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EXHIBIT B

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per 756-94-0411-5FD Part I OF T 6828-90

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1. F-203.1 Peabody Master Contract (3/24/88)

2. F-203.2 Peabody Amendments/Letter Agreements

3. F-206.8 Reading & Bates Coal Co. (Exp. 9/30/2007)

4. F-206.9 Lake Coal Company of Kentucky (Exp. 9/30/1997)

- 5. F-209.2 A.T. Massey Coal Co., Inc. & Marrowbone Development Co. Contract (& Amendments)
- F-209.4 Delta Coal Equity, Humphreys Enterprises, Greater Wise, Red River Coal, Pardee Coal, & Delta Coals, Inc.

7. F-210.13.3 Webster County Coal (MAPCO) (P.O. C-89-009578)





91181 . respondence



March 29, 1988

Peabody Coal Company Contract

George O. Layman

Bonnie B. Sprinkle CORPORATE

Gulf and Peabody Coal Company completed negotiations for a new contract on March 24, 1988. This contract sets forth terms and conditions for fuel to be supplied by Peabody to Gulf for a period of twenty (20) years.

This contract also terminates the present Peabody Coal Company Master Agreement dated December 14, 1970, and the Peabody Coal Company Eagle No. 2 Mine Agreement dated January 1, 1972.

Please note there is one document included, "Fifth Amendment to the Transportation Agreement," that also was approved by Ohio River Company on March 24, 1988, as an amendment to their existing contract with Gulf Power Company. This original copy should be placed with the corporate records as it is now in effect.

everyin

George

GOL:en

Attachment

Earl B. Parsons, Jr. cc/Att: David P. Ratcliffe G. Edison Holland M. Lane Gilchrist





# PEABODY COAL COMPANY CONTRACT

## INDEX

1.	Termination & release Agreement
2.	Coal Supply Closing Agreement
3.	Agreement between Peabody & Gulf for the Sale and Purchase of Coal
4.	Interim Blending Agreement
5.	Disclosure Letter - Gulf to Peabody for the Release of the Contract to Ohio River
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- Interim Agreement for use of BRT in lieu of Shawneetown 6.
- 7. Fifth Amendment to Ohio River Contract

# PEABODY COAL COMPANY CONTRACT

# March 24, 1988

#### TERMINATION AND RELEASE AGREEMENT

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

#### RECITALS

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

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

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

#### AGREEMENT

## 1. Termination.

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

#### 2. Release.

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

### 3. Post-Termination Obligations.

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

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

-2-

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

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

4. Counterparts.

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

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

GULF POWER COMPANY

By: <u>Farl B. Parsons</u> J. . Its: <u>Vin President</u>

SOUTHERN COMPANY SERVICES, ' INC.

By: \_\_\_\_\_

PEABODY COAL COMPANY

By: C.A. Frankto Its: Mar ( worders). Juking

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IN WITNESS WHEREOF, the parties have caused this Agreement to be effective February 1, 1988, but duly executed by their respective corporate officers thereunto duly authorized, on the 24th day of March, 1988. SOUTHERN COMPANY SERVICES, GULF POWER COMPANY INC. By: By: Its: Vice President, Services Lue Its: PEABODY COAL COMPANY By 1 Its:

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#### COAL SUPPLY CLOSING AGREEMENT

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

#### RECITALS

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

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

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

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

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

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

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

ARTICLE I. DEFINITIONS.

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

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

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

ARTICLE II. CLOSING.

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

AT THE CLOSING:

- Gulf, Southern and Peabody shall execute and deliver the Termination and Release Agreement;
- (2) Gulf and Peabody shall execute and deliver the Gulf Coal Supply Agreement.
  - (3) Gulf shall deliver the consideration described in Article III and in the manner provided therein.

/ ... -2Each of the foregoing actions shall be deemed to have occurred simultaneously at the Closing and unless each of such actions is taken none of the other actions shall be taken or be deemed to have been taken, and any acts which may have been performed in respect thereof shall be deemed null and void.

ARTICLE III. CONSIDERATION.

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

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

ARTICLE IV. SURVIVAL.

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

ARTICLE V. MISCELLANEOUS.

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

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

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

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

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

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

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

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

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

## PEABODY COAL COMPANY

SOUTHERN COMPANY SERVICES, INC.

By: Its:

GULF POWER COMPANY

By: <u>Earl B. Parsons</u> J. Its: <u>Vice President</u>

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

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

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

PEABODY COAL COMPANY

Byt Jukh Its:

SOUTHERN	COMPANY	SERVI	CES,	INC.
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By:	all the	U.Y		
Its: Vice	President		Servi	ces
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GULF POWER COMPANY

By:	
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Its:	

## EXHIBIT A

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

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

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

## WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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2.15 "MBtu" shall mean million Btu's.

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

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

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

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

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

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

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

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negotiation or bid solicitation procedure provided in Section 9.11.

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

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

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

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

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

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

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

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

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

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

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

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

2.34 "Year" shall mean a calendar year.

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

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

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5.0 Delivery of Coal

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

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

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

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

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

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

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

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

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

Shipping notices and analyses shall be sent to the following:

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Supervisor of Fuel Supply<br/>Electric Operations ServicesPlant<br/>Crist<br/>D. O.Gulf Power Company<br/>P. O. Box 1151<br/>Pensacola, Florida 32520-1151Pensacol<br/>Teleph<br/>Telecopy #904/444-6636<br/>TelecopTelephone #904/444-6208Telecopy

Plant Manager Crist Electric Generating Plant P. O. Box 1151 Pensacola, Florida 32520-1151 Telephone #904/478-5900 ext 2212 Telecopy #904/478-5900 ext 2217

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

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

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

6.0 Quantity and Source of Coal.

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

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actual burn as provided above, Buyer shall give Seller written 3 notice by November 1, which notice shall also specify Buyer's A good faith estimate of the total quantity to be burned at those s Plants in such Year. In such event, the annual quantity to be 8 purchased by Buyer in such Year shall be reduced to the actual / 7 amount burned by Buyer in such Year; provided, however, in no 8 event, other than as provided in Sections 14 and 15, shall such 9 annual quantity in such Year be reduced to less than 1,750,000 10 Tons. The difference between 1,900,000 tons and the quantity 11 actually purchased by Buyer during each Year shall be deemed 12 Deficiency Tonnage hereunder.

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6.2 Deferred Tonnage Option. There may exist under this 14 Agreement two types of Deferred Tonnage. These are Deficiency 15 Tonnage under Section 6.1 and Make Up Tonnage under Sections 8.0, 16 8.1, 14.2 and 14.3. Whenever there exists Deferred Tonnage, 17 Seller shall have the right, at its option, to sell up to 200,000 18 Tons annually of such Deferred Tonnage to Buyer in the next 19 Year(s) that the combined burn at Buyer's Plants Crist and 20 Lansing Smith exceeds 1,900,000 Tons. Seller shall give Buyer written notice no later than February 1 of any such Year that 22 Seller will exercise its right to sell Deferred Tonnage in such Year, which notice shall also specify the amount of Deferred Tonnage to be purchased in such Year. In such event, the annual quantity of 1,900,000 Tons for such Year shall be increased to include such Deferred Tonnage. Seller and Buyer may mutually agree to include more than 200,000 Tons of Deferred Tonnage in a Year, but in no case shall the annual Tonnage of 1,900,000 Tons'

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

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

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

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

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

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

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

#### Sources

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

B. Eagle No. 2 Mine - by itself

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

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

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

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

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

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

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

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

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

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

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

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6.4 Price Adjustments for Changes in Sources, Blending 10 Points or Outbound Loading Points. Whenever Buyer approves a new 11 Source, Blending Point or Outbound Loading Point, Seller shall 12 share with Buyer the transportation and blending cost savings, if 13 any, as provided hereinafter. The then existing Seller's 14 Transportation Cost shall be converted to a cost per MBtu using 15 the Btu of the coal from the existing Source(s). A new Seller's 16 Transportation Cost shall be calculated for purposes of this 17 Section 6.4 using the total transportation costs from the mine to 18 the Outbound Loading Point associated with the new Source, 19 Blending Point or Outbound Loading Point, as the case may be 20 The new Seller's Transportation Cost shall be converted to a cost 21 per MBtu using the Btu of the coal from the new Source(s). The 22 new Seller's Transportation Cost per MBtu shall be subtracted 23 from the then existing Seller's Transportation Cost per MBtu. If 24 the difference is a positive number, the difference shall be 25 converted to a cost per Ton, and Buyer shall be credited through 26 a monthly credit memo with one-half (1/2) of such difference 27 multiplied by the number of Tons Buyer purchases from Seller from 28 such new Source or through such new Blending Point or Outbound

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

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

No cost sharing shall be required under Section 6.4 upon Seller's changing to a Source based on Equality Mine by itself or based on a change in the percentage blend of Equality Mine and Eagle No. 2 Mine. No cost sharing shall be required under Section 6.4 if Seller changes a Source, Blending Point or Outbound Loading Point as a result of a change in "environmental related requirements" pursuant to Section 15.7

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

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

9 10		Guaranteed Specifications (Weighted Mo. Avgs)	Rejection Limits (Per Shipment)
11	Max Moisture (total)	11.0%	12.0%
. 12	Max Ash	10.5%	13.0%
13	Max *S0 <sub>2</sub> Content (lbs/MBtu)	5.25	5.25
14	Min Volatile Matter	32.0%	**32.0%
15	Min Ash Fusion Temp	2050 Degrees F	**2010 Degrees F
<b>y</b> •	(H=W, reducing atmosphere)		
17	Min Grindability (HGI)	52	**50
18	Min Btu/lb	11,900	11,350

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

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JLK -19Seller by telephone whenever Buyer experiences additional, reasonable expense in handling of such coal. Seller shall reimburse Buyer for all reasonable damage caused to Buyer's equipment by any extraneous material Seller or Seller's contractors have loaded with the coal. Buyer represents that prior to placement of the coal in the bunkers at the Plants, the coal shall be passed under an energized magnetic device.

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\*The SO<sub>2</sub> specification shall be calculated pursuant to the formula set forth below by using the actual weighted average specifications for percent sulfur and Btu/lb on an "as-received" basis for each Shipment or month, as the case may be: Pounds of SO2 per MBtu =  $\frac{(\$ \text{ sulfur}) \times 1.9 \times 10^4}{(\text{Btu/lb of coal})}$ 

\*\* Rejection Limits for Ash Fusion, Volatile Matter and Grindability shall be based on an analysis of a bi-weekly composite of all Shipments loaded during a two (2) week period but shall be based on a minimum of 15,000 Tons. Buyer and Seller recognize that there is currently a dispute between ASTM Committee DO5 on Coal and Coke ("ASTM") and the United States Department of Energy ("DOE") over the preparation of calibration standard reference samples used for calibration of the equipment used to determine the Hardgrove Grindability Index of coal. Until such time as the problem with Grindability Standard Reference Samples (SRS) from the DOE has been resolved, Grindability analyses will be performed according to ASTM procedure D409-85, Sections 1-8. Calibration will be performed according to Section 9, except that the HGI for the SRS's will be

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

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HGI = 13 + 6.93W
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W = calculated weight of coal sample passing the No. 200 sieve.

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

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

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

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

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

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

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

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

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

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Except as provided in Section 9.9, Seller shall promptly notify Buyer in writing of all adjustments no later than forty-five (45) days after the effective date(s) of such adjustments as specified herein. The adjustments shall be applicable as of such effective date(s) if Seller notifies Buyer within forty-five (45) days of such effective date. In cases where the adjustments increase the price, the adjustments shall be applicable as of the date on which the Buyer receives notices from Seller of such claimed adjustment if such notice was received more than forty-five (45) days after the effective date of such change. The forty-five (45) day limitation provided above shall not apply to a claimed adjustment predicated on information from an outside party which was not available to Seller within such period. With respect to decreases required to be made by virtue of such adjustment provisions, such adjustments shall be made retroactively as to all coal shipped from and after the effective date of such adjustment. All adjustments made shall be calculated to the nearest cent per Ton. No disputes concerning price adjustments shall in any way relieve either party of its respective obligations under this Agreement at the then existing Billing Price until any such dispute is resolved. A11

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11.0 <u>Billing Formula</u>. The Semi-Monthly Billing amount shall be calculated based on:

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

B = The Billing Price Per Ton.

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

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

 $A \times (B + C)$ 

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The Calorific Value Adjustment amount shall be calculated based on:

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

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

F = The Billing Price per Ton

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G = Seller's Transportation Cost

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

 $D \propto \frac{E}{11.900} \propto (F + G)$  less Semi-Monthly Billing payments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14.0 Force Majeure.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In the event Buyer elects to invoke any of its rights under this Section 15.0, Buyer shall notify Seller thereof in writing, stating the grounds upon which such invocation is based. Said notice shall specify the date upon which the applicable effect upon Seller's rights and/or obligations shall become effect're, ("Beginning Date") which said date shall not be earlier than one hundred twenty (120) days prior to the required compliance date of the law, regulation, or order giving rise to such right(s) of Buyer ("Compliance Date"). Unless prevented from doing so by an earlier Compliance Date, Buyer shall provide such notice no later than one hundred fifty (150) days prior to the Beginning Date. If Buyer determines that the most economical method of compliance with environmental related requirements can be achieved by changing coal specifications in Section 7.0 for all

or part of Buyer's needs, Buyer shall provide Seller with the

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above described written notice of the anticipated change which at a minimum shall contain the following: (1) the Beginning Date, (2) the Compliance Date, (3) the changed coal quality specifications at the Plants, (4) the annual quantity of the coal with the changed specifications, and (5) the reasons for such change. Seller shall have the right, but not the obligation, to supply coal with such changed quality specifications under the same terms as this Agreement and at the same delivered cost per MBtu as provided hereunder. Seller shall, within thirty (30) days of receipt of Euver's notice, provide Buyer with written notice of its intent to exercise its option to provide the coal with such changed quality specifications in accordance with this paragraph. If, within such thirty (30) day period, Seller does not notify Buyer of its intent to exercise the option to supply the quantity 20 and quality of coal contained in Buyer's notice under the terms of this Agreement, Buyer and Seller shall thereafter negotiate in 18 good faith a price and terms and conditions for the quantity o" 19 coal contained in Buyer's notice for a period of ninety (90) 20 days. If the parties do not agree on a price and terms and 21 conditions for such coal, Buyer shall then solicit bids for the 22 quantity and quality of coal contained in Buyer's notice in-23 accordance with Section 9.11 hereol. Unless otherwise mutually 24 agreed or otherwise provided in this Section 15.0, the same time 25 limitations as those contained in Section 9.11 shall also apply. 26 The limitation in Section 9.11 regarding a previously approved 27 mine(s) shall not be applicable under this Section 15.0, it being 28 understood that Seller shall have the right to furnish coal from

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

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

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

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

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

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

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

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

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

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

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

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

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

17.0 <u>Independent Contractor</u>. This is an Agreement for the purchase and sale of coal in which the parties recognize and agree that Seller is not an agent or employee of Buyer nor 1s Buyer an agent or employee of Seller, but both are independent of any managerial or other control or direction by the other in their work hereunder, and are free to perform, by such means and in such manner as they may choose, all work in pursuance of their respective commitments hereunder.

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18.0 Accounting and Audit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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(c) Changes in the market for coal;

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(d) Availability or costs of alternative fuels.

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

22.0 Termination for Unremedied Default. In the event of the failure of either party to comply with any or all of its respective obligations in good faith as herein set forth, the party not in default shall have the right to terminate this Agreement at any time by giving to the other party sixty (60) days notice in writing of its intention to do so and specifying the default. At the expiration of said sixty (60) days, unless the party in default shall have made good such default, the party not in default shall have the right at its election to terminate this Agreement forthwith with no liability therefor. The failure of the parties to agree on a price adjustment shall not constitute grounds for rescission or termination of this Agreement. The provisions of this Section 22.0 shall not be applicable to Sections 8.0 and 8.1 which specifically provide remedies for the subject matter contained therein.

