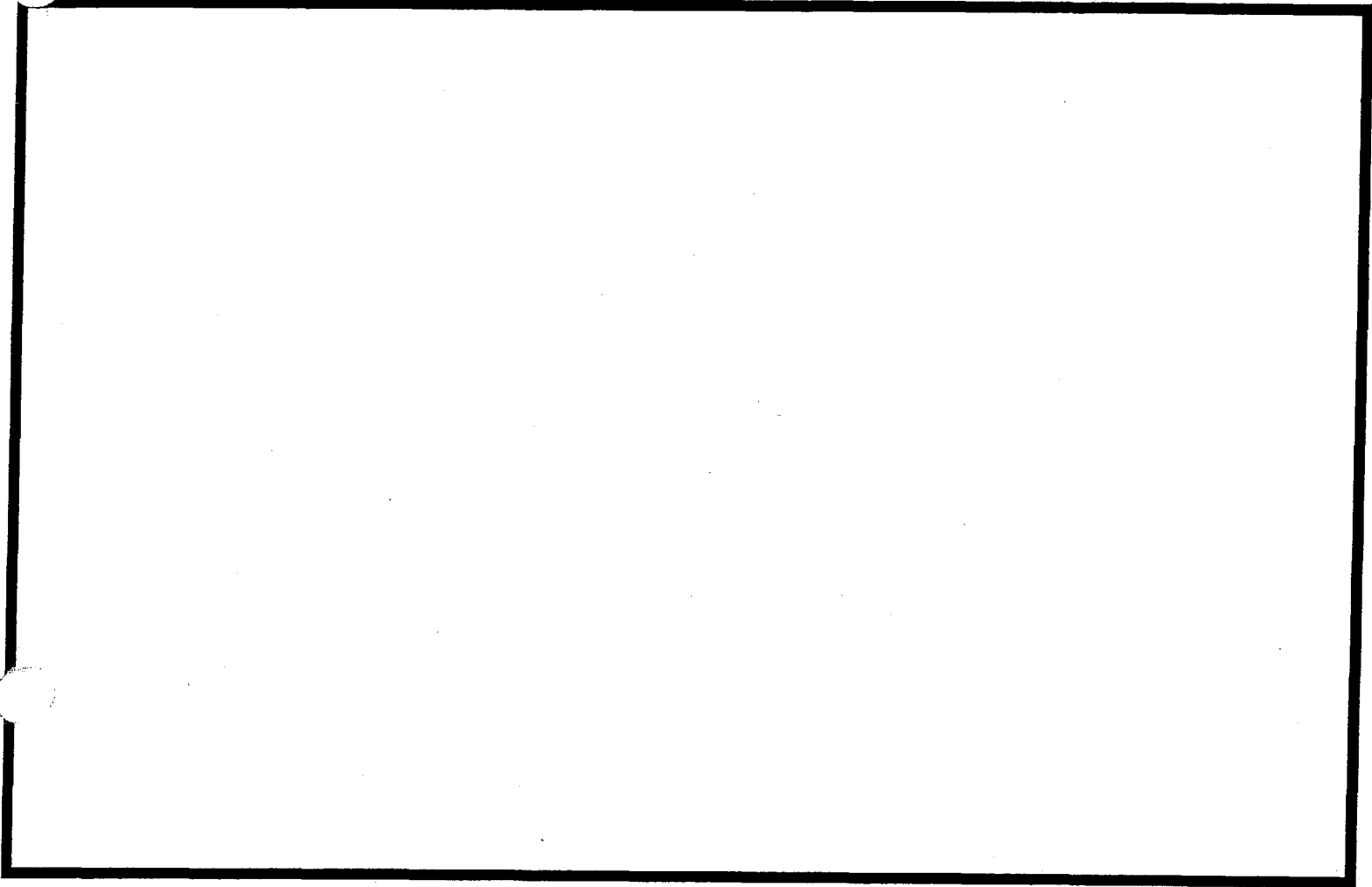




**PROGRESS
FUELS**
CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2
PAGE 6 OF 3

Trinity Coal Marketing LLC



CONFIDENTIAL

Coppola, Barbara

From: George McClellan [george.mcclellan@earthlink.net]
Sent: Monday, January 09, 2006 11:51 AM
To: Coppola, Barbara
Cc: Dan Edwards
Subject: Little Elk - Crystal River

Barbara -

Further to our conversations please find attached our summary of the Little Elk agreement for coal to be delivered to Crystal River beginning [REDACTED]

We have signed the Little Elk - high sulphur contract and will express mail it overnight to your attention for delivery tomorrow. We are looking forward to receiving the final contracts for the Deep Water and Little Elk low sulphur coal for delivery to North Carolina stations.

Thanks and regards,

George

George A. McClellan
Trinity Coal Marketing LLC
1051 Main Street, Suite 100
Milton, West Virginia 25541
Direct Telephone: 804-364-5883
Direct Fax: 804-364-3367
Cell: 713-304-7306
email: george.mcclellan@earthlink.net

PEF-FUEL-001256

Trinity coal marketing llc
1051 Main Street, Suite A
Milton, West Virginia 25541
Telephone 304-743-8617
Facsimile 304-743-8618

CONFIDENTIAL

Date: 12-27-05

To: Distribution List

From: George McClellan

Re: Confirmation PEC #TBA (Florida stations)

Customer - Progress Energy Carolinas, Inc.
410 South Wilmington Street PEB8A
Raleigh, NC 27601
Attn: Barbara Coppola (919-546-6002)

Type - Little Elk low sulphur steam coal (Low Sulphur Contract #2).

Counterparty - Trinity Coal Marketing LLC

Sales Price - [REDACTED]

Term - [REDACTED]

Quantity - (NT)
[REDACTED]

Delivery Schedule - Ratable monthly basis during the Term.

Trinity coal marketing llc
1051 Main Street, Suite A, Milton, West Virginia 25541

- 1 -

PEF-FUEL-001257

Delivery Point – FOB railcar Sigmon. Trinity option to load at Banner.

Governing Weight – As determined by certified batch scales at Sigmon / Banner.

Governing Analysis – As determined by a mutually agreed upon commercial laboratory for Trinity account as sampled at the Delivery Point. Note each train is to have 4 – individual samples and analyses. We are to report the analyses results from each of the 4 - samples to Progress. The average analysis of the 4 - samples is to govern for payment.

Payment Terms – For deliveries received by the station between the 1st – 15th of the month, payment is to be made by the 10th of the month following delivery. For deliveries received by the station between the 16th – 31st of the month, payment is to be made by the 25th of the month following delivery.

Quality Determination – Monthly weighted average basis for calculation of premiums / penalties. Rejection on an individual train basis.

Coal Quality (Percent As Received Basis)

	<u>Guaranteed</u>	<u>Rejection Limits (Train Basis)</u>
Moisture –	8.00 max	9.00 max
Volatile –	32.00 min	30.00 min
Ash -	12.00 max	13.00 max
Sulphur (lbs SO ₂) –	1.90 lbs max	2.10 lbs max
Sulphur (pct.)	1.16% max @12,200 BTU	1.28% max @12,200 BTU
BTU –	12,200 min	11,800 min
HGI –	42 min	39 min
AFT –	2400 min	NA
Size -	0 x 2 inch	55% max minus ¼ inch

Rejection Limits – Individual train basis.

Premium / Penalty Schedule – (Monthly weighted average basis).

Sulphur – none.

Ash – none.

BTU – premium / penalty above / below 12,200 BTU pro rata basis (deadband between 12,100 – 12,300 BTU).

Required Signatures

Jeff Hoops _____

Jimmy Branham _____

Larkin Hoskins _____

Pam Handloser _____

Tim Klaiber _____

for PFCOCT2005 - 16, 17, 18
10/18/05 WRK 10/18/05

Sheppard, Sheila

From: Barb Busby [BBusby@PeabodyEnergy.com]
Sent: Monday, October 17, 2005 11:47 AM
To: Sheppard, Sheila
Subject: Progress Fuels Coal Proposal - Term Contract Compliance Coal Quotation



Peabody PFC Bid
10-27-05.pdf (...)

(See attached file: Peabody PFC Bid 10-27-05.pdf)

E-mail Disclaimer:

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COALSALES

COALSALES, LLC
A Peabody Energy Company

PFCOCT2005 - 16, 17, 18
for 16/18/05

701 Market Street
St. Louis, Missouri 63101-1828
314.342.7600

Barbara E. Busby
Vice President – Sales & Marketing

October 17, 2005

Ms. Barbara Coppola
Progress Energy Carolinas, Inc.
410 S. Wilmington St.
Mail Code: PEB 10
Raleigh, NC 27601

Dear Barbara:

COALSALES, LLC and COALTRADE, LLC are pleased to offer the following proposals for coal to Progress Fuels Corporation. You will also find attached some General Terms and Conditions to apply to all coal presented in these proposals.

These proposals will remain valid until 5:00 p.m. EDT, October 28, 2005, provided however, Peabody retains the right to withdraw these proposals at any time and without prior notice to you.

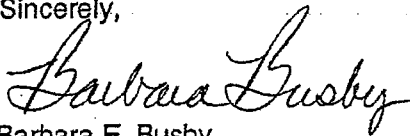
It is incumbent upon you to confirm with us that these proposals are still outstanding at the time of consideration and evaluation by you, and prior to any decision by you based on these proposals. Any proposal accepted shall be subject to a mutually negotiated coal supply agreement.

These proposals are subject to the following conditions:

- Prior sale 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 these proposals 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

PEF-FUEL-001261

WRC 10/18/05

COAL PROPOSAL 1

Progress Fuels Corporation

CONFIDENTIAL

Date: October 28, 2005

Buyer: Progress Fuels Corporation ("PFC")

Destination: Coal sold under this agreement is for delivery to the Crystal River Plant.

Seller: COALSALES, LLC

Source: Twentymile Mine

Delivery Point: FOB Cook Coal Terminal, MP 947.5, Ohio River

Term, Quantity & Price, FOB Cook Coal Terminal:

	[REDACTED]	[REDACTED]
Price/ton	[REDACTED]	[REDACTED]
Quantity (tons)	[REDACTED]	[REDACTED]

Delivery Schedule: Deliveries ratably throughout the year.

Quality:

	[REDACTED]		[REDACTED]	
	Typical	Reject	Typical	Reject
Btu	11,300	10,800	11,100	10,600
Ash	11%	15%	11%	15%
Lbs. SO ₂ /mmBtu	1.0	1.2	1.0	1.2

Premium/Penalty: The sales price shall be subject to adjustment monthly based upon Btu and sulfur dioxide (# S O₂/Mbtu) content as follows:

Btu: At the end of each calendar month a quality adjustment would be computed based on the difference between the actual weighted average Btus per pound and the annual Typical Btu (11,300 in 2007, 11,100 in 2008). Such adjustment would be based on the FOB Cook Coal Terminal price/ton.

S O₂: At the end of each calendar month an adjustment would be computed based on the difference between 1.0 # SO₂/mmBtu and the actual weighted average pounds of S O₂ per million Btu shipped multiplied by the Air Daily S O₂ Monthly Average Price (EA Value) using the following formula:

(1.0 – actual weighted average S O₂)(AR Btu)(EA Value)
1,000,000

Mine information:

Mine	Twentymile
County:	Routt County, CO
Nearest City:	Hayden, CO
Type of Mine:	Underground
Mining Method:	Longwall

Loadout Details:

Shipping Point	Twentymile Mine at Energy, CO
Railroad	UP
Unit Train Car Rating	105

for 10/18/05

WRK 10/18/05

Twentymile
TYPICAL ANALYSIS

Washed / Raw Basis
Seam Wadge
State of Colorado

Report Data 5/25/2004

Proximate Analysis	As Received	Dry	Ash Fusion	
Moisture	9.4		Reducing Atmosphere	
Ash	9.8	10.8	Initial Deformation (I.D.)	2570
Volatile Matter	35.8	39.5	Softening (H=W)	2610
Fixed Carbon	45.0	49.7	Hemispherical (H=1/2W)	2630
BTU	11400	12583	Fluid	2660
Sulfur	0.50	0.55	Oxidizing Atmosphere	
MAFBTU	14107		Initial Deformation (I.D.)	2590
Lb. SO2/MMBTU	0.87		Softening (H=W)	2650
			Hemispherical (H=1/2W)	2670
			Fluid	2700
Ultimate Analysis			Mineral Analysis Of Ash (Ignited Basis)	
Carbon		70.7	Silica (SiO2)	53.8
Hydrogen		5.0	Alumina (Al2O3)	27.8
Nitrogen		1.8	Titania (TiO2)	0.9
Chlorine		0.01	Ferric Oxide (Fe2O3)	3.5
Sulfur		0.55	Lime (CaO)	5.2
Ash		10.8	Magnesia (MgO)	1.3
Oxygen		11.14	Potassium Oxide (K2O)	1.1
			Sodium Oxide (Na2O)	0.9
Sulfur Forms			Phosphorous Pentoxide (P2O5)	1.0
Pyritic		0.03	Sulfur Trioxide (SO3)	3.9
Sulfate		0.01	Strontium Oxide (SrO)	0.2
Organic		0.51	Barium Oxide (BaO)	0.4
			Manganese Dioxide (MnO2)	<0.1
Water Soluble Alkalies			Alkalies As Na2O	0.18
Sodium Oxide		0.056	Base/Acid Ratio	0.15
Potassium Oxide		0.004	Silica Value	84.33
			Slag Viscosity @ T250	2750
Equilibrium Moisture		8.0	Lb. Ash/MMBTU	8.6
			Lb. Na2O/MMBTU	0.08
Free Swelling Index		0.5		
Hardgrove Grindability Index		45		

All analyses are subject to revision due to additional coring, conditions specified in the coal supply agreement, actual operating conditions at time of mining, type of preparation at time of mining, or federal and state regulations. Analysis intended for informational purposes only.

Source Of Information	Based on cores, channel samples and production samples.
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Prepared by J. Skubiz / W. Enka

COAL PROPOSAL 2

Progress Fuels Corporation

CONFIDENTIAL

Date: October 17, 2005
Buyer: Progress Fuels Corporation ("PFC")
Destination: Coal sold under this agreement is for delivery to the Crystal River Plant.
Seller: COALSALES, LLC
Sources: Air Quality Mine
Delivery Point: FOB Evansville Terminal, MP 784, Ohio River

Term, Quantity & Price, FOB Evansville Terminal:

Price/ton			
Quantity (tons)*			

* Subject to development of a new unit at the mine.
 Firm annual quantity to be determined upon acceptance of bid.

Quality:

Parameter (as rec'd)	Monthly Typical
Btu/lb.	11,000
# S O ₂ /mmBtu	1.0
Ash, %	8.5
Moisture, %	18.5

**Premium/Penalty
 Washed Product:**

The sales price shall be subject to adjustment monthly based upon Btu and sulfur dioxide (# S O₂/Mbtu) content as follows:

Btu: At the end of each calendar month a quality adjustment would be computed based on the difference between the actual weighted average Btus per pound and 11,000 Btu. Such adjustment would be based on the fob mine price/ton.

S O₂: At the end of each calendar month an adjustment would be computed based on the difference between 1.0 # SO₂/mmBtu and the actual weighted average pounds of S O₂ per million Btu shipped multiplied by the Air Daily S O₂ Monthly Average Price (EA Value) using the following formula:

$$\frac{(1.0 - \text{actual weighted average } S O_2)(AR \text{ Btu})(EA \text{ Value})}{1,000,000}$$

Delivery Schedule: Deliveries ratably throughout the year.

Mine information:

Mine	Air Quality
Location:	Wheatland, IN
Seam:	No. 7
Type of Mine:	Underground
Mining Method:	Continuous Miner
Mine Union:	NO

PFCOCT2005 - 17

6AC 10/18/05

WRK 10/18/05

**AIR QUALITY MINE
TYPICAL ANALYSIS**

Washed Basis
Seam Indiana No. 7
State of Indiana

Report Data 3/17/2004

Proximate Analysis	As Received	Dry	Ash Fusion	
Moisture	16.1		Reducing Atmosphere	
Ash	8.1	9.7	Initial Deformation (I.D.)	2,420
Volatile Matter	30.3	36.1	Softening (H=W)	2,530
Fixed Carbon	45.4	54.2	Hemispherical (H=1/2W)	2,650
BTU	11,019	13,133	Fluid	2,750
Sulfur	0.39	0.46	Oxidizing Atmosphere	
MAFBTU	14,544		Initial Deformation (I.D.)	2,550
Lb. S/MMBTU	0.35		Softening (H=W)	2,675
Lb. SO2/MMBTU	0.70		Hemispherical (H=1/2W)	2,700
			Fluid	2,730
Ultimate Analysis			Mineral Analysis Of Ash (Ignited Basis)	
Carbon		75.6	Silica (SiO2)	61.3
Hydrogen		5.0	Alumina (Al2O3)	23.5
Nitrogen		1.8	Titania (TiO2)	1.2
Chlorine		0.13	Ferric Oxide (Fe2O3)	4.2
Sulfur		0.46	Lime (CaO)	1.1
Ash		9.7	Magnesia (MgO)	1.2
Oxygen		7.31	Potassium Oxide (K2O)	3.2
			Sodium Oxide (Na2O)	1.0
Sulfur Forms			Phosphorous Pentoxide (P2O5)	0.1
Pyritic		0.08	Sulfur Trioxide (SO3)	0.8
Sulfate		0.01	Strontium Oxide (SrO)	0.02
Organic		0.37	Barium Oxide (BaO)	0.04
			Manganese Dioxide (MnO2)	0.03
Hardgrove Grindability Index		51	Undetermined	2.3
@ 5.6% Moisture			Alkalies As Na2O	0.30
Located near Monroe City, IN			Base/Acid Ratio	0.12
Rail Loadout at Maysville, IN on ISRR with Automatic Sampler and Certified Belt Scales			Silica Value	90.41
Rail Loadout at Francisco, IN on NS with Automatic Sampler and Certified Batch Weigh System			Slag Viscosity @ T250	2,900+
			Lb. Ash/MMBTU	7.4

All analyses are subject to revision due to additional coring, conditions specified in the coal supply agreement, actual operating conditions at time of mining, type of preparation at time of mining, or federal and state regulations. Analysis intended for informational purposes only.

Source Of Information	Analysis based on production and core data.
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Prepared by P. Dodd

PEF-FUEL-001267

PFCOCT2005 - 18
bpc 10/18/05 WRK 10/18/05

COAL PROPOSAL 3

Progress Fuels Corporation ("PFC")

CONFIDENTIAL

Date: October 17, 2005

Buyer: Progress Fuels Corporation ("PFC")

Destination: Coal sold under this agreement is for delivery to the Crystal River Plant.

Seller: COALTRADE, LLC

Sources: Horizon Mine

Delivery Point: Wells Loadout

Term, Quantity and Price Per Ton FOB Rail Car:

Term	Quantity	Price
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Delivery Schedule: Deliveries ratably throughout the year

Quality:

	Typical Quality Specification	Shipment Rejection Limit
BTU:	12,500 Btu/lb.	12,200 Btu/lb. minimum
SO₂ lbs./MMBtu:	1.20 lbs.	1.2 lbs. maximum
Moisture:	8.0%	not applicable
Ash:	12.0%	13.5%
Volatile Matter:	30.0%	not applicable
AFT (H=W):	+2700	not applicable

Quality Adjustments:

The sales price shall be subject to adjustment monthly based upon Btu and sulfur dioxide (Lbs. SO₂/mmBtu) content as follows:

Btu: At the end of each calendar month a quality adjustment would be computed based on the difference between the actual weighted average Btu / lb. and 12,500 Btu. Such adjustment would be based on the FOB mine price/ton.

SO₂: At the end of each calendar month an adjustment would be computed based on the difference between 1.20 Lbs. SO₂/mmBtu

and the actual weighted average Lbs. SO₂/mmBtu shipped multiplied by the Air Daily SO₂ Monthly Average Price (EA Value) using the following formula:

$$\frac{(1.20 \text{ Lbs. SO}_2/\text{mmBtu} - \text{actual weighted average SO}_2)(\text{AR Btu})(\text{EA Value})}{1,000,000}$$

Loadout/Mine Information:

Mine	Horizon
Type of Mine	Surface
Shipping Point	Wells Prep, WV
Railroad	CSX
Freight District	CSX-Kanawa Coal River II
Unit Train Car Rating	150
Loadout Capacity	< 4.0 Hours

PFCOCT2005 - 18
 WAK 1-18/05 SAC 10/18/05

COOK MOUNTAIN
 PERMITTED AREA
 TYPICAL ANALYSIS

Raw Basis
 Seam: Kittanning Seams
 State of West Virginia

Report Data 09/18/04

Proximate Analysis	As Received	Dry	Ash Fusion	
Moisture	5.1		Reducing Atmosphere	
Ash	11.1	11.7	Initial Deformation (I.D.)	+2700
Volatile Matter	31.6	33.3	Softening (H=W)	+2700
Fixed Carbon	52.2	55.0	Hemispherical (H=1/2W)	+2700
BTU	12585	13266	Fluid	+2700
Sulfur	0.70	0.74	Oxidizing Atmosphere	
MAFBTU	15024		Initial Deformation (I.D.)	+2700
Lb. SO ₂ /MMBTU	1.11		Softening (H=W)	+2700
			Hemispherical (H=1/2W)	+2700
			Fluid	
Ultimate Analysis			Mineral Analysis Of Ash (Ignited Basis)	
Carbon		74.3	Silica (SiO ₂)	58.6
Hydrogen		4.6	Alumina (Al ₂ O ₃)	31.5
Nitrogen		1.3	Titania (TiO ₂)	2.2
Chlorine		0.15	Ferric Oxide (Fe ₂ O ₃)	2.9
Sulfur		0.74	Lime (CaO)	1.2
Ash		11.7	Magnesia (MgO)	0.6
Oxygen		7.21	Potassium Oxide (K ₂ O)	1.60
			Sodium Oxide (Na ₂ O)	0.25
Sulfur Forms			Phosphorous Pentoxide (P ₂ O ₅)	0.2
Pyritic		0.07	Sulfur Trioxide (SO ₃)	0.8
Sulfate		<0.01	Strontium Oxide (SrO)	0.07
Organic		0.67	Barium Oxide (BaO)	0.07
			Manganese Dioxide (MnO ₂)	0.01
Water Soluble Alkalies			Alkalies As Na₂O	0.15
Sodium Oxide		0.004	Base/Acid Ratio	0.07
Potassium Oxide		0.003	Silica Value	92.58
			Slag Viscosity @ T250	>2900
Equilibrium Moisture		2.5	lb. Ash/MMBTU	8.8
Free Swelling Index		5.0		
Hardgrove Grindability Index		46		

All analyses are subject to revision due to additional coring, conditions specified in the coal supply agreement, actual operating conditions at time of mining, type of preparation at time of mining, or federal and state regulations. Analysis intended for informational purposes only.

Source Of Information	Proximate analysis provided by Asset Management Group based on composited samples.
-----------------------	--

for 10/18/05

WKK 10/18/05

GENERAL TERMS & CONDITIONS

Substitution: Seller reserves the right but not the obligation, to substitute up to 100% of the coal from other sources meeting the contract specifications.

**Adjustment to
Price for Changes
in Laws:**

If any federal, state or local governmental authority enacts, promulgates or otherwise makes effective any new statute, ordinance, regulation, rule or other governmental mandate, including, but not limited to any tax mandate except income tax, or amends, modifies or changes in any way the text, interpretation or application of any existing statute, ordinance, regulation, rule or other governmental mandate, including, but not limited to any tax mandate except income tax relative to Seller's performance (collectively referred to herein as "Changes in Laws"), and if any Changes in Laws directly or indirectly increase(s) or decrease(s) Seller's cost of performance, the price of coal shall be adjusted upward or downward by an amount equal to Seller's increased or decreased costs per ton resulting from the Changes in Laws.

Sampling System: Multi-Stage Automatic Mechanical Sampler

Weighing System: Certified Batch Weigh Bin Scale System

Scale Certification: Certification Semi-Annually

Mine Analysis: Third Party Independent Lab

**Weights, Sampling,
and Analysis:** Seller's weights, sampling and analysis to govern.

Payment Terms: Seller shall invoice two times per month for coal shipped under this proposal, with electronic payment due within 10 days after the receipt of an electronic invoice.

Credit: In the event of an adverse change in Buyer's or related affiliates' credit rating as issued by Standard & Poor's (or the equivalent as defined by another public rating agency), Buyer shall provide assurances (as set forth herein) as to its ability to perform its obligations under this agreement. If Buyer's or any affiliates' senior unsecured or corporate credit rating falls below investment grade (BBB- as defined by Standard & Poor's or the equivalent as defined by other public ratings agencies), Buyer shall provide Seller with Adequate Assurance. Adequate Assurance for Buyer shall mean collateral in the form of cash, Letter(s) of Credit, or other security acceptable to Seller. Letter(s) of Credit means one or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch

with such bank having a credit rating of at least A- from S&P or A3 from Moody's, in a form acceptable to the Seller in whose favor the Letter of Credit is issued. Costs of a Letter of Credit shall be borne by Buyer. Until Buyer delivers such Adequate Assurance to Seller, Seller shall have the right, without limiting any other rights that may be available to Seller, to require payment not more than three business days in advance of loading.

**Title and Risk
Of Loss**

Title to and risk of loss of all coal bought and sold under this agreement will pass to Buyer and coal will be considered to be delivered by Seller when it is loaded into the railcar at the Delivery Point.

**Expiration Date
and Conditions:**

This proposal will remain open until 5:00 p.m., EDT, October 28, 2005, and is subject to the following conditions:

- prior sale of the coal,
- negotiation and execution of a mutually agreeable coal supply agreement,
- Seller expects language in a coal supply agreement to compensate for increased costs resulting from excessive inflation and the event of environmental force majeure.
- Buyer and Seller will mutually agree on applicable assignment language considering the requirements of both parties
- Other terms and conditions such as source specific force majeure, confidentiality, etc. are expected and will be negotiated,
- approval of credit terms, and
- obtaining the approvals of Peabody's senior management to the sale of the coal and to the execution of mutually agreeable coal supply agreement.

PFCOCT2005 - 19, 20
DAC 10/18/05 WRK 10/18/05

Sheppard, Sheila

From: John McConaghy/stamford/glen [John.McConaghy@glencore-us.com]
Sent: Monday, October 17, 2005 11:57 AM
To: Sheppard, Sheila
Cc: andrew.lawson@glencore-us.com
Subject: RFP Oct 17, 2005



FL Progress Bid Form-Complianc...
FL Progress Bid Form-Complianc...

Sheila,

Please see our attached offer.

(See attached file: FL Progress Bid Form-Compliance Oct 17, 2004 La
Jagua.DOC)(See attached file: FL Progress Bid Form-Compliance Oct 17, 2004
Melawan.DOC)

If you have any questions please do not hesitate to call.

Regards,
John McConaghy
Glencore Ltd.
201 Tresser Blvd.
Stamford, CT 06901
office: 203-328-4958
fax: 203-978-2630



**PROGRESS
FUELS
CORPORATION**

COAL PRODUCERS' SOL
CRYSTAL RIVE
PAGE 1 OF 3

PFCOCT2005 - 19
WRK 10/18/05

CONFIDENTIAL

PRODUCER NAME: GLENCORE LTD.		
STREET ADDRESS: 301 TRESSER BLVD. STAMFORD, CT 06901		
CONTACT: ANDREW LAWSON		TELEPHONE NO. 203-328-3113
MINE(S): LA JAGUA	BOM DISTRICT:	STATE:
ORIGIN RAILROAD(S)/DISTRICT: EK ___ CV ___ Big Sandy ___ Other: <u>VESSEL</u>		R/R TIPPLE DESIGNATION/NUMBER:
TYPE OF LOADING FACILITY: UNIT TRAIN: _____ SINGLE CAR: _____ TRAINLOAD: _____		
MAXIMUM LOADING CAPACITY: <u>15,000</u> TONS _____ <u>24</u> HOURS _____ TRACK CAPACITY		
WATER DELIVERY CAPABILITY: <input checked="" type="checkbox"/> YES _____ NO IMPORT COAL: LOAD PORT <u>PUERTO PRODECO, COLOMBIA</u>		
SHIP THROUGH: <u>IMT, LA OR McDUFFIE TERMINAL, AL</u> DOCK UNLOAD RATE:: <u>IMT, LA 15,000 MT / McDUFFIE, LA 15,000 MT PER DAY SHINC</u>		
TOTAL PRODUCTION CAPACITY PER MONTH: <u>400,000 MT</u> TONS		
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: <u>400,000 MT</u> TONS		
TYPE OF MINE: _____ % DEEP _____ 100 % STRIP _____ % AUGER		
SEAMS: VARIOUS		BLEND RATIOS: NONE
COAL PREPARATION: <input checked="" type="checkbox"/> RAW _____ WASHED _____ COMBINATION		
E OF COAL WASHER, IF WASHED:		
TYPE OF COAL SAMPLING: AUTOMATIC BELT SAMPLING		
TYPE OF LABOR CONTRACT(S): COLLECTIVE		DATE FOR RENEGOTIATION: 2009
TYPE OF COAL WEIGHING: VESSEL DRAFT SURVEY		SCALE CERTIFIED? _____ YES _____ NO
PERIOD	TONNAGE	BASE PRICE PER TON CIF
—	[REDACTED]	[REDACTED]
—	[REDACTED]	[REDACTED]
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.		
PRODUCER'S COMMENTS: PLEASE NOTE THIS OFFER IS VALID UNTIL 12 PM EST OCTOBER 21, 2005 AND SUBJECT TO RECONFIRMATION THEREAFTER. SHIPPING DATES ARE MUTUALLY AGREED AND EVENLY SPREAD IN PANAMAX VESSELS TO BE GEARED/GRABBED OR GEARLESS IN SELLERS OPTION. BUYER TO ARRANGE AND PAY FOR ALL OFFLOADING FEES. SELLER COULD OFFER TONNAGE TO McDUFFIE TERMINAL AT APPROX. \$1/MT DISCOUNT TO IMT BUT UNDERSTAND NO PORT CAPACITY. BUYER TO GUARANTEE 15,000 METRIC TONS PER DAY TAKEAWAY SHINC AND DRAFT OF 45 FEET AT IMT, LA.		
		PEF-FUEL-001274
EDIT REFERENCES (Minimum two): BNP PARIBAS, CONTACT SALLY HASWEL (212) 841-2010,		
JP MORGAN CHASE MANHATTAN BANK, CONTACT CARLOS SANTIAGO (212) 552-6311		
INDUSTRY REFERENCES (Minimum four): PSE+G (HARRY PAPADOPOULOS (973) 430-5930), NORTHEAST UTILITIES (KEITH SAUNDERS (860)		



4571),

TAMPA ELECTRIC (MARTIN DUFF (813) 228-1596), US GEN (TOM NETZEL (301) 280-6792).

SIGNATURE:

TITLE: COAL EXECUTIVE

DATE: 10/17/05

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Sheila Sheppard
C/o Progress Energy Carolinas, Inc Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB 10
Raleigh, NC 27601

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	8.0 %	11.0 %	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	4.0 %	6.0 %	5.0% MAX.	5.0% MAX.
ASH %	6.5 %	7.0 %	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.20 LB/BTU	1.20 LB/BTU	1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB	12,400 BTU/LB	12,200 BTU/LB	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,500 DEGREES	2,450 DEGREES	2,500 MIN.	2,200 MIN.
VOLATILE %	36.0%	35.0%	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	47	45	42 MIN. ³	65 MIN. ³
SIZE	2" X 0"	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	35%	45%	45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR	0.15 %	0.2 %	0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %	68.5 %	68.5 %	-----	-----
HYDROGEN %	4.75 %	4.75 %	-----	-----
NITROGEN %	1.25 %	1.25 %	-----	-----
CHLORINE %	0.03 %	0.03 %	-----	-----
OXYGEN %	10.5 %	10.5 %	-----	-----

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred 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 ₂ O ₅	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO ₂	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe ₂ O ₃	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
Al ₂ O ₃	20.5 %	+/- 3.0 %	Cadmium	<0.4	-
Cr ₂ O ₃	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CaO	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0



	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5
K ₂ O	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na ₂ O	0.50 %	+/- 0.2 %	Manganese	30.0	+/- 5.0
Undetermined	0.4 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.20	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	8.0 %	11.0 %	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	4.0 %	6.0 %	5.0% MAX.	5.0% MAX.
ASH %	6.5 %	7.0 %	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.20 LB/BTU	1.20 LB/BTU	1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB	12,400 BTU/LB	12,200 BTU/LB	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W	2,500 DEGREES	2,450 DEGREES	2,500 MIN.	2,200 MIN.
VOLATILE %	36.0%	35.0%	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	47	45	42 MIN. ³	65 MIN. ³
SIZE	2" X 0"	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	35%	45%	45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR	0.15 %	0.2 %	0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %	68.5 %	68.5 %	-----	-----
HYDROGEN %	4.75 %	4.75 %	-----	-----
NITROGEN %	1.25 %	1.25 %	-----	-----
CHLORINE %	0.03 %	0.03 %	-----	-----
OXYGEN %	10.5 %	10.5 %	-----	-----

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred 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 ₂ O ₅	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO ₂	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe ₂ O ₃	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
Al ₂ O ₃	20.5 %	+/- 3.0 %	Cadmium	<0.4	-
TiO ₂	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CaO	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75



	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0
SO ₃	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5
K ₂ O	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na ₂ O	0.50 %	+/- 0.2 %	Manganese	30.0	+/- 5.0
Undetermined	0.4 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.20	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

Coppola, Barbara

From: John McConaghy/starnford/glen [John.McConaghy@glencore-us.com]
Sent: Monday, December 05, 2005 3:10 PM
To: Coppola, Barbara
Cc: Phipps, Brett; Vinson, Eddie; andrew.lawson@glencore-us.com
Subject: Offer for Florida Progress



FL Progress Bid
Form-Complianc...

Barbara,

As discussed, please see our attached offer.

(See attached file: FL Progress Bid Form-Compliance Dec 5, 2005 La
Jagua.DOC)

Please do not hesitate to call with any questions.

Regards,
John

PEF-FUEL-001278



**PROGRESS
FUELS**
CORPORATION

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

CONFIDENTIAL

PRODUCER NAME: GLENCORE LTD.