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

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

(a) If the notice is to Buyer:

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

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

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

(b) If the notice is to Seller:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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IN WITNESS WHEREO	F, the parties have caused this Coal Sup
Agreement to be effect	tive February 1, 1988, but duly executed
their respective corport	rate officers thereunto duly authorized,
the day of	, 1988.
	BUYER: GULF POWER COMPANY
	BY:
Attest:	
	SELLER:
	PEABODY COAL COMPANY
	BY:
Attest:	

## ANNEX A

## SELLER'S BLENDING PROCEDURES

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

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

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

### ANNEX B

# SELLER'S LOADING PROCEDURES FOR PEABODY RANDOLPH AND FEDERAL BLEND

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

A-2

# ANNEX C

# GULF POWER COMPANY

# FOR RANDOLPH AND FEDERAL BLEND

		Rando.	lph	Feder	al	Total
Date	Barge No.	Tons	8	Tons	8	Tons

( ) ( A-3

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

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

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

I. Calculation of Base Average Hourly Wage Rate

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

Undergi	ound	at	Deep
Mines	Wage	Ra	tes

Grade 5	\$15.365
Grade 4	15.160
Grade 3	14.793
Grade 2	14.570
Grade 1	14.498
·	\$74.586 + 5 = \$14.917

S .000

Shift Differential Rate

lst	Shift
2nd	Shift
3rd	Shift

Freeze	.300	no -	
\$	.700	+ 3 =	.233

Base Average Hourly Wage Rate

\$15.150

ANNEX E <u>COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN LABOR COSTS</u> Section 9.2 Page 2 of 3

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

> Underground at Deep Mines Wage Rates

Grade 5	\$15.815
Grade 4	15.410
Grade 3	15.043
Grade 2	14.820
Grade 1	14.748
	\$75.836 + 5 = \$15.167

Shift Differential Rates

lst Shift	\$ .000
2nd Shift	.300
3rd Shift	. 400
	\$ .700 + 3 =233

Current Average Hourly Wage Rate \$15.400

	ANNEX E	
co	MPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN Section 9.2	LABOR COSTS
	Page 3 of 3	
III.	Calculation of Per Ton Adjustment	
	Current Average Hourly Wage Rate	\$15.400
	Base Average Hourly Wage Rate	+15.150
	Percentage Change	101.7
	Base Labor Cost Component	× 7.45
	Adjusted Labor Cost Component	\$ 7.58
	Less: Base Labor Cost Component	7.45
	Less: Previous Per Ton Adjustments Pursuant to this Section 9.2	.00
	Per Ton Adjustment Effective April 1, 1988	\$ .13

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#### ANNEX F

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

#### Federal Complex

Allocated Base Average Worker's Compensation Premium Annual Wage Per Employee at Federal Complex \$15,226

West Virginia State Underground Manual Rate effective January 1, 1988 x .1587

Base Worker's Compensation Cost at Federal Complex

\$2,416

3,945

\$6,361

\$15,248

¥ .2587

#### Randolph Complex

Allocated Base Average Worker's Compensation Premium Annual Wage Per Employee at Randolph Complex

Current Equivalent Rate for Illinois State Underground Mines Modified for Seller's Experience effective January 1, 1988

Base Worker's Compensation Cost at Randolph Complex

Base Worker's Compensation Cost

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

#### ANNEX F

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

Current Average Hourly Wage Rate at	
April 1, 1988	\$15.400
Base Average Hourly Wage Rate	+ 15.150
Percentage Change	101.7%
Base Average Worker's Compensation Premium Annual Wage Per Employee	× _30,474
Adjusted Average Worker's Compensation Premium Annual Wage Per Employee	\$30,992
Worker's Compensation Rate Effective January 1, 1988:	
<u>Illinois U. G. Rate</u> + <u>West Virginia U.G. Rate</u> (\$.2587 x 50%) (\$.1587 x 50%)	x2088
Adjusted Worker's Compensation Cost at April 1, 1988	\$ 6,471
Base Worker's Compensation Cost	* *
Percentage Change in the Worker's Compensation Cost	101.7%
Base Worker's Compensation Cost Component	x <u>\$ .84</u>
Adjusted Worker's Compensation Cost Component Effective April 1, 1988	\$ .85
Less: Base Worker's Compensation Cost Component	.84
Less: Previous Per Ton Adjustments Pursuant to this Section 9.3(1)	.00
Per Ton Adjustment Effective April 1, 1988	\$ .01

NOTE: All figures used are for illustration purposes only and are not meant to predict actual changes in the Worker's Compensation Rates or Adjusted Average Worker's Compensation Premium Annual Wage Per Employee.
\* This does not represent the actual Base Worker's Compensation Cost. This amount will be determined when the January 1, 1988 Worker's Compensation rates are available.

### ANNEX G

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

Current Average Hourly Wage Rate at April 1, 1988	\$15.400
Base Average Hourly Wage Rate	+ 15.150
Percentage Change	101.75
Base Average FICA Taxable Wage Per Employee	* \$33,766
Adjusted Average FICA Taxable Wage Per Employee	\$34,340
FICA Rate Effective April 1, 1988	×0751
Adjusted FICA Cost at April 1, 1988	\$ 2,579
Base FICA Cost (\$33,766 x 7.51%)	+ _2,536
Percentage Change in the FICA Cost	101.7%
Base FICA Cost Component	x
Adjusted FICA Cost Component Effective April 1, 1988	\$.53
Less: Base FICA Cost Component	.52
Less: Previous Per Ton Adjustments Pursuant to this Section 9.3(2)	.00
Per Ton Adjustment Effective April 1, 1988	\$ .01

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

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#### ANNEX H

# COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES <u>IN UNEMPLOYMENT COMPENSATION</u> Section 9.3(3) Current Maximum Unemployment Compensation Cost: Illinois - [(\$7,000 x 1.5%) + (\$8,500 x 5.3%)] x 50% \$278

West Virginia - [(\$7,000 x 2.0%) + (\$8,000 x 10.5%) + (\$13,000 x .6%)] x 50% \_\_\_\_\_529

	Total Current Maximum Unemployment Compensation Cost	\$807
	Base Maximum Unemployment Cost: Illinois - [(\$7,000 x 2.0%) + (\$8,500 x 5.1%)] x 50% \$287	
	West Virginia - [(\$7,000 x 1.9%) + (\$8,000 x 10.4%) + (\$13,060 x .6%)] x 50% 522	
	Total Base Maximum Unemployment Cost	* 809 *
	Percentage Change In the Unemployment Compensation Cost	99.88
	Base Unemployment Compensation Cost Component	x \$.08
L'IQUN	Adjusted Unemployment Compensation Cost Component	\$.08
	Less: Base Unemployment Compensation Cost Component	.08
	Less: Previous Per Ton Adjustments Pursuant To This Section 9.3(3)	.00
	Per Ton Adjustment Effective January 1, 1989	\$.00

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

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

				ANNEX	I			
COMPUTATION	OF	PER TO	NC	ADJUSTMENT	FOR	CHANGES	IN	SUPERVISORY
and the second second		HEAL'	CH	RELATED BE	NEFI	r costs		
				Section	9.4			

Current Index: Consumer Price Index - Medical Care Index (W) - February, 1988 (1932 - 84 = 100)	133.8
Base Index: Consumer Price Index - Medical Care Index (W) - November, 1987 (1982 - 34 = 100)	+ <u>133.1</u>
Percentage Change	100.5%
Base Supervisory Health Related Benefits Cost Component	× <u>\$ .10</u>
Adjusted Supervisory Health Related Benefits Cost Component	\$ .10
Less: Base Supervisory Health Related Benefits Cost Component	.10 /
Less: Previous Per Ton Adjustments Pursuant to this Section 9.4	.00
Per Ton Adjustment Effective April 1, 1988	\$ .00

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

### ANNEX J COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN MATERIALS, SUPPLIES AND ELECTRIC POWER COSTS Section 9.5

Page 1 of 2

I. Calculation of the Weighted Percentage Change:

B.L.S. Code	Index (1982-84=100)	Current Index Feb., 1988		Base Index Nov., 1987		Percentage Change		Index Weight		Weighter Percent: Change
0543	Industrial Power, 500 KW Demand	104.8	÷	110.3	=	.959	х	15.0%	=	14.38
057	Petroleum Products, Refined	54.9	÷	59.8	=	.918	х	7.58	=	6.90
0713-03	Rubber Belts & Belting	105.9	÷	102.6	=	1.032	х	10.08	=	10.38
08	Lumber & Wood Products	114.4	÷	116.5	=	.982	х	7.58	=	7.48
1081	Bolts, Nuts, Screws, Rivets & Mashers	103.3	÷	103.3	=	1.000	x	18.78	=	18.76
1149	Misc. General Purpose Equipment	109.4	÷	109.9	=	.995	x	12.5%	=	12.48
1192	Mining Machinery & Equipment	107.4	*	106.0	=	1.013	x	28.8%	-	29.28
•							8	100.08		99.28

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

lation of the Per Ton Adjustment ective April 1, 1988: Materials, Supplies and Electric Power t Component ted Percentage Change	\$ 5.46 X <u>99.2</u> 8
t Component ted Percentage Change	\$ 5.46 X
	x8
ted Materials, Supplies and Electric Power t Component Effective April 1, 1988	\$ 5.42
Base Materials, Supplies and Electric Power Cost Component	5.46
Previous Per Ton Adjustments Pursuant to this Section 9.5	.00
	\$( .04)
	Base Materials, Supplies and Electric Power Cost Component Previous Per Ton Adjustments

\*

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(4.)

A MATERIAL PR	
ANNEX K COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES	
IN UMWA WELFARE COSTS Section 9.6	
Actual UMWA Welfare Costs Randolph Complex for the Quarter Ended March 31, 1988 \$500,000	
Tons Produced at Randolph Complex for the Quarter Ended March 31, 1988 • 475,000	
Actual Cost Per Ton at Randolph Complex \$ 1.05	
Allocation Percentage X 50%	)
Allocated Cost Per Ton at Randolph Complex	\$ .53
Actual UMWA Welfare Costs at Federal Complex for the Quarter Ended March 31, 1988 \$750,000	
Tons Produced at Federal Complex for the Quarter Ended March 31, 1988 * 800,000	
Actual Cost Per Ton at Federal Complex \$ .94	
Allocation Percentage 50%	
Allocated Cost Per Ton at Federal Complex	.47
Total Actual UMWA Welfare Cost Per Ton for the Quarter Ended March 31, 1988	\$1.00
Less: Base UMWA Welfare Cost Component	1.10
Less: Previous Per Ton Adjustments Pursuant to this Section 9.6	.00
Per Ton Adjustment Effective April 1, 1988	\$(.10)

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

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ANNEX L COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN OTHER COSTS, CAPITAL RECOVERY, RETURN ON INVESTMENT AND ADMINISTRATIVE AND GENERAL Section 9.7 Page 1 of 2

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

I. Calculation of Weighted Percentage Change:

Index	Current* Index	Base** Index		Percentage Change		Index Weight		Weighted Percentage Change
Consumer Price Index - All Urban Consumers (CPI-U)	115.9	÷ 115.4	-	1.004	X	508 9	=	50.2%
Final GNP Implicit Price Deflator	119.2	÷ 117.9	-	1.011	х	50%	=	50.68

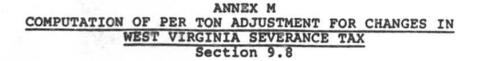
NOTE: Figures used are for illustration purposes only and are not meant to predict actual changes in the indices.

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

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

	ANNEX L	
	COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES I	
	OTHER COSTS, CAPITAL RECOVERY, RETURN ON INVESTM	ENT
	AND ADMINISTRATIVE AND GENERAL	
	Section 9.7	
	Page 2 of 2	
II.	Calculation of the Per Ton Adjustment	
	Effective April 1, 1988:	
	Base Other Costs, Capital Recovery, Return on	
	Investment and Administrative and General	
	Cost Component	\$ 8.35
	Weighted Percentage Change	X 100.8%
	Adjusted Other Costs, Capital Recovery, Return	
	on Investment and Administrative and General	
	Cost Component Effective April 1, 1988	\$ 8.42
	Less: Base Other Costs, Capital Recovery, Return	
	on Investment and Administrative and	approximation range
	General Cost Component	8.35
	Less: Previous Per Ton Adjustments	
	Pursuant to this Section 9.7	.00
	Per Ton Adjustment Effective	
	April 1, 1988	\$ .07
		and the second s



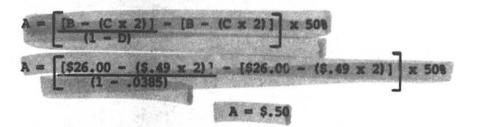


I. Calculation of the Adjusted West Virginia Severance Tax Cost Component:

A = Adjusted West Virginia Severance Tax Cost Component B = The Billing Price

C = The existing West Virginia Severance. Tax Component

D = Current West Virginia Severance Tax Rate



II. Calculation of Per Ton Adjustment

> Adjusted West Virginia Severance Tax Cost Component \$.50 Less: Base West Virginia Severance Tax Cost Component .49 Less: Previous Per Ton Adjustments Pursuant to this Section 9.8 .00 \$.01

Per Ton Adjustment Effective April 1, 1988

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

ANNEX N TRANSPORTATION AGREEMENT ORGULF TRANSPORT CO. AND PEABODY COAL COMPANY And and a state of the

### TRANSPORTATION AGREEME

### ORGULF TRANSPORT CO. AND PEABODY COAL COMPANY

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#### TRANSPORTATION AGREEMENT

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ORGULF TRANSPORT CO. AND PEABODY COAL COMPANY

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

### WITNESSETH

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

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

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

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

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

: `L -21.1 "Adjusted Rates" shall mean the Base Rates per Ton as revised to reflect adjustments pursuant to Section 6.

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

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

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

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

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

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

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

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

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

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

dia.

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

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

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

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

1.18 "Year" shall mean a calendar year.

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

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

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

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

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chall con	ntain the following terms: (i) provisions similar to
	And An angle of the second
this Agre	ement including the provision for a market price review
effective	February 1, 2003; (ii) a term coinciding to the
remainder	of this Agreement; (iii) a minimum quantity per bid of
750,000 1	ons of coal to be transported annually; and (iv) each
bidder wi	11 warrant and demonstrate to PCC that it can furnish
the barge	transportation services provided in its proposal. At
least six	ty (60) days prior to the Market Adjustment Date, PCC
shall giv	e Carrier written notice which shall contain the rates
and all o	ther terms and conditions from bona fide offers that are
acceptabl	e to PCC (regardless of whether the rates contained in
such offe	rs are higher or lower than the Adjusted Rates then in
effect un	der this Agreement) and offered by reputable providers
of barge	transportation. Carrier shall have thirty (30) days
from rece	ipt of PCC's notice to advise PCC in writing whether it
will elec	ct (subject to PCC's decision to continue the Coal
Agreement	) to transport coal for PCC on the terms stated in PCC's
notice or	whether it declines to continue this Agreement. If
Carrier f	ails to notify FCC of its election or Carrier notifies
	Carrier declines to continue this Agreement, this
PCC that	
	shall terminate on the Market Adjustment Date and

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

: ... -5- 3

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

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

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

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

3.0 Quantity and Annual Quantity.

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

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

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

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

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

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

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

4.0 <u>Inbound Loading Points and Destination Unloading Point</u>.
4.1 <u>Designation of Inbound Loading Points</u>. The Inbound Loading Points applicable to this Agreement shall be those listed

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

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

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

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

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

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

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

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

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

6.0 Rate Adjustment.

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

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

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

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

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

(c) Any other taxes (except federal, state or local income taxes or their equivalent) on property or capital

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

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

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

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

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

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

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Commencing July 1, 1988 and on each January 1 and July 1 thereafter throughout the term of this Agreement, Carrier Agreement. shall compute the actual average barge locking hours at the GO Lock for the immediately preceding six (6) month period by determining the aggregate hours required to lock its barges engaged in service hereunder from one side of the GO Lock to the other - from the time that each tow is assigned its turn to lock in either direction or the actual time locking commences in either direction, whichever is earlier, until the time such tow clears the GO Lock on the other side - divided by the number of barges in service hereunder locked in either direction. To the extent that the actual average barge locking hours at the GO Lock exceeds nine (9) locking hours, PCC shall pay Carrier one point two cents (1.2¢) per hour for each Ton of coal transported hereunder during the immediately preceding six (6) month period for which the aforesaid computation shall have been made for each hour by which the actual aggregate locking hours at the GO Lock so calculated for such six (6) month period divided by the number of barges locked either way at the GO Lock in service hereunder during such six (6) month period exceeds nine (9) locking hours. To the extent that the actual average barge locking hours at the GO Lock is less than three (3) locking hours as calculated above, Carrier shall pay PCC an amount of one point? 24 two cents (1.2¢) per hour for each Ton of coal as calculated 25 26 2" above.

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

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

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

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

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

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

and PCC shall pay Carrier by check, payable to:

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

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8.0 Loading, Transloading, and Delivery.

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

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

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

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

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

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

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

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

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

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

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

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

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

9.0 Equipment.

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

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

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

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

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

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

-28- 154

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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vice-president of Carrier in the case of a notice to be given to Carrier, or (2) deposited in the United States mail, postage prepaid, and properly addressed as follows: If the notice is to PCC: (a) Illinois Division President Peabody Coal Company 50 Jerome Lane Fairview Heights, IL 62208 Director of Transportation Peabody Development Company P. O. Box 14222 St. Louis, MO 63178 (or to such other person or address as PCC shall have designated by due notice to Carrier). If the notice is to Carrier: (a) President Orgulf Transport Co. P. O. Box 1460 Cincinnati, OH 45201 (or to such other person or address as Carrier shall have designated by due notice to PCC). Any notice, request or demand pertaining to matters of an

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

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

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

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

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

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

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

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

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

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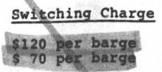
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Total Annual Quantity at Mid America Fleet Area

600,000 tons or less More than 600,000 tons

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

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

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

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

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

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

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5	IN WITNESS WHEREOF, the parties have caused this
6	Agreement to be duly executed by their respective corporate
7	officers thereunto duly authorized, as of the day, month and Year
	first written above.
	PEABODY COAL COMPANY ORGULF TRANSPORT CO.
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## ANNEX A

# BASE RATES

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

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

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#### ANNEX B

# FREE TIME, STORAGE CAPACITY AND OPERATIONAL MATTERS

#### Inbound Loading Points

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- 1. Mid America Fleet Area:
  - a. Maximum Fleeting for Carrier -- 30 total barges (loaded and empty) if Carrier is transporting at the rate of 950,000 Tons of coal annually under this Agreement from Mid America Fleet Area, 15 total barges if Carrier is transporting at the rate of 400,000 Tons of coal annually under this Agreement from Mid America Fleet Area and a prorata quantity of barges if Carrier is transporting at the rate of more than 400,000 Tons but less than 950,000 Tons of coal.
  - b. Tow Size -- 6 barges minimum and 15 barges maximum provided that Carrier may from time-to-time deliver less than 6 barges.
  - c. Free Days -- First 8 barges delivered in a Day are subject to 3 free days and next 7 barges delivered in the same Day are subject to 4 free days.
- Jack's Run:
  - a. Maximum Fleeting for Carrier -- 12 total barges (loaded and empty).
  - b. Tow Size -- 6 barges to receive a 9200 ton unit train provided that Carrier may, from time to time, deliver less than 6 barges.
  - c. Free Days -- 3 free days to load 6 barges except as provided in Section 30.0. If Carrier delivers less than 6 barges in a Day, free time shall commence on all barges at Jack's Run on the Day when the sixth barge has been delivered to Jack's Run.
  - d. Other -- Carrier and PCC's contractor shall mutually agree to the arrival times for tows and trains to minimize demurrage for both.

#### 3. Glassport:

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

A-2

### Destination Unloading Point

1. Shawneetown Dock:

- a. Maximum Fleeting for Carrier -- 45 total barges (loaded and empty) for deliveries under this Agreement and for deliveries of Eagle Coal under the Gulf Transportation Agreement.
- b. Tow Size -- 6 barge tow minimum and 15 barge tow maximum provided that Carrier may from time-to-time deliver less than 6 barges.
- c. Free Days -- For unloading and reloading of blended coal, first 8 barges delivered in a Day are subject to 3 free days and next 7 barges delivered in the same Day are subject to 4 free days.

A-3

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

#### ANNEX O

#### COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN OTHER TRANSPORTATION COST

### SECTION 9.10(2) Page 1 of 2

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

## I. Calculation of Weighted Percentage Change:

ų.

Index	Current* Index		Base** Index		centage hange	Index Weight	Weighted Percentage Change			
Consumer Price Index, All Items, Urban Wage Earner & Clerical Workers (CPI-W)	114.3	•	113.3	-	1.009	x 68	= 6.1%			
Final Rail Cost Adjustment Factor (RCAF)	1.093	1	1.087	-	1.006	x 928	= 92.6%	310		
057 Petroleum Products, Refined	59.8	•	61.6		.971 x	28 	= <u>1.9%</u>			

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

Final RCAF as of the 4th Quarter of 1987.	

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

#### ANNEX O

### COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN OTHER TRANSPORTATION COST

# SECTION 9.10(2) Page 2 of 2

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

Base Other Transportation Cost Component	\$3.08
Weighted Percentage Change	x <u>100.6</u> ē
Adjusted Other Transportation Cost Component	\$3.10
Less: Base Other Transportation Cost Component	3.08
Less: Previous Per Ton Adjustments Pursuant to this Section 9.10(2)	00_
Per Ton Adjustment Effective January 1, 1988	\$.12

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#### ANNEX P

# Computation of Per Ton Adjustment for Changes in Blending Cost

Section 9.10 (3) Page 1 of 2

I. Calculation of the Weighted Percentage Change:

	BLS, Code	Index	Current Index Feb.,1988		Base Index Nov.,1987	1	Percentage Change		Index Weight	1	Weighted Percentage Change
		Consumer Price Index - All Urban Consumers	115.6	÷	115.4	=	1.002	x	308	=	30.18
		Consumer Price Index - Medical Care Index (W)	134.2	÷	133.1	=	1.008	x	158	=	15.18
2	SIC Code 12 (C-2,1972)	Average Hourly Earnings - Bituminous Coal & Lignite Mining	16.45	+	16.13	=	1.620	x	309	=	30.68
	0543	Industrial Power, 500 KW Demand	109.7	+	110.3	=	.995	x	108	=	10.08
	0573-03	#2 Diesel Fuel	61.1	÷	61.2	=	.998	x	58	=	5.08
	1144-02	Conveying Equipment	106.2	÷	165.7	=	1.005	х	108	=	10.18
									1008		100.98

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

# ANNEX P

# Computation of Per Ton Adjustment for Changes in Blending Cost

Section 9.10 (3) Page 2 of 2

II.

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

Base E	lending Cost Component	\$ 1.25
Weight	ed Percentage Change	X 100.98
	ed Blending Cost Component active April 1, 1988	\$ 1.26
Less:	Base Blending Cost Component	1,25
Less:	Previous Per Ton Adjustments Pursuant to this Section 9.10 (3)	.00
	n Adjustment Effective 1 1, 1988	\$ .01

A-22

EX Q re 1 of 2 PEABODY COAL COMI st Nussouri ILLIN_S DIVISION so JEROME LANE FAIRVIEW HEIGHTS, ILLIN		OICE	INVOICE N IL- 14123 INVOICEDA 04/15/	
OUR ORDER NO ORDER DATE	YOUR ORDER OF REQ	UISTION NO	40334	
SOLD TO		SHIP TO J		
Gulf Power Company 75 North Pace Blvd. Pensacola, FL 32505	c/o Ohio F Shipment t Pensacola,	Gulf Power Company c/o Ohio River Company for Barge Shipment to Crist Steam Plant Pensacola, FL c/o Mr. William Lyford, Plant Supt.		
Mr. Harr	Coal Company ry Stump, Asst. VP Bank of W. Fla.	Net 1	0 days	
SHIPMENT DATE(S)         SHIPMENT NUMBER(S)           04/01-04/15/88         41021, 40122, 4012           41021, 40122, 4012         40139, 40140, 4014           X         DAHCE           PHOCK         2104 R	23, 40129, 40132, 4013 41.	34, 40147, 4013	37,	
PRODUCT SPECIFICATIONS KIND SIZE OTHER	PHICE DESCRIPTION	PHICE/TON	AMOUNT	
Eagle No. 2 - 1 <sup>1</sup> / <sub>2</sub> x 0 W C90 OUANTITY DECTO 46,000.00 Semi - Monthly Billing for	Billing Price Seller's Trans.	\$25.65 7.68	1,179,900.00 353,280.00	
Coal Shipped During the Period 04/01 through 04/15/88 Based on 11,900 Guaranteed BTU				
	TOTAL		1,533,180.00	
PLEASE PAY FROM THIS INVO		Const	1,533,160.0	

	2 of 2	ILLI	COAL COMPANY ST - OUIS. MISSOURI IS DIVISION FAIRVIEW HEIGHTS, ILLINOIS 62232	IKJO	CE	INVOICE NO IL- 14150 INVOICE DAT 05/07/88
	OUR ORDER	NO GROEH DATE	YO	UR ORDER OR REQUISTIO	N NO	
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	75 North	er Company Pace Blvd. a, Florida 325	05	Gulf Power Comp c/o Ohio River Shipment to Cri Pensacola, Flor c/o Plant Super	Company fo st Steam P ida	or Barge Mant
			Peabody Coal Com Mr. Harry Stump, Barnett Bank of J	Asst. VP	Net 1	0 days
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•	Calorific coal ship 04/01 thr As Receiv Per Attac 91,700 x Less: Set 04,	Value Adjusta ped during the ough 04/30/88 ed BTU 12,005 hed Detail 12,005 x (\$2 11,900 x (\$2 mi - Monthly 1 /01/88 - 04/19	OUANDIY BILLED 91,700.00 ment for e period 5.65 + \$7.68) = Billing Payments 5/88 Shipments		s	1,533,180.00
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#### ANNEX R

# COAL SAMPLE PREPARATION AND ANALYSIS

## PROCEDURES

## A. AIR DRYING - LABORATORY SAMPLE

An empty non-corroding pan with sides not more than 1.5 inches high will be weighed to the nearest 0.1 gram and the weight recorded as W1. The entire U.S. No. 8 coal sample (including polyethylene bag and pan) will be weighed on a laboratory balance to the nearest 0.1 gram and the weight recorded as W2. The coal will be spread out to a depth of not more than one inch in the pan. The pan with the coal and the polyethylene sample bag will be placed in a air-drying oven at no more than 15°C (27°F) above room temperature, not to exceed 40°C (104°F). The polyethylene bag will be placed next to the pan containing the coal. Air drying will be continued for a predetermined time necessary to achieve a loss in weight of no more than 0.1 percent per hour. Air will be circulated through the oven for at least two hours with the heat turned off to insure that the coal sample is in equilibrium with the air in the room where further weighing and sample preparation will be done. The air-dried coal plus polyethylene bag and pan will be weighed to the nearest 0.1 gram and the weight recorded as W2. Any coal remaining in the sample bag will be removed and added to the sample in the pan. The pan plus the air-dried coal will be weighed to the nearest 0.1 gram

and the weight recorded as W4. The percent air-drying loss is calculated as follows:

Percent Air-Drying Loss =  $\frac{W_2 - W_2}{W_2 - [W_1^2 + (W_3^2 - W_4^2)]} \times 100$ Where:  $W_1$  = Weight of empty pan

- W<sub>2</sub> = Weight of the wet coal sample plus bag plus pan
- W<sub>3</sub> = Weight of the air-dried coal sample plus bag plus pan
- W<sub>4</sub> = Weight of the air-dried coal sample plus pan only

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

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

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

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

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

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

A porcelain capsule 7/8" in depth and 1-3/4" in diameter which has been previously dried and cooled in a desiccator, will be weighed on an analytical balance to the nearest 0.1 milligram and the weight recorded as W1. A well-fitting aluminum cover will be provided for covering the capsule when not being weighed or dried in the oven. Approximately one gram of coal will be placed in the tared porcelain capsule. The sample and porcelain capsule will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W2. The capsule containing the sample will be dried in a box-type oven with forced-air circulation or other oven meeting the criteria specified in the then current ASTM D-3173. The temperature will be maintained at 107 ± 3°C for one hour. After heating, place the aluminum cover on the capsule, remove from the oven, and place in a desiccator containing indicating grade activated alumina or equivalent for approximately 20 minutes. Remove cover and weigh on an analytical balance to the nearest 0.1 milligram. Record

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

Percent Moisture in U.S. No. 60 Analysis Sample =  $\frac{W_2 - W_3}{W_2^2 - W_1} \times 100$ Where: W<sub>1</sub> = Weight of empty porcelain capsule

W<sub>2</sub> = Initial weight of coal sample plus porcelain capsule
W<sub>3</sub> = Final weight of coal sample after drying plus
porcelain capsule

### E. TOTAL MOISTURE CALCULATION

Percent Total Moisture =

(100 - % Air Drying Loss) x (% Moisture U.S. No. 60 Sample) + Air Drying Loss 100

F. ASH

A porcelain capsule 22 mm in depth and 44 mm in diameter will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W<sub>1</sub>.

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

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

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

Where: W<sub>1</sub> = Weight of empty capsule

 $W_2$  = Weight of analysis sample plus capsule  $W_3$  = Weight of ash plus capsule

## G. VOLATILE MATTER

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

### H. CALORIFIC VALUE

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

#### I. SULFUR

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

## J. ASH FUSION TEMPERATURE

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

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## K. GRINDABILITY

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

### L. CALCULATIONS

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

Dry Basis = Uncorrected (As-Determined U.S. No.60 Sample) Results x 100 100 - (% Moisture in U.S. No. 60 Analysis Sample) As Received Basis = (100 - % Total Moisture) x (% Dry Basis) 100

#### M. STATE-OF-THE-ART INSTRUMENTAL ANALYSIS

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

**REVISED - February 1988** 

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#### ANNEX S

#### LAWS AND REGULATIONS

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

- a) SELLER will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. SELLER will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action will include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SELLER agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination.
- b) SELLER will, in all solicitations or advertisement for employees, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- c) SELLER will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, advising the labor unions of workers representative of SELLER's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and will post copies of the notice in conspicuous places available to employees and applicants for employment.
- d) SELLER will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- e) SELLER will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Secretary of Labor for purpose of investigation to ascertain compliance with such rules, regulations, and order.
- f) SELLER will include the provisions of Paragraphs (a) through
   (g) in every subcontractor or purchase order unless exempted
   by rules, regulations, or orders of the Secretary of Labor

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

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



Guit Power Company 75 North Pace Boulevard Post Office Box 1151 Pensacola FL 32520-1151 Telephone 904 434-8383

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

March 24, 1988

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

Dear Mr. Raskin:

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

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

the southern electric system

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

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

2. During the Interim Period, the Base Prices shall be based on an allowance for an average delay of five (5) hours in locking northbound through the Kentucky Lock. Carrier shall maintain accurate logs of the times actually required to lock its barges in service hereunder through such lock throughout such Interim Period. Commencing July 1, 1988 March 24, 1988 Page 2

actual average barge locking hours for the prior six (6) months by determining the aggregate hours required to lock Its barges engaged in service hereunder from one side of the northbound lock to the other -- from the time that each tow is assigned its turn to lock in a northbound direction or the actual time locking commences in a northbound direction, whichever is earlier, until the time such tow clears the lock on the other side -- divided by the number of barges in service hereunder locked in a northbound direction. To the extent that the actual average barge locking hours at the Kentucky Lock exceeds seven (7) locking hours, Buyer shall pay Carrier one point two cents (1.24) per hour for each ton of coal transported hereunder during the six (6) month period for which the aforesaid computation shall have been made for each hour by which the actual aggregate locking hours so calculated for such six (6) month period divided by the p number of barges locked horthbound in service hereunder during such six (6) month period exceeds seven (7) locking hours. To the extent that the actual average barge locking hours at the Kentucky Lock is less than the three (3) locking hours as calculated above, Carrier shall pay Buyer one point two cents (1.2¢) per hour for each ton of coal as calculated above. This one point two cent (1.24) charge shall not be adjusted during the term of this Agreement. Carrier shall, utilize the most efficient means reasonably available from time to time throughout the term of this Agreement to minimize the time actually required to lock its barges in . service hereunder through the lock (recognizing that Carrier shall have no obligation to use an alternative route). The determination of the aggregate hours required to lock all of Carrier's barges engaged in service hereunder through the Kentucky Lock northbound, during each six (6) month period for which calculations are to be made, is intended to include only the hours required in waiting to lock and in actually locking such barges through the Kentucky Lock. Accordingly, in all instances in which a tow of barges of which any barge in service hereunder is a part is assigned its turn to lock northbound through the Kentucky Lock while such tow is moored at any point other than at the Kentucky Lock, the transit time of that tow from such mooring point to the Kentucky Lock shall be subtracted in calculating the locking hours, as aforesaid, for each barge in service hereunder contained in such tow.

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

ORGULF TRANSPORT CO. dC VP Ad BY: Title: 54 24 Mari Date:

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AGREED: THE OHIO RIVER COMPANY Title: SE VP BY: March 24 Date:

the Interim Period. 4. sincerely, GULF POWER COMPANY BY: в. Earl

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Mr. Fred C. Raskin
March 24, 1988
Page 3
4. Except as expressly provided herein, the provisions of during transportation Agreement shall apply to transportation during the Interim Period.

Guif Power Comcany 75 North Pace Boulevard Post Office Box 1151 Pensacola FL 32520-1151 Telephone 904 434-8383

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

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March 24, 1988

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

Dear Jack:

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

Sincerely,

Earl B. 1

Earl B. Parsons, Jr.

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PEABODY COAL COMPANY Illineis Division

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

March 24, 1988

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

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

Dear Earl:

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

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

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

Mr. Earl ! Parsons March 24, 1988 Page 2

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

- 2. Notwithstanding any provision contained in this letter to the contrary, the Delivered Price per MBTU of coal blended at the Interim Blending Point shall not exceed the Delivered Price per MBTU at Shawneetown Dock as of the date of substitution of the Interim Blending Point for the Shawneetown Dock. The provisions of Section 6.4 regarding transportation cost sharing shall not be applicable to shipments made from an Interim Blending Point during the Interim Period.
- 3. The parties agree that the blending procedures set forth in Annex A shall be applicable to the Interim Blending Point to the extent practical and consistent with the existing facilities at the Interim Blending Point. If it will be necessary to significantly deviate from the blending procedures in Annex A for the above described reasons, Gulf and Peabody shall review the existing facilities at the Interim Blending Point and mutually agree on appropriate alternate blending procedures.
- 4. If the BRT Dock is an Interim Blending Point, weighing shall be performed by barge displacement measurements, sampling of the coal shall be performed by employees of a mutually acceptable laboratory or Peabody, at Peabody's option, with BRT's existing coal sampler and the coal sample shall be analyzed by such laboratory. If the sampling of the coal is performed by Peabody employees, such employees shall use the same sampling procedures as would have been utilized by the independent laboratory and the same sampling procedures that were utilized at the BRT Dock during the test shipments in January of 1988. If mutually agreeable to Gulf and Peabody, the parties shall use the existing scale at the BRT Docks in lieu of barge displacement measurements. If the Pyro Dock is an Interim Blending Point, weighing shall be performed by Pyro on its certified belt scales, sampling of the coal shall be performed by employees of Pyro or Peabody, at Peabody's option, with Pyro's

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Mr. Earl E Parsons March 24, 1988 Page 3

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

- Notwithstanding the provisions of Section 6.3 to 5. the contrary, the parties agree that Peabody may ship during calendar year 1988 coal from Source A which contains more than 55% of Randolph Complex coal; provided, however, the proportion of Randolph Complex coal during 1988 shall not exceed sixty percent (60%). A tentative schedule of 1988 deliveries from the Randolph, Federal and Eagle Sources is shown on Exhibit "A" attached hereto and made a part hereof. Peabody shall have the right, from time to time, during 1988, to ship different quantities of coal from these Sources subject to the limitations provided in this letter, except that the monthly quantity of coal from the Randolph Complex shall not exceed the applicable monthly quantity set forth in Exhibit A. Peabody acknowledges that the proportion of Randolph Complex coal may exceed fifty-five percent (55%) only if the blended coal meets the specifications in Section 7 of the Agreement as modified by paragraph 6 below.
- 6. During calendar year 1988, the parties agree that the following shall be the monthly weighted average Btu specification of coal from Source A and the moisture and Btu rejection limits of coal from Source A on an "as received" basis at the Interim Blending Point for purposes of Gulf's suspension and rejection rights under Sections 8.0 and 8.1 of the Agreement as follows:

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

The provisions of this paragraph 6 shall only be applicable in any month during 1988 in which Peabody ships coal from Source A which contains more than fifty-five percent (55%) Randolph Complex coal and shall replace the corresponding specifications of Section 7.0. Mr. Earl I Parsons March 24, 1988 Page 4

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

- Gulf agrees to conduct a test burn of unblended Federal Complex coal and unblended Equality Mine coal during 1988. The parties shall mutually agree on a schedule of deliveries for these test burns.
- 8. The provisions of paragraphs 1, 2, 3 and 4 shall only be effective until Peabody completes modifications to its Shawneetown Dock or for a period of sixteen (16) months from February 1, 1988. The provisions of paragraphs 5, 6 and 7 shall only be effective during calendar year 1988.
- 9. During the Interim Period, the provisions of Section 9.10(1) shall be modified by numerical paragraphs 1 and 4 of that certain letter agreement between Peabody and Orgulf Transport Co. which is attached hereof as Exhibit B and made a part hereof.
- All terms which are not defined in this letter shall have the meanings ascribed to them in the Agreement.