STREET ADDRESS: 301 TRESSER BLVD. STAMFORD, CT 06901

CONTACT: ANDREW LAWSON TELEPHONE NO. 203-328-3113

MINE(S): LA JAGUA BOM DISTRICT: STATE:

ORIGIN RAILROAD(S)/DISTRICT: EK CV Big Sandy Other VESSEL R/R TIPPLE DESIGNATION/NUMBER:

TYPE OF LOADING FACILITY:
UNIT TRAIN: SINGLE CAR: TRAINLOAD:

MAXIMUM LOADING CAPACITY:
15,000 TONS 24 HOURS TRACK CAPACITY

WATER DELIVERY CAPABILITY: YES NO IMPORT COAL: LOAD PORT PUERTO PRODECO, COLOMBIA

SHIP THROUGH: IMT, LA DOCK UNLOAD RATE:: BUYER TO GUARANTEE 15,000 MT PER DAY SHINC TAKEAWAY AND 45 FEET DRAFT

TOTAL PRODUCTION CAPACITY PER MONTH: 400,000 MT TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 400,000 MT TONS

TYPE OF MINE: % DEEP 100 % STRIP % AUGER

SEAMS: VARIOUS BLEND RATIOS: NONE

COAL PREPARATION: RAW WASHED COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: AUTOMATIC BELT SAMPLING

TYPE OF LABOR CONTRACT(S): COLLECTIVE DATE FOR RENEGOTIATION: 2009

TYPE OF COAL WEIGHING: VESSEL DRAFT SURVEY SCALE CERTIFIED? YES NO

PERIOD	TONNAGE	BASE PRICE PER TON CIF
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: PLEASE NOTE THIS OFFER IS VALID UNTIL 12 PM EST DECEMBER 8, 2005 AND SUBJECT TO RECONFIRMATION THEREAFTER. SHIPPING DATES ARE MUTUALLY AGREED AND EVENLY SPREAD IN PANAMAX VESSELS TO BE GEARED/GRABBED OR GEARLESS IN SELLERS OPTION. BUYER TO ARRANGE AND PAY FOR ALL OFFLOADING FEES. BUYER TO GUARANTEE 15,000 METRIC TONS PER DAY TAKEAWAY SHINC AND DRAFT OF 45 FEET AT IMT, LA.

CREDIT REFERENCES (Minimum two): BNP PARIBAS, CONTACT SALLY HASWEL (212) 841-2010,
JP MORGAN CHASE MANHATTAN BANK, CONTACT CARLOS SANTIAGO (212) 552-6311

INDUSTRY REFERENCES (Minimum four): PSE+G (HARRY PAPADOPOULOS (973) 430-5930), NORTHEAST UTILITIES (KEITH SAUNDERS (860) 665-4571), TAMPA ELECTRIC (MARTIN DUFF (813) 228-1596), DOMINION (MATT SCHWIEDER (804) 787-5768).



SIGNATURE:

TITLE: COAL EXECUTIVE

DATE: 10/17/05

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Sheila Sheppard
C/o Progress Energy Carolinas, Inc Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB 10
Raleigh, NC 27601

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	8.0 %	11.0 %	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	4.0 %	6.0 %	5.0% MAX.	5.0% MAX.
ASH %	6.5 %	7.0 %	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.20 LB/BTU	1.20 LB/BTU	1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB	12,400 BTU/LB	12,200 BTU/LB	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,500DEGREES	2,450 DEGREES	2,500 MIN.	2,200 MIN.
VOLATILE %	36.0%	35.0%	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	47	45	42 MIN. ³	65 MIN. ³
SIZE	2" X 0"	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	35%	45%	45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR	0.15 %	0.2 %	0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %	68.5 %	68.5 %	-----	-----
HYDROGEN %	4.75 %	4.75 %	-----	-----
NITROGEN %	1.25 %	1.25 %	-----	-----
CHLORINE %	0.03 %	0.03 %	-----	-----
OXYGEN %	10.5 %	10.5 %	-----	-----

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred 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 ₂ O ₅	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO ₂	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe ₂ O ₃	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
Al ₂ O ₃	20.5 %	+/- 3.0 %	Cadmium	<0.4	-
TiO ₂	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CO	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0
SO ₃	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5
K ₂ O	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5



SO ₂	0.50 %	+/- 0.2 %	Manganese	30.0	+/- 5.0
Undetermined	0.4 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.20	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	8.0 %	11.0 %	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	4.0 %	6.0 %	5.0% MAX.	5.0% MAX.
ASH %	6.5 %	7.0 %	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.20 LB/BTU	1.20 LB/BTU	1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB	12,400 BTU/LB	12,200 BTU/LB	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,500DEGREES	2,450 DEGREES	2,500 MIN.	2,200 MIN.
VOLATILE %	36.0%	35.0%	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	47	45	42 MIN. ³	65 MIN. ³
SIZE	2" X 0"	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	35%	45%	45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR	0.15 %	0.2 %	0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %	68.5 %	68.5 %	-----	-----
HYDROGEN %	4.75 %	4.75 %	-----	-----
NITROGEN %	1.25 %	1.25 %	-----	-----
CHLORINE %	0.03 %	0.03 %	-----	-----
OXYGEN %	10.5 %	10.5 %	-----	-----

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred 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 ₂ O ₅	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO ₂	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe ₂ O ₃	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
Al ₂ O ₃	20.5 %	+/- 3.0 %	Cadmium	<0.4	-
TiO ₂	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CO	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0
SO ₃	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5



SO ₂	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na ₂ O	0.50 %	+/- 0.2 %	Manganese	30.0	+/- 5.0
Undetermined	0.4 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.20	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-



**PROGRESS
FUELS**
CORPORATION

COAL PRODUCERS' SC
CRYSTAL RIV
PAGE 1

PFCOCT2005 - 30
WRC 10/18/05
WRK 10/18/05

PRODUCER NAME: GLENCORE LTD.

STREET ADDRESS: 301 TRESSER BLVD. STAMFORD, CT 06901 **CONFIDENTIAL**

CONTACT: ANDREW LAWSON TELEPHONE NO. 203-328-3113

MINE(S): MELAWAN BOM DISTRICT: STATE:

ORIGIN RAILROAD(S)/DISTRICT: EK CV Big Sandy R/R TIPPLE DESIGNATION/NUMBER:
Other VESSEL

TYPE OF LOADING FACILITY:
UNIT TRAIN: SINGLE CAR: TRAINLOAD:

MAXIMUM LOADING CAPACITY:
35,000 TONS 24 HOURS TRACK CAPACITY

WATER DELIVERY CAPABILITY: YES NO IMPORT COAL: LOAD PORT TBCT
INDONESIA

SHIP THROUGH: IMT, LA OR McDUFFIE TERMINAL, AL DOCK UNLOAD RATE: IMT, LA 15,000 MT / McDUFFIE, LA 15,000 MT
PER DAY SHINC

TOTAL PRODUCTION CAPACITY PER MONTH: 800,000 MT TONS

PRODUCTION PER MONTH--MEETING OUR COAL SPECIFICATIONS: 400,000 MT TONS

TYPE OF MINE: % DEEP 100 % STRIP % AUGER

SEAMS: VARIOUS BLEND RATIOS: NONE

COAL PREPARATION: RAW WASHED COMBINATION

OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: AUTOMATIC BELT SAMPLING

TYPE OF LABOR CONTRACT(S): DATE FOR RENEGOTIATION: 2009
COLLECTIVE

TYPE OF COAL WEIGHING: VESSEL DRAFT SURVEY SCALE CERTIFIED? YES NO

PERIOD	TONNAGE	BASE PRICE PER TON CIF
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: PLEASE NOTE THIS OFFER IS VALID UNTIL 12 PM EST OCTOBER 21, 2005 AND SUBJECT TO RECONFIRMATION
HEREAFTER. SHIPPING DATES ARE MUTUALLY AGREED AND EVENLY SPREAD IN PANAMAX VESSELS TO BE GEARED/GRABBED OR
HEARLESS IN SELLERS OPTION. BUYER TO ARRANGE AND PAY FOR ALL OFFLOADING FEES. SELLER COULD OFFER TONNAGE TO
McDUFFIE TERMINAL AT APPROX. \$1/MT DISCOUNT TO IMT BUT UNDERSTAND NO PORT CAPACITY. BUYER TO GUARANTEE 15,000 METRIC
TONS PER DAY TAKEAWAY SHINC AND DRAFT OF 45 FEET AT IMT, LA.

PEF-FUEL-001283

IT REFERENCES (Minimum two): BNP PARIBAS, CONTACT SALLY HASWEL (212) 841-2010,

JP MORGAN CHASE MANHATTAN BANK, CONTACT CARLOS SANTIAGO (212) 552-6311

INDUSTRY REFERENCES (Minimum four): PSE+G (HARRY PAPADOPOULOS (973) 430-5930), NORTHEAST UTILITIES (KEITH SAUNDERS (860)



4571),

TAMPA ELECTRIC (MARTIN DUFF (813) 228-1596), US GEN (TOM NETZEL (301) 280-6792).

SIGNATURE:

TITLE: COAL EXECUTIVE

DATE: 10/17/05

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Sheila Sheppard
C/o Progress Energy Carolinas, Inc Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB 10
Raleigh, NC 27601

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	23.0 %	28.0 %	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	5.0 %	7.0 %	5.0% MAX.	5.0% MAX.
ASH %	4.25 %	6.5 %	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	0.90 LB/BTU	1.20 LB/BTU	1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB	9,630 BTU/LB	9,200 BTU/LB	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,100 DEGREES	2,100 DEGREES	2,500 MIN.	2,200 MIN.
FIXED CARBON %	36.15 %	36.15 %	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	46	44	42 MIN. ³	65 MIN. ³
SIZE	2" X 0"	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	45 %	45 %	45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR	TBA %	TBA %	0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %	54.50 %	54.50 %	-----	-----
HYDROGEN %	3.70 %	3.70 %	-----	-----
NITROGEN %	1.15 %	1.15 %	-----	-----
CHLORINE %	0.01 %	0.01 %	-----	-----
OXYGEN %	13.0 %	13.0 %	-----	-----

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred 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 ₂ O ₅	1.7%	+/- 0.5 %	Antimony	TBA	-
SiO ₂	36.0%	+/- 5.0 %	Arsenic	TBA	-
Fe ₂ O ₃	14.8 %	+/- 4.0 %	Beryllium	TBA	-
Al ₂ O ₃	13.9 %	+/- 3.0 %	Cadmium	TBA	-
MnO ₂	0.8 %	+/- 0.3 %	Chromium	TBA	-
CaO	12.7 %	+/- 4.0 %	Cobalt	TBA	-
MgO	8.6 %	+/- 3.0 %	Fluorine	TBA	-



S	7.0 %	+/- 3.0 %	Lead	TBA	-
K ₂ O	1.7 %	+/- 0.5 %	Lithium	TBA	-
Na ₂ O	0.7 %	+/- 0.3 %	Manganese	TBA	-
Undetermined	2.1 %	+/- 1.0 %	Mercury	TBA	-
Base/Acid Ratio	TBA		Nickel	TBA	-
Maximum Base/Acid Ratio			Selenium	TBA	-

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	23.0 %	28.0 %	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	5.0 %	5.0 %	5.0% MAX.	5.0% MAX.
ASH %	4.25 %	6.5 %	10.0% MAX. ²	7.8% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	0.90 LB/BTU	1.20 LB/BTU	1.2 LB/MAX. ¹	1.2 LB/MAX. ¹
BTU/LB	9,630 BTU/LB	9,630 BTU/LB	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W	2,100 DEGREES	2,100 DEGREES	2,500 MIN.	2,200 MIN.
VOLATILE %	36.15 %	36.15 %	31.0% MIN. ¹	31.0% MIN. ¹
GRINDABILITY, HARDGROVE	46	45	42 MIN. ³	65 MIN. ³
SIZE	2" X 0"	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	45 %	45 %	45% MAX. ⁵	30% MAX. ⁵
PYRITIC SULFUR	TBA %	TBA %	0.2% MAX. ¹	0.2% MAX. ¹
FIXED CARBON %	54.50 %	54.50 %	-----	-----
HYDROGEN %	3.70 %	3.70 %	-----	-----
NITROGEN %	1.15 %	1.15 %	-----	-----
CHLORINE %	0.01 %	0.01 %	-----	-----
OXYGEN %	13.0 %	13.0 %	-----	-----

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

⁴Economic analyses will be based on these values.
⁵Preferred 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 ₂ O ₅	1.7%	+/- 0.5 %	Antimony	TBA	-
SiO ₂	36.0%	+/- 5.0 %	Arsenic	TBA	-
Fe ₂ O ₃	14.8 %	+/- 4.0 %	Beryllium	TBA	-
Mn ₂ O ₃	13.9 %	+/- 3.0 %	Cadmium	TBA	-
TiO ₂	0.8 %	+/- 0.3 %	Chromium	TBA	-
CaO	12.7 %	+/- 4.0 %	Cobalt	TBA	-



gO	8.6 %	+/- 3.0 %	Fluorine	TBA	-
SO ₃	7.0 %	+/- 3.0 %	Lead	TBA	-
K ₂ O	1.7 %	+/- 0.5 %	Lithium	TBA	-
Na ₂ O	0.7 %	+/- 0.3 %	Manganese	TBA	-
Undetermined	2.1 %	+/- 1.0 %	Mercury	TBA	-
Base/Acid Ratio	TBA		Nickel	TBA	-
Maximum Base/Acid Ratio			Selenium	TBA	-

Sheppard, Sheila

From: Martinez, Alvaro [Alvaro.Martinez@ssmcoal.com]
Sent: Monday, October 17, 2005 12:02 PM
To: Coppola, Barbara; Sheppard, Sheila
Cc: Phipps, Brett
Subject: RE: SSM import steam coal offer - [REDACTED]

WRK 10/18/05
BAC 10/18/05

CONFIDENTIAL

Barbara,
Have now received a firm freight rate from SSM's Shipping Department and can offer in conjunction with our offer sent just a few minutes ago as follows:

- Freight to discharge in NOLA ANCHORAGE : [REDACTED] ST
- Freight to discharge in MOBILE ALABAMA TERMINAL: [REDACTED] ST
- discharging 1 safe port
- Shipments FES [REDACTED]
- Fast as can vessel selfdischarge - Buyer guarantees minimum 10,000 MT SHINC takeaway from underneath vessel's grabs
- Vessel's crew to operate vessel's cranes/grabs at discharge port(s) provided permitted by local regulations/authorities otherwise same to be for Buyer's account.
- The final untrimming out of vessel's holds including bulldozers/drivers for Seller's time/account.

Above valid until 5:00pm ET October 20 2005.

Regards,
AM

> -----Original Message-----

> From: Martinez, Alvaro
> Sent: Monday, October 17, 2005 11:06 AM
> To: Barbara A. Coppola (E-mail); 'sheila.sheppard@pgnmail.com'
> Cc: Brett Phipps (E-mail)
> Subject: SSM import steam coal offer [REDACTED]

> October 17, 2005

> Barbara A. Coppola
> Progress Energy Carolinas, Inc.
> 410 S. Wilmington Street
> Raleigh, NC 27602

> Phone: +1 (919) 546-6002

> RE: Import steam coal offer for Crystal River generating plant [REDACTED] shipments

> Dear Barbara,

> SSM Coal Americas LLC is pleased to offer subject to prior sale and reconfirmation of freight steam coal to Progress Energy Carolinas, Inc., for your generating station in Crystal River, Florida, as follows:

> 1. COMMODITY AND QUANTITY

> [REDACTED]

> 2. DELIVERY PERIOD

> [REDACTED]

Loading laycan as per mutual agreement.

> 3. TYPICAL QUALITY

> The goods will have the following typical specifications, on an "as received" basis, determined in accordance with ASTM standards:

- > Calorific Value (BTU/LB) G.A.R: 12,500 Typical, 12,200 Minimum
- > Moisture: 7.5% Typical, 10% Maximum
- > Ash: 9.0% Typical, 10% Maximum
- > Sulfur: 0.75% Typical, 1% Maximum
- > Volatiles: 37.0% Typical, 31% Minimum
- > HGI: 48 - 53 Typical, 42 Minimum
- > Size: Screened 0 x 3> ">
- > Ash Softening °F (H=W): +2,700 Typical, +2,500 Minimum

> Ash Fusion Temperatures:	Reducing	Oxidizing
> Initial Deformation	+2.700°F	+2.700°F
> Softening (H=W)	+2.700°F	+2.700°F
> Hemispherical (H=1/2W)	+2.700°F	+2.700°F
> Fluid	+2.700°F	+2.700°F

> 4. PRICE AND DELIVERY TERM

> The unit price for the coal offered is [REDACTED]

> 5. PENALTY/PREMIUM

> The contract price will be adjusted at a pro-rata basis for calorific value above/below 12,500 Btu/lb, G.A.R.

> 6. QUANTITY DETERMINATION

> By independent surveyor at vessel loading port by vessel draft survey, result to be final and binding for both Parties. Costs are for Seller's account.

> 7. QUALITY DETERMINATION

>
> By independent surveyor at vessel loading port by vessel's certificate of analysis. Although the agreed laboratory will effectively be appointed by the Seller, the appointment will be considered to have been made on behalf of both the Seller and the Buyer. The results found will be final and binding for both Parties. Costs will be equally shared between the Seller and the Buyer.
>
> The laboratory will be instructed to retain an umpire sample for a period of 2 months after sampling. Only if the analysis made appears to be manifestly wrong, either Party may request the umpire sample to be analysed by another mutually acceptable laboratory. Such request must be made within the above 2 months' period on penalty of lapse of the right to challenge the analysis. The cost of such further analysis will be borne by the Party requesting the analysis. In case the umpire analysis proves that the initial analysis was manifestly wrong, the figures of the umpire analysis will replace the initial figures. In the alternative, the figures found by the first laboratory remain final and binding.

> 8. SHIPPING CONDITIONS

> Terms to follow upon submittal of actual freight rate.

> 9. PAYMENT CONDITIONS

> Subject to SSM's credit department final approval of Buyer's credit, Buyer shall remit payment to seller by telegraphic transfer within 30 days after bill of lading date.

> 10. VALIDITY

> This offer is valid until 5:00pm ET October 21, 2005. If more time is needed please let us know.

> 11. OTHER

> Other terms and conditions as per SSM Coal Americas LLC Terms & Conditions of Sale to Progress Energy Carolinas, Inc., which are included with this offer.

> We look forward to your response and hope we can work together.

> Regards,

> Alvaro Martinez

> Phone: +1-410-910-0754

> << File: SSM-Progress Energy Coal Offer 2006.pdf >> << File: SSM TERMS & CONDITIONS TO PROGRESS ENERGY OCT-17-2005.pdf >> << File: SSM Coal - Ash Analysis & Trace Elements.pdf >>

Sheppard, Sheila

From: Joaquin Soto [jsoto@GCI-UK.NET]
Sent: Tuesday, October 18, 2005 7:54 AM
To: Sheppard, Sheila
Subject: RFP GCI/ PFC

PFCOCT2005 - 22 L AM

Sheila.

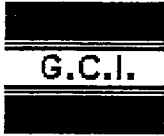
Please find attached our amended offer.

Regards

Joaquin Soto R
GCI n.v

CONFIDENTIAL

London 17/10/2005



PFCOCT2005 - 22 L Am

Guasare Coal International n. v

*Av. 9B entre 77 y 78 (5 de Julio)
Edif. Banco Industrial de Venezuela
Piso 9, Maracaibo, Venezuela*

Dear Sheila,

We are pleased to present the following offer:

Paso Diablo Offer for Progress Fuel Corporation (PFC)



- 1) *Seller: Guasare Coal International n.v*
- 2) *Buyer: Progress Fuels Corporation (PFC)*
- 3) *Type of sale: Delivered IMT, New Orleans, U.S.A*
- 4) *Volume:*



CONFIDENTIAL

5) *Contractual Period:* [REDACTED]

6) *Quality:* Paso Diablo premium.

7) *Price Delivered:* The price Delivered IMT.

- The price pro-rata for the years [REDACTED]

8) *Payment:* 30 Days from Bill of Lading date.

9) *Other terms and conditions as per existing contract between PFC and GCI for Paso Diablo.*

10) *Offer validity:* 17 Oct 2005 until 30 Nov. 2005, 17 h Eastern Time

Please do not hesitate to contact me if you require additional information.

Your sincerely,

*Hernando Torrealba.
Managing Director*

PEF-FUEL-001292

WAK 10/18/05 BAC 10/18/05

Sheppard, Sheila

From: Joaquin Soto [jsoto@GCI-UK.NET]
Date: Monday, October 17, 2005 2:37 PM
To: Sheppard, Sheila
Subject: Propuesta para PFC

CONFIDENTIAL

Dear Sheila.

Please find attached the Offer for the years [REDACTED] due some problem beyond our control we shall send tomorrow the Solicitation Form.

Regards

Joaquin Soto R
GCI n.v

PFCOCT2005 - 22 L
WAK 10/18/05 for 10/18/05

Dear Sheila

We are pleased to present the following offer:

CONFIDENTIAL

Paso Diablo Offer for Progress Fuel Corporation (PFC)
[REDACTED]

- 1) *Seller: Guasare Coal International n.v*
- 2) *Buyer: Progress Fuel Corporation (PFC)*
- 3) *Type of sale: Delivered IMT*
- 4) *Volume:* [REDACTED]
[REDACTED]
- 5) *Contractual Period:* [REDACTED]
- 6) *Quality: Paso Diablo premium.*
- 7) *Price Delivered: The price Delivered IMT.*

[REDACTED]

- 8) *Payment: 30 Days from Bill of Lading.*

PEF-FUEL-001294

9) *Other terms and conditions as per agrees terms between PFC and GCI.*

~~10) Offer validity: 30 Business days from Bill of Lading.~~

Please do not hesitate to contact me if you require additional information.

Your sincerely,

*Hernando Torrealba.
Managing Director*

PEF-FUEL-001295

AAC 10/18/05 WRK 10/18/05

Sheppard, Sheila

From: Smith, Kelly [Kelly.Smith@masseyenergyco.com]
Date: Monday, October 17, 2005 4:27 PM
To: Sheppard, Sheila
Cc: Parker, John R.; Dougherty, Thomas P.
Subject: Progress Fuels Coal Proposal - Term Contract Non-Compliance & Compliance Coal Quotation (10.17.05)
Importance: High
Sensitivity: Confidential

Ms. Sheppard,

The attached MS Word files are from John Parker of Massey Energy Company, for your review.

Thank you,

Kelly

Kelly Smith

Contract Administrator

Massey Utility Sales Company*

P.O. Box 26765 Richmond, Virginia 23261

Four North Fourth Street Richmond, Virginia 23219

Telephone (804) 788-1830

Facsimile (804) 788-1811

E-mail: kelly.smith@masseyenergyco.com

Subsidiary of Massey Energy Company (NYSE: MEE)

PFCOCT2005 - 23,24 L
PAC 10/18/05



Massey Utility Sales Company

Post Office Box 26765
Richmond, Virginia 23261
4 North Fourth Street
Richmond, Virginia 23219
Tel (804) 788-1800

October 17, 2005

Sheila Sheppard
c/o Progress Energy Carolinas, Inc.
Regulated Fuels Department
410 S. Wilmington Street
Mail Code: PEB 10
Raleigh, NC 27601

Email: Sheila.Sheppard@pgnmail.com

Dear Sheila:

We at Massey Utility Sales, a wholly owned subsidiary of Massey Energy, appreciate the opportunity to respond to your recent solicitation. I have attached our completed proposal forms for your review.

Please note that the following applies to Massey's proposal:

1. This proposal is subject to prior sale.
2. The quantities offered are fixed with no quantity options.
3. Payment terms: 10-days from date of invoice.
4. Additional Massey owned operating subsidiaries shall be included as possible sources with the understanding that guaranteed specifications shall remain as quoted.
5. Should any Massey proposals be accepted, additional information will be provided.
6. This proposal is subject to mutually agreeable terms and conditions.

Please feel free to call me at 804-782-1678 if you should have any questions or require additional information.

Sincerely,
John R. Parker
Senior Vice President

JRP/kcs

PEF-FUEL-001297

**PROGRESS
FUELS**
CORPORATION

COAL PRODUCERS' SOLICITA
Crystal River 1 & 2
PAGE 1 OF 3

PFCOCT2005 - 23 L

ONE 10/18/05

WRK 10/18/05

PRODUCER NAME: Bandmill Coal Company

REET ADDRESS: County Rt. 14, Rum Creek Road, Yolyn, W.V. 25654

CONFIDENTIAL

CONTACT: Cathy Frazier

TELEPHONE NO. 304-239-2300

MINE(S): Highland

BOM DISTRICT: 8

COUNTY: Logan

STATE: West Virginia

CSX DISTRICT: EK CV Big Sandy Other Kanawha/Logan

R/R TIPPLE DESIGNAITON/NUMBER: 0596

TYPE OF LOADING FACILITY:

UNIT TRAIN: X

SINGLE CAR: _____

TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:

15,000 TONS

4

HOURS 150 loads/150 empties

TRACK CAPACITY

TOTAL PRODUCTION CAPACITY PER MONTH: 550,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: _____ TONS

TYPE OF MINE: 75 % DEEP

25 % STRIP

_____ % AUGER

SEAMS: Coalburg; Stockton; 5-Block

BLEND RATIOS:

COAL PREPARATION: 75% RAW

25% WASHED

_____ COMBINATION

TYPE OF COAL WASHER, IF WASHED: Daniels Washer - Heavy Media - Cyclones - Spirals

TYPE OF COAL SAMPLING: John B. Long - 2 Stage Automatic

TYPE OF LABOR CONTRACT(S): N/A

DATE FOR RENEGOTIATION: N/A

TYPE OF COAL WEIGHING: Batch Weigh

SCALE CERTIFIED?

X YES

NO

PERIOD

TONNAGE

BASE PRICE PER TON FOB MINE

[REDACTED]

[REDACTED]

[REDACTED]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS:

This proposal is subject to prior sale & subject to mutually agreeable terms and conditions.

CREDIT REFERENCES (Minimum two): Duke Energy, Joy Manufacturing

CUSTOMER REFERENCES: AEP, Detroit Edison, Duke Energy

SIGNATURE:

TITLE: Senior Vice President

DATE: 10/17/05

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

Ms. Sheila Shepherd

Sheila.Sheppard@epgnmail.com

c/o Progress Energy Carolinas, Inc. Regulated Fuels Department

410 S. Wilmington Street

Mail Code PEB10

Raleigh, NC 27601

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	NORTH CAROLINA BITUMINOUS "AS RECEIVED"	CAROLINA BITUMINOUS "AS RECEIVED"
MOISTURE (TOTAL) %	7.00	8.00	8.0% MAX.	8.0% MAX.
SURFACE MOISTURE %	5.00	5.00	5.0% MAX.	5.0% MAX.
ASH %	12.75	12.50	13.0% MAX. ²	13% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.80#	2.10#	1.2 LB/MAX. ¹	2.0 LB/MAX. ¹ 3.2 LB/MAX. ¹
BTU/LB	12100	12000	12,000 MIN.	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=1/2W (R)	2550	2500	2,500 MIN.	2,500 MIN.
VOLATILE %	30.00	30.00	28.0% MIN. ¹	28.0% MIN. ¹
GRINDABILITY, HARDGROVE	43	42	37 MIN. ³	37 MIN. ³
SIZE	2 x 0	2 x 0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	45	50	40% MAX. ⁵	45% MAX. ⁵
FIXED CARBON %	49.50		-----	-----
HYDROGEN %	4.26		-----	-----
NITROGEN %	1.22		-----	-----
CHLORINE %	0.15		-----	-----
OXYGEN %	5.35		-----	-----

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred 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 ₂ O ₅	0.12		Antimony		
SiO ₂	62.20		Arsenic	5.7	
Fe ₂ O ₃	5.12		Beryllium	2.2	
Al ₂ O ₃	30.70		Cadmium	0.1	
TiO ₂	1.19		Chromium	33	
CaO	0.73		Cobalt	4.0	
MgO	0.62		Fluorine		
SO ₃	0.56		Lead	5.1	
K ₂ O	1.82		Lithium		
Na ₂ O	0.69		Manganese		
Undetermined			Mercury	0.048	
Base/acid Ratio	0.12		Nickel		
Maximum Base/Acid Ratio			Selenium	5.0	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PRODUCER NAME: Bandmill Coal Company		
MINE ADDRESS: County Rt. 14, Rum Creek Road, Yolyn, W.V. 25654		
CONTACT: Cathy Frazier		TELEPHONE NO. 304-239-2300
MINE(S): <u>Highland</u>	BOM DISTRICT: 8	COUNTY: Logan STATE: West Virginia
CSX DISTRICT: EK ___ CV ___ Big Sandy ___ Other ___ Kanawha/Logan ___		R/R TIPPLE DESIGNATION/NUMBER:
NORFOLK SOUTHERN DISTRICT: Thacker ___ CV2 ___ Kenova ___ Other ___		R/R TIPPLE DESIGNATION/NUMBER: 0596
TYPE OF LOADING FACILITY: UNIT TRAIN: <u>X</u> SINGLE CAR: _____ TRAINLOAD: _____		
MAXIMUM LOADING CAPACITY: <u>15,000</u> TONS _____ 4 HOURS <u>150 loads/150 empties</u> TRACK CAPACITY		
TOTAL PRODUCTION CAPACITY PER MONTH: <u>550,000</u> TONS		
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: <u>500,000</u> TONS		
TYPE OF MINE: <u>75</u> % DEEP <u>25</u> % STRIP _____ % AUGER		
SEAMS: Upper Cedar Grove		BLEND RATIOS:
COAL PREPARATION: <u>75%</u> RAW <u>25%</u> WASHED _____ COMBINATION		
TYPE OF COAL WASHER, IF WASHED: Daniels Washer – Heavy Media – Cyclones – Spirals		
TYPE OF COAL SAMPLING: John B. Long – 2 Stage Automatic		
TYPE OF LABOR CONTRACT(S):		DATE FOR RENEGOTIATION:
TYPE OF COAL WEIGHING: Certified Batch Weigh		SCALE CERTIFIED? <u>X</u> YES _____ NO
PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
[REDACTED]	[REDACTED]	[REDACTED]
IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.		
PRODUCER'S COMMENTS: This proposal is subject to prior sale & subject to mutually agreeable terms and conditions.		
CREDIT REFERENCES (Minimum two): Duke Energy, Joy Manufacturing		
CUSTOMER REFERENCES: AEP, LG&E/KU; Public Service New Jersey		
SIGNATURE:		TITLE: Senior Vice President
		DATE: 10/17/05
MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO: Ms. Sheila Shepherd Sheila.Shepherd@pefmail.com c/o Progress Energy Carolinas, Inc. Regulated Fuels Department 410 S. Wilmington Street Mail Code PEB10 Raleigh, NC 27601		

CONFIDENTIAL
CONFIDENTIAL

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	CAROLINA BITUMINOUS "AS RECEIVED"	CAROLINAS BITUMINOUS "AS RECEIVED"
MOISTURE (TOTAL) %	7.02	8.00	8.0% MAX.	8.0% MAX.
SURFACE MOISTURE %	4.70	5.00	5.0% MAX.	5.0% MAX.
ASH %	12.75	13.00	13.0% MAX. ²	13% MAX. ²
SULFUR DIOXIDE (LB/MBTU)	1.18	1.20	1.2 LB/MAX. ^{1, 6}	2.0 LB/MAX. ¹ 3.2 LB/MAX. ¹
BTU/LB	12,100	12,000	12,000 MIN.	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=1/2W (R)	2600	2600	2,500 MIN.	2,500 MIN.
VOLATILE %		31.00	28.0% MIN. ¹	28.0% MIN. ¹
GRINDABILITY, HARDGROVE	43	42	37 MIN. ³	37 MIN. ³
SIZE	2 x 0	2 x 0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	45%	45%	40% MAX. ⁵	45% MAX. ⁵
FIXED CARBON %	48.35		-----	-----
HYDROGEN %	4.28		-----	-----
NITROGEN %	1.24		-----	-----
CHLORINE %	0.16		-----	-----
OXYGEN %	5.42		-----	-----

¹Must be met on an individual shipment basis.

²Adjustable in direct proportion to Btu.

³Adjustable in inverse proportion to Btu.

⁴Economic analyses will be based on these values.

⁵Preferred 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 ₂ O ₅	0.13		Antimony		
SiO ₂	61.90		Arsenic	5.8	
Fe ₂ O ₃	5.15		Beryllium	2.1	
Al ₂ O ₃	30.65		Cadmium	0.1	
TiO ₂	1.21		Chromium	33	
CaO	0.74		Cobalt	4.1	
MgO	0.65		Fluorine		
SO ₃	0.58		Lead	5.2	
K ₂ O	1.88		Lithium		
Na ₂ O	0.67		Manganese		
Undetermined			Mercury	0.049	
Base/Acid Ratio	0.10		Nickel		
Maximum Base/Acid Ratio			Selenium	5.1	

WRK 10/18/05

Sheppard, Sheila

From: Midden, Jeff [jmidden@sempratrading.com]
Sent: Monday, October 17, 2005 10:21 AM
To: Sheppard, Sheila
Subject: Progress Fuels Coal Proposal-Term Contract Compliance Coal Quotation

JAC 10/18/05



Progress Letter.doc
(19 KB)

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Sempra Energy Trading Corp. (SET) is not the same company as SDG&E or SoCalGas, the utilities owned by SET's parent company. SET is not regulated by the California Public Utilities Commission and you do not have to buy SET's products and services to continue to receive quality regulated service from the utilities.

October 17, 2005

Ms. Sheila Sheppard
Progress Energy Carolinas, Inc.
Regulated Fuels Department
410 S. Wilmington St
Mail Code: PEB 10
Raleigh, NC 27601

Re: Request For Proposals For Coal Supply

Dear Ms. Sheppard-

Regarding the above referenced RFP dated September 15, 2005, Sempra Energy Trading respectfully declines to submit a proposal at this time. We appreciate your consideration, and hope that you will continue to include us on future RFP's.

Let me know if you have any questions.

Regards,

Jeff Midden
Sempra Energy Trading

PEF-FUEL-001303

PFCOCT2005 - 26 DEC

AMVEST COAL SALES, INC.

ONE BOAR'S HEAD POINTE POST OFFICE BOX 5347 CHARLOTTESVILLE, VIRGINIA 22905-5347 TELEPHONE 434-977-3350 FAX 434-295-3203

JAMES T. McSHERRY
SENIOR VICE PRESIDENT

DIRECT DIAL (434) 972-7770

pac
10/18/05
WRK 10/18/05

October 12, 2005

Ms. Sheila Sheppard
c/o Progress Energy Carolinas, Inc.
Regulated Fuels Department
410 S. Wilmington St.
Mail Code PEB 10
Raleigh, NC 27601

Dear Ms. Sheppard:

AMVEST Coal Sales, Inc. appreciates the opportunity to submit a proposal in response to your solicitation dated September 15, 2005 for your term coal requirements. After careful examination of our uncommitted tonnage of the coal meeting your specifications during the specified shipping period, we are unable to submit a proposal at the present time. Please retain us on your bidders list for subsequent solicitations.