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

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

Mr. Earl Parsons March 24, 1988 Page 4.1

enclosed duplicate of this letter in the space provided below.

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Sincerely,

PEABODY COAL COMPANY

Ju. Th By: John C. Bennett Vice President 34.4.7-

AGREED:

GULF POWER COMPANY

By: Earl B. Verson

Title: Vice President

Date: 3/24/88

# EXHIBIT A

# 1988 Deliveries (expressed in Tons)

	Eagle No. 2	Federal Complex	Randolph Complex
February	91,000	33,700	33,700
March	91,000	33,700	33,700
April	91,000	36,000	51-100
May	91,000	36,000	51,100
June	91,000	36.000	51,100
July	91,000	36,000	51,100
August	91,000	36,000	51,100
September	91,000	36,000	51,100
October	91,000	36,000	51,100
November	91,000	36,000	51,100
December	91,000	33,700	33,700
TOTAL	1,001,000	389,100	- 509,900



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Mr. Fred C Raskin March 24, 1988 Page 4

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

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

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

By:

Sincerely,

PEABODY COAL COMPANY

John C. Bennett

AGREED:

ORGULF TRANSPORT CO.

By: \_\_\_\_\_\_ Title: \_\_\_\_\_\_ Date: \_\_\_\_\_

#### EXHIBIT B

PEABODY COAL COMPANY Illineis Division

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

March 24, 1988

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

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

Dear Mr. Raskin:

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

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

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

2. The Base Rates for the BRT Dock which shall have a base date of January 1, 1988, shall be as follows: Mr. Fred & Raskin March 24, 1988 Page 2

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

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

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

Mr. Fred ( Raskin March 24, 1988 Page 3

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

To the extent that the actual average barge locking hours at the KL Lock exceeds seven (7) locking hours, Peabody shall pay Orgulf one point two cents (1.20) per hour for each Ton of coal transported hereunder during the immediately preceding six (6) month period for which the aforesaid computation shall have been made for each hour by which the actual aggregate locking hours at the KL Lock so calculated for such six (6) month period divided by the number of barges locked Southbound at the KL Lock in service hereunder during such six (6) month period exceeds seven (7) locking hours. To the extent that the actual average barge locking hours at the KL Lock is less than three (3) locking hours as calculated above, Orgulf shall pay to Peabody an amount of one point two cents (1.20) per hour for each Ton of coal as calculated above.

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

## FIFTH AMENDMENT TO TRANSPORTATION AGREEMENT

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

#### WITNESSETH:

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

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

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

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

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

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

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

C. "Initial Term" shall be the period beginning on January1, 1972 and ending on January 31, 1998.

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

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

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

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

<u>Term</u>. The Initial Term of this Agreement shall be for a period beginning on January 1, 1972 and ending on January 31, 1998. The Secondary Term of this Agreement shall be for a period beginning on February 1, 1998 and, subject to the market adjustment provisions contained in Section 1(b) of Article II hereof, ending on December 31, 2007. In the event, during the Initial Term hereof, PCC fails to deliver coal to Buyer in annual quantities equal to or greater than 1,900,000 tons per year except as provided in Section 5.2 of the Coal Agreement; or during the Secondary Term, PCC fails to deliver coal to be

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

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

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

### Section 1.

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

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

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

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

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

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

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

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

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

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52 5 54 C. Section 1 is further amended by adding the following to the end of Section 1:

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

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

5.0 ARTICLE III - DELIVERY is hereby amended as follows:

A. Section 2 is amended by modifying the last two sentences as follows: Buyer and its coal supplier(s) or its coal supplier(s)' contractor(s) shall have the right, but shall not be obligated, to refuse to load any barges it considers unseaworthy or any barges containing foreign matter. Carrier agrees to comply with the reasonable docking procedures specified by Buyer's coal supplier(s) or Buyer's coal supplier(s)' contractor(s).

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

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

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

7.0 ARTICLE V - PRICE is hereby amended as follows:

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

> <u>Section 1</u>. Except as provided in Article I, and unless and until they are revised as provided below, the Base Prices to be paid by Buyer to Carrier for receiving, transporting and delivering coal hereunder during the Initial Term shall be as follows:

- (c) From Jack's Run to Crist Steam Plant.....\$12.86 per ton Lansing Smith Steam Plant...\$13.44 per ton

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

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

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

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

C. Section 6 is hereby deleted.

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A new Section 8 is hereby added as follows:

Section 8. The Base Prices from Glassport and Jack's Run are based on an allowance for an average delay of six (6) hours in locking through the Gallipolis, Ohio Lock. Carrier shall maintain accurate logs of the times actually required to lock its barges in service hereunder through such lock throughout the term of this Agreement. Commencing July 1, 1988, and on each January 1 and July 1 thereafter, Carrier shall compute the actual average barge locking hours for the prior six (6) months by determining the aggregate hours required to lock its barges engaged in service hereunder from one side of the Gallipolis Lock to the other -- from the time that each tow is assigned its turn to lock in either direction or the actual time locking commences in either direction, whichever is earlier, until the time such tow clears the lock on the other side -- divided by the number of barges in To the service hereunder locked in either direction. extent that the actual average barge locking hours at the Gallipolis Lock exceeds nine (9) locking hours, Buyer shall pay Carrier one point two cents (1.23) per hour for each Ton of coal transported hereunder during the six (6) month period for which the aforesaid computation shall have been made for each hour by which the actual aggregate locking hours so calculated

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

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

8.0 ARTICLE VI - MISCELLANEOUS is hereby amended as follows:

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

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

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

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

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

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

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

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

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

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

Attè

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CARRIER: THE OHIO RIVER COMPANY

red CML. BY:

ORGULF TRANSPORT CO.

red C Mr.

BUYER: GULF POWER COMPANY

BY: Earl B. Parsona (

BUYER'S AGENT SOUTHERN COMPANY SERVICES, INC.

Attest:

Attest:

Donnie B.

BY

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

CAR	RIER:		
THE	OHIO	RIVER	COMPANY

	Coult	cerparts, each of which sh
7	original but all of wh:	ich together will constitut
89	same instrument.	
10	IN WITNESS WHEREC	DF, the parties hereto have
11 12	Amendment to be effecti	ve March 1, 1988, but duly
13 14	their respective corpor	ate officers hereunto duly
15 16	the 24th day of March,	1988
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21 22		CARRIER: THE OHIO RIVER COMPI
23	Attest:	
25	ACCEPT	BY:
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28		ORGULF TRANSPORT CO.
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32 33	Attest:	BY:
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FICES, INC.



PEABODY DEVELOPMENT COMPANY

FILE IN CONFICACT FILE FILE IN CONFICACT FILE 1951 Barrett Court PO Box 1649 Henderson Kentucky 42420 (502) 827-0800

CHARLES W BOLLIER District Vice President Sales

September 25, 1989

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

Dear Jim:

Re: 1989 Gulf Power Shipment Deferred to 1990

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

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

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

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

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Very truly yours,

Charles W. Bollier District Vice President - Sales

CWB/ks

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



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February 7, 1990

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

Dear Lane:

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

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

Sincerely,

Richard Simon Supervisor, Contract Performance Fuel Supply Department

/amr

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

FILE: LEG 1-8-1-Gulf rsmlg

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



February 26, 1990

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

Dear Rick:

Peabody Coal Company Letter Agreement for Test Coal Re:

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

Sincerely,

M. Lane Gilchrist Manager of Fuel and Environmental Affairs

dr

Enclosures (2)





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February 26, 1990 \_ ite

Peabody Coal Company Letter Agreement for Test Coal 14.5

M. L. Gilchrist -10 m

E. B. Parsons, Jr.

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

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

dr

Jan Flilink Attachmen

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

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January 18, 1990

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

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

Gentlemen:

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

1. Peabody and Gulf have recognized the potential benefits to both parties of test burning of 100% washed Federal No. 2 coal. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1990 tonnage commitment under the February 1, 1988 Agreement, and the the Agreement shall apply to shipments terms of hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall be as outlined below, notwithstanding any provision to the contrary in the February 1, 1988 Agreement, and under no circumstances will the cost of the test coal herein in \$/MMBt1 f.o.b. Plants Crist and Smith exceed the current cost in \$MMBtu to Gulf for the Randolph and Federal No. 2 blend to these plants. The pricing arrangements shall not establish a precedent for the pricing of shipments other than those shipped hereunder. Gulf expressly reserves its rights under Section 6.3 of the February 1, 1988 Agreement.

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

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

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

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

	1989 Deferred Tonnage	1990 Commitment	Total
January 1990	154,310	15,690	170,000
February 1990		170,000	170,000
March 1990		170,000	170,000
April 1990		180,000	180,000
May 1990		180,000	180,000
June 1990		170,000	170,000
July 1990		170,000	170,000
August 1990		170,000	170,000
September 1990		170,000	170,000
October 1990		170,000	170,000
November 1990		170,000	170,000
December 1990		164,310	164,310
		with solid which show show many pairs and some	
	154,310	1,900,000	2,054,310

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

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

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

Sincerely, Autur

Richard Simon Supervisor, Contract Performance Fuel Supply Department

/amr

GULF POWER COMPANY

By: Earl B.

Vice President Title: Power Generation & Transmission Title: <u>President</u>

Date: February 26, 1990

PEABODY COAL COMPANY

By: Marne Dr Jen

Date: 1-20-90

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

FILE: LEG 1-8-1-Gulf peabagr

internal Correspondence

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February 26, 1990 Date

Peabody Coal Company Letter Agreement for Test Coal Re

M. L. Gilchrist From

E. B. Parsons, Jr. To

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

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

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Jan Flilint Attachmen

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

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February 26, 1990

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

Dear Rick:

Re: Peabody Coal Company Letter Agreement for Test Coal

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

Sincerely,

M. Lane Gilchrist Manager of Fuel and Environmental Affairs

dr

Enclosures (2)

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



February 7, 1990

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

Dear Lane:

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

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

Sincerely,

Richard Simon Supervisor, Contract Performance Fuel Supply Department

/amr

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

FILE: LEG 1-8-1-Gulf rsmlg Southern Company Services, Inc Post Office Box 2625 Birmingham, Alabama 35202 Telephone 205 870-6011



January 18, 1990

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

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

Gentlemen:

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

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

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

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

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

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

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

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

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

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

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Sincerely, & Sum

Richard Simon Supervisor, Contract Performance Fuel Supply Department

/amr

GULF POWER COMPANY

Earl B. By:

Vice President Title: Power Generation & Transmission Title: Vice Prindend

Date: February 26, 1990

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

FILE: LEG 1-8-1-Gulf peabagr

PEABODY COAL COMPANY

By: Wayne. in

Date: 1-20 90

Southern Company Services Post Office Box 2625 Birmingham, Alabama 35202 Telephone 205 870-8011

703.2-Southern Company Services

the southern electric system

January 18, 1990

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

Dear Charlie:

Enclosed are three executable copies of a letter agreement regarding deferral of 1989 tonnage and addressing a test burn of Federal No. 2 coal. If you concur with these terms, please have these copies signed, and return them to me for approval by Gulf Power Company. Thank you for working with us regarding this matter.

Sincerely,

Richard Simon Supervisor, Contract Performance Fuel Supply Department

/amr

cc: Gulf Power Company

Southern Company Services R. G. Dawson

- J. F. Billingsley
- M. H. Filkins
- J. E. McIntosh
- D. J. Putman
- K. Zachar

FILE: LEG 1-8-1-Gulf

Southern Company Services, Ir Post Office Box 2625 Birminghern, Alaberna 35202 Telephone 205 870-6011



January 18, 1990

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

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

Gentlemen:

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

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

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

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

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

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

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

Sincerely, Julit Sum

Richard Simon Supervisor, Contract Performance Fuel Supply Department

/amr

By:

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GULF POWER COMPANY

## PEABODY COAL COMPANY

Title:

Date:

By:

Title:

Date:

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

FILE: LEG 1-8-1-Gulf peabagr

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

> 20<sup>3, 2</sup> Southern Company Services

February 28, 1990

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

Dear Charlie:

Enclosed is a fully executed copy of the letter agreement related to the test shipment of coal from Federal No. 2 coal and the deferral of 1989 tonnage under the Peabody/Gulf Agreement. Thank you for working with us regarding this matter.

Sincerely.

Richard Simon Supervisor, Contract Performance Fuel Supply Department

/amr

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

FILE: LEG 1-8-Gulf

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



January 18, 1990

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

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

Gentlemen:

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

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

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

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

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

> deferred until 1990. For billing purposes, the billing price effective October 1, 1989 shall be applied to the tons of deferred 1989 tonnage to be shipped in 1990, and with these tons being the first shipped under the contract in 1990. As an objective, Peabody and Gulf agree to use good faith efforts for the delivery of the 194,310 tons of deferred 1989 tonnage and the 1990 contract commitment of 1,900,000 tons according to the following schedule.

	1989 Deferred Tonnage	1990 Commitment	Total
January 1990 February 1990 March 1990	154,310	15,690	170,000
April 1990		180.000	180,000
May 1990		180,000	180,000
June 1990		170,000	170,000
July 1990		170,000	170,000
August 1990		170,000	170,000
September 1990		170,000	170,000
October 1990		170,000	170,000
November 1990		170,000	170,000
December 1990		164,310	164,310
	154,310	1,900,000	2,054,310

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

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

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

Sincerely,

Richard Simon Supervisor, Contract Performance Fuel Supply Department

/amr

GULF POWER COMPANY

Earl B. Varco By:

Vice President Title: Power Generation & Transmission

Date: February 26, 1990

PEABODY COAL COMPANY

By: Title: / ......

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

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

FILE: LEG 1-8-1-Gulf peabagr



Southern Company Services, In/ Post Office Box 2625 Birmingham, Alabama 35202 Telephone 205 870-6011 203.2



James F. Billingsley Manager Fuel Supply Department March 16, 1989

Mr. Wayne D. Reno Vice President - Sales Peabody Development Company 1951 Barrett Court P. O. Box 1649 Henderson, KY 42420

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

Gentlemen:

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

Peabody and Gulf have recognized the potential benefits to both parties of test burning of 100% washed Federal No. 2 coal. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1989 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall be as outlined below, notwithstanding any provision to the contrary in the February 1, 1988 Agreement, and under no circumstances will the cost of the test coal herein in \$/MMBtu f.o.b. Plants Crist and Smith exceed the current cost in \$MMBtu to Gulf for the Randolph and Federal No. 2 blend to these plants. The pricing arrangements shall not establish a precedent for the pricing of shipments other than those shipped hereunder. Gulf expressly reserves its rights under Section 6.3 of the February 1, 1988 Agreement.

Peabody shall initially ship 18 barges of 100% washed coal from Federal No. 2 Mine. If this test burn is successful, a minimum of 12 and a maximum of 50 additional barges may be required to complete the evaluation. All testing of the 100% washed Federal No. 2 coal will be completed in 1989. The price of such coal shall be \$31.00 per ton, f.o.b. barge at Glassport Dock, Mr. John C. Bennett, et al. March 16, 1989 Page 2

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

The average analyses of these 18 barges together with additional test burn shipments as may be necessary to evaluate this coal, shall be used as the basis for establishing new guaranteed and rejection limits in Section 7.0 of the February 1, 1988 Agreement for this source provided such test shipments result in the approval of washed Federal No. 2 Mine coal being approved as a source under the Agreement.

It is anticipated that the initial Federal shipment hereunder will be made during March/April 1989. Peabody and Gulf will use their best efforts to schedule and load such barges on or near this date.

If 100% washed Federal No. 2 coal is approved by Gulf as an approved source, Peabody Coal Company agrees to a moratorium on further coal testing under the Agreement until 1992.

Mr. John C. Bennett, et al. March 16, 1989 Page 3

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

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

Your very truly,

J. F. Billingsley

Gulf Power Company Peabody Coal Company By: ( ( .... legins A.D. U By: Title: VICE PRESIDENT Title: <u>Vice President-Sales</u> Date: March 12, 1989 Date: March 29, 1989

/kw

cc: Gulf Power Company M. L. Gilchrist M. W. Howell G. O. Layman E. B. Parsons

File: LEG 1-8-1 jfbAgree Southern Company Services, Inc.

- D. M. Ratcliffe
- W. T. Henshaw
- M. H. Filkins
- C. N. Logan
- J. E. McIntosh
- R. Simon
- M. A. Wolfe

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



the southern electric system

Pealody Test Bun

March 16, 1989

**James F. Billingsley** 

Fuel Supply Department

Manager

Mr. M. L. Gilchrist Gulf Power Company P. O. Box 1151 Pensacola, Florida

Dear Lane:

Enclosed are three copies of the Letter Agreement to best burn Federal No. 2 100% washed coal at your Gulf Plants.

Please have these copies executed for Gulf Power Company and return them to me.

I have asked Wayne Peno to give me a loading date for the first 18 barges to be tested. I will contact you when the loading date is set.

Simerely,

J. F. Billingsley

/kw

Enclosures

cc: Gulf Power Company E. B. Parsons M. W. Howell L. Hargrove G. O. Layman Southern Company Services, Inc. D. M. Ratcliffe C. N. Logan R. Simon M. A. Wolfe K. Zachar

jfbcover

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



James F. Billingsley Manager Fuel Supply Department March 16, 1989

Mr. Wayne D. Reno Vice President - Sales Peabody Development Company 1951 Barrett Court P. O. Box 1649 Henderson, KY 42420

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

Gentlemen:

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

Peabody and Gulf have recognized the potential benefits to both parties of test burning of 100% washed Federal No. 2 coal. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1989 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall be as outlined below, notwithstanding any provision to the contrary in the February 1, 1988 Agreement, and under no circumstances will the cost of the test coal herein in \$/MMBtu f.o.b. Plants Crist and Smith exceed the current cost in \$MMBtu to Gulf for the Randolph and Federal No. 2 blend to these plants. The pricing arrangements shall not establish a precedent for the pricing of shipments other than those shipped hereunder. Gulf expressly reserves its rights under Section 6.3 of the February 1, 1988 Agreement.

Peabody shall initially ship 18 barges of 100% washed coal from Federal No. 2 Mine. If this test burn is successful, a minimum of 12 and a maximum of 50 additional barges may be required to complete the evaluation. All testing of the 100% washed Federal No. 2 coal will be completed in 1989. The price of such coal shall be \$31.00 per ton, f.o.b. barge at Glassport Dock, Mr. John C. Bennett, et al. March 16, 1989 Page 2

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

The average analyses of these 18 barges together with additional test burn shipments as may be necessary to evaluate this coal, shall be used as the basis for establishing new guaranteed and rejection limits in Section 7.0 of the February 1, 1988 Agreement for this source provided such test shipments result in the approval of washed Federal No. 2 Mine coal being approved as a source under the Agreement.

It is anticipated that the initial Federal shipment hereunder will be made during March/April 1989. Peabody and Gulf will use their best efforts to schedule and load such barges on or near this date.

If 100% washed Federal No. 2 coal is approved by Gulf as an approved source, Peabody Coal Company agrees to a moratorium on further coal testing under the Agreement until 1992.

Mr. John C. Bennett, et al. March 16, 1989 Page 3

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

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

Your very truly, un

J. F. Billingsley

Gulf Power Company

## Peabody Coal Company

By:	By:
Title:	Title:
Date:	Date:
/kw	

cc: Gulf Power Company M. L. Gilchrist M. W. Howell G. O. Layman E. B. Parsons

Southern Company Services, Inc.

- D. M. Ratcliffe
- W. T. Henshaw M. H. Filkins
- C. N. Logan J. E. McIntosh
- R. Simon
- M. A. Wolfe

File: LEG 1-8-1 jfbAgree

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



September 13, 1988

Mr. Kevin C. Burns Peabody Development Company P.O. Box 21 St. Louis, Missouri 63166

Dear Kevin,

Enclosed for Peabody Coal Company's files is an original copy of the Letter Agreement dated August 15, 1988 concerning the test coal. The letter was signed August 25, 1988 by E. B. Parsons, Jr. for Gulf Power Company.

If you have any questions give me a call at (904) 444-6236.

248

Sincerely,

Lane Gildhrist

dr

Attachment

cc: Mr. J. F. Billingsley

Internal Correspondence



August 17, 1988

Letter Agreement Between Gulf Power and Peabody Coal Company

M. L. Gilchris

Mr. E. B. Parsons, Jr.

Attached, recommended for your approval, is a letter agreement between the Company and Peabody Coal Company concerning the test coal from Federal No. 2 and Equality Mines. The letter fixes the weighing, sampling, price, and quality adjustments necessary to handle the test coal. The price will not exceed the current contract price and none of our rights under the February 1, 1988 agreement are changed.

SCS compiled the original draft and subsequent changes have only involved coal quantity and quality. Mr. Ed Holland has reviewed and approved the letter agreement as presented. SCS recommends approval and the agreement has already been signed by Peabody.

dr

cc: Southern Company Services Mr. J. F. Billingsley Gulf Power Company Mr. G. O. Layman Mr. M. W. Howell Mr. G. E. Holland

## PEABODY DEVELOPMENT COMPANY

KEVIN C. BURNS Vice President - Sales 50 Jerome Lane Fairview Heights, Illinois 62208 (618) 398-7950 Mailing Address P.O. Box 21 St. Louis, Missouri 63166

August 15, 1988

Mr. M. Lane Gilchrist Manager Interchange and Fuel Supply Gulf Power Company 500 Bayfront Parkway Post Office Box 1151 Pensacola, Florida 32520

Dear Lane:

Attached please find the Letter Agreement relating to the agreement between Peabody Coal Company and Gulf Power Company for the sale and purchase of coal, dated February 1, 1988, for execution.

Kindly retain one original for your files and return the other to my attention.

Thank you for your cooperation in this matter.

Very truly yours,

Kuin CBu

Kevin C. Burns

cam Attachment PEABODY COAL COMPANY Illinois Division

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

August 15, 1988

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

Gentlemen:

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

Peabody and Gulf have recognized the benefits to both parties through the test burning of coal of unblended Federal No. 2 coal and unblended Equality coal during 1988. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1988 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall be as outlined below, notwithstanding any provision to the contrary in the February 1, 1988 Agreement. The pricing arrangements shall not establish a precedent for the pricing of shipments other than those shipped hereunder. Gulf expressly reserves its rights under Section 6.3 of the February 1, 1988 Agreement.

Peabody shall ship twenty-four barges of unblended run-of-mine coal from Federal No. 2 mine. The price of such coal shall be \$31.00 per ton, f.o.b. barge at Glassport Dock, Pennsylvania. The price paid to Peabody shall be unescalated except for calorific value adjustments based upon 12,700 Btu/lb., for the total shipments from Federal hereunder. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Federal shipments, with guaranteed specifications applicable to the total of all Federal shipments hereunder. The cost of barge transportation to Gulr's generating plants shall be borne by Gulf. Weights of coal shipped shall be calculated by draft surveying the barges at Glassport Dock, with such draft surveying to be performed by Commercial Testing and Engineering - Charleston, West Virginia. ("CTE - Mr. Earl B. Parsons, Jr. August 15, 1988 Page 2

Charleston"), at Peabody's expense. Coal shipped from Federal shall be sampled at the Federal Mine No. 2 unit train loading facility using the Hebden, Schilbe, and Smith three stage sampling system, at Peabody's expense. The sampling system shall be operated in accordance with ASTM D2234 and D2013 for "raw" coal and will produce a US No. 8 final product. Four 1000 gram splits will be prepared from the final sample using an enclosed riffle and following procedures specified in ASTM D2013. Two sample splits will be sent to CTE-Charleston for proximate, ultimate, ash mineral, ash fusion (reducing), sulfur forms and percent dry loss on ignition analyses and Hardgrove Grindability Index, at Peabody's expense. Two splits will be held by Peabody for 30 days as reserve samples. Reports of all analyses and barge drafting data will be forwarded directly to Gulf Power Company and Southern Company Services, Inc. Governing analysis for quality specifications in the Februay 1, 1988 Agreement shall continue to be performed pursuant to Section 12.0 of that Agreement.

Peabody shall ship twenty-four barges of unblended, washed coal from Equality Mine. The price of such coal shall be \$33.60 per ton f.o.b. barge at Shawneetown Dock, Illinois. The price paid to Peabody shall be unescalated except for calorific value adjustments based upon 11,900 Btu/lb, which shall be calculated on the total shipments from Equality hereunder. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Equality shipments, with guaranteed specifications applicable to the total of all Equality shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights and samples of coal shipped shall be taken at Shawneetown Dock, using methods and procedures currently utilized for Eagle II shipments, at Peabody's expense. The same analysis as specified for Federal test shipments shall be required for Equality test shipments, except that the analysis shall be performed by Commercial Testing and Engineering -Henderson, Kentucky. Reports of all analysis will be forwarded directly to Gulf Power Company and Southern Company Services, Inc. Governing analysis for quality specifications in the February 1, 1988 Agreement shall continue to be performed pursuant to Section 12.0 of that Agreement.

It is anticipated that Federal Shipments hereunder will be made, as an objective, at the end of the week of August 14. It is anticipated that Equality shipments hereunder will be made, as an objective, at the end of the week of October 2. Peabody and Gulf will use their best efforts to schedule and load such barges on or near these dates. Mr. Earl B. Parsons, Jr. August 15, 1988 Page 3

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

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

Sincerely,

C Tismel

John C. Bennett President

cam

GULF POWER COMPANY

By: Vice President -Title: Electric Operations Services

Date: August 25, 1988

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



July 8, 1988

Mr. M. H. Filkins Fuel Supply Department Southern Company Services P.O. Box 2625 Birmingham, Alabama 35202

Dear Mark,

Attached you will find two fully executed copies of the letter agreement pertaining to the audit extension that was proposed to Peabody Coal Company.

Sincerely,

tongen

C. L. Hargrove Supervisor of Fuel Supply

Southern Company Services 170. Post Office Box 2625 Birmingham, Alabama 3520. Telephone 205 870-8011



the southern electric system

May 26, 1988

Mr. John C. Bennett President, Illinois Division Peabody Coal Company 50 Jerome Lane Fairview Heights, IL 62208

Mr. Earl B. Parsons, Jr. Vice President, Electric Operations Gulf Power Company 75 N. Pace Boulevard Pensacola, FL 32505

Gentlemen:

LETTER AGREEMENT RELATING TO THE TERMINATION AND RELEASE AGREEMENT OF CERTAIN EAGLE NO. 2 MINE COAL SUPPLY AGREEMENT BETWEEN GULF POWER COMPANY (PURCHASER) AND PEABODY COAL COMPANY (SELLER) DATED FEBRUARY 1, 1988

Item 3 (Post-Termination Obligations) of the above agreement provides that Gulf and Southern complete their review and audit of certain price adjustments not later than September 15, 1988 for coal shipped during the period January 1, 1986 thru February 1, 1988. Further, Gulf agreed to complete its review and audit of certain lump sum adjustments for 1987 coal royalty recalculation and 1987 "SMCRA" lump sum adjustment by December 31, 1988.

In order to more efficiently schedule and administer Gulf's review and audit task, the parties agree to a ten week extension to the September 15, 1988 date. This extension should permit both review and audit tasks mentioned above to be completed as one effort thereby minimizing the time required by both parties.

225

All other provisions of this agreement remain unchanged.

Mr. J. C. Bennet and E. B. Parsons, Jr. May 26, 1988 Page 2

Please indicate your concurrence with this letter agreement by signing and dating in the spaces provided.

Sincerely,

11 tou

Mark H. Filkins Supervisor, Contract Administration Fuel Supply Department

for Gulf Power Company Vice President-Title: Electric Operations

Date: July 6, 1988

For Peabody Coal Company By: Title: president Illinois Division Date: June 21, 1988

bbs

File: LEG 1-8-GU

jcbebp

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



Southern Company Services

the southern electric system

January 5, 1989

Mr. Lane Gilchrist Gulf Power Company Pensacola, Florida

Dear Mr. Gilchrist

Enclosed for your files is a fully executed copy of the October 19, 1988 Letter Agreement between Peabody Coal Company and Gulf Power Company. This Letter Agreement revises Section 9.10(2) - Other Transportation Costs for changes in the RCAF factor.

We appreciate your help in this matter. If you have any questions, please contact me.

Sincerely,

Sue Elles Summers

Sue Ellen Summers Contract Analyst Fuel Supply Department

/amr

Attachment

cc: Gulf Power Company G. O. Layman C. L. Hargrove Southern Company Services, Inc. D. M. Ratcliffe M. H. Filkins J. F. Billingsley F. G. Robertson - w/att.

FILE: LEG 1-8-1-GU

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



October 19, 1988

Mr. John C. Bennett President, Illinois Division Peabody Coal Company Post Office Box 21 St. Louis, Missouri 63166

Mr. Earl B. Parsons, Jr. Vice President, Electric Operations Gulf Power Company 75 North Pace Boulevard Pensacola, Florida 32505

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL SUPPLY AGREEMENT BETWEEN GULF POWER COMPANY (PURCHASER) AND PEABODY COAL COMPANY (SELLER) DATED FEBRUARY 1, 1988 AS AMENDED (HEREINAFTER "THE AGREEMENT")

It is the intent of the parties of the Agreement to make the following revisions to the Agreement:

- To revise Section 9.10(2) Other Transportation Costs to utilize the Forecasted Rail Cost Adjustment Factor (RCAF) as published by the Interstate Commerce Commission in lieu of the Final Rail Cost Adjustment Factor as published by the Interstate Commerce Commission in calculating price adjustments.
- To adjust the Base Rail Cost Adjustment Factor utilized in the Agreement to reflect the revision of the Rail Cost Adjustment Factor by the Interstate Commerce Commission. This revision was effective with the first quarter, 1988 and conforms with the Staggers Rail Act of 1980.

Section 9.10(2) of the above referenced Agreement covers Other Transportation Costs. Price adjustments for Other Transportation Costs under this section are based in part on percentage changes in the Final Rail Cost Adjustment Factor (RCAF) as published by the Interstate Commerce Commission. It has been determined that the intent of both parties Messrs. Bennett nd Parsons October 19, 1985 Page 2

during negotiations was not to utilize the Final RCAF as published by the Interstate Commerce Commission but rather to use the Forecasted RCAF as published by the Interstate Commerce Commission. Therefore, the parties mutually agree to utilize the Forecasted RCAF as published quarterly by the Interstate Commerce Commission for adjustment purposes. It should be noted that the Base RCAF of 1.087 as stated in Annex O of the Agreement is the Forecasted RCAF for the third quarter, 1987.

Furthermore, effective with the first quarter, 1988 RCAF, the Interstate Commerce Commission revised the RCAF to comply with a provision of the Staggers Rail Act of 1980 (49 U.S.C. 10707 a (2) (B). For this first quarter, 1988, the Interstate Commerce Commission published both the original RCAF and the revised RCAF. These factors for the first quarter, 1988 are as follows:

Station of the second

Original	Revised
1.122	1.027

To avoid unfair advantage to either party due to this revision in the RCAF, the parties mutually agree to adjust the Base RCAF of 1.087 stated in the Agreement to produce an equivalent calculation using the revised RCAF.

To compensate for the effect of substituting the revised RCAF, we recommend that the Base RCAF of 1.087 used in the Agreement be restated in accordance with the following formula:

1. The original RCAF increased 3.2% from third quarter, 1987 to first quarter, 1988.

Third Quarter, 1987 = 1.087 (Base in Coal Supply Agreement)

First Quarter, 1988 = 1.122 (Original figure)



 By dividing the revised RCAF for first quarter 1988 of 1.027 by 1.032, a revised Base RCAF for third quarter, 1987 of .995 can be obtained. Messrs. Bennett nd Parsons October 19, 1980 Page 3

1.027 ---- = .995 1.032

Therefore, the revised Base RCAF for third quarter, 1987 to be used in calculating adjustments under this Section 9.10(2) is .995.

In accordance with the above, the appropriate Adjusted Other Transportation Cost Component effective April 1, 1988 will remain \$3.16 per ton.

An example of the computation of price adjustments pursuant to Section 9.10(2) is attached as Revised Annex O.

All other provisions of the Agreement will remain unchanged.

Please indicate your concurrence with the provisions of this Letter Agreement by signing in the spaces provided below.

Sincerely,

Line Ellen Summers

Sue Ellen Summers Contract Analyst Fuel Supply Department

amr

Accepted:

For Peabody Coal Company

pos

Accepted:

Gulf Power Company

#### REVISED ANNEX O

#### COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN OTHER TRANSPORTATION COST

#### SECTION 9.10(2) Page 1 of 2

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

#### I. Calculation of Weighted Percentage Change:

Index	Current* Index	Base** Index	Percentage Change		Index Weight	0.0	Weighted Percentage Change
Consumer Price Index, All Items, Urban Wage Earner & Clerical Workers (CPI-W)		113.3 =	1.012	x	68	-	6.18
Forecasted Rail Co Adjustment Factor (RCAF)	ost 1.027	÷.995 =	1.032	x	92%		94.98
057 Petroleum Products, Refined	52.9 ÷	61.6	.859	x	2%		1.78

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

\* CPI-W and Petroleum Products, Refined as of February 1988 (1982 - 84 = 100). Forecasted RCAF as of the 1st Quarter of 1988.

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

2001

#### REVISED ANNEX O

### COMPUTATION OF PER TOM ADJUSTMENT FOR CHANGES IN CTHER TRANSPORTATION COST

SECTION 9.10(2) Page 2 of 2

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

Base Other Transportation Cost Component	\$3.08
Weighted Percentage Change	x 102.7%
Adjusted Other Transportation Cost Component	\$3.16
Less: Base Other Transportation Cost Component	3.08
Less: Previous Per Ton Adjustments Pursuant to this Section 9.10(2)	.02
Per Ton Adjustment Effective April 1, 1988	\$.06}

262



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



December 21, 1988

Mr. W. J. Barbieri, Director Contract Administration Peabody Coal Company 1951 Barrett Court Post Office Box 1990 Henderson, Kentucky 42420

Dear Mr. Barbieri:

Enclosed for Peabody's signature are three execution copies of the October 19, 1988 Letter Agreement between Peabody Coal Company and Gulf Power Company. This Letter Agreement revises Section 9.10(2) - Other Transportation Costs to use the Forecasted Rail Cost Adjustment Factor (RCAF) rather than the Final RCAF. The Letter Agreement also adjusts the Base RCAF utilized in the Agreement to reflect the revision made to the RCAF by the Interstate Commerce Commission to conform with the Staggers Rail Act of 1980.

Please have all three copies of this Letter Agreement executed on behalf of Peabody Coal, keeping one copy for your files and returning two to us.

I appreciate your help in resolving this matter. If you have any questions, please contact me.