Thank you for your time and consideration.

Sincerely,



Tim McSherry

/jtm

AMVEST CORPORATION

SUMMERSVILLE Route 2, Box 900 Summersville, West Virginia 26651 Telephone 304-872-6100
WISE Glamorgan Building Post Office Box 3237 Wise, Virginia 24293 Telephone 540-328-8078
BICKMORE Post Office Box 180 Bickmore, West Virginia 25019 Telephone 304-587-4100

PEF-FUEL-001304

adaro

Adaro Envirocoal Americas
1401 Manatee Avenue West – Suite 910
Bradenton Florida 34205 USA

*Delivered
for 10/18/05*
envirocoal
WRIC 10/18/05

Phone: 941 746 8089

Fax: 941 747 8081

October 7, 2005

Sheila Sheppard
c/o Progress Energy Carolinas, Inc.
Regulated Fuels Department
410 S. Wilmington St.
Mail Code: PEB 10
Raleigh, NC 27601

Dear Sheila:

We thank you for the opportunity to provide you with an offer for the supply of coal for Progress Energy Florida Inc.'s Crystal River Units Nos. 1 and 2. Unfortunately, we do not meet your coal quality needs.

We provided brochures containing information about **envirocoal** and invite you to contact us if you find interest in our coal. Please continue to retain us on your Bidder's List.

Sincerely,



Frederick J. Murrell
President

PEF-FUEL-001305

PFCOCT2005 - 27 L
6AC 11/16/05

Coppola, Barbara

From: Mottola, Daniel
Sent: Tuesday, November 15, 2005 9:40 PM
To: Coppola, Barbara
Cc: Vinson, Eddie
Subject: RE: Sales Deal

CONFIDENTIAL

Yeah, assuming someone can tell me where Chelyan Dock is and where its going to? IMT? If so, what does it cost to get it to IMT??

From: Coppola, Barbara
Sent: Tue 11/15/2005 5:14 PM
To: Mottola, Daniel
Cc: Vinson, Eddie
Subject: FW: Sales Deal

Can you put this in our RFP analysis sheet for Florida and let us know how he ranks?

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

From: Shannon Keeran [mailto:shannon@madisoncoal.com]
Sent: Tuesday, November 15, 2005 5:58 PM
To: Coppola, Barbara
Subject: FW: Sales Deal

Late Bid
OK
[Signature] 11/16/05

From: Shannon Keeran [mailto:shannon@madisoncoal.com]
Sent: Wednesday, October 26, 2005 7:07 PM
To: 'Phipps, Brett'
Subject: Sales Deal

Brett,

We could do [redacted] of the following product:

12,200 btu

>1% sulfur

11/16/2005

PEF-FUEL-001306

12% ash

10% moisture

 **CONFIDENTIAL**

[REDACTED]

[REDACTED]

[REDACTED]

Prices are of course fob the barge at Chelyan Dock.

This is a non-binding offer for discussion purposes.

Let me know what you think.

Shannon D. Keeran

Madison Coal, LLC

Office: 606-326-1072

Fax: 606-326-1073

Cell: 606-465-9279

Vinson, Eddie

From: Nelson, Robert [Robert.Nelson@constellation.com]
Sent: Friday, November 11, 2005 11:43 AM
To: Vinson, Eddie
Subject: FW: PROGRESS FLORIDA OFFERS



Progress.Florida.1y Progress.Florida.3y
r.1.20#.10.... r.2#.10.05....

Late Bid
ok
[Signature] 11/16/05

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

From: Nelson, Robert
Sent: Mon 10/17/2005 1:00 PM
To: barbara.coppola@pgnmail.com; brett.phipps@pgnmail.com
Cc:
Subject: PROGRESS FLORIDA OFFERS

Barbara, Brett

Here you go.

Tks

Rob

>> This e-mail and any attachments are confidential, may contain legal, professional or other privileged information, and are intended solely for the addressee. If you are not the intended recipient, do not use the information in this e-mail in any way, delete this e-mail and notify the sender. CEG-IP2

REDACTED

PEF-FUEL-001310 through PEF-FUEL-001315

Vinson, Eddie

From: Phipps, Brett
Sent: Wednesday, November 16, 2005 10:47 AM
To: Vinson, Eddie; Coppola, Barbara
Cc: Weintraub, Sasha
Subject: Fw: 07,08,09

LATE BID
ACCEPTED

Eddie,
Let's discuss.

aka
BOP

CONFIDENTIAL

Brett Phipps
Manager, Coal Procurement
Regulated Fuels Department
Progress Energy
410 S. Wilmington St.
PEB 10
Raleigh, NC 27601

O> 919-546-7750
F> 919-546-2590
C> 919-630-0269
brett.phipps@pgnmail.com
www.progress-energy.com

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

From: Mike
To: Phipps, Brett
Sent: Wed Nov 16 10:19:48 2005
Subject: 07,08,09

Brett,
Keystone would like to discuss doing [REDACTED]
What do you think about [REDACTED] The [REDACTED] wouldn't be a deal killer if you can't go out that far.

KANAWHA DIVISION

CONFIDENTIAL

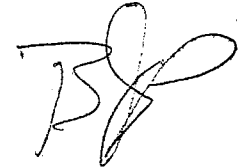
PFCOCT2005 - 31L

B&W Resources, Inc.

849 S. HWY 11

Manchester, Kentucky 40962
(606)599-8227 (606)599-0612 fax

LATE BID





VIA email Eddie.Vinson@pgnmail.com

Mr. Eddie Vinson
Progress Energy.
410 S. Wilmington St.
Raleigh, NC 27602

Dear Eddie:


As discussed between you and Mr. John Seibel, we would like to offer additional term and volume to our existing coal supply agreement. This new proposal will provide you with reliable supply and allow us to expand our investment into more quality production of coal.

PROPOSAL

- 1. Additional Term - 
- 2. Tonnage - 
- 3. Loading Point- CSX, Resource Tipple 95 car unit train 4 hr. loadout, Tipple # 44655, with new Batch Weigh, automatic sampler
- 4. Quality (as Received) -Existing Contract :quality remains per contract

New contract tons:

Heating Value:	12,200 BTU/lb.
Sulfur Content:	1.8 #/mmBTU
Ash Content:	12.0%
Moisture Content:	8.5%
Size	2"x0"

- 5. Price: 
- 6. Weighing and Sampling: At loading point
- 7. All coal subject to prior sale. This proposal subject to final execution of final contract amendment.

We appreciate your consideration and look forward to doing business with you. Please contact John Seibel at (606) 599-8227 or (513)315-6322 cell regarding this proposal.

Sincerely,

Mr. James Begley

Coppola, Barbara

From: Vinson, Eddie
Sent: Thursday, December 01, 2005 10:19 AM
To: Phipps, Brett; Coppola, Barbara
Subject: FW:



Florida-B&W
roposal11-28-2005.

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

From: John Seibel [mailto:jseibel@coronaresources.com]
Sent: Thursday, December 01, 2005 10:04 AM
To: Vinson, Eddie
Subject:

Eddie,

Per our discussion the attached Word Doc contains B&W's proposal for an amendment to the agreement. Call me anytime to discuss.

Regards,
John Seibel

(513) 315-632 cell

PEF-FUEL-001318

PFCOCT2005 - 32L

LATE BID

11/22/05



CENTRAL COAL COMPANY

148 BRISTOL EAST ROAD

BRISTOL, VIRGINIA 24202

TELEPHONE (276) 669-8599

FAX (276) 669-3543

November 22, 2005

Eddie Vinson
Senior Coal Procurement Agent
Progress Energy Carolinas, Inc.
410 S. Wilmington St. PEB10
Raleigh, NC 27601

Dear Eddie,

Please find enclosed an offer from our Kanawha Eagle mine located in Comfort, WV. Please contact me should you have any questions.

Sincerely,



Clark Wisman
Director of Marketing

PEF-FUEL-001319

CONFIDENTIAL

Mine Source Kanawha Eagle LLC

Quality	<u>Typical</u>	<u>Reject</u>
Ash	12.00	13.00
S02	1.2#	1.2#
BTU	12,300	12,000
HGI	45 Min	40
Fusion	2700 +	2500
Moisture	8.0	9.0

Term/Price

[REDACTED]

[REDACTED]

Quantity

[REDACTED]

Other

Subject to mutual agreement



S.M. and J. Inc.

Post Office Box 377
Callettsburg, Kentucky 41129
(606) 739-4156 Fax (606) 739-6096

PFCOCT2005 - 33L

CONFIDENTIAL

LATE BID

Date November 29, 2005

[Handwritten signature]
11/29/05

To: PROGRESSIVE FUELS

Quantity [REDACTED]

Term [REDACTED]

	GUARANTEE	REJECTION
Moisture	9.00	
Ash	12.00	
Sulfur	.96	
BTU	12000	
Size	2 X 0	

	GUARANTEE	REJECTION
Volatile		
Fix. Carbon		
F.S.I.		
AFT		
Other		

Ship VIA: BARGE

Ship To: KCT -DOCK

Price: [REDACTED] / Ton

FOB: BARGE

Premium/Penalties: (All are Prorata)

BTU Premium: .30 per ea. 100 BTU above 12000; BTU Penalty: -.30 per ea. 100 BTU below 12000

Ash Penalty: .30 per ea. 1% above 12.00; Sulfur Penalty: N/A per ea. 0.1% SUL above

Other: _____

Payment Terms:

Payment Period: WEEK FOLLOWING SHIPMENT

Payment due _____ days from receipt of invoice.

Invoice with this Purchase Order # and Severance Tax # is required for payment.

Special Instructions:

WEIGHTS AND ANALYSIS BY MINERAL LAB @ KCT DOCK. REJECTION IS ON PER SHIPMENT BASIS (PER SHIPMENT OF FIVE BARGES OR MORE @ A TIME). COAL IS OFFERED SUBJECT TO PRIOR SALE.

ACCEPTANCE OF THIS PURCHASE ORDER BY THE SELLER, CONSTITUTES AGREEMENT TO SHIP AS REQUIRED SUBJECT TO ALL THE TERMS AND CONDITIONS AS SET FORTH ON BOTH SIDES OF THIS PURCHASE ORDER.

S.M. and J. Inc. - Buyer

Seller - Title

WHITE - BUYER COPY

YELLOW - SELLER COPY

PINK - BUYER COPY

PEF-FUEL-001321



STAFFORD COAL SALES, INC.

PFCOCT2005 - 34L

CONFIDENTIAL

LATE BID

December 02, 2005

12/2/05
BOP

Ms. Barbara Coppola
Progress Energy
Fuels Procurement Department
410 South Wilmington Street
Raleigh, NC 27601

Dear Barbara:

Appalachian fuels, LLC is pleased to offer coals for sale through it's Sales Agent; Stafford Coal Sales, Inc. under the following terms and conditions, subject to prior sale:

PRODUCER: Appalachian fuels, LLC
1500 North Big Run Road
Ashland, KY 4110

SELLER: Appalachian Fuels, LLC
1500 North Big Run Road
Ashland, KY 41102

AGENT: Stafford Coal Sales, Inc.
P.O. Box 187
Ashland, KY 41105-0187

MINE: Toneys Fork
Logan County, WV

PRICE:

[REDACTED]

LOADING: Buffalo Tipple, CSX Railroad
Kanawha District
Man WV

TONNAGE:

[REDACTED]

TERM:

[REDACTED]

QUALITY "as received"

Heating Value	12,200 BTU's	(min)
Sulfur	.72%	(max)
SO2	1.20#	(max)
Moisture	8.0%	(max)
Ash	12.0%	(max)
Fusion	2800	
Volatile	35.00	(min)
HGI	43	
Size	2X0	
Fines	45%	(max)

Sampling/
Analysis:

At the point of loading by an
Independent laboratory utilizing
established ASTM procedures

Weights:

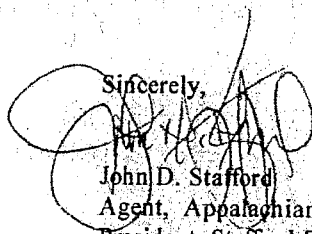
Certified Scales at the point of loading
or railroad Scale Weights

Premiums/
Penalties:

Progress Energy's established procedures

We appreciate the opportunity to submit this proposal for your consideration and look forward to receiving your favorable response.

Sincerely,


John D. Stafford
Agent, Appalachian Fuels, LLC
President, Stafford Energy, Inc.

cc: John Smith, President
Appalachian Fuels, LLC

CONFIDENTIAL

PFCOCT2005 - 35L

Vinson, Eddie

From: Steve Weber [steveweber@emeraldcoal.com]
Sent: Wednesday, November 09, 2005 2:37 PM
To: Vinson, Eddie; Phipps, Brett
Cc: Jack Wells
Subject: FW:

LATE BID
 11/9/05
 [Signature]

Eddie Brett, as a follow-up to yesterday's e-mail, we can offer our Colombian coal (Cerrejon product D) for [REDACTED]

For [REDACTED] delivered to US Gulf.

I'm still working on freight rates to Charleston and Wilmington in addition to pricing for A coal loaded at IMT for [REDACTED] and tonnages

I will revert when they become available.

regards

From: Steve Weber
Sent: Tuesday, November 08, 2005 11:05 AM
To: 'brett.phipps@pgnmail.com'; 'Eddie.Vinson@pgnmail.com'
Cc: Jack Wells
Subject: FW:

Eddie, Brett, please find our Colombian product for your consideration for delivery to the Gulf and the East Coast.

We are in the position to deliver this product into IMT for [REDACTED] at [REDACTED]. We are working on pricing for [REDACTED] as well as freight rates for delivery to Charleston and Wilmington.

I will revert with additional pricing as quickly as possible when it becomes available.

regards

From: Jack Wells
Sent: Tuesday, November 08, 2005 9:16 AM
To: SteveWeber@EmeraldCoal.com
Subject:

Jack Wells
 Emerald International Corporation
 6895 Burlington Pike
 Florence, KY 41042
 859-525-2522

CERREJON COAL QUALITY SPECIFICATIONS

PRODUCT "D"

PROXIMATE ANALYSIS (As received basis)

Gross Heating Value	BTU/Lb	11,300
Net Heating Value	BTU/Lb	10,760
Net Heating Value	kcal/kg	5,978
Total Moisture	% by weight	11.5
Ash	% by weight	10.0
Volatile Matter	% by weight	32.6
Fixed Carbon	% by weight	45.9

ULTIMATE ANALYSIS (As received basis)

Total Moisture	% by weight	11.50
Ash	% by weight	10.00
Carbon	% by weight	63.80
Hydrogen	% by weight	4.55
Nitrogen	% by weight	1.18
Chlorine	% by weight	0.04
Sulfur	% by weight	0.69
Oxygen (by difference)	% by weight	8.24

OTHER ANALYSIS

HGI		50
Fluorine	ppm	50
Free Swelling Index		2.5
Nominal Top Size	inches	2
Below 1/4 inch	% by weight	46

MINERAL ANALYSIS OF ASH (As ignited basis)

Silica	SiO ₂	% by weight	60.50
Alumina	Al ₂ O ₃	% by weight	18.80
Titanium	TiO ₂	% by weight	1.10
Iron	Fe ₂ O ₃	% by weight	8.50
Calcium	CaO	% by weight	2.20
Magnesium	MgO	% by weight	1.90
Potassium	K ₂ O	% by weight	2.20
Sodium	Na ₂ O	% by weight	0.90
Sulfur	SO ₃	% by weight	2.50
Phosphorous	P ₂ O ₅	% by weight	0.22
Undetermined		% by weight	1.18

ASH FUSION TEMPERATURES

REDUCING ATMOSPHERE

	(°C)	(°F)
Initial deformation	1,216	2,220
Softening (H=W)	1,304	2,380
Hemispherical (H=W/2)	1,366	2,490
Fluid	1,404	2,560

OXIDIZING ATMOSPHERE

Initial deformation	1,288	2,350
Softening (H=W)	1,382	2,520
Hemispherical (H=W/2)	1,432	2,610
Fluid	1,454	2,650

CONFIDENTIAL

Vinson, Eddie

From: Steve Weber [steveweber@emeraldcoal.com]
Sent: Tuesday, November 08, 2005 11:05 AM
To: Phipps, Brett; Vinson, Eddie
Cc: Jack Wells
Subject: FW:

Eddie, Brett, please find our Colombian product for your consideration for delivery to the Gulf and the East Coast.

We are in the position to deliver this product into IMT for [REDACTED] at [REDACTED]. We are working on pricing for [REDACTED] as well as freight rates for delivery to Charleston and Wilmington.

I will revert with additional pricing as quickly as possible when it becomes available.

regards

From: Jack Wells
Sent: Tuesday, November 08, 2005 9:16 AM
To: SteveWeber@EmeraldCoal.com
Subject:

Jack Wells
Emerald International Corporation
6895 Burlington Pike
Florence, KY 41042
859-525-2522

CONFIDENTIAL

Vinson, Eddie

From: Steve Weber [steve.weber@emeraldcoal.com]
Sent: Monday, December 05, 2005 4:43 PM
To: Vinson, Eddie; Phipps, Brett
Cc: Jack Wells
Subject: "A Coal Offer" Big Sandy River

Eddie, Brett, please find our E.Ky. product for your consideration at the following specifications:

Moisture	8.00%
Ash	15.00%
Sul	1.20%(2.1lb S02) max
Btu	11,500
Tons	[REDACTED]
Term	[REDACTED]
Price	[REDACTED]

This offer shall remain open until close of business 12/09//05.

All other terms and conditions to be mutually agreed upon.

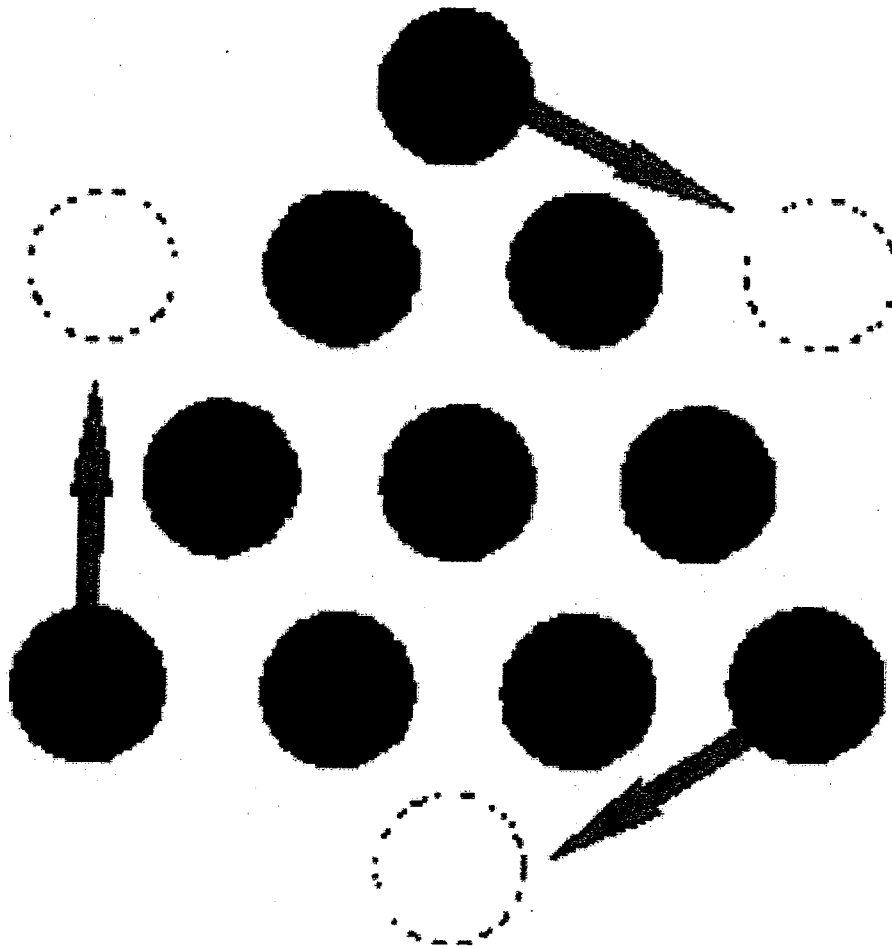
regards

September 2005 PFC RFP

Final Analysis Sheets

Transportation Rate Assumptions

SO2 Assumptions



REDACTED

PEF-FUEL-001329 through PEF-FUEL-001339

REDACTED

PEF-FUEL-001340 through PEF-FUEL-001435

STAFF
2nd POD

3



RFP

October 28, 2005

RFP# FPC-ST-102805

Florida Power Corporation (FPC) d/b/a Progress Energy Florida, Inc. is requesting proposals for gas supply requirements for 2006-2009 delivered to Florida Gas Transmission (FGT) and Gulfstream Natural Gas System (GNGS) pipelines. Day-ahead flexibility to switch gas supply between FGT and GNGS, either by physical connection to both and/or contract flexibility is desired. FPC will consider baseload, take or release, daily swing deliveries, call options, as well as other alternatives. Deliveries should be made to FPC's primary receipt points, however alternate points will be considered. Please indicate receipt points on your response.

Volume and Term:

FGT Package #1: See attached spreadsheet for volume requirements at specific receipt points in Dth/day for supplies starting May 2006 through April 2007. The receipt points do not include applicable FGT fuel. An additional term through April 2008 will also be considered. Daily swing rights and the ability to declare a minimum volume take for the month is desired in this package.

FGT Package #2: Up to 20,000 Dth/day June 2006 through September 2006. FPC is seeking supplies at the FGT receipt point. FPC is requesting a monthly call option.

FGT Package #3: Up to 20,000 Dth/day June 2006 through September 2006. FPC is seeking supplies at the FGT receipt point. FPC is requesting a daily call option.

GSNG Package #4: Up to 20,000 Dth/day June 2006 through October 2009. FPC is seeking supplies at the Gulfstream receipt points. FPC will consider baseload or a monthly call option.

Primary Receipt Point: (for packages #2, #3, and #4)

<u>Pipeline</u>	<u>Receipt Point</u>	<u>DRN</u>
FGT	Destin Pipeline	241390
GSNG	DIGP Offshore Pipeline	8205164
GSNG	Mobile Bay Processing Plant	8205179
GSNG	ExxonMobil Mary Ann Plant	8205178
GSNG	Williams Mobile Bay Plant	8205171
GSNG	Gulf South Pipeline	8205177
GSNG	Destin Pipeline	8205175

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

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

Service: Firm

General Terms: Buyer reserves the right to accept or reject any and all bids. Buyer may request a second round of bids from a short list of bidders, if deemed necessary in Buyer's sole discretion. FPC is an equal opportunity buyer.

Proposals Due: November 11, 2005, 5:00 PM EPT (4:00 PM CPT)

Requirements: A GISB or NAESB and adequate credit with FPC

Submittal: Proposals submitted by e-mail are preferred, although, faxes will be accepted. Proposals received AFTER the DUE DATE may be considered at Buyer's discretion. All Proposals MUST reference **RFP# FPC-ST-102805**. Questions related to deal points should be directed to Ed McCluskey at 919-546-5174 during normal business hours (EPT).

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

**Florida Gas Transmission
FGT Package #1**

FGT Zone	Name	DRN Number	Contract	2006 May	2006 June	2006 July	2006 Aug	2006 Sept	2006 Oct	2006 Nov	2006 Dec	2007 Jan	2007 Feb	2007 Mar	2007 Apr
1	Mops Rufugio	25809		7,976	7,976	7,976	7,976	7,976	6,418	8,386	8,386	8,386	8,386	7,967	7,422
1	Enron Sabine Pass	23422		0	0	0	0	0	1,942	3,241	3,241	3,241	3,241	3,241	3,781
Total Zone 1				7,976	7,976	7,976	7,976	7,976	8,360	11,627	11,627	11,627	11,627	11,208	11,209
2	NGPL Vermilion	32606		1,980	1,980	1,980	1,980	1,980	1,980	980	980	980	980	980	979
2	ANR-St Landry	314571		2,636	2,636	2,636	2,636	2,636	2,105	73	73	73	73	73	799
2	Col Gulf-Lafayette	179851		4,406	4,406	4,406	4,406	4,406	419	1,401	1,401	1,401	1,401	1,401	1,759
Total Zone 2				9,022	9,022	9,022	9,022	9,022	4,504	2,454	2,454	2,454	2,454	2,454	3,537
3	Burbon Line	156503		2,407	2,407	2,407	2,407	2,407	2,407	2,407	2,407	2,407	2,407	2,407	2,407
3	Tenn Carnes	12740		2,112	2,112	2,112	2,112	2,112	0	6,140	6,140	6,140	6,140	1,071	2,044
Total Zone 3				4,519	4,519	4,519	4,519	4,519	2,407	8,547	8,547	8,547	8,547	3,478	4,451
Grand Total				21,517	21,517	21,517	21,517	21,517	15,271	22,628	22,628	22,628	22,628	17,140	19,191

FGT Zone	Name	DRN Number	Contract	2007 May	2007 June	2007 July	2007 Aug	2007 Sept	2007 Oct	2007 Nov	2007 Dec	2008 Jan	2008 Feb	2008 Mar	2008 Apr
1	Mops Rufugio	25809		7,976	7,976	7,976	7,976	7,976	6,418	8,386	8,386	8,386	8,386	7,967	7,422
1	Enron Sabine Pass	23422		0	0	0	0	0	1,942	3,241	3,241	3,241	3,241	3,241	3,781
Total Zone 1				7,976	7,976	7,976	7,976	7,976	8,360	11,627	11,627	11,627	11,627	11,208	11,209
2	NGPL Vermilion	32606		1,980	1,980	1,980	1,980	1,980	1,980	980	980	980	980	980	979
2	ANR-St Landry	314571		2,636	2,636	2,636	2,636	2,636	2,105	73	73	73	73	73	799
2	Col Gulf-Lafayette	179851		4,406	4,406	4,406	4,406	4,406	419	1,401	1,401	1,401	1,401	1,401	1,759
Total Zone 2				9,022	9,022	9,022	9,022	9,022	4,504	2,454	2,454	2,454	2,454	2,454	3,537
3	Burbon Line	156503		2,407	2,407	2,407	2,407	2,407	2,407	2,407	2,407	2,407	2,407	2,407	2,407
3	Tenn Carnes	12740		2,112	2,112	2,112	2,112	2,112	0	6,140	6,140	6,140	6,140	1,071	2,044
Total Zone 3				4,519	4,519	4,519	4,519	4,519	2,407	8,547	8,547	8,547	8,547	3,478	4,451
Grand Total				21,517	21,517	21,517	21,517	21,517	15,271	22,628	22,628	22,628	22,628	17,140	19,191

REDACTED

PEF-FUEL-001439 through PEF-FUEL-001440

Mccluskey, Edward

Confidential

From: [REDACTED]
Sent: Monday, November 14, 2005 4:24 PM
To: Mccluskey, Edward



FPC 1111.doc (30
KB)

(See attached file: FPC 1111.doc)

[REDACTED]

CONFIDENTIAL

November 11, 2005

Confidential


Mr. Ed McCluskey
Sr. Fuels Trader, Regulated Fuels
Florida Power
P.O. Box 1551, PEB10A
Raleigh, NC 27602-1551

Via Email

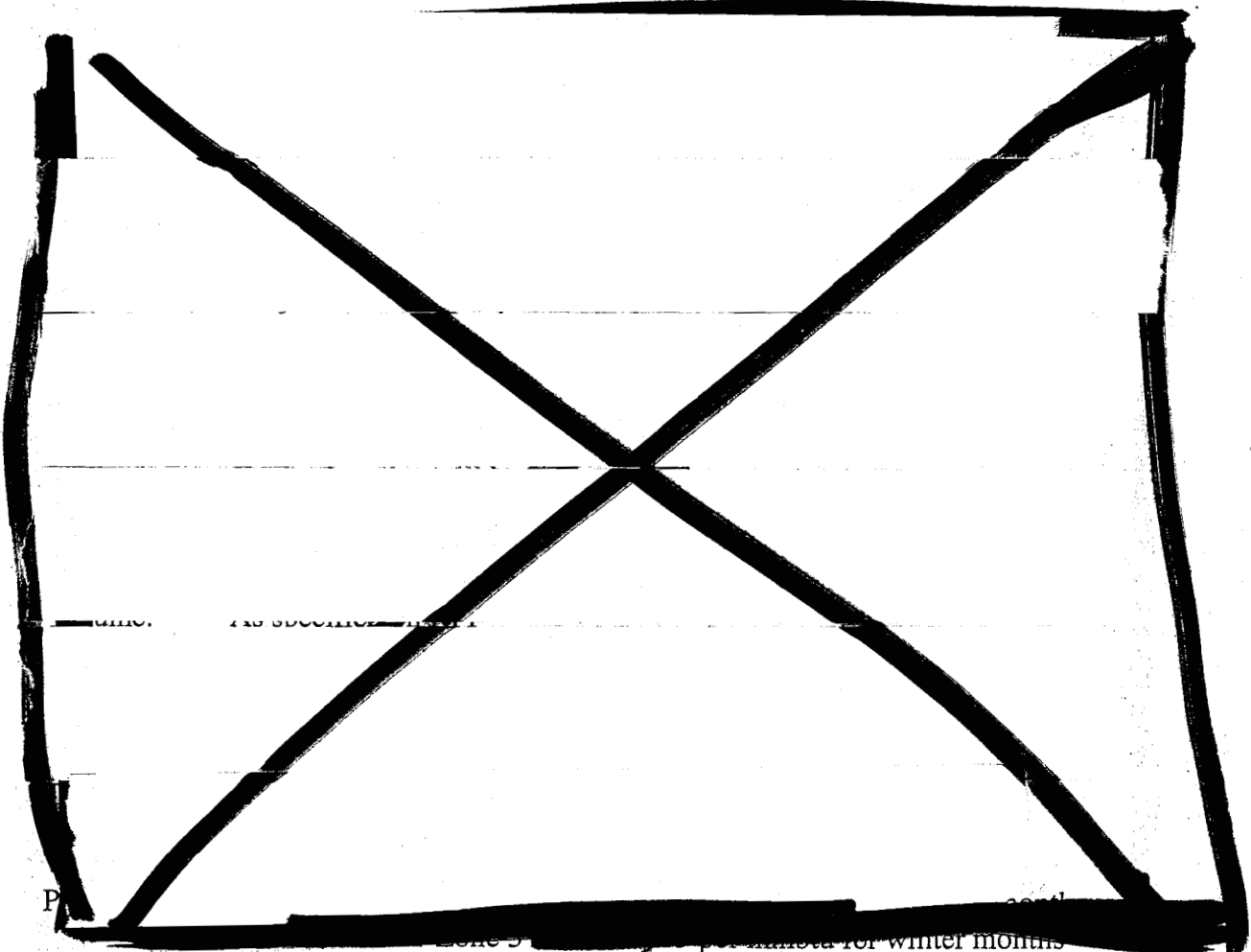
CONFIDENTIAL

RE: RFP#FPC-ST-102805

Dear Ed,

 is pleased to offer for you consideration natural gas in response to your RFP date 10/18/05 the following packages.

FGT Package #1.



FGT Package #2.

~~June 2006 through September 2006~~
Location: ~~Mobile Bay~~
Volume: ~~20,000~~
Price: ~~Demand fee of \$.14 per mmbtu/d~~
Call ~~inside Ferc FGT zone~~

FGT Package #3.

~~June 2006 through September 2006~~
Location: ~~Mobile Bay points~~
Volume: ~~20,000~~
Price: ~~Demand fee of \$.20 per mmbtu/d~~
Call ~~Gas Daily FGT zone 2 FL AT~~

CONFIDENTIAL

GSNG Package #4

~~June 2006 through October 2006~~
Location: ~~Mobile Bay points~~
Volume: ~~20,000~~
Price: ~~Demand fee of \$.20 per mmbtu/d~~
Call ~~inside Ferc FGT zone 3~~

Any questions about this offer, please feel free to give me a call at ~~_____~~

Best regards,

~~_____~~
~~_____~~

Mccluskey, Edward

From: [REDACTED]
Sent: Wednesday, November 16, 2005 5:12 PM
To: Sheppard, Sheila
Subject: RE: RFP# FPC-ST-102805

Sheila please forward to ED thanks.

From: Sheppard, Sheila [mailto:sheila.sheppard@pgnmail.com]
Sent: Friday, October 28, 2005 9:09 AM
Subject: RFP# FPC-ST-102805

This RFP is sent on behalf of Ed McCluskey.

<<RFP - FPC - 2006-071 102805 (Ed McCluskey).doc>> <<RFP - FPC-ST-102805 Excel attachment (Ed McCluskey).xls>>

Sheila Sheppard

Sr. Administrative Assistant to
Pamela R. Murphy - Director, Gas & Oil Trading
919 546 5756 ... 919 546 3208 (fax)
sheila.sheppard@pgnmail.com

"Time brings change . . . change takes time."

CONFIDENTIAL



October 28, 2005

RFP# FPC-ST-102805

CONFIDENTIAL

Florida Power Corporation (FPC), d/b/a Progress Energy Florida, Inc., is requesting proposals for gas supply requirements for 2006-2009 delivered to Florida Gas Transmission (FGT) and Gulfstream Natural Gas System (GNGS) pipelines. Day-ahead flexibility to switch gas supply between FGT and GNGS, either by physical connection to both and/or contract flexibility, is desired. FPC will consider baseload, take or release, daily swing deliveries, call options, as well as other alternatives. Deliveries should be made to FPC's primary receipt points; however, alternate points will be considered. Please indicate receipt points on your response.

Volume and Term:

FGT Package #1: See attached spreadsheet for volume requirements at specific receipt points in Dth/day for supplies starting May 2006 through April 2007. The receipt points do not include applicable FGT fuel. An additional term through April 2008 will also be considered. Daily swing rights and the ability to declare a minimum volume take for the month is desired in this package.

[REDACTED]

FGT Package #2: Up to 20,000 Dth/day June 2006 through September 2006. FPC is seeking supplies at the FGT receipt point. FPC is requesting a monthly call option.

FGT Package #3: Up to 20,000 Dth/day June 2006 through September 2006. FPC is seeking supplies at the FGT receipt point. FPC is requesting a daily call option.