Sincerely,

Sue Ellen Summers

Sue Ellen Summers Contract Analyst Fuel Supply Department

Enclosures

cc:	Gulf	Po	wer Company
			Layman 🖌
	м.	L.	Gilchrist
	c.	L.	Hargrove
	South	ler	n Company Services, Inc.
			Ratcliffe
	J.	F.	Billingsley
			Filkins
	F.	G.	Robertson - w/enc.

File: FNS 1-8-1-GU

Southern Company Services, Inc. Post Office Box 2625 Birmingham, Alabama 35 Telephone 205 870-6011



October 19, 1988

Mr. John C. Bennett President, Illinois Division Peabody Coal Company Post Office Box 21 St. Louis, Missouri 63166

Mr. Earl B. Parsons, Jr. Vice President, Electric Operations Gulf Power Company 75 North Pace Boulevard Pensacola, Florida 32505

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL SUPPLY AGREEMENT BETWEEN GULF POWER COMPANY (PURCHASER) AND PEABODY COAL COMPANY (SELLER) DATED FEBRUARY 1, 1988 AS AMENDED (HEREINAFTER "THE AGREEMENT")

It is the intent of the parties of the Agreement to make the following revisions to the Agreement:

- To revise Section 9.10(2) Other Transportation Costs to utilize the Forecasted Rail Cost Adjustment Factor (RCAF) as published by the Interstate Commerce Commission in lieu of the Final Rail Cost Adjustment Factor as published by the Interstate Commerce Commission in calculating price adjustments.
- To adjust the Base Rail Cost Adjustment Factor utilized in the Agreement to reflect the revision of the Rail Cost Adjustment Factor by the Interstate Commerce Commission. This revision was effective with the first quarter, 1988 and conforms with the Staggers Rail Act of 1980.

Section 9.10(2) of the above referenced Agreement covers Other Transportation Costs. Price adjustments for Other Transportation Costs under this section are based in part on percentage changes in the Final Rail Cost Adjustment Factor (RCAF) as published by the Interstate Commerce Commission. It has been determined that the intent of both parties Messrs. Bennett and Parsons October 19, 1 8 Page 2

during negotiations was not to utilize the Final RCAF published by the Interstate Commerce Commission but ra to use the Forecasted RCAF as published by the Inters Commerce Commission. Therefore, the parties mutually a to utilize the Forecasted RCAF as published quarterly by Interstate Commerce Commission for adjustment purposes. should be noted that the Base RCAF of 1.087 as state Annex 0 of the Agreement is the Forecasted RCAF for third quarter, 1987.

Furthermore, effective with the first quarter, 1988 P the Interstate Commerce Commission revised the RCAF comply with a provision of the Staggers Rail Act of 1980 U.S.C. 10707 a (2) (B). For this first quarter, 1988, Interstate Commerce Commission published both the orig RCAF and the revised RCAF. These factors for the f quarter, 1988 are as follows:

Original	Revised
1.122	1.027

To avoid unfair advantage to either party due to revision in the RCAF, the parties mutually agree to ad the Base RCAF of 1.087 stated in the Agreement to produc equivalent calculation using the revised RCAF.

To compensate for the effect of substituting the rev RCAF, we recommend that the Base RCAF of 1.087 used in Agreement be restated in accordance with the follo formula:

 The original RCAF increased 3.2% from third quarter, 1987 to first quarter, 1988.

Third Quarter, 1987 = 1.087 (Base in Coal Supply Agreement)

First Quarter, 1988 = 1.122 (Original figure)

1.122	100	
	-	1.032
1.087		

 By dividing the revised RCAF for first quarter 198 1.027 by 1.032, a revised Base RCAF for third quar 1987 of .995 can be obtained.

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Messrs. Bennett and Parsons October 19, 1 '8 Page 3

> 1.027 .995 1.032

Therefore, the revised Base RCAF for third quarter, 1987 to be used in calculating adjustments under this Section 9.10(2) is .995.

In accordance with the above, the appropriate Adjusted Other Transportation Cost Component effective April 1, 1988 will remain \$3.16 per ton.

An example of the computation of price adjustments pursuant to Section 9.10(2) is attached as Revised Annex O.

All other provisions of the Agreement will remain unchanged.

Please indicate your concurrence with the provisions of this Letter Agreement by signing in the spaces provided below.

Sincerely,

An Eller Summers

Sue Ellen Summers Contract Analyst Fuel Supply Department

amr

Accepted:

For Peabody Coal Company

Accepted:

Gulf Power Company





#### REVISED ANNEX O

#### COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN OTHER TRANSPORTATION COST

#### SECTION 9.10(2) Page 1 of 2

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

#### I. Calculation of Weighted Percentage Change:

Index	Current*	Base** Index		Percentage Change	100	Index Weight	7	Weighte Percenta Change
Consumer Price Index, All Items, Urban Wage Earner & Clerical Workers (CPI-W)	114.7	- 113.3		1.012	x	68	F	6.18/
Forecasted Rail Co Adjustment Factor (RCAF)	CARL OF COMPANY AND ANY OF CARLS ANY OF CA	995	-	1.032	x	928	-	94.9%
057 Petroleum Products, Refined	52.9	61.6		.859	x	2% 1003		1.78

- NOTE: Figures used for illustration purposes only and are not meant to predict actual changes in indices.
  - \* CPI-W and Petroleum Products, Refined as of February 1988 (1982 - 84 = 100). Forecasted RCAF as of the 1st Quarter of 1988.
  - \*\* CPI-W and Petroluem Products, Pafined as of August 1987 (1982 - 84 = 100). Forecasted RCAF as of the 3rd Quarter of 1987.

262

#### REVISED ANNEX O

## COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN OTHER TRANSPORTATION COST

SECTION 9.10(2) Page 2 of 2

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

Base Other Transportation Cost Component	\$3.08
Weighted Percentage Change	x 102.7%
Adjusted Other Transportation Cost Component	\$3.16
Less: Base Other Transportation Cost Component	3.08
Less: Previous Per Ton Adjustments Pursuant to this Section 9.10(2)	.02
Per Ton Adjustment Effective April 1, 1988	\$ .06

268

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



October 21, 1988

Mr. Lane Gilchrist Gulf Power Company

Dear Mr. Gilchrist

Enclosed for Gulf Power's signature are three execution copies of the October 19, 1988 Letter Agreement between Peabody Coal Company and Gulf Power Company. This Letter Agreement revises Section 9.10(2) - Other Transportation Costs to use the Forecasted Rail Cost Adjustment Factor (RCAF) rather than the Final RCAF. The Letter Agreement also adjusts the Base RCAF utilized in the Agreement to reflect the revision made to the RCAF by the Interstate Commerce Commission to conform with the Staggers Rail Act of 1980.

In order to incorporate these revisions into the Coal Supply Agreement we recommend that Gulf Power Company sign the attached Letter Agreements and return all three copies to us. We will transmit them to Peabody for signature.

For your information, I have incorporated the comments you gave me last week. If you have any further questions or comments, please feel free to contact me.

Sincerely,

Sue Elles Summers

Sue Ellen Summers Contract Analyst Fuel Supply Department

/amr

Attachment

cc: Gulf Power Company G. O. Layman C. L. Hargrove Southern Company Services, Inc. D. M. Ratcliffe M. H. Filkins J. F. Billingsley F. G. Robertson

FILE: LEG 1-8-1-GU

188 10:06 SCS FIEL SERVICES Junt 8.32. 88 J=B KME Federal - 3100 @/2700 874 = 1.221 mm 6741 Barge To Quit 1211 ( Grenpert) = 1.721 mm 6741 \$ 43.71 \$ 1.721 mm 8741 Equality - 33.60 D /1900 BTU = 1,412 mm BTU 1 Dage 20 Cuit 740 (Shawnectarm) # 1.723 mm BTU Bent ract: 33.65 @ 11900 BTW 1.414 mm 8+4 \$ 41.05 Barge To Crist 725 mm 850 12 Druges Lederal - To Omiter Jul 72 Darges Equality - { ? Smith fect chipment bac? Lamping - openie metru ctions W ntiend # placed -Price grearantient # # BTre grearantient # # Dees not set precentions for Ancing in future

AUG 25 '88 10:07 SCS FL . SERVICES Southern Company Services, Inc. Post Office Box 2825 Birmingham, Alabama 58202 Telephone 205 870-6011



August 8, 1988

Mr. John C. Bennett President, Illinois Division Peabody Coal Company 50 Jerome Lane Fairview Heights, Illinois 62208

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

Gentlemen:

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

Peabody and Gulf have recognized the benefits to both parties through the test burning of coal of unblended Federal No. 2 coal and unblended Equality coal during 1988. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1988 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this Pricing arrangements under this letter letter agreement. agreement shall be as outlined below, notwithstanding any provision to the contrary in the February 1, 1988 Agreement. The pricing arrangements shall not establish a precedent for the pricing of shipments other than those shipped hereunder. Gulf expressly reserves its rights under Section 6.3 of the February 1, 1988 Agreement.

Peabody shall ship twenty-four barges of coal from Federal No. 2 mine. Such barges shall contain approximately 90% raw coal and 10% washed coal, and shall be blended by adding the washed product to the raw product throughout the loading

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P.3

AUG 25 '88 10:08 SCS FL SERVICES Messrs. Bennett and Parsons August 8, 1988 Page 2

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

> Peabody shall ship twenty-four barges of unblended, washed coal from Equality Mine. The price of such coal shall be 33.60 per ton Lo.b. barge at Shawneetown Dock, Illinois. The price paid to Peabody shall be unescalated except for calorific value adjustments based upon 11,900 Btu/1b, which shall be calculated on the total shipments from Equality All other specifications of Section 7.0 of the hereunder. February 1, 1988 Agreement shall apply to the Equality shipments, with guaranteed specifications applicable to the total of all Equality shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borns by Gulf. Weights and samples of coal shipped shall be taken at Shawneetown Dock, using methods and procedures currently utilised for Eagle II shipments, at Peabody's expense. The same analysis as specified for Federal test shipments shall be required for Equality test shipments, except that the analysis shall be performed by Commercial Testing and Engineering - Henderson, Kentucky. Reports of

AUG 25 '88 10:10 SCS FUEL SERVICES Messrs. Bennet' und Parsons August 8, 1988 Page 3

> all analysis will be forwarded directly to Gulf Power Company and Southern Company Services, Inc. Governing analysis for quality specifications in the February 1, 1988 Agreement shall continue to be performed pursuant to Section 12.0 of that Agreement.

> It is anticipated that Federal shipments hereunder will be made, as an objective, at the end of the week of August 14. It is anticipated that Equality shipments hereunder will be made, as an objective, at the end of the week of October 2. Peabody and Gulf will use their best efforts to schedule and load such barges on or near this date.

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

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

Sincerely,

Richard Simon, Supervisor Contract Performance Fuel Supply Department

amr

GULF POWER COMPANY

Title:

Date:

FILE: LEG 1-8-1

PEABODY COAL COMPANY

By:

Title:

Date:

P.5

Southern Company Services, inc. Post Office Box 2625 Birmingham, Alabama \* \*2 Telephone 205 670-60



August 5, 1988

Mr. John C. Bennett President, Illinois Division Peabody Coal Company 50 Jerome Lane Fairview Heights, Illinois 62208

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

Gentlemen:

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

Peabody and Gulf have recognized the benefits to both parties through the test burning of coal of unblended Federal No. 2 coal and unblended Equality coal during 1988. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1988 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall not establish a precedent for the pricing of shipments other than those shipped hereunder.

Peabody shall ship twelve barges of unblended run-of-mine coal from Federal No. 2 mine. The price of such coal shall be \$31.00 per ton, f.o.b. barge at Glassport Dock, Pennsylvania. The price paid to Peabody shall be unescalated except for calorific value adjustments based upon 12,700 Btu/lb., for the total shipments from Federal hereunder. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Federal shipments, with guaranteed specifications applicable to the total of all Federal shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights of coal shipped shall be calculated by draft surveying the barges at Glassport Dock, using methods and Messrs. Bennett and Parsons August 5, 19 Page 2

procedures acceptable to Peabody and Gulf, at Peabody's expense. Coal shipped from Federal shall be sampled at Federal Mine No. 2, using methods acceptable to Peabody and Gulf, at Peabody's expense.

Peabody shall ship twelve barges of unblended, washed coal from Equality Mine. The price of such coal shall be \$33.60 per ton f.o.b. barge at Shawneetown Dock, Illinois. The price paid to Peabody shall be unescalated except for calorific value adjustments based upon 11,900 Btu/lb, which shall be calculated on the total shipments from Equality hereunder. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Equality shipments, with guaranteed specifications applicable to the total of all Federal shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights and samples of coal shipped shall be taken at Shawnestown Dock, using methods and procedures acceptable to Feabody and Gulf, at Feabody's expense.

It is anticipated that shipments hereunder will be made, as an objective, at the end of the week of August 7. Peabody and Gulf will use their best efforts to schedule and load such barges on or near this date.

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

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

Sincerely,

Richard Simon, Supervisor Contract Performance Fuel Supply Department

amr

GULF POWER COMPANY

By:	· Aspendiculation of a state of the state of
Titles	
Dates	

PEABODY COAL COMPANY

By:	
Title:	
Date:	

FILE: LEG 1
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HIC BE ,88 08:33 2C2 LIET 2E6AICE2

## FUEL SERVICES Southern Company Services, Inc. P. O. Box 2625 Birmingham, Alabama 35202

Peabody Coal Company St. Louis Place 200 North Broadway St. Louis, MO 63102 CHANGE ORDER NUMBER

2

PURCHASE ORDER NUMBER

C-87-009678 REQUISITION NUMBER

41428

PLEASE MAKE THE FOLLOWING CHANGES TO THE ABOVE REFERENCED REQUISITION OR PURCHASE ORDER

Effective immediately, cancel this order (if the account balance has been cleared).



FIRM

PREPARED BY	TDHOWER	APPROVED Lichard Sim
DATE	4/25/88	APPROVED

Form No. 9 - 1568



F-209, 2 amendment

#### THIRD AMENDMENT TO THE AGREEMENT FOR THE SALE AND PURCHASE OF COAL

THIS AMENDMENT is made and entered into as of this 30th day of October 1987, by, between and among GEORGIA POWER COMPANY, a corporation organized and existing under the laws of the State of Georgia and having its principal office in Atlanta, Georgia (hereinafter "Purchaser") and SHELL MINING COMPANY, a corporation organized and existing under the laws of the State of Delaware with its principal office in Houston, Texas and MARROWBONE DEVELOPMENT COMPANY, a corporation organized and existing under the laws of the State of West Virginia with its principal office in Naugatuck, West Virginia (severally, collectively and jointly referred to as "Seller").

#### WITNESSETH:

WHEREAS, Purchaser and Seller have previously entered into an Agreement for the Sale and Purchase of Coal dated March 31, 1977 as previously Amended (hereinafter the "Agreement").

WHEREAS, the Purchaser and Seller desire to modify and amend the Agreement as hereinafter provided. NOW, THEREFORE, in consideration of the previous covenants and the mutual covenants hereinafter set forth, Seller and Purchaser hereby agree to modify and amend the Agreement in the following respects:

I. Purchaser and Seller agree that the Billing Price for shipments during the period December 1, 1986 through October 30, 1987 will be \$53.49 per ton f.o.b. railroad car subject only to audit adjustments resulting from Purchaser's audit of Seller's records and accounts. Seller agrees to 'return in one lump sum to Purchaser all monies due from the Internal Revenue Service related to moisture reduction of Black Lung Excise payments from January 1, 1984 through October 30, 1987. This lump sum adjustment due Purchaser shall be increased by 13.858 arising from payments made by Purchaser for royalties, business and occupation tax, and West Virginia severance tax, provided that Seller can recover monies associated with the 13.85% from its leaseholders and the state of Wesf Virginia.

Section 4 of the Agreement is amended by deleting Sections 4.01 through 4.09 in their entirety and inserting in lieu thereof the following:

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4.01 <u>Base Price Per Ton of Coal</u>. Effective as of the date first specified herein, the Base Price per ton of coal (as specified in Section 9.01 hereof) is \$37.47 for each ton shipped, (effective for adjustment purposes October 1, 1987) f.o.b. railroad car at the loading facilities near Kermit, West Virginia. It is understood that the Base Price includes any washing or other processing or quality control work at the mines necessary to meet the quality specifications hereof, any royalties which Seller must pay on the Coal Property, any commission, fee or other charge payable to any agent or broker by Seller on account of this Agreement, and other items as set forth below. The Base Price shall be adjusted from time to time in accordance with the provisions in Sections 4.02 through The Base Price is further subject to the 4.07. calorific and other adjustments provided for in this "Ton" shall mean a ton of two thousand Agreement. pounds avoirdupois weight.

4.02 <u>Adjustments - General</u>. The Base Price per ton of coal, as provided in Section 4.01, is made up of components as set forth in Annex G. The Base Price is subject to adjustment as provided in Section 4.03 through Section 4.07 and is subject to the procedures set forth in Section 4.09. Such Base Price as adjusted is hereinafter referred to as the "Billing Price".

Adjustments made in computing the Billing Price shall be made to the nearest cent per ton. No dispute concerning Billing Price adjustments shall in any way relieve either party of its respective obligations of

performance under this Agreement at the then current Billing Price.

4.03 Adjustments for Changes in Wages and Benefits. The Wages and Benefits component of the Base Price as of October 1, 1987, is \$11.60 per ton and will remain so throughout the term of this Agreement. This component includes both the wages and benefits of those workers engaged in the production, preparation and shipping of coal, and the wages and salaries of the supervisory, engineering and administrative personnel, as well as related items, including hours worked, overtime, working practices, rates for workman's compensation and other forms of compulsory insurance, social security, unemployment taxes, and including other Benefits in the form of payments or reserves for medical insurance, disability life insurance, dental plans, and death benefits or retirement benefits.

The Base Price shall be adjusted to reflect changes in the National Bituminous Coal Wage Agreement of 1984 (UMWA Agreement), as such agreement may be amended or superceded, even though Seller may not be a signatory party to such agreement. Adjustments to the Base Price for changes in Wages and Benefits shall be made in the following manner.

Purchaser and Seller agree for purposes of this Agreement that as of October 1, 1987 the Average Daily Wage Rate is \$202.17, as computed in Annex H.

The average Daily Wage Rate consists of three Daily Wage Rate Elements:

- 1. The Wages Element includes the average of UMWA wages for underground workers at deep mines and cost of non-working days. The Wages Element of the Average Daily Wage Rate shall be changed whenever any amendments, including additions and deletions, are made pursuant to the union labor contract which change the UMWA Agreement wage rates or days worked.
- 2. The Payroll and Other Labor-Related Taxes Element includes Social Security, State and Federal Unemployment Taxes, Workers Compensation, and contributions to state black lung funds. Rates of those taxes which are based upon Seller's actual experience shall be adjusted on January 1 of each calendar year. If there is a change in the rate of taxes which are not based on Seller's actual experience, the rates of such taxes shall be adjusted when effective.

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The Other Benefit Cost Element includes other 3. benefits costs not insurance medical and Adjustments shall specifically enumerated above. be made in the Average Daily Wage Rate on April 1 and October 1 of each year to reflect changes occurring after October 1, 1987 in the Other Regardless of Seller's Benefit Cost Element. actual changes in the cost of employee benefits, adjustments to the Other Benefit Cost Element of the Average Daily Wage Rate shall be based on changes in the index number of the U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI-W), for Medical Care Services as of the months of February and August of each year (the second month preceding the April 1 and October 1, adjustment date) during the term of this Agreement. The percentage change in said index from the level of such index as of August 1987, hereinafter called the "Base Index Number", which is 501.7, shall be determined as of such months and multiplied by \$22.50, such amount being the agreed cost per man-day amount for the Other Benefit Costs Element of the Average Daily Wage Rate effective October 1, 1987 as illustrated in Annex H. In the event of unavailability of said index, adjustments of the Other Benefit Costs Component of the Average Daily Wage Rate shall be computed by mutual agreement.

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Each time there is a change in the Average Daily Wage Rate, Seller shall compute the increase or decrease in the Average Daily Wage Rate using the procedures and format set forth in Annex H. The decimal equivalent of the percentage of said increase or decrease shall be multiplied by \$11.60 and the resulting amount shall be added to or subtracted from the Base Price in lieu of all previous adjustments pursuant to this Section 4.03 as illustrated in Annex H.

4.04 Adjustment for Changes in Government Imposition. The term "government imposition," as used in this Agreement, means taxes or fees imposed by any government or governmental agency upon the production, preparation, or sale of coal hereunder, costs arising from any governmental law, rule or regulation, and administrative interpretations or implementations of such rules and regulations, affecting the production, preparation or sale of coal hereunder, including ad valorem taxes on land, improvements, machinery, and equipment. The term does not include impositions such as federal or state income taxes which are not levied upon the production, preparation or sale of coal hereunder, or any employer's Social Security or unemployment taxes which are provided for in Section 4.03.

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Price stated in Section 4.01 The Base includes all costs of compliance by Seller with the Federal Coal Mine Health and Safety Act of 1969, the Black Lung Benefits Revenue Act of 1977, and the Surface Mining Control and Reclamation Act of 1977, as now enacted, as now amended, and as now interpreted in regulations of the government enforcing authority, and all costs of compliance any other mine regulatory statutes, with administrative regulations and rulings, and local ordinances in effect October 1, 1987.

The Base Price, effective October 1, 1987, includes \$0.96/ton for Federal Black Lung Excise Tax, \$.20/ton for Federal Reclamation Fee, and \$.01 per ton for West Virginia State Reclamation Fee. The Federal Black Lung Excise Tax and Federal Reclamation Fee are based upon a mix of 75% underground production and 25% surface production, as illustrated in Annex C. For the purpose of determining these taxes, the percentage of underground and surface production shall not be changed unless the actual percentage of underground production at the Coal Property in a calendar quarter less than 70% or more than 80% of total is production. If in any calendar quarter the actual percentage of underground production at the Coal Property is less than 70% or more than 80% of

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total production, the Federal Black Lung Excise Tax and Federal Reclamation Fee computation for the following calendar quarter shall be based upon the actual percentages of underground and surface production.

No price adjustment shall be made under this Section for costs occasioned by any such statutes, regulations, and the like in effect on October 1, 1987. Adjustments shall be made, however, for changes in costs occasioned by amendments to such statutes, administrative regulations, rulings, and administrative interpretations or implementations of such regulations and rulings, and local ordinances, now in being, as well as for costs of compliance with requirements of entirely new regulatory statutes, regulations, and the like, which are enacted or promulgated after October 1, 1987; and such adjustments also shall be made for changes in costs occasioned by compliance with final judgements, orders or by any court of law, equity or issued decrees administrative agency, which reflect new and different interpretations and implementations of law, and which are directed specifically toward and are binding upon the mine or Seller's operation of the mine (but "change in costs" shall not include any civil or criminal money fine or penalty imposed the as result of failure to comply with any statute,

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administrative regulation or ruling, administrative interpretation or implementation of such rule or regulation, local ordinance, or judgment, order or decree of any court unless Purchaser shall have specifically authorized the incurring of such fine or penalty).

event and whenever after the date In the any federal state statute, hereof. or administrative regulation or ruling, administrative interpretation or implementation of such rule or regulation, or local ordinance or amendment thereto removes, increases or decreases any governmental imposition, or imposes a new burden, and Seller has given Purchaser prompt written notice thereof, then during the period beginning twelve (12) months prior to such notice and during which such imposition, removal, increase or decrease is in effect, an adjustment to the Base Price shall be made, for the cost of such imposition, removal, increase or decrease applicable to the coal sold to Purchaser hereunder.

Purchaser and Seller shall jointly estimate the cost of such imposition, removal, increase or decrease applicable to the coal sold hereunder and shall make an adjustment to the Base Price accordingly.

If any governmental imposition necessitates a capital expenditure or replacement thereof by Seller, Purchaser shall have the option to

compensate Seller for the agreed upon amount of said expenditure immediately upon notice or to reimburse Seller for said expenditure uniformly for up to the estimated life of such capital asset, and in the latter case Purchaser shall pay Seller interest on such outstanding amount owed to Seller at the prime rate of the CITIBANK of New York City, New York.

It is expressly recognized that a separate component of the Base Price of \$1.40 per ton represents Seller's cost for West Virginia Severance Tax. The total effective percentage rate of this tax, as of October 1, 1987, is 3.741 as illustrated in Annex G. This component of the Base Price, although in the nature of a governmental imposition, shall be adjusted in the manner described in Section 4.07.

4.05 Adjustment For Cost Of Supplies & <u>Materials</u>. Adjustments shall be made in the Base Price hereunder to reflect changes in cost of supplies and materials occurring from October 1, 1987, and shall be based on changes in the weighted composite of Producer Price Indices as shown below and as first published monthly by the U.S. Department of Labor, Bureau of Labor Statistics.

The Supplies and Materials component of the Base Price is **\$10.00 per ton** effective October 1, 1987 and will remain so throughout the term of this Agreement. The weighting of the indices to be used in

determining this adjustment are shown in the table

below:

Index Number	Index	Index Weight	August 1987	Description
1192-01	Underground Mining	34	463.0	Maintenance
1081-02	Externally Threaded	17	104.8	and Repair Roof Control
112	Construction Machinery	13	375.5	Maintenance and Repair
0652-01	Nitrogenates	7	168.8	Blasting
0679-02	Explosives	1	319.4	Blasting
0543-1617	Industrial, Power, East South Central	5	489.4	Plant and Power
061	Industrial Chemicals	5	335.9	Plant and Mine Chemicals
0573-03	Diesel Fuel	. 5	474.7	Fuel
1331	Building Blocks	. 3	332.3	Ventilation
0576	Finished Lubricants	4	345.0	Lubrication
08	Lumber & Wood Products	3	321.7	Lumber
0712-01	Tires	3	229.3	Tires
Contraction of the second se		100		

Effective as of January 1, April 1, July 1, and October 1 of each year beginning January 1, 1988, Seller shall determine the percentage of increase or decrease in each Weighted Index from the level thereof computed for the month of August 1987. The decimal equivalent of each percentage of increase or decrease shall be added together and the resulting sum of the Weighted Index percentage changes shall be multiplied by \$10.00. The resultant amount shall be added to or subtracted from the Base Price in lieu of all previous adjustments pursuant to this Section 4.05 as illustrated in Annex H. In

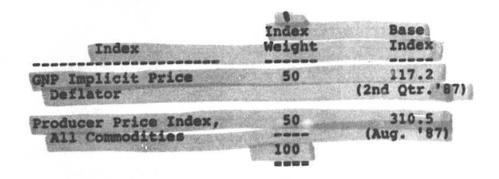
making such determinations, the first-published indexes for the months of November, February, May and August shall be used.

If any index used in determining adjustments under this Section 4.05 should be discontinued or otherwise become unavailable, the parties by shall substitute such other agreement mutual index as they feel will continue to measure such Supplies and Materials, and in changes this Section 4.05 shall adjustments under continue as provided.

An example of the computation of price adjustment pursuant to Section 4.05 is attached hereto as Annex H.

4.06 <u>Adjustment for Inflation/Deflation</u> <u>Adjustments</u> shall be made in the Base Price hereunder to reflect changes in the purchasing power of the dollar occurring from October 1, 1987 and shall be based on changes in the weighted composite of indices as shown below.

The Inflation/Deflation component of the Base Price is \$11.43 per ton effective October 1, 1987 and will remain so throughout the term of this Agreement. The weighting of the indices to be used in determining this adjustment are shown in the table below:



Effective as of January 1, April 1, July 1 and October 1 of each year beginning January 1, 1988, Seller shall determine the percentage of increase or decrease in each Weighted Index from the level The decimal equivalent of each shown above. percentage of increase or decrease shall be added together and the resulting sum of the Weighted Index percentage changes shall by multiplied by \$11.43. The resultant amount shall be added to or subtracted from the Base Price in lieu of all previous adjustments pursuant to this Section 4.06 as illustrated in Annex In making such determinations, the Producer Price G. Index - All Commodities as first published monthly by the U. S. Department of Labor, Bureau of Labor Statistics for the months of November, February, May and August and the GNP Implicit Price Deflator preliminary number as published by the U. S. Bureau of Economic Analysis for the third, fourth, first and second quarters of each year shall be used during the term of this Agreement.

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If any index used in determining adjustments under this Section 4.05 should be discontinued or otherwise become unavailable, the parties by mutual agreement shall substitute such other index as they feel will continue to measure such changes in Inflation/Deflation, and adjustments under this Section 4.06 shall continue as provided.

An example of the computation of price adjustment pursuant to Section 4.06 is attached hereto as Annex G.

4.07 Adjustment for West Virginia Severance Tax. The Base Price stated in Section 4.01 is based upon existing costs for this tax as of October 1, 1987. The current Base Rate of the West Virginia Severance is 3.85% of revenues, less allowance for Black Tax Lung Excise Tax of \$.96 per ton, and West Virginia Special Reclamation Fee of \$.01 per ton. The West Virginia Severance Tax Component is \$1.40 per ton, which is equivalent to an effective rate of 3.74%, as determined in accordance with Annex H. Adjustments to the Billing Price as a result of this Tax shall in accordance with the following made be The Base Price shall be first adjusted in procedure. accordance with Sections 4.02 through 4.06 hereof. The sum of the adjustments shall be multiplied by 3.74% and the resultant amount shall be added to or subtracted from the Billing Price.

Adjustments to the statutory Base Rate shall be made in accordance with Section 4.04. Each time there is an adjustment to the Base Rate, or a change in the allowances which affects the effective rate of the West Virginia Severance Tax, the effective rate of the tax and the amount of the Severance Tax Component shall be redetermined in accordance with Annex H.

4.08 <u>Fixed Price Component</u>. The Base Price includes a Fixed Component of \$1.87 per ton, which component shall remain fixed and firm and not subject to adjustment hereunder.

4.09 <u>Nctice and Substantiation of Base Price</u> <u>Adjustment</u>. Seller shall promptly notify Purchaser in writing of the amount and effective date of any claimed adjustments to the respective Base Prices, pursuant to the provisions of Sections 4.02 through 4.07, and shall furnish Purchaser with whatever computations and data are reasonably necessary to substantiate such adjustments. Purchaser shall process adjustments within sixty (60) days after receipt from Seller of all substantiating computations and required data.

Adjustments shall be effective for coal delivered from and after the later of either (1) the effective date of the related change as stated in Sections 4.03, 4.05, 4.06, and 4.07; (2) the date on which

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Purchaser received notice from Seller of such claimed adjustment under Sections 4.03, 4.05, 4.06 and 4.07 if such notice is not received within sixty (60) days after the date such change was due to become effective.

With respect to decreases required to be made by virtue of any adjustment hereunder, of which Seller failed to notify Purchaser within sixty (60) days, such adjustment shall be made retroactively as if immediate notice had been provided.

Purchaser, or a representative selected by Purchaser upon reasonable advance notice to appropriate personnel of Seller shall have the right to audit or inspect Seller's books and records and determine whether such adjustments under Sections 4.03 through 4.07 have been properly computed by Seller in accordance with the applicable provisions of the Agreement.

If one party owes the other party an amount that the party has underpaid or the other party has overpaid as a result of the determination of a protest, then that amount shall be paid with interest computed at the prime bank rate of the CITIBANK of New York City, New York, plus one-half percent (1/2%), such interest to accrue beginning sixty (60) days from the date of the claim for adjustment.

II. Section 5 of the Agreement is amended by deleting Section 5.02 in its entirety and inserting in lieu thereof the following:

5.02 <u>Bill of Lading</u>. Seller will provide rail carrier with a "Bill of Lading" form. Such forms shall be prepared by Seller to incorporate Seller's name, shipment date, destination point, origin, Purchaser contract identification (Purchase Order Number), cars by initials and number, Unit Train Number, Carrier Contract Number, and any other applicable data which may be required. One copy of this form shall be retained by Seller and the remaining copies transmitted to the rail carrier at the time the cars are moved. A "Waybill" (prepared by the carrier from this bill of lading) will be transmitted to Purchaser's receiving plant. Payment will be made on the 20th and 28th day of each month for all coal received and processed prior to such dates.

III. Section 7.01, <u>Quantity Requirements</u> is amended by deleting that Section in its entirety and inserting in lieu thereof the following:

7.01 <u>Quantity Requirements</u>. Seller will tender for delivery and Purchaser will buy the following quantities of acceptable coal from the Coal Property or other reserves of Seller during each

18

calendar year, plus or minus one-half the quantity of coal in an average unit train delivery:

CALENDAR YEAR	QUANTITY (Tons)
1983	300,000
1984-1986	1,000,000
1987	1,166,667
1988-2008	1,500,000

and at least one million five hundred thousand (1,500,000) tons of acceptable coal, plus or minus one-half the quantity of coal in an average unit train delivery, produced from the Coal Property or other reserves of Seller during each calendar year of the extended term hereof, should Purchaser elect to exercise the option described in Section 3.01 hereof. "Acceptable Coal" means coal meeting the specifications of Sections 11.01 and 12.01 hereof.

Upon notice to Purchaser and approval by Purchaser, Seller may provide coal under the terms of this Agreement acquired from other sources than the Coal Property or Seller's other reserves. Such approval shall not be unreasonably withheld.

In the event Seller has available for delivery additional quantities of coal from the Coal Property and desires to sell the same to Purchaser under the terms of this Agreement, upor acquiring the prior written approval of Purchaser, Seller shall give Purchaser notice of any coal meeting the quality

specifications hereunder to be mined from the Coal Property before any contract not presently in existence, having a term of longer than one year, shall be entered into by Seller, and Seller further agrees that Purchaser will be given a fair opportunity to respond with an offer, if Purchaser so decided, before Seller enters into any such contract.

IV. The first paragraph of Section 8.01 of the Agreement, <u>Weighing</u>, is amended by deleting the paragraph in its entirety and inserting in lieu thereof the following:

8.01 Weighing The weight of coal for each shipment sold and delivered hereunder shall be determined from the Seller's scales or other scales approved by Purchaser. The parties agree that Seller's scales as configured on October 1, 1987 are suitable for determining the weight of coal Said scales shall be maintained and delivered. operated in accordance with procedures acceptable to the Purchaser, and shall be certified in accordance with the Association of American Railroads "Scale Handbook", in effect on October 1, 1987 with the exception of the current conveyor length.

V. Section 9.01 of the Agreement <u>Coal Specifications</u> is amended by deleting the Section in its entirety and inserting in lieu thereof the following:

9.01 Coal Specifications. The coal delivered by Seller and purchased by Purchaser hereunder shall be inches (3.0") and under in size, shall not three contain greater than sixty percent (60%) of particles less than one guarter inch (1/4") in that are size, shall be prepared so as to be free from excess quantities bone, slate, shale, firs clay, of rock, loose clay and other impurities; and shall conform to the following analysis on an "as received basis" (all percentages shown are percentages by weight):

> Specification Moisture (total) Ash Sulfur

Volatile Ash Fusion - Reducing Softening (H=W) Grindability Calorific Value

Fines (1/4" x 0")

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Requirement 7.5% (maximum) 12% (maximum) .60 lb. per million Btu (maximum) 30% (minimum) 2700 degrees F (minimum) 34 (minimum) (Hardgrove scale) 12,000 Btu/lb. (guarantee) 60% (maximum)

Seller may substitute or commingle coal from another mine or mines if approved by Purchaser provided that the coal so substituted shall conform in all respects to the specifications set forth

in this Section 9.01 and shall be subject to all provisions of this Agreement, provided also, that Purchaser will incur no additional cost burden as a result of such substitutions. Purchaser reserves the right to approve the mine sampler and scale in advance of shipment of substitute coal.