GSNG Package #4: Up to 20,000 Dth/day June 2006 through October 2009. FPC is seeking supplies at the Gulfstream receipt points. FPC will consider baseload or a monthly call option.

[REDACTED]

Primary Receipt Point: (for packages #2, #3, and #4)

<u>Pipeline</u>	<u>Receipt Point</u>	<u>DRN</u>
FGT	Destin Pipeline	241390
GSNG	DIGP Offshore Pipeline	8205164
GSNG	Mobile Bay Processing Plant	8205179
GSNG	ExxonMobil Mary Ann Plant	8205178
GSNG	Williams Mobile Bay Plant	8205171
GSNG	Gulf South Pipeline	8205177
GSNG	Destin Pipeline	8205175

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

PEF-FUEL-001445

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

Service: Firm

RFP# FPC-ST-102805

October 28, 2005

Page Two

General Terms: Buyer reserves the right to accept or reject any and all bids. Buyer may request a second round of bids from a short list of bidders, if deemed necessary in Buyer's sole discretion. FPC is an equal opportunity buyer.

Proposals Due: November 11, 2005, 5:00 PM EPT (4:00 PM CPT)

Requirements: A GISB or NAESB and adequate credit with FPC

Submittal: Proposals submitted by e-mail are preferred; although, faxes will be accepted. Proposals received AFTER the DUE DATE may be considered at Buyer's discretion. All Proposals MUST reference **RFP# FPC-ST-102805**. Questions related to deal points should be directed to Ed McCluskey at 919-546-5174 during normal business hours (EPT).

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

td1dom: Ed ...you may want to check with rachel on the point change...also, I am OK if you want to keep the mops, however, prob better to change, we really want you guys in our customer mix down there and want to be competitive...I think we will revise our offer lower, but one thing to consider is a stronger reserve base at matagorda whereas mops can be a little dicey and if you want you could start out with the mops capacity from our point and change later if u want to

EdMcClisk: is the matagorda onshore?

td1dom: comes off central texas gathering system offshore...ctgs

td1dom: offshore

EdMcClisk: ok

td1dom: prob about [REDACTED] that system into texas

td1dom: operated by williams

td1dom: our pipe connects williams to fgt

td1dom: coming online 12/15

td1dom: be good to bring on a new interconnect with fresh reserves into the portfolio

EdMcClisk: yea, let me know we can buy from day to day for the month of dec, in z1

td1dom: thats great ...first flow should be around 15th or 16th

EdMcClisk: ok, ty

td1dom: the deal is I cant help you much in zn 3 but we really want to increase our business with you and that would be primarily in zn 1 through this project and zn 2

td1dom: do you want the refresh in writing or by IM ..?

EdMcClisk: either is fine

td1dom: Ed.....this shall serve as a formal revision to VPEN's RFP response in that the only change to our original response will be that on the MOPS piece only in Package 1 we will revise the pricing to [REDACTED]. All other terms, i.e. take or release, buyback, term etc shall remain the same. Hopefully, this revision will be looked upon favorably and demonstrate our desire to be market responsive in this bidding process. Thank you, as always we appreciate the opportunity to participate in this RFP process. Be advised that we can be flexible in other terms as necessary to accommodate your specific needs. Please respond so I know you received this.

EdMcClisk: got it, ty

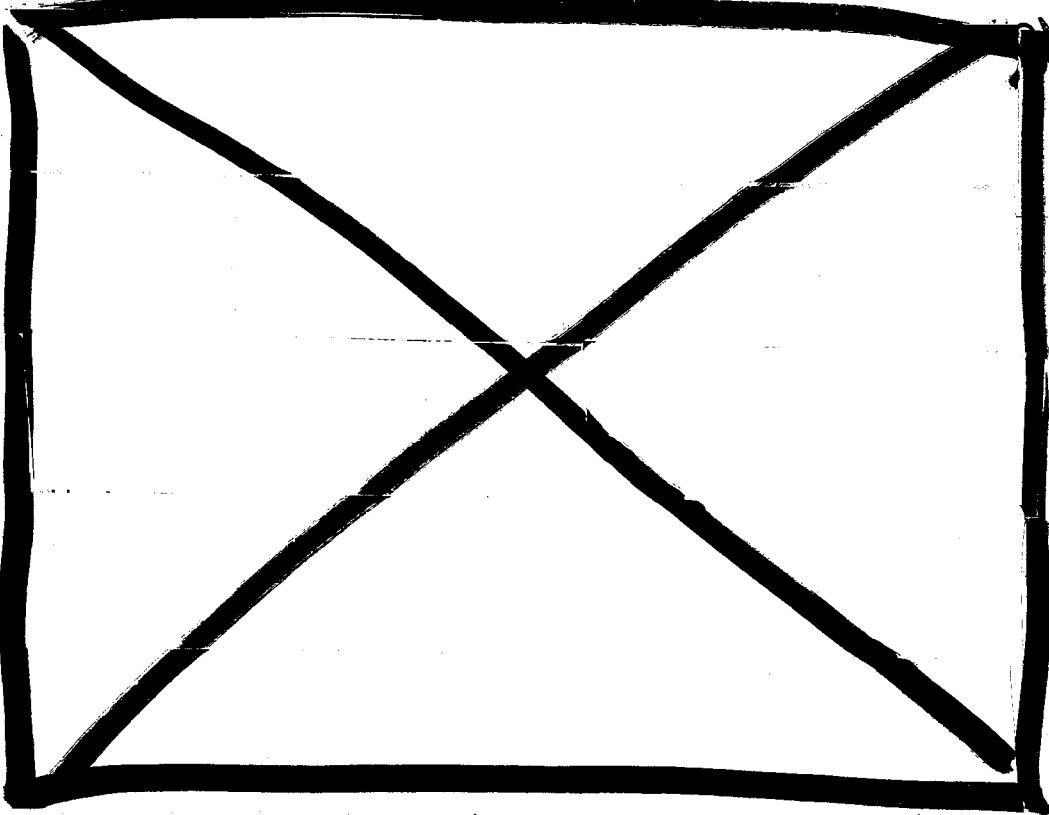
CONFIDENTIAL

Mccluskey, Edward

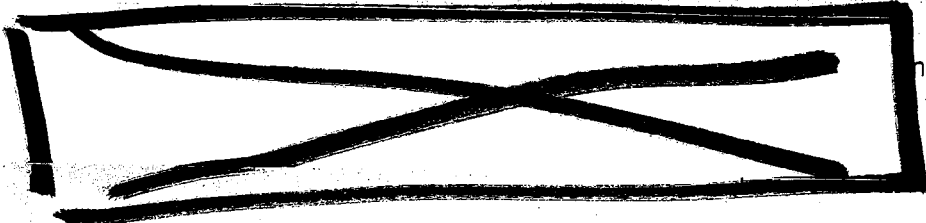
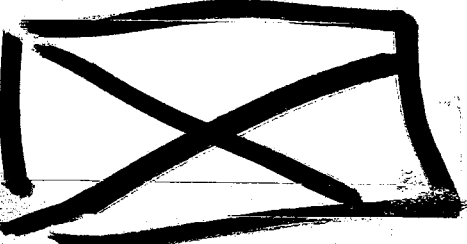
From: [REDACTED]
Sent: Friday, November 11, 2005 11:39 AM
To: Mccluskey, Edward
Subject: RFP Response - RFP # FPC - ST - 102805

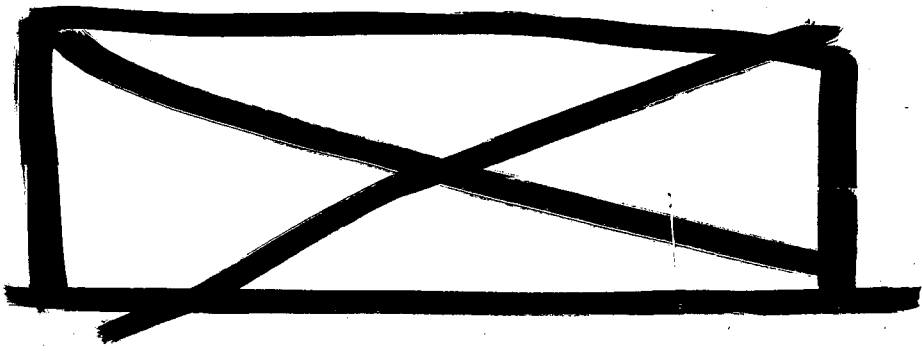
This shall serve as [REDACTED] formal response to FPC's above RFP dated October 28, 2005. VPEN offers the following terms for the following points in your Package 1 of your RFP :

Point Vol Price Term



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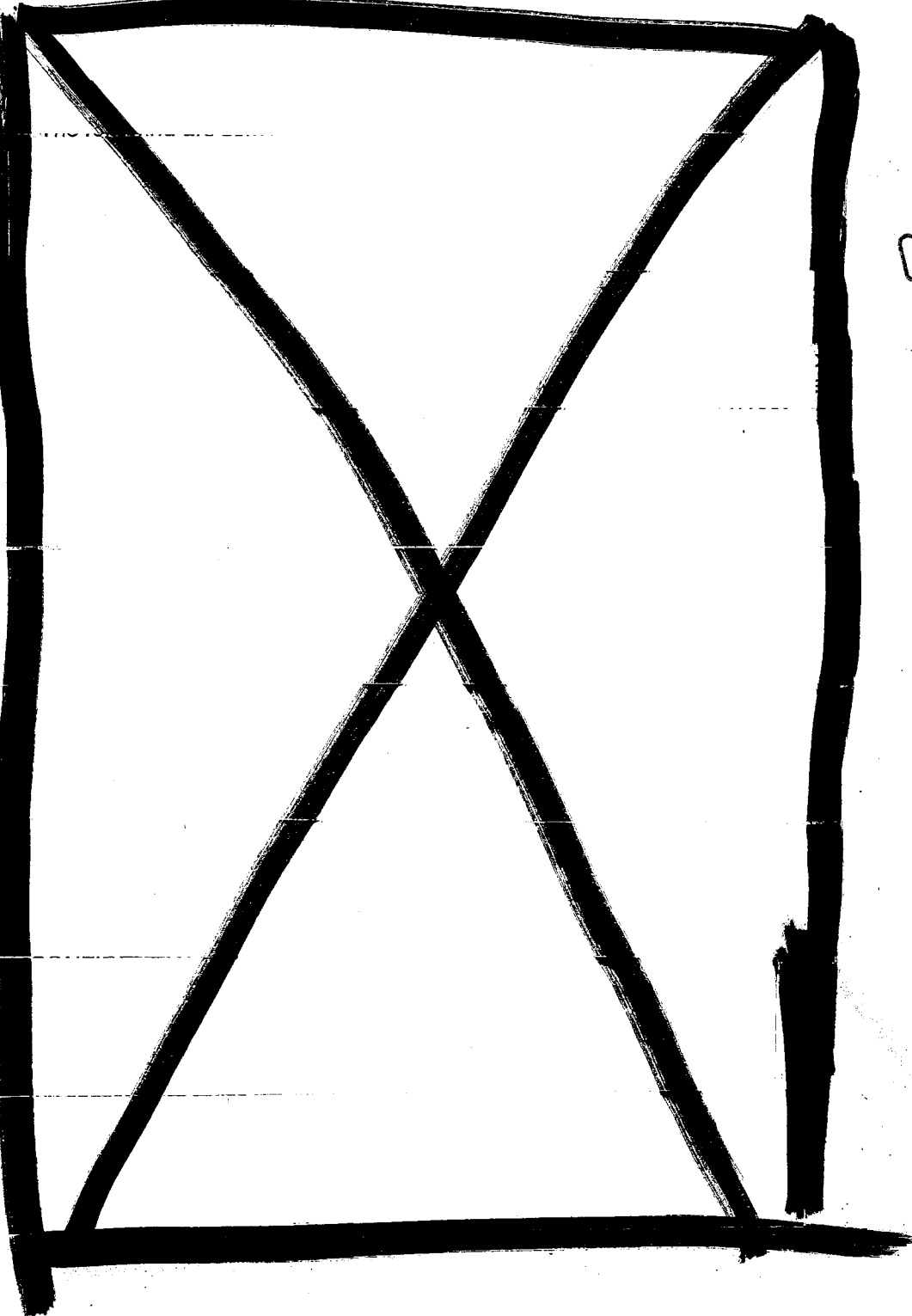




CONFIDENTIAL

Mccluskey, Edward

From: [REDACTED]
Sent: Tuesday, November 08, 2005 3:27 PM
To: Mccluskey, Edward
Subject: [REDACTED]



CONFIDENTIAL

Mccluskey, Edward

From: [REDACTED]
Sent: Thursday, December 01, 2005 4:31 PM
To: Mccluskey, Edward
Subject: rfp -- fpc -- st -- 102805

CONFIDENTIAL

edward, thank you for allowing me to refresh my prices on the rfp. listed below are our revised offers:

package 1 [REDACTED]

[REDACTED]

package 2 [REDACTED] -- pending til tomorrow

[REDACTED]

package 3 [REDACTED]

[REDACTED]

All volumes are NAESB firm.

Mccluskey, Edward

From: Scott Goodell [sgoodell@sequentenergy.com]
Sent: Tuesday, November 15, 2005 3:20 PM
To: Mccluskey, Edward
Cc: Tammi Depaolis; Gregory Schockling
Subject: RE: RFP# FPC-ST-102805

CONFIDENTIAL

Ed,
Here are indicative offers for your RFP...Indicative Only.
They can be refreshed when you are ready to transact.

All Packages – Pool/Destin/Mobile Bay , Index +.06 to Index .12. Daily Demand to be negotiated.

Scott

From: Mccluskey, Edward [mailto:Edward.Mccluskey@pgnmail.com]
Sent: Tuesday, November 15, 2005 10:06 AM
To: Scott Goodell
Subject: FW: RFP# FPC-ST-102805

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

From: Sheppard, Sheila
Sent: Friday, October 28, 2005 10:19 AM
Subject: RFP# FPC-ST-102805

This RFP is sent on behalf of Ed McCluskey.

<<RFP - FPC - 2006-071 102805 (Ed McCluskey).doc>> <<RFP - FPC-ST-102805 Excel attachment (Ed McCluskey).xls>>

Sheila Sheppard

Sr. Administrative Assistant to
Pamela R. Murphy - Director, Gas & Oil Trading
919 546 5756 ... 919 546 3208 (fax)
sheila.sheppard@pgnmail.com

"Time brings change . . . change takes time."



Mccluskey, Edward

From: [REDACTED]
Sent: Monday, November 14, 2005 2:21 PM
To: Mccluskey, Edward
Subject: RE: RFP Test

CONFIDENTIAL

Try it as a reply

From: Mccluskey, Edward [mailto:Edward.Mccluskey@pgnmail.com]
Sent: Monday, November 14, 2005 1:18 PM
To: Kaiser, Jared L
Subject: RE: RFP Test

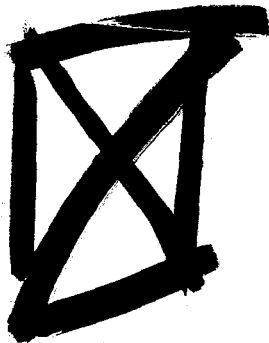
got this, but not the rfp info

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

From: Kaiser, Jared L [mailto:Jared.Kaiser@bp.com]
Sent: Monday, November 14, 2005 2:17 PM
To: Mccluskey, Edward
Subject: RE: RFP Test

test

From: Mccluskey, Edward [mailto:Edward.Mccluskey@pgnmail.com]
Sent: Monday, November 14, 2005 1:15 PM
To: Kaiser, Jared L
Subject: RFP Test



CONFIDENTIAL

November 11, 2005

Mr. Ed McCluskey
Sr. Gas Trader
Florida Power Corp.
410 S. Wilmington St. - PEB 10A
Raleigh NC 27601

Fax: (919) 546-2922

Re: RFP # FPC-ST-102805 for Gas Supply dated October 28, 2005

Dear Ed,

Based on the Request for Gas Supply Proposals dated October 28, 2005, [REDACTED] would like to make the attached offer to supply natural gas to FPC for up to [REDACTED]

I hope that you find our offer competitive. We would very much like to continue our term supply relationship with FPC and look forward to putting together a deal starting [REDACTED]

Additionally, since this RFP asks for a number of combinations of volume and delivery point, I would like to clarify that my offer would be for not greater than [REDACTED] term from a combination of the attached offers. If my offers are competitive on a greater volume, please contact me so that I can seek necessary authority to increase our offer volumes. In an effort to avoid sending an unmanageable number of options, I have elected to send just the 3 packages attached. If [REDACTED] should be competitive and FPC would like to structure a deal with a cap, or collar or other flexibility, we can look to modify the number at that time. Should we agree to enter one of the basic deals attached, [REDACTED] is always happy to look at modifying such at a later date, adding a collar or cap, etc.

If you have any questions regarding this proposal, please contact me at [REDACTED] or in my absence, [REDACTED] at [REDACTED]

Finally, these proposals are subject to final management approval at the time bids are awarded. It does not create and is not intended to create a binding and enforceable contract between the parties. Any such contract will only be created upon execution and delivery of a mutually acceptable definitive agreement covering the proposed transaction.

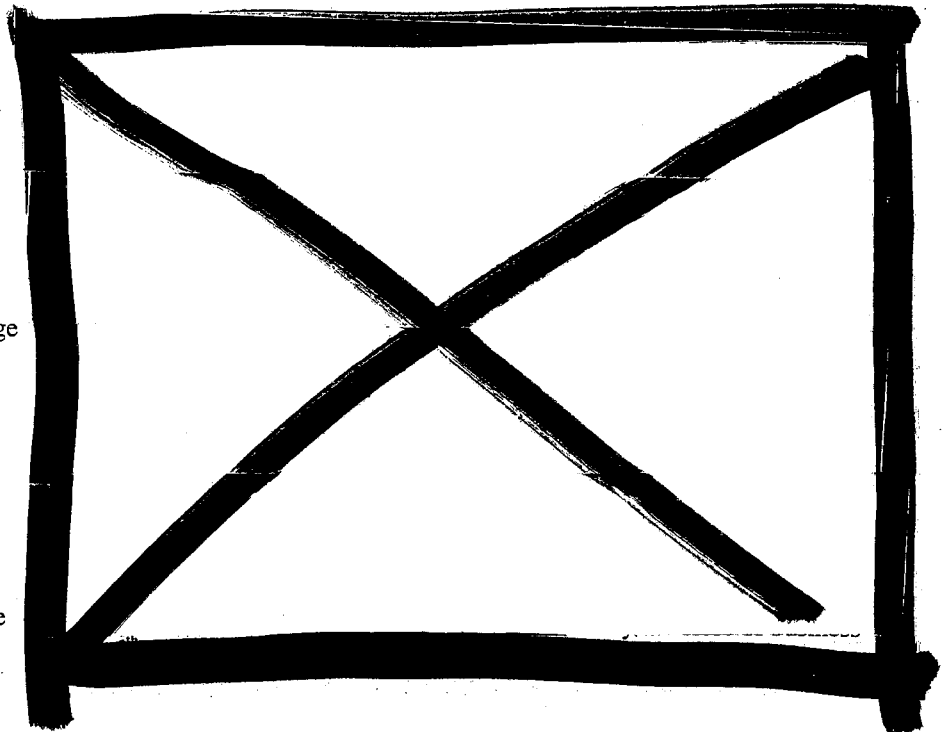
With Best Regards,

[REDACTED]

Package #2

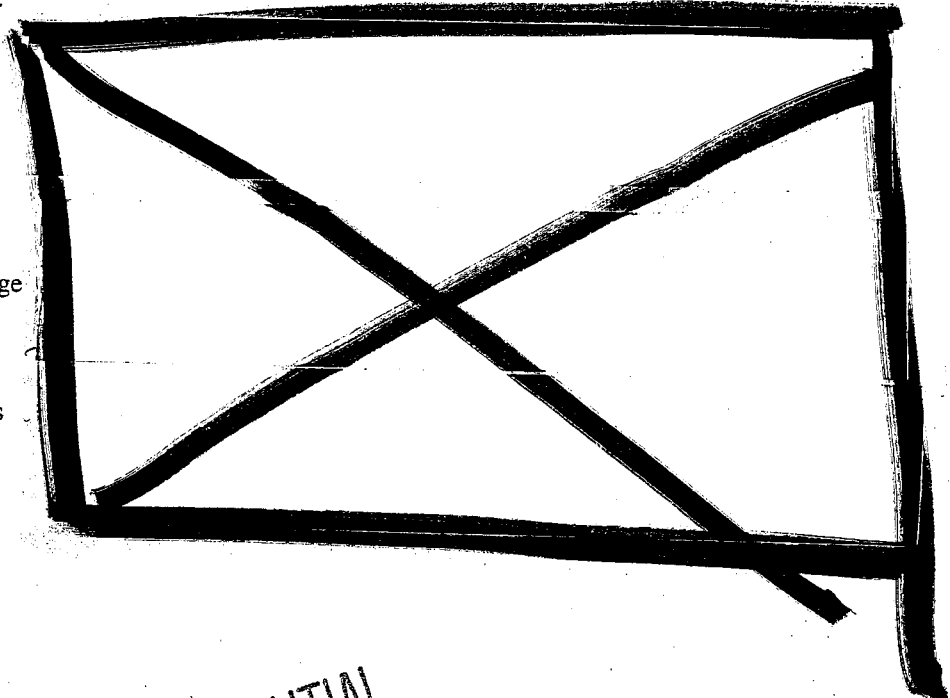
- ◆ Description
- ◆ Term
- ◆ Quantity
- ◆ Delivery Point
- ◆ Commodity Charge
- ◆ Demand Charge
- ◆ Price Conversions

- ◆ Nomination Notice



Package #4 A and B

- ◆ Description
- ◆ Term
- ◆ Quantity
- ◆ Delivery Point
- ◆ Commodity Charge
- ◆ Demand Charge
- ◆ Price Conversions



CONFIDENTIAL



Mccluskey, Edward

From: [REDACTED]
Sent: Thursday, November 10, 2005 4:34 PM
To: Mccluskey, Edward
Cc: [REDACTED]
Subject: FPC6.doc

<<FPC6.doc>>
Ed, I will be out of town next week. If you would like to discuss this package, please call me on cell phone [REDACTED] or call [REDACTED] or [REDACTED]

Thanks,
[REDACTED]
[REDACTED]
[REDACTED]

CONFIDENTIAL

X

[REDACTED]

November 13, 2005

Mr. Ed McCluskey
Florida Power Corporation
P. O. Box 1551, PEB 10A
Raleigh, NC 27602-1551

CONFIDENTIAL

RE: RFP # FPC-ST-102805

Dear Ed:

The following represents the pricing scenarios [REDACTED] is willing to offer Florida Power Corporation (FPC) for the captioned period. [REDACTED] offers are subject to **market conditions, appropriate contract/credit approvals and final management approval.**

[REDACTED]

Del. Point: Destin

Volume:

Price:

Service:

Other:

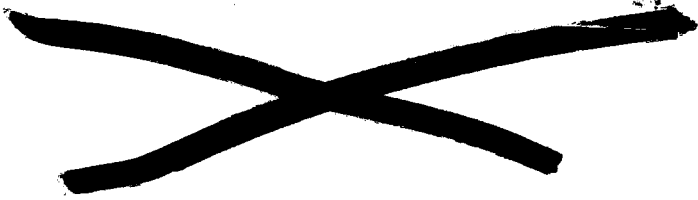

[REDACTED]

Summary:

- FPC may move Destin gas into Gulfstream or FGT.
- Take or release available.
- Customer will have the ability to trigger prices.
- For swing packages, [REDACTED] offers/reservation charges are based on a daily 9:00 A.M. EPT notification.


PEF-FUEL-001457

[REDACTED]



Ed, please do not hesitate to call if something is unclear or you want to refresh the market.

Sincerely,



CONFIDENTIAL

PEF-FUEL-001458



Mccluskey, Edward

From: [REDACTED]
Sent: Monday, November 14, 2005 3:30 PM
To: Mccluskey, Edward
Subject: RFP#FPC-ST-102805

Hi Ed,

I have a couple of options for baseload gas:

(1) [REDACTED]

(2) [REDACTED]

[REDACTED] will convert to Gas Daily or fixed pricing as mutually agreed to with FPC. Fixed price language must be in place.

Please give me some feedback when you can and also let me know if you have any questions.

Thanks!

[REDACTED]

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Mccluskey, Edward

From: [REDACTED]
Sent: Friday, November 11, 2005 4:58 PM
To: Mccluskey, Edward
Subject: Response to "RFP# FPC-ST-102805"

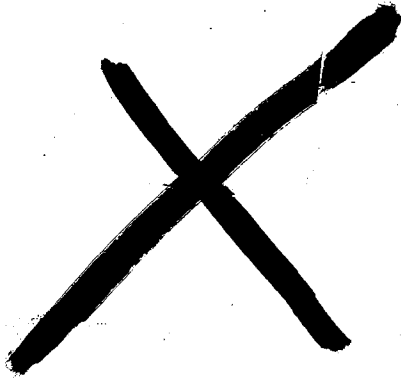
Hello Ed,

Please see our response to your RFP. Feel free to contact me with any questions or concerns.

Thank you,

[REDACTED]

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CONFIDENTIAL

November 11, 2005

Ed McCluskey
Sr. Gas Trader, Regulated Fuels
Florida Power Corporation d/b/a Progress Energy Florida, Inc.
P.O. Box 1551, PEB10A
Raleigh, NC 27602-1551

RE: RFP# FPC-ST-102805

Please find attached our response to your Request for Proposal dated October 28, 2005.

This response contains two options. Florida Power Corporation may select any combination of the two options (as defined below) up to a maximum volume of [REDACTED]

Please feel free to contact me with any questions in regards to the information provided. I may be reached at [REDACTED]

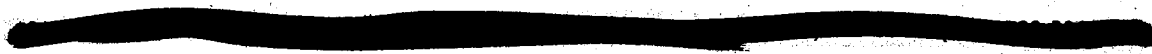
We thank you for the opportunity to participate in this process.

Sincerely,

[REDACTED]
[REDACTED]

attachment

PEF-FUEL-001461



REDACTED

PEF-FUEL-001462 through PEF-FUEL-001464



November 22, 2005

Progress Energy Inc.
Attn: Ed McCluskey
Gas Trader, Regulated Commercial Operations
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602-1551

CONFIDENTIAL

Re: RFP# FPC-ST-102805

Dear Ed:

[REDACTED] proposes to serve a portion of Florida Power Corporation's (d/b/a Progress Energy Florida, Inc.) base load and swing natural gas requirements starting [REDACTED]. Any final pricing terms that we agree upon under this proposal would be subject to final approval by both parties and any changes in market conditions prior to execution of final agreements.

[REDACTED] proposes to sell the following base load gas supply to Progress:

Package	Service	Delivery Point	Term	Dth/d	Commodity
#4	Baseload	GSNG*	[REDACTED]	[REDACTED]	[REDACTED]

* Seller may make delivery at any Gulfstream receipt point

This document is intended as a step towards the negotiation of a written agreement setting out all of the arrangements relating to the contemplated transaction. Therefore, neither party will have an obligation until both parties have executed such written agreement. Prior to the execution of such agreement, either party may, for any reason discontinue these negotiations without any liability of any kind.

If you have any questions concerning this proposal, please give me a call at [REDACTED]
[REDACTED]

Sincerely,

[REDACTED]
[REDACTED]

CONFIDENTIAL

✓
Mccluskey, Edward

From: [REDACTED]
Sent: Friday, November 11, 2005 4:41 PM
To: Mccluskey, Edward
Cc: [REDACTED]
Subject: [REDACTED] for RFP#FPC-ST-102805

Please find enclosed [REDACTED] response to your request for Gas Supply Proposals. [REDACTED] appreciates the opportunity to respond to your request and looks forward to supplying Florida Power's natural gas requirements. The prices included in this proposal are indications only and subject to change as a result of changes in current market conditions. I would be glad to refresh the price upon your request. Please call [REDACTED] if you have an interest in our proposal or any questions regarding the proposal. Please note that all terms and conditions set forth in this response are also subject to senior management, legal, and credit approval (including any credit limits as may be determined by [REDACTED] in its sole discretion), and shall not be binding on either party unless such approvals are obtained.

Sincerely,

[REDACTED]
[REDACTED]

CONFIDENTIAL

November 13, 2005



weekend or industry standard holiday shall be the same as the first day, and must be taken.

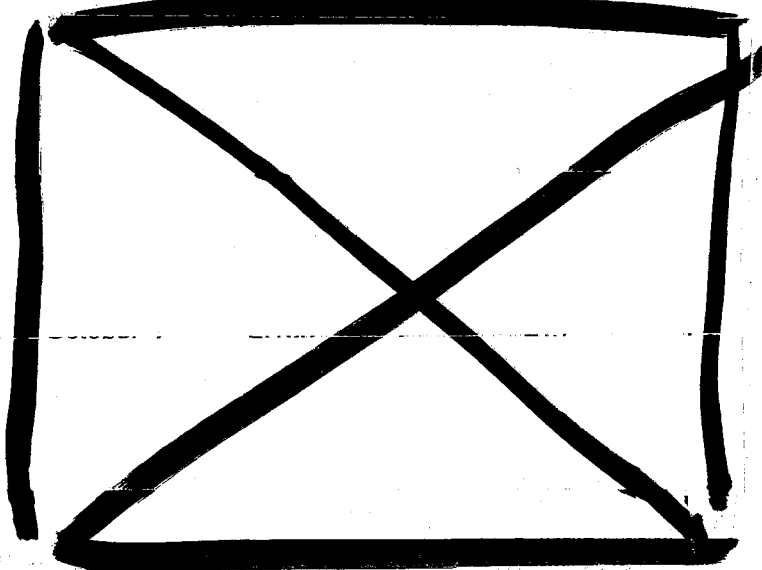
Daily Swing Supply Service

Pipeline: See Below

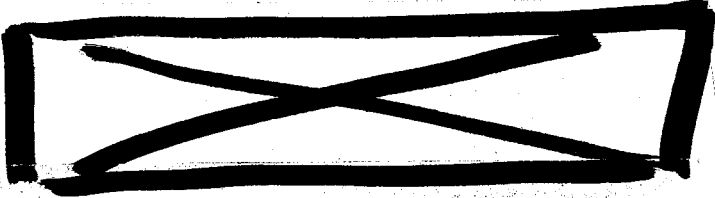
Delivery Location: See Below

Service Level: GISB Firm

Duration: 

Daily Volume: 

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Price: 

Terms: Buyer must notify Seller of purchased volumes no later than 8:00 CST one business day prior to the day when the energy will be delivered. If buyer purchases gas for one day during a weekend or industry standard holiday then volumes for remaining days in same weekend or industry standard holiday shall be the same as the first day, and must be taken.

Take or Release Supply Service

Pipeline: See Below

Delivery Location: See Below

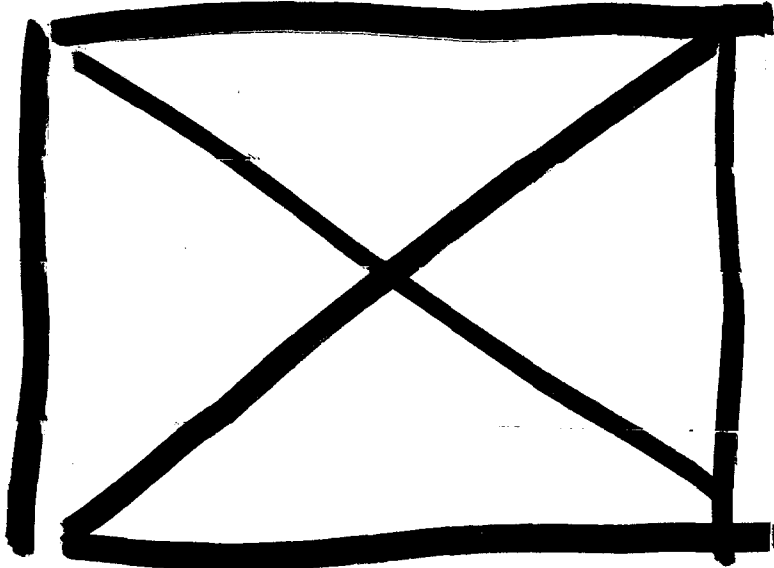
Service Level: GISB Firm

November 13, 2005

OGHE

Duration: May 1, 2006 through April 30, 2007

Daily Volume:



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Price:



Terms:

Buyer must notify Seller of purchased volumes no later than 8:00 CST five business day prior to the flow month when the energy will be delivered.

Additional Optionality

7-day Continuous Extendable

Pipeline: See Below

Delivery Location: See Below

Service Level: GISB Firm

Duration: [Redacted]
Monthly Volume: [Redacted]

November 13, 2005

[REDACTED]

[REDACTED]

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Price:

[REDACTED]

Terms:

[REDACTED]

[REDACTED] appreciates the opportunity to respond to your request and looks forward to supplying Florida Power's natural gas requirements. The price included in this response is an indication only and subject to change as a result of changes in current market conditions. Please note that all terms and conditions set forth in this response are also subject to senior management, legal, and credit approval (including any credit limits as may be determined by [REDACTED] in its sole discretion), and shall not be binding on either party unless such approvals are obtained.

Sincerely,

[REDACTED]

✓
Mccluskey, Edward

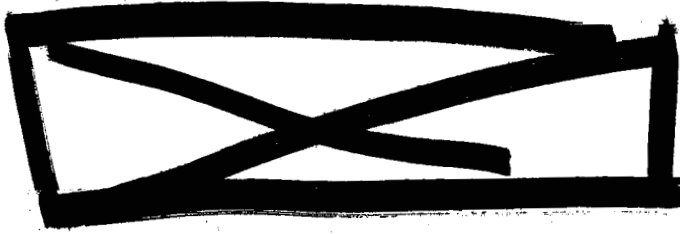
From: [REDACTED]
Sent: Friday, November 11, 2005 4:44 PM
To: Mccluskey, Edward
Subject: RFP#FPC-ST-102805

Afternoon Ed, please find attached cover letter and Exhibits A and B. Should you have any questions feel free to call me at [REDACTED]

Thanks Ed;

[REDACTED]

CONFIDENTIAL



CONFIDENTIAL

Mr. Ed McCluskey
Florida Power Corporation

Dear Ed:

[REDACTED] is pleased to submit the following bid proposal for RFP# FPC-ST-102805.

The attached spreadsheet (Exhibit A) reflects the locations and volumes NET is offering FPC for the term of [REDACTED]. Pricing options can be found on the second attachment (Exhibit B). The attached price structures are price sensitive to market volatility and are subject to change without notice. This proposal is subject to the purchasing subsidiary's credit approval at the discretion of [REDACTED] management.

Please contact me if you require any additional information.

Thank you,

[REDACTED]

REDACTED

PEF-FUEL-001474 through PEF-FUEL-001475



Mccluskey, Edward

From: [REDACTED]
Sent: Thursday, November 03, 2005 2:11 PM
To: Mccluskey, Edward
Cc: Sheppard, Sheila
Subject: RE: RFP# FPC-ST-102805

Ed,

Thank you for including [REDACTED] in the RFP. We are not active on FGT or GNGS and as such, will not submit a proposal.
I look forward to talking with you again soon.

[REDACTED]

CONFIDENTIAL

From: Sheppard, Sheila [mailto:sheila.sheppard@pgnmail.com]
Sent: Friday, October 28, 2005 10:09 AM
Subject: RFP# FPC-ST-102805

This RFP is sent on behalf of Ed McCluskey.

<<RFP - FPC - 2006-071 102805 (Ed McCluskey).doc>> <<RFP - FPC-ST-102805 Excel attachment (Ed McCluskey).xls>>

Sheila Sheppard

Sr. Administrative Assistant to
Pamela R. Murphy - Director, Gas & Oil Trading
919 546 5756 ... 919 546 3208 (fax)
sheila.sheppard@pgnmail.com

"Time brings change ... change takes time."

EdMcClsk: how are you

bsmithcinergy: hey what's up?

EdMcClsk: did you have a chance to look at the rfp

EdMcClsk: it was due fri

bsmithcinergy: yeah, i didn't respond b/c until the merger with duke is finalized, we are being cautious (probably overly cautious) about long terms. Once the merger goes through (feb-apr timeframe) we will be more competitive. With that said, pls keep sending us any RFPs b/c the one thing i have noticed about this merger is that our strategy/viewpoint changes continuously

EdMcClsk: ok, ty

CONFIDENTIAL

REDACTED

PEF-FUEL-001478

Term Deal

CONFIDENTIAL

**Gas Trading & Logistics
Trade Ticket**

DEC 20 15:53

Time Stamp	_____
Turret #	68

Proprietary & Confidential

Business Unit: CP&L Physical CP&L Financial FPC Physical FPC Financial

Month: _____ Beginning Date: _____ Ending Date: _____

Transaction Direction: Purchase Sale

Counterparty: _____ LT Pre-Nom IntraDay

Contact Name / Phone # _____

Volume: See Attachment #1 Price: \$ See Attached Type: EPP Trigger Fixed Index

Pipeline: FLC Pipeline Area: Zone 1, 2, 3

Meter/Pool: Various Contract #: _____

Priority: Firm Interruptible Broker: _____

Type of Transport: Primary Firm Secondary Firm Interruptible

Reason for Initiation: Hedge (Physical) Other (Physical) *Note: Transactions that are identified as hedges are done so for accounting and tax purposes.*
 Hedge (Financial) Other (Financial)

UPS Ct #	DS Ct #	DUNS / BAID	Volume	Del Point
				PEF-FUEL-001479

Comments

- See Exhibit A for Deal information - Special Conditions
- Term Deal

GT&L Trader: [Signature]

ZaiNet Z Key # ATM557 Group Trans: 1442805, 806, 807, 808, 810, 811, 812, 813, 814, 816, 817, 818.

L Scheduler: _____ Pipeline

ZaiNet
819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 868, 869, 870, 871, 872, 874, 875, 876, 877, 878, 879, 880, 881, 882, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 916, 917, 918, 919, 920, 921, 924, 925, 926, 927, 928, 929, 930, 931, 932, 935, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962

TRANSACTION CONFIRMATION FOR IMMEDIATE DELIVERY

EXHIBIT A

[Redacted]

Date: 12/20/05
Transaction Confirmation #:

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated 3/3/03. The terms of this Transaction Confirmation are binding upon execution by both parties.

SELLER:

[Redacted]
Attn: [Redacted]
Phone: [Redacted]
Fax: [Redacted]
Base Contract No.
Transporter:
Transporter Contract Number:

BUYER:

Florida Power Corporation d/b/a Progress Energy Florida, Inc.
P.O. Box 1551, PEB 10A
Raleigh, North Carolina 27603
Attn: Ed McCluskey
Phone: 919-546-5174
Fax: 919-546-2922
Base Contract No.
Transporter:
Transporter Contract Number:

CONFIDENTIAL

Contract Price: [Redacted]

Delivery Period: Begin: [Redacted] End: [Redacted]

Performance Obligation and Contract Quantity: (Select One)

Firm (Fixed Quantity):

Per attachment #1 plus FGT Fuel MMBtus/day

EFP

Firm (Variable Quantity):

MMBtus/day Minimum

MMBtus/day Maximum

subject to Section 4.2. at election of

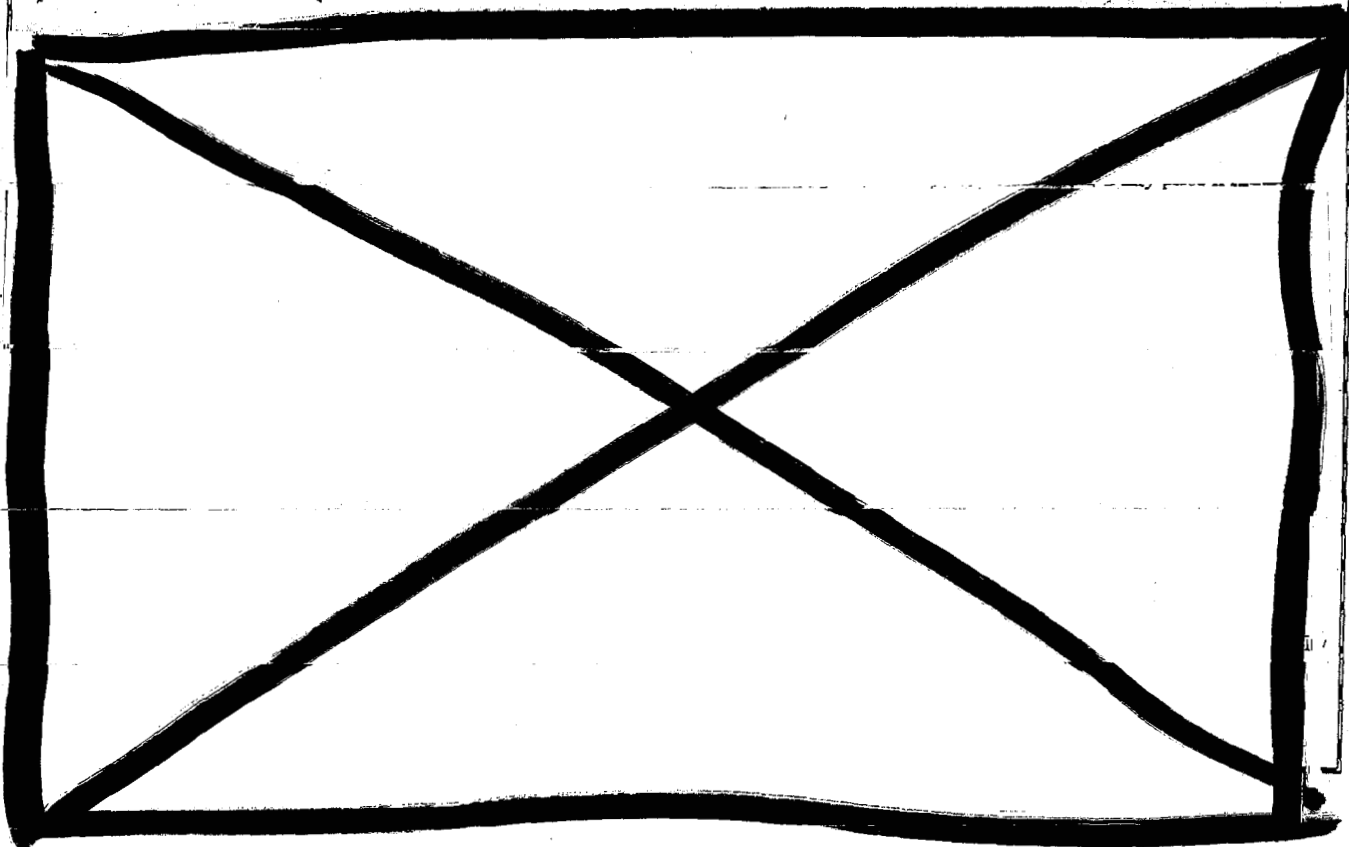
Buyer or Seller

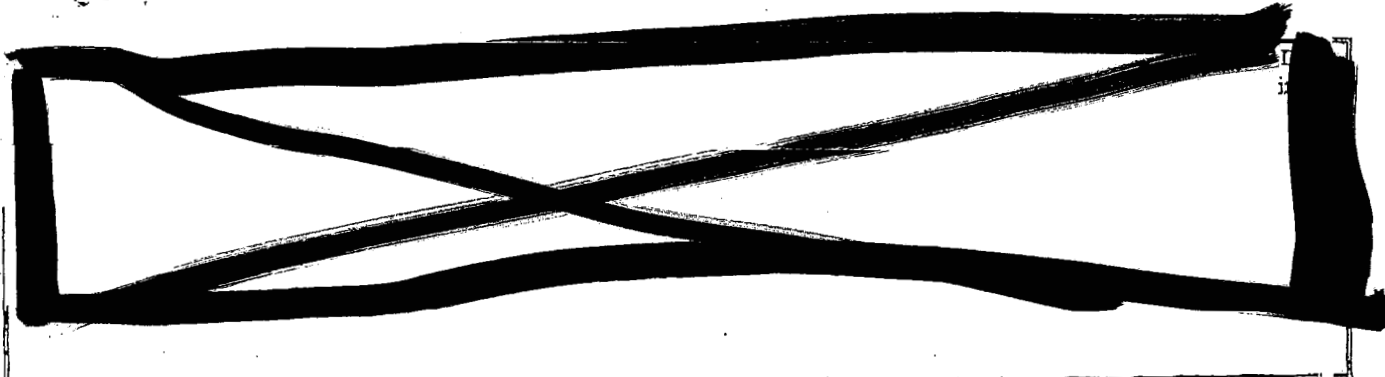
Interruptible:

Up to MMBtus/day

Delivery Point(s): [Redacted]

Special Conditions:





Seller:	[Redacted]	Buyer: Florida Power Corporation d/b/a Progress Energy Florida, Inc.
By:	[Redacted] <i>SP</i>	By: <i>[Signature]</i>
Title:	[Redacted] <i>SPW</i>	Title: <i>12.5 Regulated Fuel</i>
Date:	[Redacted]	Date: <i>1/21/96</i>

*SPW
1/21/96*

CONFIDENTIAL

REDACTED

PEF-FUEL-001482

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

EXHIBIT A

Date: 12/20/05
Transaction Confirmation #:

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated 3/3/03. The terms of this Transaction Confirmation are binding upon execution by both parties.

SELLER:

[REDACTED]
[REDACTED]
[REDACTED]
Attn: [REDACTED]
Phone: [REDACTED]
Fax: [REDACTED]
Base Contract No.
Transporter:
Transporter Contract Number:

BUYER:

Florida Power Corporation d/b/a Progress Energy Florida, Inc.
P.O. Box 1551, PEB 10A
Raleigh, North Carolina 27603
Attn: Ed McCluskey
Phone: 919-546-5174
Fax: 919-546-2922
Base Contract No.
Transporter:
Transporter Contract Number:

CONFIDENTIAL

Contract Price:

[REDACTED]

Delivery Period: Begin: [REDACTED] End: [REDACTED]

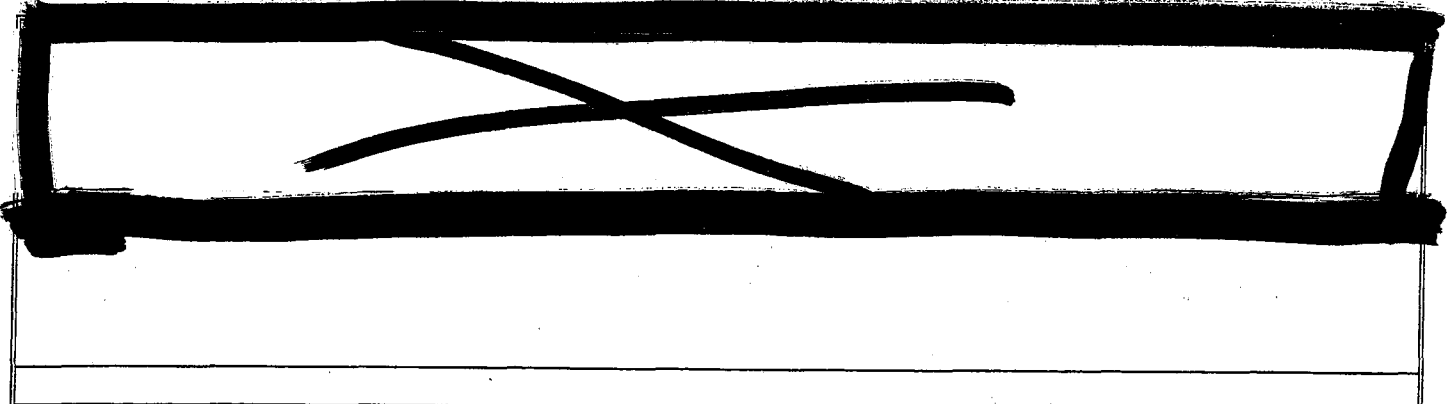
Performance Obligation and Contract Quantity: (Select One)

Firm (Fixed Quantity): **Firm (Variable Quantity):** **Interruptible:**
Per attachment #1 plus FGT Fuel MMBtus/day _____ MMBtus/day Minimum Up to _____ MMBtus/day
 EFP _____ MMBtus/day Maximum
subject to Section 4.2. at election of
 Buyer or Seller

Delivery Point(s): [REDACTED]

Special Conditions:

[REDACTED]



<u>Seller:</u> [Redacted]	<u>Buyer:</u> Florida Power Corporation d/b/a Progress Energy Florida, Inc.
<u>By:</u>	<u>By:</u> <i>[Signature]</i>
<u>Title:</u>	<u>Title:</u> <i>V.P. Regulatory Affairs</i>
<u>Date:</u>	<u>Date:</u> <i>1/21/96</i>

*EDM
1/21/96
[Signature]*

CONFIDENTIAL

REDACTED

PEF-FUEL-001485

PEF Fuel Hedge

Time Stamp _____
Turret # 68

Gas Trading & Logistics Trade Ticket

Proprietary & Confidential

CONFIDENTIAL

Business Unit: CP&L Physical CP&L Financial FPC Physical FPC Financial

Month: _____ Beginning Date: [Redacted] Ending Date: [Redacted]

Transaction Direction: Purchase Sale

Counterparty: [Redacted] LT Pre-Nom IntraDay

Contact Name / Phone # [Redacted] [Redacted]

Volume: [Redacted] Price: \$ [Redacted] Type: EPP Trigger Fixed Index

Pipeline: GSNG Pipeline Area: Res Area

Meter/Pool: Destin Contract #: _____

Priority: Firm Interruptible

Type of Transport: Primary Firm Secondary Firm Interruptible

Reason for Initiation: Hedge (Physical) Other (Physical) *Note: Transactions that are identified as hedges are done so for accounting and tax purposes.*
 Hedge (Financial) Other (Financial)

UPS Ct #	DS Ct #	DUNS / BAID	Volume	Del Point

Comments

GT&L Trader: [Signature]

ZaiNet Z Key # Group Team
AN12335 / 967055, 0516

GT&L Scheduler: [Signature] Pipeline
[Signature] ZaiNet

057, 058, 059
060.

PEF-FUEL-001486

REDACTED

PEF-FUEL-001487 through PEF-FUEL-001492

PEF Physical Hedge

Time Stamp

Turret #

68

Gas Trading & Logistics Trade Ticket

Proprietary & Confidential

CONFIDENTIAL

Business Unit: CP&L Physical CP&L Financial FPC Physical FPC Financial

Month: FF Beginning Date: [Redacted] Ending Date: [Redacted]

Transaction Direction: Purchase Sale

Counterparty: [Redacted] LT Pre-Nom IntraDay

Contact Name / Phone # [Redacted] - 688

Volume: [Redacted] Price: \$ [Redacted] Type: EPP Trigger Fixed Index

Pipeline: FLT Pipeline Area: Per Area

Meter/Pool: Destin Contract #: _____

Priority: Firm Interruptible

Type of Transport: Primary Firm Secondary Firm Interruptible

Reason for Initiation: Hedge (Physical) Other (Physical) *Note: Transactions that are identified as hedges are done so for accounting and tax purposes.*
Hedge (Financial) Other (Financial)

UPS Ct #	DS Ct #	DUNS / BAID	Volume	Del Point
Comments				

GT&L Trader: [Signature]

ZaiNet Z Key # Group ANE139 / 986319, 320, 321

GT&L Scheduler: _____ Pipeline
_____ ZaiNet

322, 323, 324

PEF-FUEL-001493

REDACTED

PEF-FUEL-001494 through PEF-FUEL-001499

Term Deal

Time Stamp
Turret # DEC 12 10:37 68

DEC 12 10:37

Gas Trading & Logistics Trade Ticket

Proprietary & Confidential

CONFIDENTIAL

Business Unit: CP&L Physical CP&L Financial FPC Physical FPC Financial

Month: _____ Beginning Date: _____ Ending Date: _____

Transaction Direction: Purchase Sale

Counterparty: _____ LT Pre-Nom IntraDay

Contact Name / Phone # _____

Volume: _____ Price: \$ _____ Type: EPP Trigger Fixed Index

Pipeline: GSNL Pipeline Area: Rec Area

Meter/Pool: Destin Contract #: _____

Priority: Firm Interruptible Broker: _____

Type of Transport: Primary Firm Secondary Firm Interruptible

Reason for Initiation: Hedge (Physical) Other (Physical) *Note: Transactions that are identified as hedges are done so for accounting and tax purposes.*
 Hedge (Financial) Other (Financial)

UPS Ct#	DS Ct#	DUNS / BAID	Volume	Del Point

Comments
Term Deal - see Exhibit A for special conditions & deal information

GT&L Trader: Sch

GT&L Scheduler: _____ Pipeline
_____ ZaiNet

Group Trun | 1396769, 6772, 6773
ZaiNet Z Key # ASW 733 | 6774, 6775, 6776, 6777
6778, 6781, 6786, 6787
6788, 6789, 6790, 6791,
6792, 6793, 6794, 6795,
6796, 6797, 6798, 6799
6800, 6801, 6804, 6805, 6806, 6807
6808, 6809, 6810, 6811, 6812, 6813, 6814

REDACTED

PEF-FUEL-001501 through PEF-FUEL-001502

REDACTED

PEF-FUEL-001504 through PEF-FUEL-001505

PEF HEDGE (PHYSICAL)

Time Stamp
Turret # 7027

Gas Trading & Logistics
Trade Ticket

Proprietary & Confidential

CONFIDENTIAL

APR 1 11:35

Business Unit: CP&L Physical CP&L Financial FPC Physical FPC Financial

Month: [REDACTED] Beginning Date: [REDACTED] Ending Date: [REDACTED]

Transaction Direction: Purchase Sale

Counterparty: [REDACTED] LT Pre-Nom IntraDay

Contact Name / Phone # [REDACTED]

Volume: [REDACTED] Price: \$ [REDACTED] Type: EPP Trigger Fixed Index

Pipeline: GULFSTREAM Pipeline Area: REC AREA

Meter/Pool: PESTIN Contract #: _____

Priority: Firm Interruptible

Type of Transport: Primary Firm Secondary Firm Interruptible

Reason for Initiation: Hedge (Physical) Other (Physical) *Note: Transactions that are identified as hedges are done so for accounting and tax purposes.*
Hedge (Financial) Other (Financial)

UPS Ct#	DS Ct#	DUNS / BAID	Volume	Del Point

Comments

GT&L Trader: Ref
GT&L Scheduler: _____ Pipeline
_____ ZaiNet

ZaiNet Z Key # 1006658, 63, 65, 66, 67, 70, 71

Group Tridem ANS004

REDACTED

PEF-FUEL-001507 through PEF-FUEL-001513

PEF Physical Hedge

Time Stamp _____
Turret # 68

CONFIDENTIAL

**Gas Trading & Logistics
Trade Ticket**

Proprietary & Confidential

Business Unit: CP&L Physical CP&L Financial FPC Physical FPC Financial

Month: _____ Beginning Date: [REDACTED] Ending Date: [REDACTED]

Transaction Direction: Purchase Sale

Counterparty: [REDACTED] LT Pre-Nom IntraDay

Contact Name / Phone # [REDACTED]

Volume: [REDACTED] Price: \$ [REDACTED] Type: EPP Trigger Fixed Index

Pipeline: GSNG Pipeline Area: Pea Area

Meter/Pool: Destin Contract #: _____

Priority: Firm Interruptible

Type of Transport: Primary Firm Secondary Firm Interruptible

Reason for Initiation: Hedge (Physical) Other (Physical) *Note: Transactions that are identified as hedges are done so for accounting and tax purposes.*
 Hedge (Financial) Other (Financial)

UPS Ct #	DS Ct #	DUNS / BAID	Volume	Del Point

Comments

GT&L Trader: [Signature]

ZaiNet Z Key # APP 561 / 113296, 3298, 3299, 3300, 3301, 3302, 3303

GT&L Scheduler: _____ Pipeline _____
ZaiNet _____

File Ticket 1.doc Revised (05.16.2005)

REDACTED

PEF-FUEL-001515 through PEF-FUEL-001521

PEF Physical Hedge

Time-Stamp _____
Turret # 68

CONFIDENTIAL

**Gas Trading & Logistics
Trade Ticket**

Proprietary & Confidential

Business Unit: CP&L Physical CP&L Financial FPC Physical FPC Financial

Month: _____ Beginning Date: _____ Ending Date: _____

Transaction Direction: Purchase Sale

Counterparty: _____ LT Pre-Nom IntraDay

Contact Name / Phone # Terri _____

Volume: _____ Price: \$ _____ Type: EPP Trigger Fixed Index

Pipeline: GSNG Pipeline Area: Res Area

Meter/Pool: Mobile BA Contract #: _____

Priority: Firm Interruptible

Type of Transport: Primary Firm Secondary Firm Interruptible

Reason for Initiation: Hedge (Physical) Other (Physical) *Note: Transactions that are identified as hedges are done so for accounting and tax purposes.*
Hedge (Financial) Other (Financial)

UPS Ct #	DS Ct #	DUNS / BAID	Volume	Del Point

Comments

GT&L Trader: [Signature]

ZaiNet Z Key # Row SA / Group Train
1099392, 9293

%L Scheduler: _____ Pipeline

_____ ZaiNet

9394, 9395, 9396, 9397,

REDACTED

PEF-FUEL-001523 through PEF-FUEL-001528

PEF Physical Hedge

Time Stamp _____
Turret # 68

CONFIDENTIAL

**Gas Trading & Logistics
Trade Ticket**

Proprietary & Confidential

Business Unit: CP&L Physical CP&L Financial FPC Physical FPC Financial

Month: _____ Beginning Date: _____ Ending Date: _____

Transaction Direction: Purchase Sale

Counterparty: _____ LT Pre-Nom IntraDay

Contact Name / Phone # _____

Volume: _____ Price: \$ _____ Type: EPP Trigger Fixed Index

Pipeline: GSNG Pipeline Area: Pea Area

Meter/Pool: Destin Contract #: _____

Priority: Firm Interruptible

Type of Transport: Primary Firm Secondary Firm Interruptible

Reason for Initiation: Hedge (Physical) Other (Physical) *Note: Transactions that are identified as hedges are done so for accounting and tax purposes.*
Hedge (Financial) Other (Financial)

UPS Ct #	DS Ct #	DUNS / BAID	Volume	Del Point

Comments

GT&L Trader: Ech

ZaiNet Z Key # ANR980 / ~~1500~~
Group Trun
1006614, 6615, 6616
6617, 6618, 6619

CP&L Scheduler: _____ Pipeline
_____ ZaiNet

REDACTED

PEF-FUEL-001530 through PEF-FUEL-001535

PEF -
typical
Hedge

Time-Stamp _____
Turret # 25

CONFIDENTIAL
Gas Trading & Logistics
Trade Ticket
Proprietary & Confidential

Business Unit: CP&L Physical CP&L Financial FPC Physical FPC Financial
 Month: _____ Beginning Date: _____ Ending Date: _____
 Transaction Direction: Purchase Sale
 Counterparty: _____ LT Pre-Nom IntraDay
 Contact Name / Phone # _____
 Volume: _____ Price: \$ _____ Type: EPP Trigger Fixed Index
 Pipeline: CSX Pipeline Area: Point
 Meter/Pool: Destin Contract #: _____
 Priority: Firm Interruptible
 Type of Transport: Primary Firm Secondary Firm Interruptible
 Reason for Initiation: Hedge (Physical) Other (Physical) *Note: Transactions that are identified as hedges are done so for accounting and tax purposes.*
 Hedge (Financial) Other (Financial)

UPS Ct #	DS Ct #	DUNS / BAID	Volume	Del Point

Comments

GT&L Trader: Rick
 GT&L Scheduler: _____ Pipeline
 _____ ZaiNet

ZaiNet Z Key # Group name ANR969
1006591, 1006595, 1006597,
1006599, 1006602, 1006604.

REDACTED

PEF-FUEL-001537 through PEF-FUEL-001542

REDACTED

PEF-FUEL-001544 through PEF-FUEL-001549

PEF Physical Hedge

Time Stamp
Turret#

68

CONFIDENTIAL

**Gas Trading & Logistics
Trade Ticket**

Proprietary & Confidential

Business Unit: CP&L Physical CP&L Financial FPC Physical FPC Financial

Month: _____ Beginning Date: _____ Ending Date: _____

Transaction Direction: Purchase Sale

Counterparty: _____ LT Pre-Nom IntraDay

Contact Name / Phone # _____

Volume: _____ Price: \$ _____ Type: EPP Trigger Fixed Index

Pipeline: CONL Pipeline Area: Re Area

Meter/Pool: Mobile Data Contract #: _____

Priority: Firm Interruptible

Type of Transport: Primary Firm Secondary Firm Interruptible

Reason for Initiation: Hedge (Physical) Other (Physical) *Note: Transactions that are identified as hedges are done so for accounting and tax purposes.*
 Hedge (Financial) Other (Financial)

UPS Ct #	DS Ct #	DUNS / BAID	Volume	Del Point

Comments

GT&L Trader: [Signature]

ZaiNet Z Key # A0C102 / 1184679, 680, 681,

GT&L Scheduler: _____ Pipeline

_____ ZaiNet

PEF-FUEL-001550

REDACTED

PEF-FUEL-001551 through PEF-FUEL-001556

PEF Physical Hedge

Time-Stamp _____
Turret # 68

CONFIDENTIAL

**Gas Trading & Logistics
Trade Ticket**

Proprietary & Confidential

Business Unit: CP&L Physical CP&L Financial FPC Physical FPC Financial

Month: _____ Beginning Date: April 1, 2008 Ending Date: September 30, 2008

Transaction Direction: Purchase Sale

Counterparty: Louis Dreyfus LT Pre-Nom IntraDay

Contact Name / Phone # Tom 6.525.10925 NY PB IA

Volume: 10,000 Price: \$ 6.675 Type: EPP Trigger Fixed Index

Pipeline: LSNG Pipeline Area: Per Area

Meter/Pool: Mobile Bay Contract #: _____

Priority: Firm Interruptible

Type of Transport: Primary Firm Secondary Firm Interruptible

Reason for Initiation: Hedge (Physical) Other (Physical) *Note: Transactions that are identified as hedges are done so for accounting and tax purposes.*
Hedge (Financial) Other (Financial)

UPS Ct #	DS Ct #	DUNS / BAID	Volume	Del Point
Comments				

GT&L Trader: Ed

ZaiNet Z Key # 60w528 1099404, 9407, 9408, 9409, 9410, 9411

PL Scheduler: _____ Pipeline
ZaiNet

PEF-FUEL-001557

REDACTED

PEF-FUEL-001558 through PEF-FUEL-001563

REDACTED

STAFF 2nd POD

4

Williams, Dale D.

From: John Manning [jmanning@rioenergy.com]
Sent: Friday, October 28, 2005 11:08 AM
To: Williams, Dale D.
Cc: Andy Marlow; Raul Abello; Kale Krhovjak; Partners@rioenergy.com
Subject: Suwannee Power Plant Contract Extension

CONFIDENTIAL

Dale,

This letter is to confirm Rio / Progress Energy's agreement to extend our Suwannee River Plant 6-oil supply contract through [REDACTED]. All other terms will be as per our 2005 contract.

John B. Manning
Rio Energy International, Inc.

PEF-FUEL-001564

RIO ENERGY INTERNATIONAL, INC.

5718 Westheimer / Suite 1806 / Houston, TX 77057 / Tel: 713-977-5718 / Fax: 713-975-5423 Page (1)

APRIL 8, 2005

CONFIDENTIAL

TO: FLORIDA POWER CORP
ATTN: DALE WILLIAMS
RE: SUWANNEE RIVER POWER PLANT

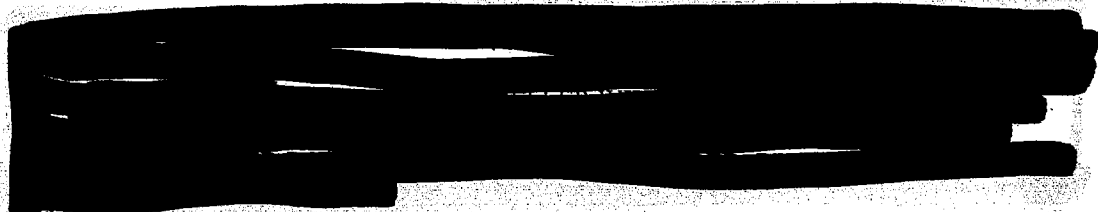
THIS WILL CONFIRM THE AGREEMENT BETWEEN MANNING/WILLIAM BY TELECON AS FOLLOWS :

BUYER FLORIDA POWER CORP
SELLER: RIO ENERGY INTERNATIONAL, INC.
5718 WESTHEIMER, SUITE 1806
HOUSTON, TEXAS 77057

PRODUCT: NO. 6 FUEL OIL

DELIVERY: SUWANNEE POWER PLANT, LIVE OAK FLORIDA AT DATES AND TIMES SPECIFIED BY BUYER.

PRICE:



QUANTITY: BASED ON LOADED VOLUMES (METER OR SCALE) INTO SELLER'S TANK TRUCK

QUALITY: BY INDEPENDENT INSPECTOR AT LOAD PORT

DEMURRAGE: AS PER CHARTER PARTY RATE

PAYMENT: TRANSFER TO SELLER'S DESIGNATED ACCOUNT FIFTEEN (15) DAYS AFTER RECEIPT OF FAXED INVOICE.

ALL OTHER DETAILS AS PER RIO / FLORIDA POWER CORP'S CURRENT CONTRACT.

A handwritten signature in black ink, appearing to read 'JBM'.

JOHN B. MANNING
RIO ENERGY INTERNATIONAL, INC.

PEF-FUEL-001565

REDACTED

STAFF 2nd POD

5

REDACTED

PEF-FUEL-001566 through PEF-FUEL-001622

**Binding Proposal
Progress Energy Florida
Osceola Capacity Purchase
Business Analysis Package**

Sponsoring Business Unit: Regulated Commercial Operations (RCO)

Funding Legal Entity: Progress Energy Florida (PEF)

Date Prepared: December 7th, 2005

Contacts to discuss project:

<u>Dept/Grp</u>	<u>Role, Name</u>	<u>Extension</u>
RCO	Project Sponsor, Rob Caldwell	770-4552
RCO	BDM, Michael Keen	230-4500

BAP Focus Areas

Executive Summary.....	3
Key Contract Terms.....	3
Strategic Fit	4
Key Risk Analysis	4
Key Assumptions.....	5
Economic Analysis Detail	5
Regulatory Impact Analysis	6
Market Analysis	6
Non- Financial Considerations	7
Integration	7

Executive Summary

Project Basic Information

Title: Osceola Capacity Purchase (Agreement)
Department: Regulated Commercial Operations (RCO)
Location: Progress Energy Florida (PEF)
Term: [REDACTED]
Prioritization Category: Economic Benefit
Key Contract Terms: Unit firm capacity, gas tolling agreement, oil PPA.
Total Estimated Payments: [REDACTED]

Recommendation and High Level Discussion

Regulated Commercial Operations recommends entering into a tolling agreement with Reliant for the purchase of [REDACTED] of capacity from the Osceola facility from [REDACTED]. According to System Resource Planning (SRP), PEF's capacity needs vary from [REDACTED]. This capacity is required for reliability purposes and to maintain PEF's 20% reserve margin. SRP has recommended a purchased capacity arrangement as the appropriate solution. Since this proposed transaction, by itself, does not provide all of the required capacity needs identified by SRP, other purchases are being pursued. The results of a survey of the Florida market for unsubscribed, deliverable capacity (Exhibit 1, page 7) indicates [REDACTED].

Funding Requirements and Source

No capital expenditures will be required for this transaction. Purchased power capacity payments under this proposed agreement are estimated to be approximately [REDACTED].

Key Contract Terms

General Terms

Seller: Osceola (Reliant)
Buyer: Progress Energy Florida
Product: Unit firm capacity, gas tolling agreement, oil PPA
Term: [REDACTED]

Terms & Conditions

Delivery Point: Into PEF
Scheduling: Per technical and permit limits of the facility

Quantity & Prices

Capacity: [REDACTED]
Capacity Price: [REDACTED]
Energy Price: Tolling agreement
Heat Rate: [REDACTED] MMBtu/kWh
Variable O&M: [REDACTED]
Start Charges: [REDACTED]
Total Price: [REDACTED]

Strategic Fit

This project is in alignment with the business strategy to economically and reliably serve PEF's native load obligations. This power purchase agreement provides the additional resources necessary to serve these obligations and maintain a 20% reserve margin.

Key Risk Analysis

Market Risk

Price Risk: Low. The price for the Osceola capacity was the lowest of the four offers received and provided PEF with the most flexibility. The price for this capacity is based on the market value of these resources today. The market price for peaking capacity in Florida may increase or decrease during the term of this transaction.

Hedges: No hedges are required for this transaction.

Credit Risk

Moderate. Reliant Resources, Inc. carries a Moody's B2/Stable Long Term Issuer Rating and an S&P B+/Watch Negative Credit Rating. Reliant is a Merchant generator that has had severe financial challenges over the past 3 years. Reliant continues to be long generation in markets that do not need the generation but the sale of assets and the repayment of debt have stabilized the company. Over the past year, the company continues to restructure debt and, though interest coverage is trending down over the past 3 years, cash flows continue to be stable. Short term, this company appears to be headed in the right direction but looming debt service requirements for 2007 of \$2 billion raises some debt service coverage questions as they are supposed to be serviced by generation asset cash flows. In addition, there are short term liquidity concerns but the company has addressed these by recently increasing the availability under their receivables line. At a minimum, adequate assurance language must be included in the contract to protect the company from counterparty creditworthiness declines. In addition, other contract credit provisions may be employed to avoid having significant exposure at their 2007 principal payment dates. Examples of possible contract provisions will be provided when subsequent drafts of the contract are circulated.

Business Risk

Weather: None.

Cost Risk: Low. The costs consist of the capacity charge, the variable O&M, the start charges, and the fuel costs. The capacity, variable O&M, and start charges are fixed for the term. Cost of fuel may increase or decrease during the term of the contract, similar to cost incurred for any PEF system asset. [REDACTED]

Regulatory Risk

Regulatory: Low. This transaction will be contingent on approval of the Florida Public Service Commission. Although the FPSC could discontinue the capacity cost recovery clause and/or the fuel adjustment clause during the term of this transaction, it is considered unlikely.

Stranded Capacity Cost Risk: Low. [REDACTED]

Operating Risk

Low. The final agreement will include performance penalties if the availability of the capacity falls below [REDACTED]

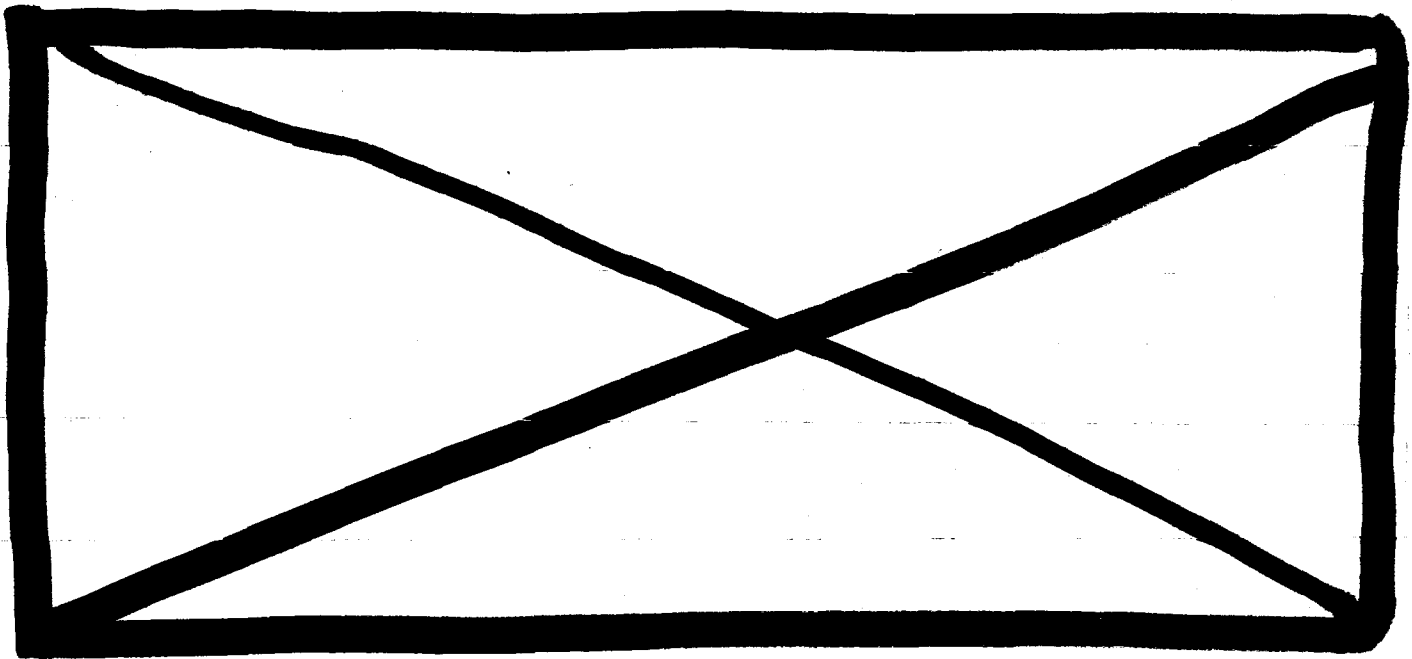
Delivery Risk

Moderate. Final agreement will include a transmission conditions precedent to allow PEF to terminate the agreement if firm transmission is not available.

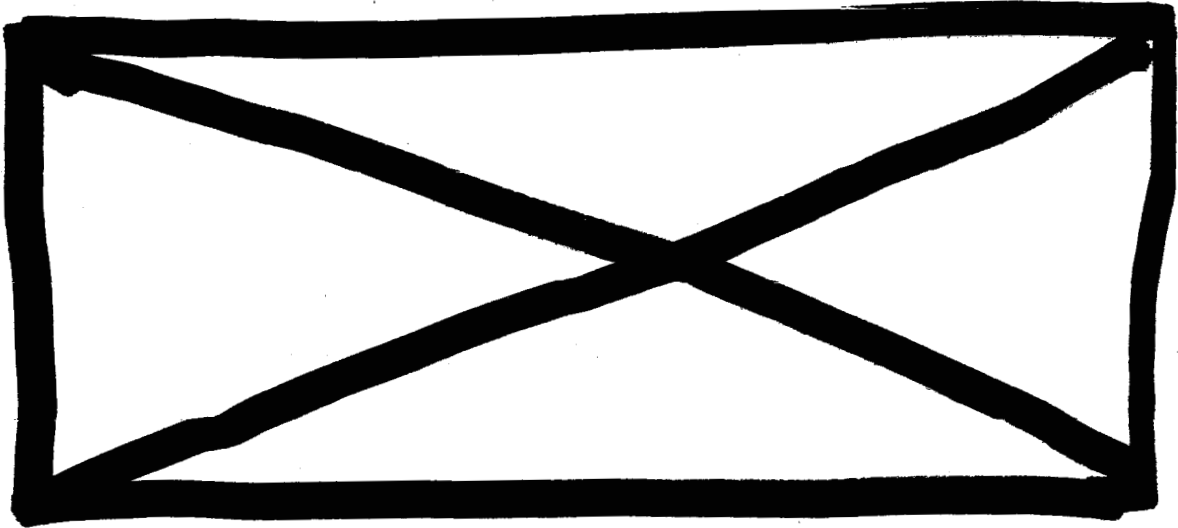
Key Assumptions

Category	Item	Assumption	Owner
Progress Impacts	Regulatory Impacts on Fuel, CCR, ECRC, ECCR, and Base Rates	Continuation of PEF's Fuel Cost Recovery and Capacity Cost Recovery clauses	Financial Planning & Regulatory Services
Costs	Gas Price	TCM Pricedock 12/05/2005 FGT Zone 3	Enterprise Risk Management
	Oil Price	Low Sulfur Diesel Nov 2005 GFF Forecast	Regulated Fuels

Economic Analysis Detail:



Sensitivity Analysis:



Regulatory Impact Analysis

[REDACTED]

Market Analysis

Counterparty Analysis

Reliant owns or controls approximately 2,300 MW of capacity in Florida with over 1,500 MW located in PEF's control area. Most of their remaining unsubscribed capacity is located at their Vandolah facility which has significant transmission constraints. [REDACTED]

[REDACTED]

Competitor (Supplier) Analysis

RCO surveyed the marketplace to determine the availability and price of capacity. The results of the survey are shown in Exhibit 1. [REDACTED]

[REDACTED]

Exhibit 1
Results of Market Survey

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

Non- Financial Considerations

This transaction will not trigger any capital lease accounting treatment.

Integration

Organizational Requirements / Integration Issues

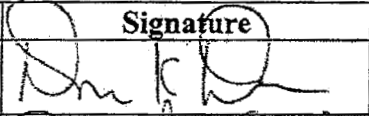

Organization	Roles, responsibilities and impacts
RCO	1. Assess the operation requirements related to the contract, e.g., billing and other back-office functions 2. Contract/manage fuel requirements
System Planning & Operations	Manage system resources / dispatch / emissions planning that includes this contract.
Energy Delivery	Manage transmission of energy

**Regulated Commercial Operations
Transaction Execution Sheet
Binding Offer**

Transaction Name: Osceola Capacity Purchase

Approving Parties:

Your signature on this Execution Sheet indicates that you have reviewed and approved the transaction described in the attached Business Analysis Package.

Name and Title	Signature	Approval	Date
Don Davis, Executive Vice President Diversified Operations		<input checked="" type="checkbox"/> Approve <input type="checkbox"/> Disapprove	3/13/06
Rob Caldwell, Vice President Regulated Commercial Operations		<input checked="" type="checkbox"/> Approve <input type="checkbox"/> Disapprove	3/14/06

**Regulated Commercial Operations
Transaction Execution Sheet
Binding Offer**

Transaction Name: Osceola Capacity Purchase

Assessing & Reviewing Parties:

Signatures on this Execution Sheet indicate acknowledgement by the parties that they have been afforded the opportunity to review the proposal subject to the structure and contingencies summarized in the attached Business Analysis Package and have provided their input.

Name and Title Organization	Subject Area(s)	Signature or Attached Documentation	Concerns or Issues?	Date
Erik Hansen, Vice President System Planning & Operations	Resource planning	<i>email</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>12/20/05</i>
Vinny Dolan, Vice President Regulatory & Corporate Relations	Regulatory strategy & risk	<i>email</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>12/20/05</i>
Mark Myers, Vice President Corporate Planning	Regulatory treatment	<i>email</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>12/15/05</i>
Tom Sullivan, Vice President, Treasurer & Chief Risk Officer Treasury Department	Validation of model methodology including application of assumptions and credit & risk implications	<i>email</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>CMT language</i>	<i>1/3/06</i>
Carol Nelson, Vice President Tax Department	Tax impacts	<i>email</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>12/19/05</i>
Bob Bazemore, Vice President Capital Planning & Control	Capital spending	<i>email</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>1/5/06</i>
Paula Sims, Vice President Regulated Fuels Department	Fuel procurement & recovery	<i>email</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>12/20/05</i>
Pam Murphy, Director Gas/Oil Procurement Regulated Fuels Department	Gas and oil requirements	<i>email</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>12/12/05</i>
Javier Portuondo, Manager Regulatory Accounting Accounting Department	Regulatory Accounting	<i>email</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>12/14/05</i>
Todd Yaeger, PEC Controller Accounting Department	PEF billing and/or payment implications	<i>email</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>12/7/05</i>
Richard Kunkel, Lead Financial Specialist Accounting Department	Deal accounting implications	<i>email</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>12/16/05</i>
Marva Taylor, Associate General Counsel Legal Department	General contract risks; final terms & conditions	<i>email</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<i>12/19/05</i>

Binding Offer
133MW Purchased Power Agreement (“PPA”) from
Central Power & Lime, Inc. (“CP&Lime”)
Business Analysis Package

Sponsoring Business Unit: Regulated Commercial Operations (RCO)

Funding Legal Entity: Progress Energy Florida, Inc.

Date Prepared: August 15, 2005

Contacts to discuss project

<u>Dept/Grp</u>	<u>Role, Name</u>	<u>Extension</u>
Regulated Commercial Operations	Project Sponsor, Rob Caldwell	770-4552
Regulated Commercial Operations	BDM, John Pierpont	352-489-7439

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Executive Summary

Project Basic Information

Title: Binding Offer – Purchase Power Agreement of 133MW of Purchase Power from Central Power & Lime, Inc (“CP&Lime”)

Department: Diversified Operations (RCO)

Location: Progress Energy Florida (PEF)

Schedule: December 1, 2005 to [REDACTED]

Key Contract Terms: 133 MW coal-based capacity, \$10.21/kw-month, fixed for term.

Total Expected Payment: [REDACTED] (Total nominal dollars for entire term)

Recommendation and High Level Discussion

The purchase of this capacity and energy is required to serve existing PEF native load obligations and is consistent with the PEF resource plan reviewed by the Board of Directors at its December, 2004 meeting.

CP&Lime is a subsidiary of Delta Power Company, LLC (“Delta Power”), a leading mid-sized owner, developer and manager of electric power generation facilities in the U.S., headquartered in Morristown, New Jersey. CP&Lime is the sole lessee of the Plant located at the Florida Crushed Stone manufacturing facility, approximately 40 miles north of Tampa. The facility is currently supplying regulatory capacity and energy to Florida Power & Light Company under an existing QF agreement that expires in October of 2005.

[REDACTED]

Funding Requirements

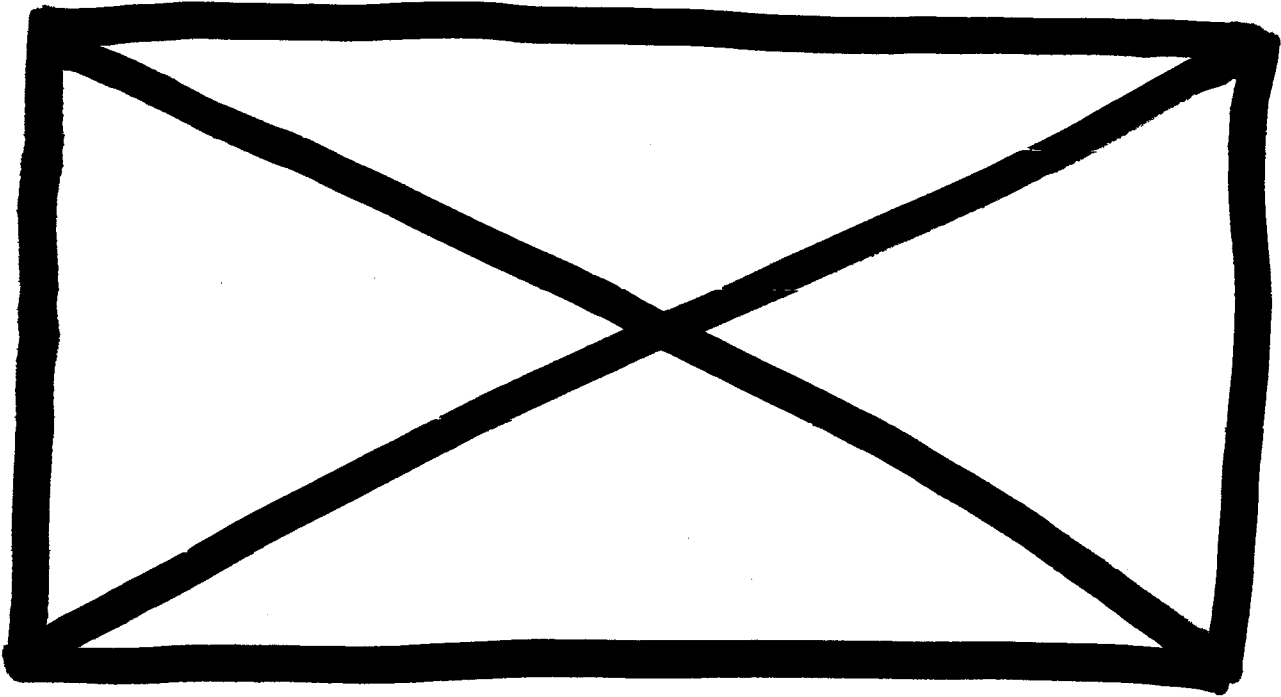
No capital expenditures are required. [REDACTED]

Capital Allocation Metrics (NPV SMM)

Without System VOM/Start Savings [REDACTED]

With System VOM/Start Savings [REDACTED]

Cash Flow Graph



Key Contract Terms

General Terms

Seller Central Power & Lime, Inc ("CP&Lime")
 Buyer Progress Energy Florida, Inc. ("PEF")
 Product Base (coal)
 Term December 1, 2005- [REDACTED]
 Firmness Unit contingent, first call 100% of the net capability of the Plant
 Location of Resource Brooksville, Florida

Terms & Conditions

Contracted Capacity CP&Lime Facility
 Resource
 Delivery Seller to deliver energy at its Point of Interconnection with PEF. Buyer will be
 (Transmission) responsible for transmission delivery beyond this point.
 Scheduling This purchase is a must take at 133MW at all times with the exception of
 scheduled outages and limited optionality described in Appendix B¹
 Availability [REDACTED] excluding scheduled outages
 Fuel Supply Seller's responsibility. Buyer will seek assurances that Seller has sufficient
 inventory on-site and Seller's fuel supply chain is adequate.

Maintenance [REDACTED]

Penalty Provision [REDACTED]

Regulatory Provision PEF, as soon as reasonably possible after the Effective Date, will file an application with the Florida Public Service Commission ("FPSC"). If, within 90 days following submission of such application, the FPSC issues a final order disallowing the pass-through of all such costs, PEF may terminate this Agreement by giving CP&Lime written notice of termination not later than ten days after the issuance of such order; or if the FPSC does not issue an order by December 4, 2005, PEF may terminate this Agreement by giving CP&Lime written notice not later than December 4, 2005.

Quantity & Prices

Capacity 133MW

¹ This operational flexibility provides additional value that has not been reflected in the economic analysis.

Capacity Prices [REDACTED] /kw-month (fixed for term)

Energy Pricing [REDACTED]

Avg. All-In Price [REDACTED] /MWH

Strategic Fit

System Resource Planning has determined that entering into a PPA with CP&Lime combined with a mixture of self-build generation and other selected PPA's is a cost-effective strategy to pursue in meeting PEF's resource requirements in the 2006-2010 timeframe. Acquiring capacity through this PPA will allow PEF to avoid capital spending to self-build generation. The capacity payments and energy payments are eligible for recovery through the Capacity Cost Recovery and Fuel Adjustment clauses, respectively.

Key Risks

Market Risk

Price risk: The fuel price is [REDACTED]

Credit Risk

Default: Neither this company nor its parent Delta Power Company, LLC have agency ratings. Central Power & Lime's 2003 and 2004 year-end financial statements were analyzed using the Progress Energy Credit Model. The company scored a 49.1 for the 2003 financial statements and a 35.6 for the 2004 which is an internal rating of PGN8. The latter rating implies non-investment grade agency ratings of CCC-/CCC+ and Caa1/Caa3 from S&P and Moody's respectively. However, this company appears to be a shell maintained solely to house power plant operations and the financial statements were prepared without giving effect to "push-down" accounting of the fair value of the assets acquired and liabilities assumed as a result of a recent acquisition. Interest coverage is strong at approximately 4 times, on Free Funds from Operations (FFO) of \$17.47 million. On the negative side, the company has a working capital deficit of approximately \$60.47 million because of capital lease obligations and notes payable of approximately \$87.21 million with a stockholder's deficit of \$53.14 million. Because the company has only one power customer, the contract with whom expires in 2005, there is significant doubt about the Company's ability to continue as a going concern unless a new contract can be negotiated and the debt is refinanced. Central Power & Lime underwent another accounting change the affect of which appears to be in "Deferred Income Taxes" and possibly the elimination of "Long Term Debt". Only a partial financial statement was received for the 2004 year end the result is that no specific reasons for the changes were provided. Because Progress Energy Florida (PEF) is buying from this facility, credit risk for this contract is low. However, there are other risks regarding this company that center around their ability to secure new financing for their generation facilities and their ability to deliver to the 85 percent availability level established in the proposed PEF contract. A credit exception would be required to enter into a contract with this company for both size and tenor. The

approval of the Corporate Credit Committee would approve this credit exception. CP&Lime shall provide to Progress Energy Florida, not later than March 31 of each Contract Year beginning in 2006, CP&Lime's annual financial statement for the previous calendar year, as prepared by a nationally-recognized independent auditing firm

Business Risk

Weather: PEF does not have any weather risk associated with this purchase.

Cost Risk: [REDACTED]

Stranded Capacity Cost Risk: None

Accounting: This transaction will not trigger capital lease accounting treatment.

Regulatory Risk – This purchase is subject to the Florida Public Service Commission (FPSC) approval. The FPSC could disallow the purchase, but only to the extent that it believed that PEF did not have the need for the capacity, or that the Company acted imprudently with regard to the purchase price. Under current regulation, the capacity payments for this purchase would be collected through the Capacity Cost Recovery Clause, and the fuel price would be collected through the Fuel Adjustment Clause. The final contract will have a regulatory out provision (see "Regulatory Provision" on page 4).

Operating Risk - [REDACTED]

Key Assumptions

Category	Item	Assumption	Owner
Progress Impacts	Avoided power	Based on production cost run output	SPOD
	Corporate Standard Assumptions	Inflation rate	2.50%
Tax Rate (PEF)		38.58%	
WACC		8.31%	
Equity		55.00%	
Debt		45.00%	
Cost of Equity		12.00%	
	Cost of Debt	6.20%	

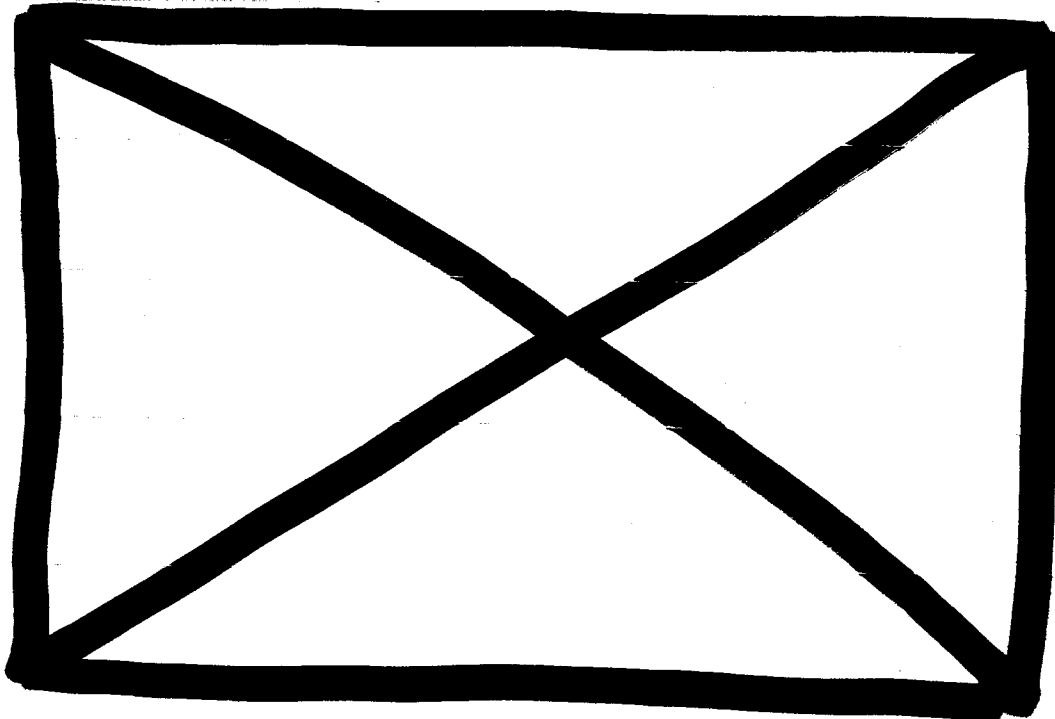
Resource Plan Impacts

The Purchase results in the deferral of one CT from 2009 to 2012 and replaces a 150 MW purchase requirement for December 2005 – May 2009 time frame.

	Scenario: July 2005 GFF (July 2005 GFF includes CPL) 070705	Scenario: July 2005 GFF w/6 CPL 072105
2005	TEA 200 MW Summer Purchase (June '05 - Sep '05) CPLime Purchase (Dec '05 - Dec '10) Hines 3	TEA 200 MW Summer Purchase (June '05 - Sep '05) Mkt. Purch. 150 MW (Dec '05-May '09) Hines 3
2006	TEA 200 MW Summer Purchase (June '06 - Sep '06) Shady Hills PPA (Dec '06 - Apr '14)	TEA 200 MW Summer Purchase (June '06 - Sep '06) Shady Hills PPA (Dec '06 - Apr '14)
2007	158 MW Summer Purchase (June '07 - Sep '07) Hines 4	158 MW Summer Purchase (June '07 - Sep '07) Hines 4
2008		
2009	* CT (June '09) * Bartow CC 1 (June '09) Bartow CC 2	* 2 CTs (June '09) * Bartow CC 1 (June '09) Bartow CC 2
2010	SoCo UPS (June '10-Dec '15) * Bartow CC 3 (June '10) * CT (June '10)	SoCo UPS (June '10-Dec '15) * Bartow CC 3 (June '10) * CT (June '10)
2011	* CC (June '11)	* CC (June '11)
2012	* CT (June '12)	

Source: System Resource Planning

Economic Analysis Detail



Model Used:

The analysis was performed using an evaluation approach reviewed by Treasury. It is supported by output from Prosym and Strategist models used by System Resource Planning to generate the estimated savings. This model has not been revised since the Treasury review.

Sensitivity Analysis Detail

Cost sensitivities are not applicable as both capacity and energy costs are fixed.

Regulatory Impact Analysis

The capacity payments are eligible for recovery by PEF through the Capacity Cost Recovery Clause. Payments for energy will be recovered through the Fuel Adjustment Clause.

Market Analysis

Customer Analysis - Central Power & Lime, which is owned by Delta Power, LLC is located 40 miles north of Tampa. CP&Lime is the sole lessee of the Plant located at the Florida Crushed Stone manufacturing facility in Brooksville Florida. The facility is currently supplying regulatory capacity and energy to Florida Power & Light Company under an existing QF agreement that expires in October of 2005. CP&Lime is a subsidiary of Delta Power Company, LLC ("Delta Power") a leading mid-sized owner, developer and manager of electric power generation facilities in the U.S., headquartered in Morristown, New Jersey Formed in 1997, privately owned Delta owns interests and manages 31 operating power projects in the U.S. with the gross capacity of over 2,500 megawatts.

Competitor Analysis - The primary competitors for the CP&Lime capacity is Florida Power & Light, Seminole Electric Cooperative and FMPA. These competitors are each planning expansion in coal. CP&Lime could be an attractive option for FMPA and provide further coal benefit to FP&L or Seminole Electric. CP&Lime is embedded in PEF's control area. FP&L's current QF arrangement with CP&Lime expires October, 2005.

Non-Financial Considerations / Intangibles / Others

[REDACTED]

Integration and Project Performance Assessment Plan

Organizational Requirements/ Integration Issues

Organization	Roles, responsibilities and impacts
RCO	Assess the operation requirements related to the contract, e.g., billing and other back-office functions
SPOD	Manage system resources/ dispatch/ emissions' planning that includes this contract.
Energy Delivery	PEF will take delivery at the generator buss.

REDACTED

PEF-FUEL-001642 through PEF-FUEL-001643

Proprietary and Confidential

[REDACTED]

[REDACTED]



The value created by exercising this flexibility has not been reflected in the economic evaluation.

Regulated Commercial Operations
Transaction Execution Sheet
Binding offer

PEF Transaction Name:
Central Power & Lime

Approving Parties:

Your signature on this Execution Sheet indicates that you have reviewed and approved the transaction described in the attached Business Analysis Package.

Name and Title	Signature	Approval	Date
Rob Caldwell – Vice President Regulated Commercial Operations		<input checked="" type="checkbox"/> Approve <input type="checkbox"/> Disapprove	8/30/05
Don Davis – Executive Vice President Diversified Operations Group		<input checked="" type="checkbox"/> Approve <input type="checkbox"/> Disapprove	8/30/05

PEF Transaction Name:
Central Power & Lime

Assessing & Reviewing Parties:

Signatures on this page indicate acknowledgement by the parties that they have been afforded the opportunity to review the proposal subject to the structure and contingencies summarized on the attached Business Analysis Package and have provided their input.

Name and Title Organization	Subject Area(s)	Signature or Attached Documentation	Concerns or Issues?	Date
Erik Hansen – Vice President System Planning & Operations	Resource Planning	E-mail	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	08/26/05
Vinny Dolan – Vice President Corporate Relations & Administrative Services	Regulatory Strategy & Risk	E-mail	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8/23/05
Mark Myers – Vice President Corporate Planning	Regulatory Treatment	E-mail	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8/22/05
John Sullivan – Vice President & Treasurer Treasury	Validation of model methodology including application of assumptions and credit & risk implications	<i>[Signature]</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8/24/05
Carol Nelson – Vice President Tax Department	Tax impacts	<i>[Signature]</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8/24/05
Bob Bazemore – Vice President Capital Planning & Control	Capital Spending	<i>[Signature]</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8/24/05
Paula Sims, Vice President Regulated Fuels Department	Fuel Procurement & Recovery	<i>[Signature]</i> Bruce Bradley	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8/24/05
Pam Murphy – Director Gas/Oil Trading Regulated Fuels Department	Gas and Oil requirements	E-mail	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8-29-05
Javier Portuondo, Director Regulatory Services	Regulatory Accounting	E-mail	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8-28-05
Todd Yaeger, PEC Controller Accounting Department	PEF billing and/or payment implications	E-mail	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8/24/05
Richard Kunkel – Lead Financial Specialist Accounting Department	Deal accounting implications	E-mail	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8/22/05
Marva Taylor – Associate General Counsel Legal Department	General contract risks; final terms & conditions	E-mail	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	8/19/05

EXECUTION COPY

POWER PURCHASE AGREEMENT
BETWEEN
FLORIDA POWER CORPORATION,
d/b/a PROGRESS ENERGY FLORIDA, INC.
AND
CENTRAL POWER & LIME, INC.

DATED AS OF AUGUST 23, 2005

PEF-FUEL-001647

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POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT (the "Agreement") is made and entered into as of this 23RD day of AUGUST, 2005, between Florida Power Corporation d/b/a Progress Energy Florida, Inc. ("Progress Energy Florida"), a Florida corporation with its principal place of business in St. Petersburg, Florida and Central Power & Line, Inc. ("CP&L"), a Florida corporation with its principal place of business in Brooksville, Florida. Progress Energy Florida and CP&L shall individually be referred to as a "Party" and collectively as the "Parties."

WITNESSETH

WHEREAS, CP&L is the sole lessee of a 133 MW coal-fired electric cogeneration plant located in Brooksville, Florida (the "Plant"); and

WHEREAS, CP&L proposes to enter into a power purchase agreement with Progress Energy Florida for the purchase and sale of 133 MW of purchase power capacity and associated energy from the Plant; and

WHEREAS, the Parties desire to set forth in writing their respective rights and obligations with respect to the purchase and sale of such capacity and energy;

NOW, THEREFORE, in consideration of the mutual obligations and undertakings herein contained and intending to be legally bound hereby, the Parties hereto agree as follows:

**ARTICLE I
DEFINITIONS AND RULES OF INTERPRETATION**

1.01 Defined Terms.

[REDACTED]

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"Affiliate" shall mean (i) any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with a Party, and (ii) any Person that, directly or indirectly, is the beneficial owner of ten percent (10%) or more of any class of equity securities of, or other ownership interests in, a Party or of which the Party is directly or indirectly the owner of ten percent (10%) or more of any class of equity securities or other ownership interests.

"Agreement" shall have the meaning given in the preamble.

"Annual Scheduled Maintenance" shall have the meaning given in Section 5.03(a).

"Authorization" shall mean any license, permit, approval, filing, waiver, exemption, variance, clearance, entitlement, allowance, franchise, or other authorization, whether corporate, governmental or otherwise.

"Business Day" shall mean every day other than a Saturday, Sunday or any day that is a legal holiday in the State of Florida.

"Capacity Payment" shall mean the payment to be made by Progress Energy Florida to CP&L in accordance with the provisions of Section 4.03(b) and Exhibit B(2).

"Center for Public Resources" shall have the meaning given in Section 10.04(c).

"Claim" shall have the meaning given in Section 9.02(a).

[REDACTED]

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"Contract Capacity" shall mean 133 MW.

"Contract Year" shall mean any calendar year during the Term.

"CP&L" shall have the meaning given in the preamble.

"Delivered Energy" shall mean the actual amount of Energy, expressed in MWh, delivered to Progress Energy Florida at the Point of Delivery under this Agreement in any month of the Term.

"Designated Representative" shall have the meaning given in Sections 6.01(f) and 6.02.

"Due Date" shall have the meaning given in Section 4.06(a).

"Effective Date" shall mean the date on which this Agreement is executed by the Parties.

"Energy" shall mean electric energy generated by the Plant.

"Energy Payment" shall mean the payment to be made by Progress Energy Florida to CP&L in accordance with the provisions of Section 4.03(a) and Exhibit B(3).

"Energy Rate" shall have the meaning given in Section 4.03(a).

"EPA" shall have the meaning given in Section 3.02(a).

"Equivalent Availability Factor" (EAF) shall mean the percentage of time the Plant is available to produce energy at the equivalent of its Contract Capacity, derived as follows:

EAF = [REDACTED]

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Where:
[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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"Event of Default" shall have the meaning given in Section 10.01(a).

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[REDACTED]

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"Extension Period" shall have the meaning given in Section 3.03.

"Financing Parties" shall mean institutions (including any trustee or agent on behalf of such institutions) leasing the Plant to CP&L or providing financing or refinancing to CP&L in connection with the ownership, operation, maintenance or leasing of the Plant, including General Electric Capital Corporation.

"Forced Outage" shall mean a full or partial interruption of the generating capability of the Plant which is not an Excused Outage and which is not otherwise permitted under this Agreement.

"FPSC" shall have the meaning given in Section 3.02(c).

"Fuel" shall mean coal used by the Plant to produce Energy.

"Generating Capability" shall mean the level at which the Plant is capable of producing Energy in an hour, taking into consideration any partial outage, but not greater than 133 MW.

"Governmental Authority" shall mean the federal government of the United States, and any state, county or local government or regulatory department, body, political subdivision, commission, agency, instrumentality, ministry, court, judicial or administrative body, taxing authority, or other authority thereof (including any corporation or other entity owned or controlled by any of the foregoing) having jurisdiction over either Party, the Plant, the site, or the Point of Delivery, whether acting under actual or assumed authority.

"Indemnifiable Cost" shall mean any cost, expense, damage, fine, penalty, liability or other loss, including reasonable legal, accounting, consulting, engineering, investigatory, and other expenses.

"Indemnified Party" shall have the meaning given in Section 9.02(d).

"Indemnifying Party" shall have the meaning given in Section 9.02(d).

"Late Payment Rate" shall mean, for any period, [REDACTED] determined as of the date the obligation to pay interest arises, but in no event more than the maximum rate permitted by applicable Law.

"Law" shall mean (i) any law, legislation, statute, act, rule, ordinance, decree, treaty, regulation, order, judgment, or other similar legal requirement, or (ii) any legally binding announcement, directive or published practice or interpretation thereof, enacted, issued or promulgated by any Governmental Authority.

"Maintenance Schedule" shall have the meaning given in Section 5.03(a).

"Party" and "Parties" shall have the meaning given in the preamble.

[REDACTED]

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"Person" shall mean any individual, corporation, partnership, joint venture, trust, unincorporated organization or Governmental Authority.

"Plant" shall have the meaning given in the introductory paragraphs of this Agreement.

"Point of Delivery" shall mean Progress Energy Florida's 115 KV metering station located within the CP&L switch yard at the designated generator breaker # OCB-1 as indicated on the Plant diagram attached hereto as Exhibit E.

"Prime Rate" shall mean the prime rate under "Money Rates" as reported in The Wall Street Journal on the first Business Day of each month.

"Progress Energy Florida" shall have the meaning given in the preamble.

[REDACTED]

7

"Proprietary Information" shall have the meaning given in Section 12.05(f).

"Prudent Operating Practice" shall mean any of the practices, methods, standards and acts (including, but not limited to, the practices, methods and acts engaged in or approved by a significant portion of owners and operators of coal fired power plants of technology, complexity and size similar to the Plant in the United States) that, at a particular time, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the

time a decision was made, could have been expected to accomplish the desired result and goals (including such goals as efficiency, reliability, economy and profitability) in a manner consistent with applicable facility design limits and equipment specifications and applicable Law and Authorizations. Prudent Operating Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of acceptable practices, methods or acts in each case taking into account the Plant as an independent power project.

"Purchaser Assignee" shall have the meaning given in Section 7.02.

[REDACTED]

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"Seller Assignee" shall have the meaning given in Section 7.03.

"Short Term Scheduled Maintenance" shall have the meaning given in Section 5.03(c).

"System Emergency" shall mean a determination by the operator of the control area or the reliability council in which the Plant is located or other governing body (i) that such control area is in danger of imminent voltage collapse or uncontrollable cascading outages; (ii) that the delivery of the Energy is prohibited or is required to preserve the integrity of, or prevent or limit any instability on, the Progress Energy Florida system; or (iii) that the delivery of the Energy is prohibited or is required because of an emergency condition.

"Technical Specifications" shall mean the technical capabilities of the Plant regarding such matters as ramping capabilities, start-up times, and related technical or operating characteristics. The Technical Specifications shall be as set forth in Exhibit A as such Exhibit may be modified by CP&L.

"Term" shall mean the duration of this Agreement as specified in Article III.

"Transferee" shall have the meaning given in Section 12.05(a).

"Transferor" shall have the meaning given in Section 12.05(a).

"Transmission Provider" shall mean Progress Energy Florida or any successor thereto that provides electric transmission services over the Progress Energy Florida system.

1.02 Rules of Interpretation.

a. Unless otherwise required by the context in which any term appears:

i. Capitalized terms used in this Agreement shall have the meanings specified in this Article.

- ii. The singular shall include the plural and the masculine shall include the feminine and neuter.
- iii. The words "herein," "hereof" and "hereunder" shall refer to this Agreement as a whole and not to any particular section of this Agreement; the words "include," "includes" or "including" shall mean "including, but not limited to;" and the words "best efforts" shall mean a level of effort which, in the exercise of reasonable judgment in the light of facts known at the time a decision is made, can be expected to accomplish the desired result at a reasonable cost, consistent with Prudent Operating Practice.
- iv. The term "negligence" shall mean negligence of a person, including negligence arising from or as a result of the negligence of an officer, director, manager, foreman, or other employee or agent of the person, in each case acting within the scope of their authority in the course of their employment; and the term "willful misconduct" shall mean action taken or not taken by a person, including action taken or not taken by an officer, director, manager, foreman, or other employee of the person, in each case acting in the course of their employment, which action is knowingly or intentionally taken or not taken: (i) with intent that injury or damage would result therefrom, or (ii) with actual knowledge at the time of taking or not taking such action that such action taken or not taken is or shall be a material default under this Agreement, or with conscious indifference to the consequences thereof, or in knowing violation of any Law. Without limiting the foregoing definition in any way, willful misconduct does not include any act or failure to act which is involuntary, accidental, unintentional, or negligent, based on any theory of negligence.
- v. All accounting terms not specifically defined herein shall be construed in accordance with Generally Accepted Accounting Principles in the United States of America, as sanctioned by the Financial Accounting Standards Board, consistently applied.
- vi. All references to a particular entity shall include such entity's successors and permitted assigns.

b. The titles of the articles and sections herein have been inserted as a matter of convenience of reference only and shall not control or affect the meaning or construction of any of the terms or provisions hereof.

c. This Agreement was negotiated and prepared by both Parties with advice of counsel to the extent deemed necessary by each Party; the Parties have agreed to the wording of this Agreement; and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this Agreement or any part thereof.

d. The Parties shall act reasonably and in accordance with the principles of good faith and fair dealing in the performance of this Agreement. Unless expressly provided otherwise in this Agreement, (i) where the Agreement requires the consent, approval, or similar action by a Party, such consent or approval shall not be unreasonably withheld, conditioned or delayed, and (ii) wherever the Agreement gives a Party a right to determine, require, specify or take similar action with respect to a matter, such determination, requirement, specification or similar action shall be reasonable.

ARTICLE II REPRESENTATIONS AND WARRANTIES

2.01 Representations and Warranties of Progress Energy Florida. Progress Energy Florida makes the following representations and warranties to CP&L, each of which is true and correct on the Effective Date:

a. Progress Energy Florida is a corporation duly organized and existing in good standing under the Laws of the State of Florida, and it is duly qualified to do business and in good standing in all other jurisdictions where the nature of its properties or the conduct of its business so requires.

b. Progress Energy Florida possesses all requisite corporate power and authority to enter into and perform this Agreement and to carry out the transactions contemplated herein. Progress Energy Florida has all legal power and authority to own and use its properties and to transact the business in which it engages or proposes to engage, and holds or expects to obtain all Authorizations necessary and required therefor.

c. Progress Energy Florida's execution, delivery and performance of this Agreement have been duly authorized by, and are in accordance with, its articles of incorporation and by-laws; this Agreement has been duly executed and delivered for it by the signatories so authorized; and this Agreement constitutes its legal, valid, and binding obligation, enforceable against it in accordance with the terms hereof, except as such enforceability may be limited by applicable bankruptcy Laws, or by general principles of equity (regardless of whether such enforcement is considered in equity or at law).

d. Progress Energy Florida's execution, delivery and performance of this Agreement (i) will not result in a breach or violation of, or constitute a default under, any Authorization, or any contract, lease or other agreement or instrument to which it is a party, or by which it or its properties may be bound or affected; and (ii) does not require the consent, authorization or notification of any other Person, or any other action by or with respect to any other Person (except for consents or authorizations already obtained, notifications already delivered, or other actions already taken).

e. No suit, action or arbitration, or legal, administrative or other proceeding is pending or has been threatened against Progress Energy Florida that would affect the validity or enforceability of this Agreement or the ability of Progress Energy Florida to fulfill its commitments hereunder, or that would, if adversely determined, have a material adverse effect on the business or financial condition of Progress Energy Florida.

f. Progress Energy Florida is not in breach of, in default under, or in violation of, any applicable Law, or the provisions of any Authorization, or in breach of, in default under, or in violation of, any provision of any promissory note, indenture or any evidence of indebtedness or security therefor, lease, contract, or other agreement by which it is bound, which reasonably could be expected to have a material adverse effect on the business or financial condition of Progress Energy Florida or its ability to fulfill its commitments hereunder.

2.02 Representations and Warranties of CP&L. CP&L makes the following representations and warranties to Progress Energy Florida, each of which is true and correct on the Effective Date:

a. CP&L is a Florida corporation duly organized and existing in good standing under the Laws of the State of Florida, and it is duly qualified to do business and in good standing in all other jurisdictions where the nature of its properties or the conduct of its business so requires.

b. CP&L possesses all requisite corporate power and authority to enter into and perform this Agreement and to carry out the transactions contemplated herein. CP&L has all legal power and authority to own or lease and to use its properties and to transact the business in which it engages or proposes to engage, and holds or expects to obtain all Authorizations necessary and required therefor.

c. CP&L's execution, delivery and performance of this Agreement have been duly authorized by, and are in accordance with, its articles of incorporation and by-laws and this Agreement has been duly executed and delivered for it by the signatories so authorized; and this Agreement constitutes CP&L's legal, valid and binding obligation, enforceable against it in accordance with the terms hereof, except as such enforceability may be limited by applicable bankruptcy Laws, or by general principles of equity (regardless of whether such enforcement is considered in equity or at law).

d. CP&L's execution, delivery and performance of this Agreement (i) will not result in a breach or violation of, or constitute a default under, any Authorization, or any contract, lease or other agreement or instrument to which it is a party, or by which it or its properties may be bound or affected; and (ii) does not require the consent, authorization or notification of any other Person, or any other action by or with respect to any other Person (except for consents or authorizations already obtained, notifications already delivered, or other actions already taken).

e. No suit, action or arbitration, or legal, administrative or other proceeding is pending or has been threatened against CP&L that would affect the validity or enforceability of this Agreement or the ability of CP&L to fulfill its commitments hereunder, or that would, if adversely determined, have a material adverse effect on the business or financial condition of CP&L.

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ARTICLE III
TERM AND TERMINATION

3.01 General.

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3.02 Early Termination.

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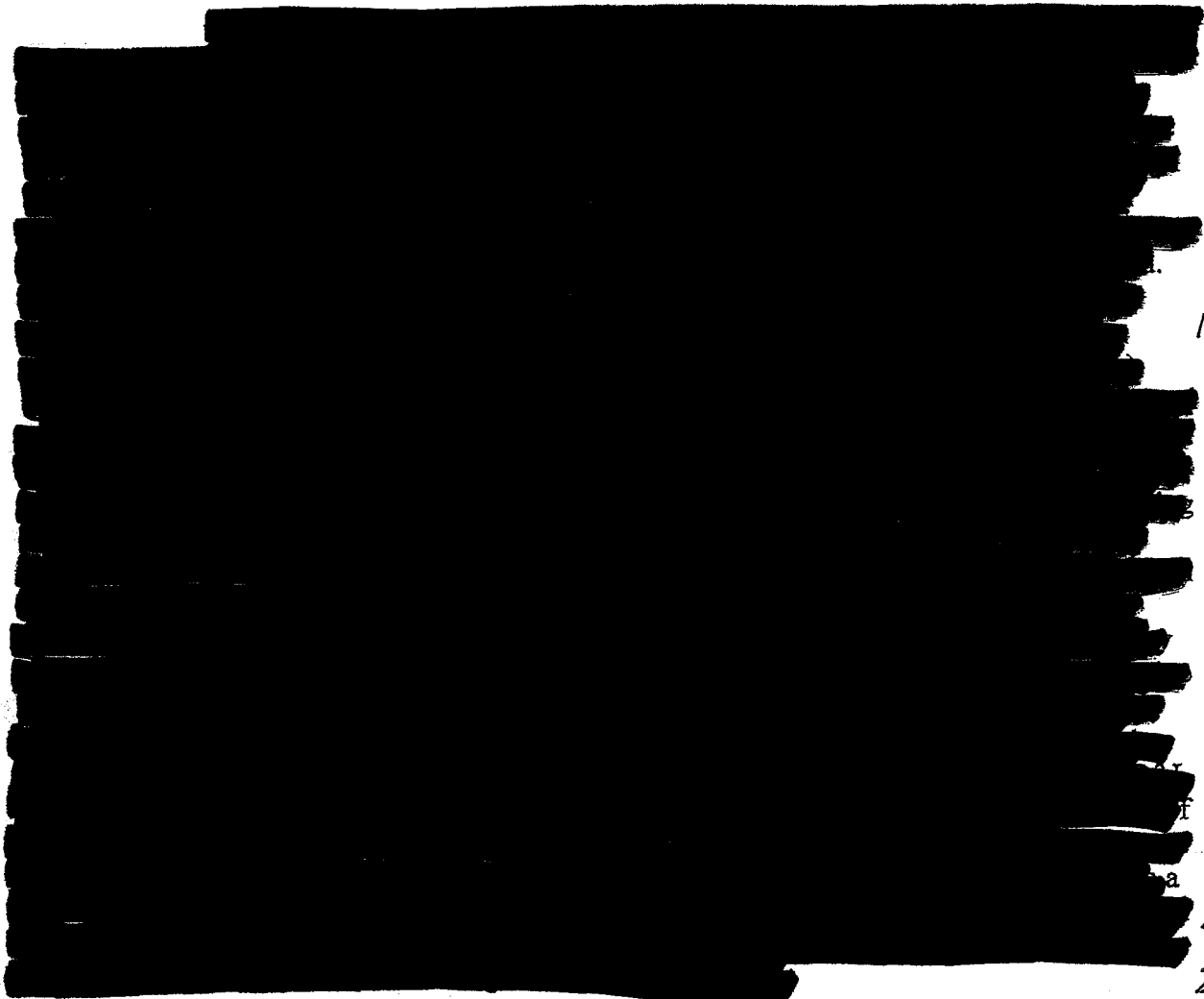
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c. Authorization by the Florida Public Service Commission.

Progress Energy Florida shall, as soon as reasonably possible after the Effective Date, make application to the Florida Public Service Commission ("FPSC") for permission to pass through to its retail customers the costs that Progress Energy Florida will incur pursuant to this Agreement. If, within 90 days following submission of such application, the FPSC issues a final order disallowing the pass-through of all such costs, Progress Energy Florida may terminate this Agreement by giving CP&L written notice of termination not later than ten days after the issuance of such order; and if the FPSC does not issue an order addressing the merits of Progress Energy Florida's application by December 1, 2005, Progress Energy Florida may terminate this Agreement by giving CP&L written notice not later than the earlier of (i) December 5, 2005 and (ii) the Commencement Date.

d. Event of Force Majeure.

Either Party may terminate this Agreement as a result of an Event of Force Majeure pursuant to and in accordance with Section 8.05 of this Agreement.

3.03 Contract Term Extension.

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ARTICLE IV
SALE AND PURCHASE OF ELECTRIC ENERGY AND CAPACITY

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4.01 Purchase and Sale of Energy and Capacity. Starting on the Commencement Date and during each hour of the Term thereafter, CP&L shall commit, sell, and arrange for delivery to the Point of Delivery of an amount of Energy scheduled by CP&L up to the Contract Capacity and Progress Energy Florida agrees to purchase, accept and pay for such Energy at the Point of Delivery in accordance with the terms and conditions of this Agreement.

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4.02 Scheduling.

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4.03 Price.

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4.04 Availability Guarantee.


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4.05 Billing.

a. Progress Energy Florida shall read the meters at the Point of Delivery on the first (1st) Business Day of each month, and shall promptly notify CP&L in writing and retain a record of each such reading. The amount of Delivered Energy delivered to Progress Energy Florida during the preceding month shall be determined from such readings, as such readings are adjusted as contemplated by Section 5.04. CP&L shall have the right to have a representative present at any time that any meter is to be read.

b. Bills for amounts due to CP&L hereunder shall be rendered by CP&L on or before the tenth (10th) day of each month and shall be prepared in accordance with the provisions of Exhibit B hereto.

4.06 Payment and Interest.

a. Payment.

- i. All payments shown to be due on a bill shall be due and payable by the later of (A) the twenty-eighth (28th) day of the month in which the bill is rendered and (B) the twentieth (20th) day after receipt (the "Due Date").
- ii. If the paying Party, in good faith, disputes a portion of any bill, the paying Party shall provide written notice of the specifics of such dispute to the other Party contemporaneously with its payment of the undisputed portion of the invoice. The Parties shall meet promptly after any notice of a dispute to attempt to resolve the matter.
- iii. If any errors or misstatements should arise in connection with any portion of a bill delivered hereunder, the Parties shall proceed in good faith to resolve such errors or misstatements expeditiously. Adjustments to prior months' bills shall be added to or credited against the next monthly bill.
- iv. The paying Party shall render payment by wire transfer, Automatic Clearing House or such other payment method as the Parties mutually agree upon.

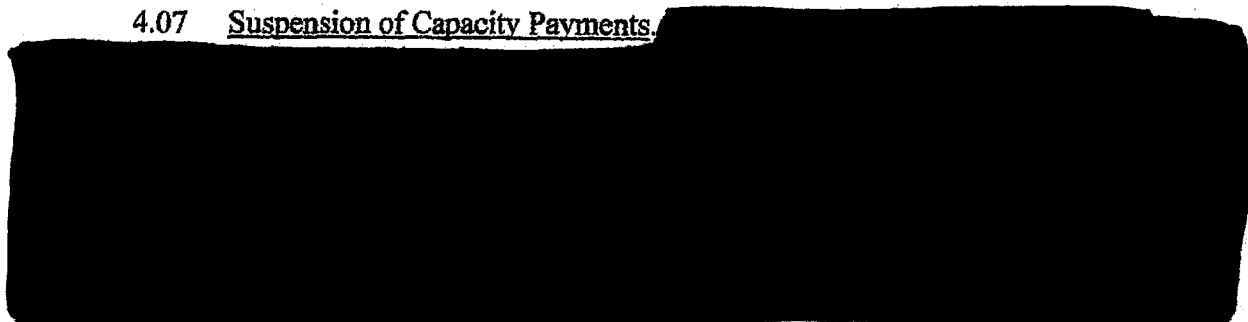
b. Interest.

- i. If the paying Party fails to pay all or a portion of the undisputed amounts billed within the time stated in Section 4.06(a) hereof, the paying Party shall owe interest on the

unpaid portion of the bill, which interest shall accrue daily at the Late Payment Rate, from the Due Date until paid.

- ii. If any portion of a disputed amount is ultimately determined to be due to the billing Party, such amount shall be due and payable not later than ten (10) days after resolution of the dispute, and the paying Party shall owe interest on such portion of such disputed amount to the extent that such portion is determined to be due and owing to the billing Party, which interest shall accrue daily at the Late Payment Rate, from the original Due Date of such amount until such amount is paid.

4.07 Suspension of Capacity Payments.



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4.08 No Set-off. All payments made by either Party shall be free and clear of, and without any deduction for or on account of, any set-off, counterclaim, or other liability to the billing Party, except to the extent required by Law.

**ARTICLE V
DELIVERY OF POWER**

5.01 Electric Characteristics. Energy to be furnished hereunder shall be in the form of three-phase, sixty (60) Hertz alternating current, at a nominal voltage of one hundred and fifteen kilovolts (115 kV).

5.02 Point of Delivery.

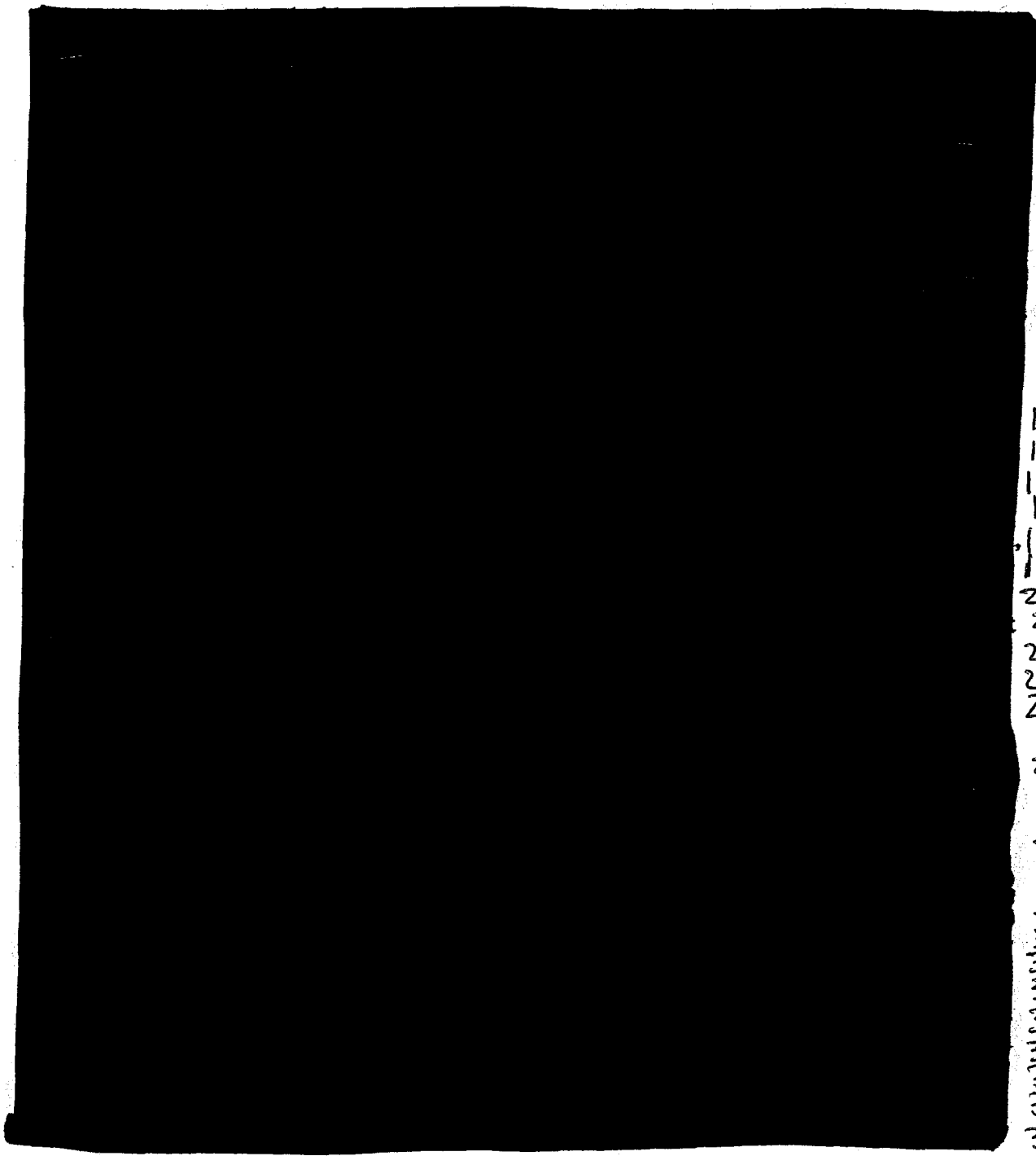
a. Title to all Energy delivered to Progress Energy Florida hereunder and full responsibility therefor and risk of loss with respect thereto, shall pass to and vest in Progress Energy Florida at the Point of Delivery.

b. CP&L shall be responsible for the scheduling of required transmission and for all costs, expenses, taxes, fees and charges associated with the delivery of Energy up to the Point of Delivery.

c. Progress Energy Florida shall be responsible for the scheduling of required transmission and for all costs, expenses, taxes, fees and charges associated with the receipt of Energy at the Point of Delivery and the delivery of Energy from the Point of Delivery.

d. Either Party, upon written request of the other, shall provide a certificate of exemption or other reasonably satisfactory evidence of exemption if either Party is exempt from taxes, and shall use all reasonable efforts to obtain and cooperate with obtaining any exemption from or reduction of any taxes.

5.03 Scheduled Maintenance.



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5.04 Metering.

a. Energy delivered by CP&L to Progress Energy Florida hereunder shall be measured by electric watt-hour meters located at the Point of Delivery.

b. Progress Energy Florida's metering of the output of the Plant shall be conducted pursuant to a generator interconnection agreement to be entered into by Progress Energy Florida and CP&L. If upon testing carried out pursuant to the terms of the interconnection agreement, metering equipment is found to be inaccurate and measurements for the period in which metering equipment was in error (or for one-half of the time from the date of the last pervious test of the metering equipment) are adjusted in accordance with the terms of the interconnection agreement, then retroactive billing adjustments for such errors shall be made accordingly. All metering equipment shall be arranged so that none of the Energy produced by the Plant that is used to supply station services to the Plant shall be registered by such metering equipment as having been furnished by CP&L to Progress Energy Florida hereunder.

c. CP&L shall have the right to install, at its own expense, metering equipment capable of measuring Energy on an hourly basis at the Point of Delivery. In such event, CP&L shall provide to Progress Energy Florida, at Progress Energy Florida's request, records of the delivery of energy to the Point of Delivery as recorded on such meters and a copy of the record of each test of such meters.

**ARTICLE VI
RIGHTS AND OBLIGATIONS**

6.01 Rights and Obligations of CP&L.

a. CP&L shall operate and maintain the Plant in accordance with Prudent Operating Practice and the terms of this Agreement.

b. CP&L shall obtain, or cause to be obtained, all Authorizations, leases, easements, or rights-of-way necessary for the operation or maintenance of the Plant. CP&L shall keep Progress Energy Florida informed of the status of all applications for Authorizations by Governmental Authorities to operate the Plant and shall promptly inform Progress Energy Florida of any decision of a Governmental Authority that materially affects the right of CP&L to operate the Plant or substantially affects the cost of operating the Plant.

c. CP&L shall use its best efforts to give advance notice to Progress Energy Florida in the event of either an interruption in the delivery of Energy or a significant variation in the quantity of Energy delivered, in each case from previously scheduled deliveries. During any Annual Scheduled Maintenance, Short-Term Scheduled Maintenance or Forced Outage, CP&L shall keep Progress Energy Florida informed of the status of its maintenance activities and the date on which it expects the Plant to return to service.

d. CP&L shall allow Progress Energy Florida's employees to have access to the Plant site, upon advance notice and during normal business hours, to observe and to make inspections and obtain information required in connection with this Agreement. While at the Plant site, such representatives shall observe such safety precautions as may be required by CP&L and

shall conduct themselves in a manner that will not interfere with the ownership or leasing, or operation or maintenance of the Plant.



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f. CP&L shall designate one or more representatives (each a "Designated Representative") to maintain communications with Progress Energy Florida's Designated Representatives and to facilitate coordination between Progress Energy Florida and CP&L during the Term.

6.02 Rights and Obligations of Progress Energy Florida. Progress Energy Florida shall designate one or more representatives (each a "Designated Representative") to maintain communications with CP&L's Designated Representatives and to facilitate coordination between Progress Energy Florida and CP&L during the Term.

**ARTICLE VII
SALE, TRANSFER OR ASSIGNMENT**

7.01 Generally. This Agreement may not be assigned, in whole or in part, by either Progress Energy Florida or CP&L without (i) the prior written consent of the other Party, which consent shall not be unreasonably withheld, and (ii) the written agreement of the assignee whereby such assignee expressly assumes and agrees to perform each and every obligation of the assignor under this Agreement, and any assignment in violation hereof shall be null and void.

7.02 Assignment to Purchaser Assignee. Notwithstanding the foregoing Section 7.01, Progress Energy Florida shall have the right, upon written notice to CP&L, to assign this Agreement to an Affiliate or a party with which it forms a joint venture, merges, sells a substantial part of its assets, or sells a substantial part of its assets pertaining to this Agreement (a "Purchaser Assignee") without CP&L's consent provided that (a) the Purchaser Assignee shall have, at the time of assignment, a long term debt credit rating which is equal to or above the long term debt credit rating of Progress Energy Florida as of the Effective Date, (b) the Purchaser Assignee shall be in substantially the same business as Progress Energy Florida and shall have a demonstrated capability to satisfy the obligations it shall be assuming hereunder, and (c) the Purchaser Assignee shall assume all of the obligations of Progress Energy Florida under this Agreement.

7.03 Assignment to Seller Assignee. Notwithstanding the foregoing Section 7.01, CP&L shall have the right, without Progress Energy Florida's consent, upon 15 days prior written notice to Progress Energy Florida, to assign this Agreement to (i) an Affiliate or a party with which it forms a joint venture, merges, sells a substantial part of its assets, or sells a substantial part of its assets pertaining to this Agreement (a "Seller Assignee") provided that (a) the Seller Assignee shall have at the time of assignment creditworthiness equal to or greater than that of the assignor, (b) the Seller Assignee shall be in the business of owning or operating power plants and shall have a demonstrated capability to satisfy the obligations it shall be assuming hereunder, and (c) the Seller Assignee shall assume all of the obligations of CP&L under this Agreement or (ii) a

Seller Assignee who shall own the Plant provided the Seller Assignee shall assume all of the obligations of CP&L under this Agreement.

7.04 Assignment to Financing Entities. Notwithstanding Section 7.01 above, without the consent of Progress Energy Florida, CP&L may assign, mortgage, hypothecate, pledge or otherwise encumber all or any portion of CP&L's interest in and to this Agreement in favor of any Financing Party and its successors and assigns. Notwithstanding Section 7.01 above, without the consent of Progress Energy Florida, any such Financing Party may assign such interest in and to this Agreement to any subsequent assignee in connection with the sale, transfer or exchange of its rights under this Agreement or assume this Agreement and be deemed Progress Energy Florida's counterparty hereunder in place and in lieu of CP&L in connection with the exercise of its rights and enforcement of its remedies against the Plant under any mortgage, deed of trust or other security instrument creating a lien in its favor or as a result of termination of the lease of the Plant. Without limiting any of the foregoing, Progress Energy Florida agrees to execute and deliver to CP&L's Financing Parties a consent to assignment reasonably similar to other consents executed in connection with non-recourse project financings and which provides, among other things, that CP&L's Financing Parties will receive notice of and a reasonable opportunity to cure any CP&L Events of Default under this Agreement.

ARTICLE VIII FORCE MAJEURE

8.01 Force Majeure Events. As used in this Agreement, an event of Force Majeure means a System Emergency or an event or circumstance beyond the reasonable control of the affected Party which causes the affected Party to experience a delay or failure in performing its obligations under this Agreement, including: acts of God; fire; flood; hurricane; tornado; earthquake; weather conditions which are abnormal for the geographic area in which the Plant is located (but not normal weather conditions for that geographic location, including normal levels and occurrences of rain, wind, and snow); war; riots; strike; the binding order of any Governmental Authority (provided that such order has been resisted in good faith by all reasonable legal means); the failure to act on the part of any Governmental Authority (provided that such action has been timely requested and diligently pursued); the adoption of or change in any Law (including any change in the interpretation thereof) by any Governmental Authority. Notwithstanding the foregoing, neither Party shall be entitled to Force Majeure relief in respect of an event for which this Agreement may be terminated pursuant to Sections 3.02(a) or 3.02(b).

8.02 Excuse for Failure or Delay Caused by Force Majeure. The Party affected by the Event of Force Majeure shall be excused from its failure to perform in strict compliance with the requirements of this Agreement provided that the following conditions are met:

a. The affected Party must give the other Party written notice of the Event of Force Majeure within five (5) Business Days after it becomes aware that its performance has been affected by an Event of Force Majeure, describing the occurrence, the efforts being undertaken to overcome the occurrence, and the anticipated duration of the delay.

b. The affected Party must exercise all reasonable efforts to overcome or minimize the effects of the Event of Force Majeure, consistent with Prudent Operating Practices.

c. The affected Party shall give the other Party written notice as soon as it is able to resume performance.

d. The Event of Force Majeure must not be caused by any negligent or intentional acts, errors, or omissions of the affected Party or its Affiliates, and shall not be caused by any failure to comply with any Law by the affected Party or its Affiliates, or any breach or default of this Agreement by the affected Party.

8.03 Effect of Force Majeure on Payment Obligations.

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8.04 Settlement of Strikes. Notwithstanding Section 8.02(b), neither Party shall be required to settle any strike or other labor disturbance except on terms satisfactory to such Party.

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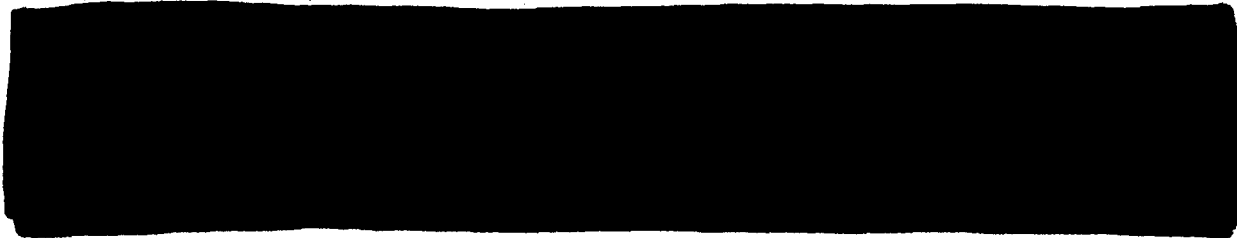
8.05 Termination. Should an Event of Force Majeure delay or prevent performance of any material obligation of a Party under this Agreement for a continuous period exceeding six (6) months, then the other Party may thereafter terminate this Agreement at any time during the continuation of the effect of the Event of Force Majeure by providing written notice to the non-performing Party, provided, however, that if (i) the Event of Force Majeure could not reasonably be remedied in such six (6) month period, (ii) the Event of Force Majeure is susceptible of cure within an additional period, and (iii) the affected Party is proceeding with diligence and in good faith to remedy the effects of the Event of Force Majeure, then such six (6) month period shall be extended by up to an additional six (6) months as shall be necessary to remedy the effects of such Event of Force Majeure.

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8.06 Extension in the Event of Force Majeure:

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**ARTICLE IX
RISK OF LOSS AND INDEMNIFICATION**

9.01 Risk of Loss.

a. CP&L. CP&L shall be responsible for and shall bear the full risk of loss (i) with respect to any loss of or damage to the Plant; and (ii) with respect to any personal injury or death, or loss of or damage to any other property (A) arising out of the ownership or leasing, operation or maintenance of the Plant, or (B) caused by electric power produced by the Plant and occurring on CP&L's side of the Point of Delivery, provided, however, that CP&L shall not be responsible for any loss, damage, or injury arising out of the fault, negligence or willful misconduct of Progress Energy Florida.

b. Progress Energy Florida. Progress Energy Florida shall be responsible for and shall bear the full risk of loss (i) with respect to any loss of or damage to any property located on Progress Energy Florida's side of the Point of Delivery; and (ii) with respect to any personal injury or death, or loss of or damage to any other property (A) arising out of the construction, ownership, operation or maintenance of any property on Progress Energy Florida's side of the Point of Delivery, or (B) caused by electric power produced by the Plant and occurring on Progress Energy Florida's side of the Point of Delivery, provided, however, that Progress Energy Florida shall not be responsible for any loss, damage, or injury arising out of the fault, negligence or willful misconduct of CP&L.

9.02 Indemnification.

a. General. Each Party shall protect, indemnify and hold harmless the other Party, its parent company, Affiliates and their respective directors, officers, employees, agents and representatives from and against any Indemnifiable Cost arising out of any injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction of, property belonging to or leased by the other Party (each a "Claim"), resulting from or attributable to the fault, negligence or willful misconduct of such Party, or resulting from, arising out of, or in any way connected with the performance of the Party's obligations under this Agreement.

b. By Progress Energy Florida and CP&L. If, due to the joint, concurring, comparative or contributory fault, negligence or willful misconduct of the Parties, either Party incurs any Indemnifiable Cost arising out of any Claim, such Indemnifiable Cost shall be allocated between CP&L and Progress Energy Florida in proportion to their respective degrees of fault, negligence or willful misconduct contributing to such Claim.

c. Employees. Neither Party shall be deemed an employee of the other Party. Neither Party shall bring any claim against the other Party with respect to any liability for

compensation under any applicable state or federal Worker's Compensation Act, including Worker's Compensation and/or employer's liability claims of employees. Each Party shall be liable for all claims of the Party's own employees arising out of any provision of any Workers' Compensation Law.

d. Notice and Participation.

- i. If any Party entitled to indemnification hereunder (the "Indemnified Party") intends to seek indemnification under this Article from any other Party (the "Indemnifying Party") with respect to any Claim, the Indemnified Party shall give the Indemnifying Party notice of such Claim upon the receipt of actual knowledge or information by the Indemnified Party of any possible Claim or of the commencement of such Claim, which notice shall in no event be later than the lesser of (i) fifteen (15) Business Days prior to the last day for responding to such Claim or (ii) one-half of the period allowed for responding to such Claim. The Indemnifying Party shall have no liability under this Article for any Claim for which such notice is not provided.
- ii. The Indemnifying Party shall have the right to assume the defense of any Claim, at its sole cost and expense, with counsel designated by the Indemnifying Party and reasonably satisfactory to the Indemnified Party; provided, however, that if the defendants in any such proceeding include both the Indemnified Party and the Indemnifying Party, and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel at the Indemnifying Party's expense, to assert such legal defenses and to otherwise participate in the defense of such Claim on behalf of such Indemnified Party.
- iii. Should any Indemnified Party be entitled to indemnification under this Article as a result of a Claim by a third party, and should the Indemnifying Party fail to assume the defense of such Claim, the Indemnified Party may, at the expense of the Indemnifying Party, contest or, with or without the prior consent of the Indemnifying Party, settle such Claim.
- iv. Except to the extent expressly provided herein, no Indemnified Party shall settle any Claim with respect to which it has sought or is entitled to seek indemnification pursuant to this Article unless (i) it has obtained the prior written consent of the Indemnifying Party, or (ii) the

Indemnifying Party has failed to provide security, in a form reasonably satisfactory to the Indemnified Party, securing the payment of any Indemnifiable Cost, up to the amount of the proposed settlement.

- v. Except to the extent expressly provided herein, no Indemnifying Party shall settle any Claim with respect to which it may be liable to provide indemnification pursuant to this Article without the prior written consent of the Indemnified Party, provided, however, that if the Indemnifying Party has reached a bona fide settlement agreement with the plaintiff(s) in any such proceeding, which settlement includes a full release of the Indemnified Party for any and all liability with respect to such Claim, and the Indemnified Party does not consent to such settlement agreement, then the dollar amount specified in the settlement agreement, plus the Indemnified Party's legal fees and other costs related to the defense of the Claim prior to the date of such settlement agreement, shall act as an absolute maximum limit on the indemnification obligation of the Indemnifying Party with respect to the Claim, or portion thereof, that is the subject of such settlement agreement.

e. **Net Amount.** In the event that an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual Indemnifiable Cost, net of any insurance or other recovery actually received by the Indemnified Party.

f. **Assertion of Claims.** No Claim of any kind shall be asserted against either Party, whether arising out of contract, tort (including negligence), strict liability, or any other cause of or form of action, unless it is filed in a court of competent jurisdiction, or a demand for mediation is made, within the applicable statute of limitations period for such Claim.

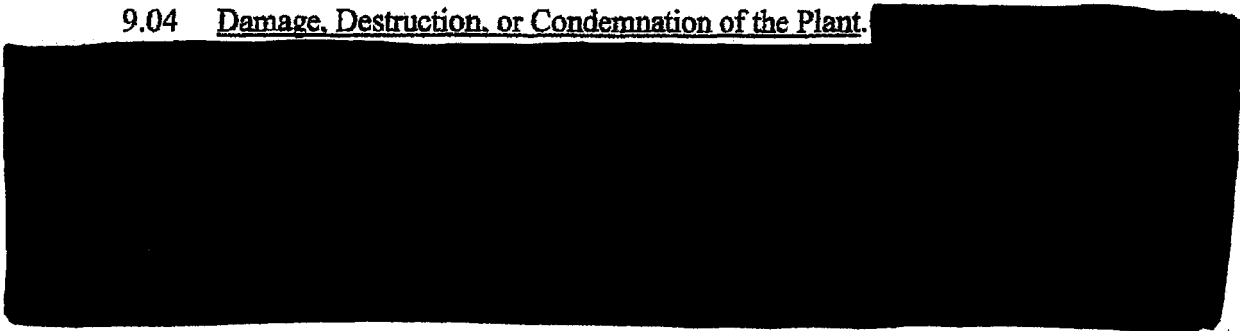
g. **No Release of Insurers.** The provisions of this Article shall not be deemed or construed to release any insurer from its obligation to pay any insurance proceeds in accordance with the terms and conditions of valid and collectible insurance policies.

h. **Survival of Obligation.** The duty to indemnify under this Article shall continue in full force and effect notwithstanding the expiration or termination of this Agreement, with respect to any Indemnifiable Cost arising out of an event or condition which occurred prior to such termination.

9.03 **Limitation of Liability.** Notwithstanding anything in this Agreement to the contrary, neither Party shall be liable to the other Party for any indirect, incidental, special, punitive, multiple, exemplary, or consequential damage, cost, expense or other liability, including loss of revenue or profits (other than payments expressly required and properly due under this Agreement), whether arising out of contract, tort (including negligence), strict liability, or any

other cause of or form of action whatsoever; provided, however, that this provision shall not limit either Party's obligation to indemnify, defend and hold harmless the other Party for any Claim against such other Party.

9.04 Damage, Destruction, or Condemnation of the Plant.



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**ARTICLE X
EVENTS OF DEFAULT AND REMEDIES**

10.01 Events of Default.

- a. A Party shall be in default under this Agreement upon the occurrence of any of the following events or conditions, each of which shall be an "Event of Default" for purposes of this Agreement unless cured within the time, if any, allowed under Section 10.01 (b):

- i. A Party's liquidation or dissolution, unless such liquidation or dissolution is in connection with a restructuring or reorganization of the Party, and upon the consummation of such restructuring or reorganization this Agreement has been assigned to an Affiliate in compliance with Section 7.01.
- ii. A Party's failure to make any payment to the other Party required under this Agreement, excluding payments that the Party notifies the other Party in writing that it disputes in good faith.
- iii. Except as may be excused by an event of Force Majeure, a Party's failure to comply with any material provision of this Agreement.
- iv. Any material misrepresentation by a Party under Article II.
- v. The filing of a case or proceeding under any bankruptcy Law by or against a Party as debtor that could materially impact the Party's ability to perform its obligations hereunder, provided, however, that the Party shall be given one hundred and twenty (120) days after such filing by a third party in

which to obtain a stay or dismissal prior to this provision constituting an Event of Default.

- vi. Any material failure by either Party to comply with any Law or the terms of any Authorization, if such failure prevents such Party from complying with its obligations as required under this Agreement.



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b. Cure periods for any default under this Agreement that is specified in Section 10.01(a) shall be as follows:

- i. With respect to any event listed in Section 10.01(a)(ii), a Party shall be given five (5) Business Days after written notice from the other Party in which to cure such default before such event shall constitute an Event of Default.
- ii. With respect to any event listed in Sections 10.01(a)(iii), (iv) or (vi), the defaulting Party shall be given thirty (30) days after written notice from the other Party in which to cure such default before such event shall constitute an Event of Default; provided, however, that if the defaulting Party has initiated a cure reasonably satisfactory to the other Party within such thirty (30) day period, and after having diligently pursued such cure is unable to implement it within such thirty (30) day period, then such event shall not constitute an Event of Default so long as the defaulting Party diligently and continuously pursues such cure until it is fully implemented to the other Party's reasonable satisfaction, provided that such cure is fully implemented no later than twelve (12) months after notice.
- iii. The events listed in Sections 10.01(a)(i), (v), or (vii) shall constitute Events of Default upon their occurrence and no cure period shall be applicable.

10.02 Remedies Upon Default. Upon the occurrence of an Event of Default or if otherwise permitted under this Agreement, the non-defaulting Party may exercise any one or more of the following remedies:

- a. Exercise all remedies available at law or at equity or other appropriate proceedings, including bringing an action or actions from time to time for recovery of amounts due and unpaid by the other Party, and/or for damages and expenses resulting from the Event of

Default, which shall include all costs and expenses reasonably incurred in the exercise of its remedy (including reasonable attorney's fees).

b. Without recourse to legal process, terminate this Agreement by delivery of a written notice to the other Party declaring termination.

10.03 Election of Remedies.

a. Except as specifically limited in this Agreement, each and every right, power and remedy of a Party, whether specifically stated in this Agreement, or otherwise existing, may be exercised concurrently or separately, from time to time, and so often and in such order as may be deemed expedient by the exercising Party, and the exercise or the beginning of the exercise of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy. No delay or omission of a Party in the exercise of any right, power or remedy shall impair or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

b. Notwithstanding any other provision of this Article, neither Party shall terminate this Agreement following the occurrence of an Event of Default by the other Party if, prior to the defaulting Party's receipt of a notice of such termination, and notwithstanding the expiration or unavailability of any cure period provided under this Agreement, the defaulting Party shall have cured the Event of Default.

10.04 Dispute Resolution.

a. The Parties shall settle any dispute arising out of or relating to this Agreement through the step negotiation and non-binding mediation set forth herein prior to the initiation of any litigation. Good faith participation in these procedures shall be a condition precedent to any litigation. All negotiations pursuant to this Article shall be confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and State Rules of Evidence.

b. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in this Article are pending. The Parties shall take such action, if any, required to effectuate such tolling.

c. Either Party may give the other Party written notice of any dispute not resolved in the normal course of business. Executives of both Parties shall meet at a mutually acceptable time and place within ten (10) days after delivery of such notice and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved by these persons within thirty (30) days of the disputing Party's notice, or if the Parties fail to meet within ten (10) days, either Party may initiate mediation as provided hereinafter. The mediation proceeding shall be conducted in accordance with the then current Center for Public Resources ("CPR") Model Procedure for Mediation of Business Dispute or other mutually agreed upon procedures, with the following exceptions:

- i. if the Parties have agreed to pursue mediation but have not agreed within thirty (30) days of the request for mediation

on the selection of a mediator willing to serve, the CPR, upon the request of either Party, shall appoint a member of the CPR Panel of Neutrals as the mediator; and

- ii. efforts to reach a settlement shall continue until the conclusion of the proceeding, which is deemed to occur upon the earliest of: (a) a written settlement is reached, (b) the mediator concludes and informs the Parties in writing that further efforts would not be useful, (c) the Parties agree in writing that an impasse has been reached or (d) the date which is thirty (30) days from the day on which a notice is delivered under Section 10.04(c) above. Neither Party may withdraw before the conclusion of the proceeding.

d. If the Parties are unable to resolve the disputes and litigation proves necessary, either party may initiate such litigation. The exclusive venue for any such litigation shall be the Circuit Court of Hernando County, Florida. The Parties expressly consent to the jurisdiction of such Circuit Court and to its exclusivity of venue.

e. The Parties hereby expressly agree that all disputes, claims, and counterclaims relating to this Agreement and the project shall be litigated, adjudicated, or otherwise resolved without a jury. The Parties expressly, voluntarily, and unequivocally waive any right they may have to a jury trial in connection with all disputes, claims and counterclaims relating to this Agreement.

ARTICLE XI INSURANCE

11.01 Coverage and Amounts. CP&L, and all contractors and subcontractors performing any services in connection with the operation or maintenance of the Plant, shall obtain and maintain in force comprehensive general liability insurance, public liability coverage and property insurance for injury to persons and property, automobile liability insurance and workman's compensation insurance, all in amounts and under terms which are generally carried by owners or lessees, operators or maintainers of equipment similar to the Plant. In the event that any insured Party reasonably determines that any such policy of insurance is no longer available at commercially reasonable rates, such insured Party shall not be obligated to continue to carry such insurance, and shall obtain substitute insurance which is as nearly identical as possible to the policy of insurance which it is intended to replace.

ARTICLE XII MISCELLANEOUS

12.01 Applicable Law. This Agreement is executed in accordance with and is intended to be construed under the Laws of the State of Florida, excluding any Law related to conflict or choice of Law which would result in the application of any Law to this Agreement other than the Laws of the State of Florida.

12.02 Notice and Service. Any notice, demand, request, consent, approval, confirmation, communication, or statement which is required or permitted under this Agreement, shall be in writing, except as otherwise provided, and shall be given or delivered by personal service, telecopy, telegram, Federal Express or comparable overnight delivery service, or by deposit in any United States Post Office, postage prepaid, by registered or certified mail, addressed to the Party at the address set forth below. Changes in such address shall be made by notice similarly given.

If to Progress Energy Florida:

Progress Energy Florida, Inc.
410 South Wilmington Street
Raleigh, North Carolina 27601
Attention: Vice President of Regulated Commercial Operations
Telephone Number: 919-546-4552
Facsimile Number: 919-546-4640

and

Progress Energy Florida, Inc.
410 South Wilmington Street
Raleigh, North Carolina 27601
Attention: General Counsel
Telephone Number: 919-546-5362
Facsimile Number: 919-546-3805

If to CP&L:

Central Power & Lime, Inc.
10311 Cement Plant Road
Brooksville, FL 34601
Attention: President
Facsimile Number: 352-799-3508

With copies to:

DPC Atlantis, LLC
67 Park Place East
Morristown, NJ 07960
Attention: General Counsel
Facsimile Number: 973-889-0020

And

Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, NW
Washington, DC 20005
Attention: Martin Klepper
Facsimile Number: 202-393-5760

Notices shall be deemed to have been received, and shall be effective, upon receipt. Notices of changes of address by either Party shall be made in writing no later than ten (10) days prior to the effective date of such change.

12.03 Amendment. This Agreement is intended as the final expression of the Parties' agreement and it is the complete and exclusive statement of the terms thereof. No statements or agreements, oral or written, made prior to the date hereof, shall vary or modify the written terms set forth herein, and neither Party shall claim any amendment, modification, or release from any provision hereof by reason of a course of action or mutual agreement unless such agreement is in writing signed by both Parties and specifically states it is an amendment to this Agreement. Except as otherwise provided in this Agreement, absent agreement of the Parties to a proposed change, the standard of review for changes to this Agreement proposed by a Party, a non-Party or the Federal Energy Regulatory Commission acting *sua sponte* shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

12.04 Maintenance of Records. Both CP&L and Progress Energy Florida shall keep a record of all invoices, receipts, charts, computer printouts, punch cards or magnetic tapes related to the volume or price of capacity sales made under this Agreement. Such records shall be made available for inspection by either Party upon reasonable notice at the principal place of business of the non-requesting Party during regular business hours. All such materials shall be kept on record for a minimum of [REDACTED] from the date of their preparation.

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12.05 Confidentiality.

a. Any Proprietary Information of a Party (the "Transferor") which is disclosed to or otherwise received or obtained by the other Party (the "Transferee") incident to this Agreement shall be held in confidence, and the Transferee shall not publish or otherwise disclose any Proprietary Information to any Person for any reason or purpose whatsoever, or use any Proprietary Information for its own purposes or for the benefit of any Person, without the prior written approval of the Transferor, which approval may be granted or withheld by the Transferor in its sole discretion. Without limiting the generality of the foregoing, each Party shall observe the same safeguards and precautions with regard to Proprietary Information which such Party observes with respect to its own information of the same or similar kind.

b. Each Party agrees that it will make available Proprietary Information received from the other Party to its own personnel only on a need-to-know basis, and that all Persons to whom such Proprietary Information is made available will be made aware of the confidential nature of such Proprietary Information, and will be required to agree to hold such Proprietary Information in confidence under terms substantially identical to the terms hereof.

c. Notwithstanding the foregoing:

- i. A Transferee may provide any Proprietary Information to any Governmental Authority having jurisdiction over or asserting a right to obtain such information, provided that (i)

such Governmental Authority orders that such Proprietary Information be provided, and (ii) the Transferee promptly advises the Transferor of any request for such information by such Governmental Authority and cooperates in giving the Transferor an opportunity to present objections, requests for limitation, and/or requests for confidentiality or other restrictions on disclosure or access, to such Governmental Authority.

- ii. CP&L may disclose Proprietary Information to any Governmental Authority in connection with the application for any Authorization for the Plant.
- iii. A Transferee may disclose Proprietary Information to any assignee or potential assignee in connection with an assignment of this Agreement permitted by the terms of Article VII above provided that the Transferee shall disclose Proprietary Information to a potential assignee only if the Transferee enters into an agreement with the assignee or potential assignee that obligates the assignee or potential assignee to comply with confidentiality undertakings substantially similar to those set forth in this Section 12.05.

d. In the event of a breach or threatened breach of the provisions of Section 12.05 (a) by any Transferee, the Transferor shall be entitled to an injunction restraining such Party from such breach. Nothing contained herein shall be construed as prohibiting the Transferor from pursuing any other remedies available at law or equity for such breach or threatened breach of this Agreement.

e. The obligation to retain information in confidence shall continue in full force and effect during the Term and for a period of [REDACTED] thereafter, notwithstanding the expiration or termination of this Agreement, with respect to any information obtained by any Party prior to such termination. 1

f. Definition of Proprietary Information:

- i. The term "Proprietary Information" means all information, written or oral, which has been or is disclosed by the Transferor, or by any Affiliate of the Transferor, or which otherwise becomes known to the Transferee, or to any Affiliate of such Transferee, or any other party in a confidential relationship with, the Transferee, and which (A) relates to matters such as patents, trade secrets, research and development activities, draft or final contracts or other business arrangements, books and records, budgets, cost estimates, pro forma calculations, engineering work product, environmental compliance, vendor lists, suppliers, manufacturing processes, energy consumption, pricing

information, private processes, and other similar information, as they may exist from time to time, or (B) the Transferor expressly designates in writing to be confidential. Proprietary Information shall also include information regarding the terms of this Agreement, including the Energy Rate, the Capacity Payment, and other commercial terms hereof.

- ii. Proprietary Information shall exclude information falling into any of the following categories:
 - A. Information that, at the time of disclosure hereunder, is in the public domain, other than information that entered the public domain by breach of this or any other agreement, or in violation of any Law;
 - B. Information that, after disclosure hereunder, enters the public domain, other than information that entered the public domain by breach of this or any other agreement, or in violation of any Law;
 - C. Information, other than that obtained from third parties, that prior to disclosure hereunder, was already in the recipient's possession, either without limitation on disclosure to others or subsequently becoming free of such limitation;
 - D. Information obtained by the recipient from a third party having an independent right to disclose the information; or
 - E. Information that is available through independent research without use of or access to the Proprietary Information.

12.06 No Partnership. Notwithstanding any provision of this Agreement, CP&L and Progress Energy Florida do not intend to create hereby any lease, joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.07 No Duty To Third Parties. Except as provided in Articles VII and IX, this Agreement is for the sole benefit of the Parties hereto, and nothing in this Agreement or any action taken hereunder shall be construed to create any duty, liability or standard of care to any person not a Party to this Agreement. Except as specifically provided herein, no person shall have any rights or interest, direct or indirect, in this Agreement or the services to be provided hereunder, or both, except Progress Energy Florida and CP&L. Except as provided in Articles VII and IX, the Parties specifically disclaim any intent to create any rights in any person as a third-party beneficiary to this Agreement or the services to be provided hereunder, or both.

12.08 Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

12.09 Severability. If any provision of this Agreement shall be determined to be unenforceable, void or otherwise contrary to Law, such condition shall in no manner operate to render any other provision of this Agreement unenforceable, void or contrary to Law, and this Agreement shall continue in force in accordance with the remaining terms and provisions hereof, unless such condition invalidates the purpose or intent of this Agreement. In the event that any of the provisions, or portions or applications thereof, of this Agreement are held unenforceable or invalid by any court of competent jurisdiction, the Parties shall negotiate in good faith to attempt to implement an equitable adjustment in the provisions of this Agreement with a view toward effecting the purposes of this Agreement by replacing the provision that is unenforceable, void, or contrary to Law with a valid provision the economic effect of which comes as close as possible to that of the provision that has been found to be unenforceable, void, or contrary to Law.

12.10 Audit Rights. Each Party shall have the right throughout the Term, upon reasonable prior notice, to audit the other Party's books and records to the limited extent necessary to verify the basis for any claim by either of the Parties for payments hereunder or to determine the other Party's compliance with the terms of this Agreement. The audited Party shall make such records available at its office during normal business hours and the auditing Party shall reimburse the other Party for reasonable costs incurred by the audited Party in connection with the audit, as supported by appropriate documentation.

12.11 Successors and Assigns. Except to the extent otherwise indicated herein, all the rights, benefits, duties, liabilities and obligations of the Parties hereto shall inure to the benefit of and be binding upon their respective successors and permitted assigns.

12.12 Integration. There are no understandings between the Parties as to the subject matter of this Agreement other than as set forth herein, and this Agreement represents the entire understanding between the Parties in relation to the subject matter hereof. This Agreement supersedes any and all previous agreements, arrangements or discussions between the Parties (whether written or oral) in respect of the subject matter hereof, all of which are hereby abrogated and withdrawn.

12.13 Survival. The provisions of Article IX, Section 10.2 and Section 12.05 shall continue in effect after the termination of this Agreement and the performance by the Parties of their obligations hereunder.

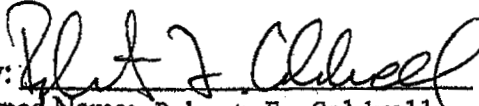
12.14 No Recourse. No recourse shall be had for the payment or performance of any of CP&L's obligations, covenants or agreements under this Agreement, against any incorporator, direct or indirect shareholder, member, partner, officer, director or Affiliate, (whether past, present or future) of CP&L or any Affiliate thereof, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

IN WITNESS WHEREOF, the Parties have caused the signatures of their authorized officers and their seals to be affixed as of the day and year first above written.

**FLORIDA POWER CORPORATION, D/B/A
PROGRESS ENERGY FLORIDA, INC.**

ATTEST:


Linda Norberg

By: 
Typed Name: Robert F. Caldwell
Title: Vice President
Date: August 23, 2005

CENTRAL POWER & LIME, INC.

ATTEST:

C. Thomas Pauk

By: 
Typed Name: ROBERT R. NOBLE
Title: President CP&L, Inc.
Date: AUGUST 23, 2005

CONFIDENTIAL

[REDACTED]

[REDACTED]

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**EXHIBIT A
TECHNICAL SPECIFICATIONS**

The Plant is located approximately 7.5 miles from the Florida Power Corporation ("FPC") 115 kV Brookridge Substation. Major Plant equipment includes a 930,000 pounds per hour Babcock & Wilcox pulverized coal boiler, 43.5 MVA GE HP steam turbine and a 112.5 MVA GE LP steam turbine.

The Plant is permitted to operate up to [REDACTED] hours per year.

Electrical interconnection of the Plant with FPC at the 115kV Brookridge Substation is made via a 7.5-mile transmission line that is owned and maintained by the Plant.

Operating Limits:

Minimum Operating Level [REDACTED] MW (net)

Hot Start: Resynchronize [REDACTED]
 Minimum Output [REDACTED]
 Maximum Output [REDACTED]

Warm Start: Resynchronize [REDACTED]
 Minimum Output [REDACTED]
 Maximum Output [REDACTED]

Cold Start: Resynchronize [REDACTED]
 Minimum Output [REDACTED]
 Maximum Output [REDACTED]

Ramp Up (above Min. Output) [REDACTED] MW per minute

Ramp Down (above Min. Output) [REDACTED] MW per minute

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**EXHIBIT B
INVOICES**

1. Each monthly bill prepared by CP&L and delivered to Progress Energy Florida pursuant to the provisions of Section 4.05 shall include a summary of the quantities of Delivered Energy delivered by CP&L to the Point of Delivery during such month and any Energy Payments and Capacity Payments due to CP&L.

2. Each monthly Capacity Payment shall be calculated as follows:

CP = [REDACTED]

Where:

[REDACTED]

[REDACTED]

3. Each monthly Energy Payment shall be calculated as follows:

EP = [REDACTED]

Where:

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[REDACTED]

4. [REDACTED]

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EXHIBIT C

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
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EXHIBIT D

[REDACTED]

A W Z 1



CONFIDENTIAL

EXHIBIT E PLANT DIAGRAM

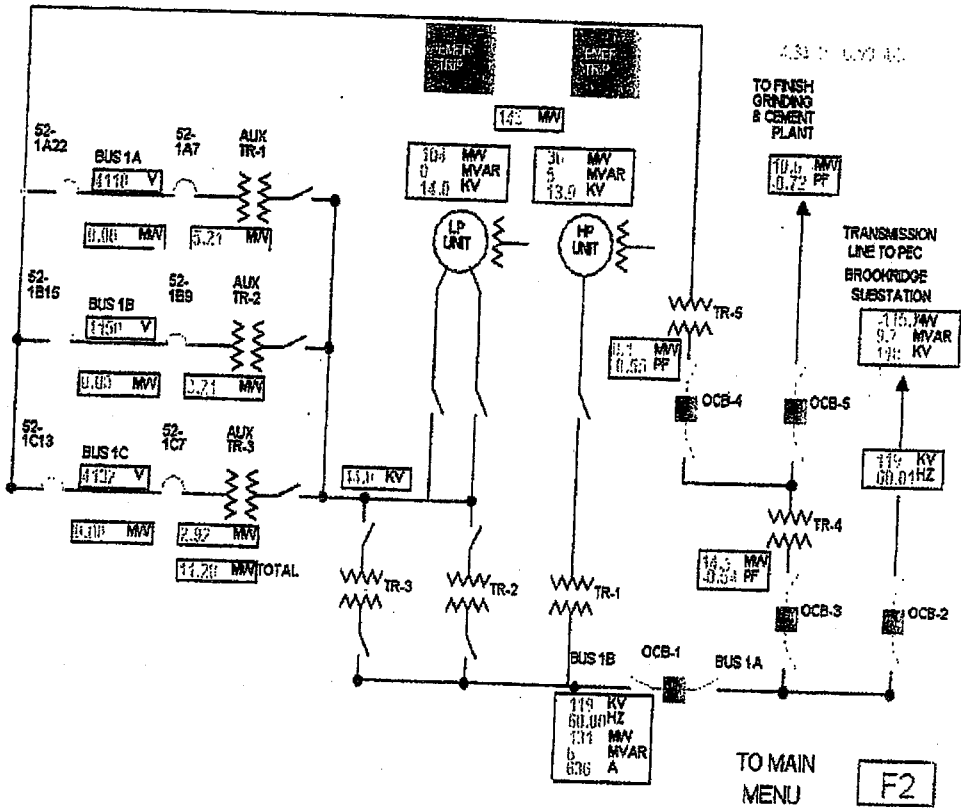


EXHIBIT F
SCHEDULING FLEXIBILITY OPTIONS

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**FIRST AMENDMENT
TO
AGREEMENT FOR INTERCONNECTION AND TRANSMISSION OF ELECTRIC
ENERGY
BETWEEN
FLORIDA POWER CORPORATION
AND
CENTRAL POWER & LIME, INC.**

THIS AMENDMENT (hereinafter referred to as the "Amendment 1") is made and entered into this 16th day of September, 2005 by and between Florida Power Corporation d/b/a Progress Energy Florida, Inc., (hereinafter referred to as "PEF") and Central Power & Lime, Inc. (hereinafter referred to as the "CP&L").

WITNESSETH:

WHEREAS, PEF and CP&L (as assignee of Florida Crushed Stone Company) are parties to the Agreement for Interconnection and Transmission of Electric Energy, executed October 3, 1984 (hereinafter referred to as the "Agreement"); and

WHEREAS, PEF and CP&L now desire to amend the expiration date in the Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to amend the Agreement as follows:

1. The first sentence of paragraph 5 entitled "Term" is hereby amended and restated in its entirety to read as follows: "This Agreement shall become effective upon execution hereof by both parties, and shall be in full force and effect thereafter until February 1, 2006."

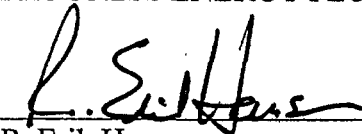
2. Except as set forth herein, nothing in this Amendment shall be construed to limit, reduce, diminish, abrogate, or affect in any way the rights and obligations of PEF and CP&L under the Agreement. All other terms and conditions of the Agreement shall remain in full force and

effect.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first written above.

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

By:



R. Erik Hansen

Title:

Vice President
System Planning & Operations

CENTRAL POWER & LIME, INC.

By:



Robert R. Noble

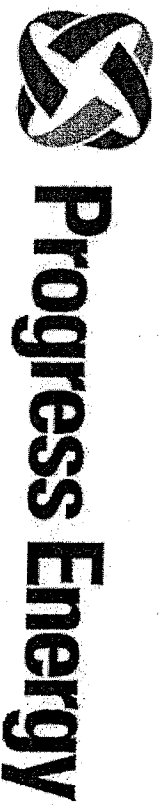
Title: President

REDACTED




PEF-FUEL-001693 through PEF-FUEL-001698

Progress Energy Florida 2006-2007 Capacity Needs

August 25, 2005



SRP Request

- Summer 2006 (4 months, June-Sept) 
- Winter 2006-2007 (3 months, December-February) 
- Summer 2007 (4 months, June-Sept) 
- Winter 2006-2007 should be supplied from at least 2 sources

Reliant – Alternative #1

- Term & Quantity
 - ▷ [REDACTED]
 - ▷ [REDACTED]
 - ▷ [REDACTED]
- Product – unit contingent capacity, gas tolling, oil PPA
- Facilities – Osceola and Vandolah
- Capacity Price
 - ▷ [REDACTED]
 - ▷ [REDACTED]
- Variable O&M
 - ▷ Oil - [REDACTED]
 - ▷ Gas - [REDACTED]
- Start Charges - [REDACTED]
- Heat Rate - [REDACTED]
- Scheduling – whole unit increments per technical and permit limits
- Delivery Point (electric) – facility busbar
- Delivery Point (gas)
 - ▷ Osceola – FGT
 - ▷ Vandolah – Gulfstream
- Pricing does not include cost of collateral

Reliant – Alternative #2

- Term & Quantity
 - ▶ [REDACTED] [REDACTED]
 - ▶ [REDACTED] [REDACTED]
- Product – unit contingent capacity, gas tolling, oil PPA
- Facilities – Osceola and Vandolah
- Capacity Price
 - ▶ Winter - [REDACTED]
 - ▶ Osceola [REDACTED]
- Variable O&M
 - ▶ Oil - [REDACTED]
 - ▶ Gas - [REDACTED]
- Start Charges - [REDACTED]
- Heat Rate - [REDACTED]
- Scheduling – whole unit increments per technical and permit limits
- Delivery Point (electric) – facility busbar
- Delivery Point (gas)
 - ▶ Osceola – FGT
 - ▶ Vandolah – Gulfstream
- Pricing does not include cost of collateral

REDACTED
(Non-Responsive)

REDACTED
(Non-Responsive)

REDACTED
(Non-Responsive)

Progress Energy Florida 2006-2009 Capacity Purchases

**RCO Deal Reviewers' Meeting
December 14, 2005**



Overview

- Capacity required to meet reserve margins
- Limited options/Competitive pricing
- Manageable risks

Overview

- **Capacity required to meet reserve margins**
- **Limited options/Competitive pricing**
- **Manageable risks**

REDACTED

PEF-FUEL-001709

Osceola

- Seller – Reliant Energy
- Product – unit firm capacity, gas tolling, oil PPA
- Term – [REDACTED]
- Quantity
 - ▶ [REDACTED] [REDACTED]
 - ▶ [REDACTED] [REDACTED]
 - ▶ [REDACTED] [REDACTED]
- Capacity Price – [REDACTED]
- Variable O&M
 - ▶ Oil – [REDACTED]
 - ▶ Gas – [REDACTED]
- Start Charges – [REDACTED]
- Heat Rate – [REDACTED]
- Scheduling – per technical and permit limits
- Delivery Point – facility busbar (PEF control area)

**REDACTED
(Non-Responsive)**

REDACTED
(Non-Responsive)

Overview

- Capacity required to meet reserve margins
- **Limited options/Competitive pricing**
- Manageable risks

REDACTED

PEF-FUEL-001714

Overview

- Capacity required to meet reserve margins
- Limited options/Competitive pricing
- **Manageable risks**

Risk Overview

Risk	Osceola	OUC	TEA
Price Risk	Low	Low	Low
Credit Risk	Moderate ¹	Low	Low
Cost Risk	Low	Low	Low
Regulatory Risk	Low	Low	Low
Operating Risk	Low	Low	Low
Delivery Risk	Moderate ²	Low	Moderate ²

Note 1 – requesting ██████████ in performance security

Note 2 – conditions precedent for transmission

REDACTED

PEF-FUEL-001717

Next Steps

- UCORS Approval of Osceola Dec 13
- Deal Reviewers' Meeting Today
- Reviewers' Comments Due Dec 21
- Group Executive Review of Osceola Dec 22
- Contract Execution Jan/Feb 2006

Appendix



Risk Overview - Osceola

- Price Risk - Low
- Credit and Counterparty Risk - Moderate
 - ▶ Performance security - [REDACTED]
 - ▶ Moody's B2/Stable Long Term Issuer Rating and an S&P B+/Watch Negative Credit Rating
- Cost Risk - Low
 - ▶ Non-fuel costs are fixed
 - ▶ [REDACTED]
- Regulatory Risk – Low. Regulatory out language?
- Operating Risk – Low. [REDACTED]
- Delivery Risk – Moderate. Conditions precedent to allow termination of agreement if transmission is not available

**REDACTED
(Non-Responsive)**

REDACTED
(Non-Responsive)