VI. Section 11.01 of the Agreement <u>Quality Variations</u> is amended only by substitution of the following Specifications and Rejection Points:

Specifications Moisture (total) Ash Volatile Ash Fusion - Reducing Softening (H=W) Grindability Calorific Value

Fines (1/4" x 0")

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8.5% (maximum)
13.5% (maximum)
28% (minimum)
2500 degrees F (minimum)
32 (minimum)
 (Hardgrove scale)
11,200 Btu/lb.
 (minimum)
60% (maximum)

Rejection Points

VII. Section 15.01 of the Agreement, <u>Reviews</u>, is amended by deleting the Section in its entirety and inserting in lieu thereof the following:

15.01 Market Price Reviews

(a) <u>Timing</u>. The Base Price as adjusted pursuant to all other provisions of this Agreement shall, if requested by either party, be adjusted based upon the determination of a "Market Price" pursuant to this Section 15.01.

The Market Price shall be defined as a delivered price to Purchaser's Plant in cents per million Btu equivalent to Purchaser's other market alternatives for delivery of coal of similar quality, and in quantities and other terms and conditions of this Agreement. The first such adjustment shall be effective July 1, 1994 (the "Review Date") with subsequent adjustments effective no more often than July 1 of every fifth year thereafter. If a Market Price Review is requested, the parties will negotiats for a period of 60 days prior to the Effective Date as to the mutually agreeable Market Price for coal acceptable to be burned at Purchaser's Plant(s).

Market Price Determination. If the parties (b) are unable to agree upon a Market Price, the Market Price of the coal shall be based upon the weighted average of qualified bid proposals for coal to replace the coal delivered hereunder, as provided below. Bid information shall be furnished by Southern Company Services, Inc., or such other entity acting as Purchaser's fuel purchasing agent. Such bid information will be limited to bids for coal under terms and conditions substantially similar to the Agreement. Such terms and conditions shall include, but not be limited to, an annual quantity of not less than 500,000 tons per year, similar delivery provisions, minimum term of five years. price

adjustment mechanisms (including methods and frequency of adjustment, calorific value adjustment and market price redetermination), quality, and other Agreement provisions such as quality and reserve assurances, loading and shipping capabilities, and coal majeure protections. Purchaser and its agent force shall review and validate the bid information, reserves, and competing mine facilities and capabilities; shall determine the Market Price for Seller's coal which would result in a delivered cost to Purchaser's Plant equal to the weighted average delivered cost of the least cost of 2,250,000 tons (in increments of not less than 500,000 tons) from the alternative qualified bid proposals; and shall certify that such bid proposals, considering the mines' reserves and capabilities, represent bona fide offers could comply with the provisions of this which Agreement. A qualified bid proposal shall be considered only if it is not in any way contingent upon or related to any other offer, proposal, transaction, or Agreement among or between the bidder and Purchaser and/or Purchaser's agent.

(c) <u>Price Review Adjustment</u>. When a Market Price has been determined, the Billing Price under this Agreement will be adjusted by an amount equal to 15.625% of the difference, as of the Review Date, (retroactively, if necessary) between the Market

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Price and the current delivered price in cents per / million Btu (the "Price Review Adjustment"). The Price Review Adjustment shall be added to or subtracted from the Inflation/Deflation component of the Base Price, and adjusted thereafter in accordance with the provisions of Section 4.06. Failure of the parties to reach a timely agreement on Market Price under this Section 15.01 will in no way excuse continued performance under the contract; i.e., delivery of, and payment for coal.

VIII. Annexes C, D, E, F, G and H of the Agreement are amended by deleting such Annexes in their entirety and inserting in lieu thereof Annexes C, D, E. F, G and H attached to this Third Amendment.

IX. Except as herein provided, the Agreement for the Sale and Purchase of Coal dated March 31, 1977, as previously Amended, is not otherwise altered or modified and is in all respects ratified and affirmed.

In Witness Whereof, the Purchaser and Seller have caused this Third Amendment to the Agreement for the Sale and Purchase of Coal to be duly executed and attested by their authorized officers in several counterparts.

(SIGNATURES APPEAR ON PAGE 26)

Attest: adm

Attest:

Attest

GEORGIA PON_A COMPANY
By: B. J. Heard
Its: Sr. Vice President
Possil & Hydro Power Date Executed ///2/87
SHELL MINING COMPANY
By: OneBiphalley
Iter President
Date Executed: "/6/07
MARROWBONE DEVELOPMENT COMPANY
By: On Biphelley

F- the- BOARd Its: CHAIR! Date Executed: #/6/87

FINAL PAGE TO THIRD AMENDMENT TO THE AGREEMENT FOR THE SALE AND PURCHASE OF COAL BETWEEN GEORGIA POWER, SHELL MINING COMPANY AND MARROWBONE DEVELOPMENT COMPANY

P.2

## ANNEX C

## BASE PRICE COMPONENTS OCTOBER 1, 1987

SECTION		PER TON
4.03	WAGES & SALARIES	\$11.60
4.04	GOVERNMENT IMPOSITION: FEDERAL BLACK LUNG EXCISE TAX FEDERAL RECLAMATION FEE WEST VIRGINIA STATE RECLAMATION FEE	.96 .20 .01
.05	SUPPLIES & MATERIALS	10.00
4.06	INFLATION	11.43
4.07	WEST VIRGINIA SEVERANCE TAX	1.40
4.08	FIXED	1.87
	TOTAL	\$37.47

22.2

#### ANNEX D

#### **REFERENCE TO SECTION 4.03** COMPUTATION FOR ADJUSTMENT OF WAGES AND BENEFITS **OCTOBER 1, 1987**

Determination of Base October 1, 1987

#### I. WAGES ELEMENT

Effecti	ve Octo	ber 1,	1987
1021005-044000-54		270000050004 evenue	UMWA Wages Underground
Grade	5		\$ 124.12
Grade	4		120.88
Grade	3		117.94
Grade	2		110.10
Grade			
Average	Rate		\$ 118.94

Average Rate for Underground Minbrs Shift Differential (1)	\$118.94
Straight Time per Day Wage Overtime (1 hour @ 1.5 Rate - Fixed)	\$120.38 \$ 22.57
Subtotal - Direct Wages	\$142.95

Work Days

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Cost of Non Working Days (2) (41 x \$120.38) / 237 \$ 20.83

> \$163.78 -----

Total Wages Element

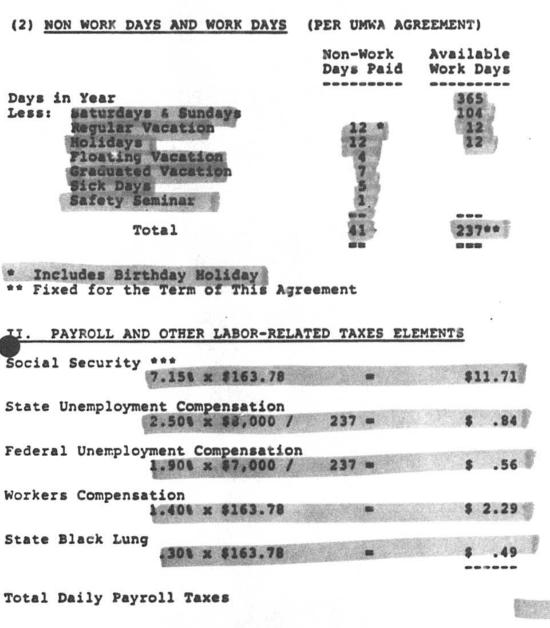
(1) SHIFT DIFFERENTIAL

Assumes 45% Day Shift, 40% Second Shift, and 15% Third Shift =

30%

(45% x \$0 x 8 hrs.) + (40% x \$.30/hrs. x 8 hrs.) + (15% x \$.40/hrs. x 8 hrs) = \$1.44

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\$15.89

\*\*\* Total Wages Element x 237 Available Work Days Not to Exceed Maximum Covered Payroll (\$43,800 for 1987)

III. OTHER BENEFIT COSTS ELEMENT

October 1, 1987 Other Benefit Cost Element \$22.50

 SUMMARY - TOTAL DAILY WAGE RATE - OCTOBER 1, 1987

 1. Wages Elements
 \$163.78

 2. Payroll and Other Labor-Related Taxes
 \$ 15.89

 Elements
 \$ 22.50

 Base Average Daily Wage Rate
 \$ 202.17

EXAMPLE I - FOR ILLUSTRATION ONLY

EFFECTIVE JANUARY 1, 1988

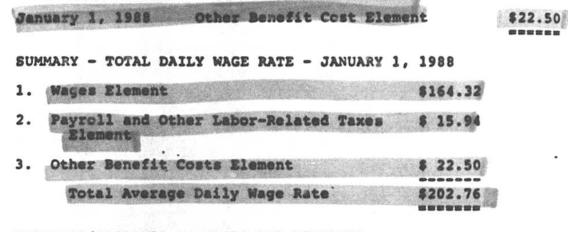
I. WAGES ELEMENT

	UMWA Wages Underground
Grade 5 Grade 4 Grade 3 Grade 2 Grade 1	\$ 124.52 121.28 118.34 116.55 115.98
Average Rate	\$ 119.34
Average Rate for Undergroun Shift Differential (1)	d Miners \$119.34 \$ 1.44
Straight Time per Day Wage Overtime (1 hour @ 1.5 Rate	- Fixed) \$120.78
Subtotal - Direct Wag	\$143.43

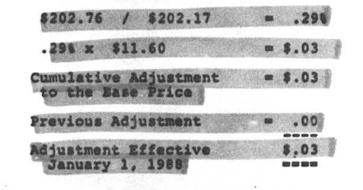
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	Woz Day		
Cost of Non-Work Days (2) (41 x	\$120.78) / 23	\$ 20.89	
Total Wage Element		\$164.32	
(1) SHIFT DIFFERENTIAL			
Assumes 45% Day Shift, 40% Se	cond Shift, a	and 15% Third Shift	
(2) NON WORK DAYS AND WORK DAYS	(PER UMWA AGE	REEMENT)	
•	Non-Work Days Paid	Available Work Days	
Days in Year Less: Saturdays & Sundays Regular Vacation Holidays Floating Vacation Graduated Vacation Sick Days Safety Seminar	12 .	365 104 12 12	
Total	41)	237**	
* Includes Birthday Holiday ** Fixed for the Term of This Age			
II. PAYROLL AND OTHER LABOR-RELI	ATED TAXES ELI	EMENTS	
Social Security *** 7.15% x \$164.32	•	\$11.75	
State Unemployment Compensation 2.50% x \$8,000 /	237 =	8 .84	
Federal Unemployment Compensation 1.90% x \$7,000 /	237 =	\$ .56	
Workers Compensation 1.40% x \$164.32		\$ 2.30	
State Black Lung		\$ .49	
Total Daily Payroll Taxes		\$15.94	
Maximum Covered Payroll (\$43	ailable Work   ,800 for 1987)	Bays Not to Exceed 308	

III. OTHER BENEFIT COSTS ELEMENT



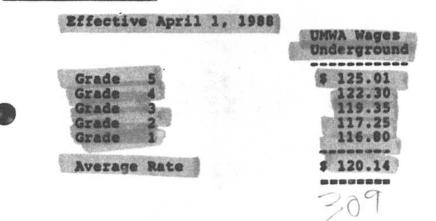
INCREASE/DECREASE IN WAGES AND BENEFITS:



EXAMPLE II - FOR ILLUSTRATION ONLY

COMPUTATION FOR ADJUSTMENT WAGES & BENEFITS: EFFECTIVE APRIL 1, 1988

I. WAGES ELEMENT





Work Days	
Cost of Non-Work Days (2) (41 x \$121.58) / 237	\$ 21.03
Total Wage Element	\$165.41

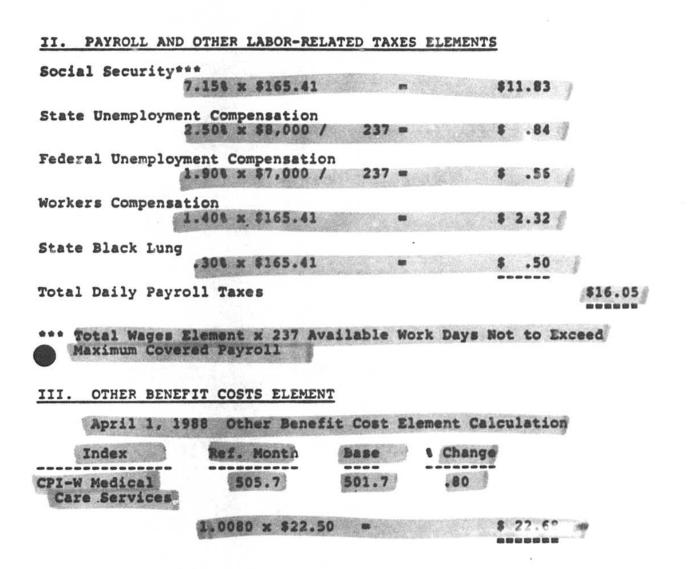
#### (1) SHIFT DIFFERENTIAL

Assumes 45% Day Shift, 40% Second Shift, and 15% Third Shift (2) NON WORK DAYS AND WORK DAYS (PER UMWA AGREEMENT)

	Non-Work Days Paid	Available Work Days
Days in Year		365
Less: Saturdays & Sundays Regular Vacation Holidays Floating Vacation Graduated Vication Sick Days Safety Seminar	12 * 12 4 7 5	104 12 12
Total	41	237**

\* Includes Birthday Holiday \*\* Fixed for the Term of This Agreement

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 SUMMARY - TOTAL DAILY WAGE RATE - APRIL 1, 1988

 1. Wages Element
 \$165.41

 2. Payroll and Other Labor-Related Taxes
 \$ 16.05

 Element
 \$ 22.68

 Total Average Daily Wage Rate
 \$ 204.14

210

INCREASE/DECREASE IN WAGES AND BENEFITS:

\$204.14 / \$202.17		.978
.978 × \$11.60		\$.11
Cumulative Adjustment to the Base Price	•	\$.11
Previous Adjustment		.03
Adjustment Effective April 1, 1988	in the	\$.08

#### ANNEX E

REFERENCE TO SECTION 4.04 WEST VIRGINIA SEVERANCE TAX OCTOBER 1, 1987

DETERMINATION OF EFFECTIVE PERCENTAGE RATE AND BASE OCTOBER 1, 1987	BASE PRICE COMPONENTS PER TON
Wages & Benefits	\$11.60
Govt. Impositions Fed. Black Lung Excise Tax (\$1.10 x 75%) + (\$.55 x 25%) Fed. Reclamation Fee (\$.15 x 75%) + (\$.35 x 25%) W. Va. State Reclamation Fee	\$ .96 .20 .01
TOTAL	1.17
Supplies & Materials	10.00
Inflation/Deflation	11.43
West Virginia Severance Tax	х
Fixed	1.87
Price	\$36.07 + X

DETERMINATION OF BASE WEST VIRGINIA SEVERANCE TAX

> X = 3.85% (Price) - (FED. BLACK LUNG EXCISE TAX + WEST VA. STATE RECLAM. FEE)

> > 33

. .

X = 3.85% (\$35.07 + X - \$.96 - \$.01)

X = 3.85 (\$35.10 + X)

X = \$1.35 + .0385X

.9615 X = \$1.35

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X = \$1.40

DETERMINATION OF EFFECTIVE BASE PERCENTAGE RATE OCTOBER 1, 1987

\$1.40/\$37.47 = 3.748

#### ANNEX F REFERENCE TO SECTION 4.05 COMPUTATION FOR ADJUSTMENT SUPPLIES AND MATERIALS OCTOBER 1, 1987

### EXAMPLE I - FOR ILLUSTRATION ONLY

# DETERMINATION OF SUPPLIES AND MATERIALS ADJUSTMENT: EFFECTIVE JANUARY 1, 1988

Index No.	Component	N Weight	Base Index Value August 1987	ll/87 Index Value	۹ Change	Wtd. % Change
1192-01 1081-02 112 0652-01 0679-02 0543-1617 061 0573-03 1331 0576 08 0712-01	Underground Mining Machinery Ext. Threaded Fasteners Construction Machinery Nitrogenates Explosives Industrial Power - East South Central Industrial Chemicals Diesel Puel Building Blocks Finished Lubricants Lumber & Wood Products Tires	348 178 138 78 18 58 58 58 58 58 58 58 58 58 58 58 58 58	463.0 104.8 375.5 168.8 319.4 489.4 335.9 474.7 332.3 345.0 321.7 229.3	465.0 106.4 377.2 165.3 322.1 490.0 341.3 478.6 334.2 341.6 322.3 231.7	1.61	.15 .26 .06 (.14) .01 .01 .01 .02 (.04) .01 .01 .01
BASE MATER	TALS AND SUPPLIES COMPONENT	Weighte	ed Percent Inc.	reade		.49
\$10.00	c .49% = \$ .05	Manna				
Adjustment	to be added to the Billing Price	ce Effect.	ive 1/1/88			
Cumulative Previous Ad	Adjustment to the Base Price	\$ .05				
Adjustment	Effective 1/1/88	\$.05	1			

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#### ANNEX F CONTINUED PAGE 2

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### EXAMPLE II - FOR ILLUSTRATION ONLY

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## DETERMINATION OF SUPPLIES AND MATERIALS ADJUSTMENT: EFFECTIVE APRIL 1, 1988

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Index No.	Component	8 Weight	Base Index Value August 1987	2/88 Index Value	8 Change	Wtd. % Change
1192-01 1081-02 112 0652-01 0679-02 0543-1617	Underground Mining Machinery Ext. Threaded Fasteners Construction Machinery Nitrogenates Explosives Industrial Power - East South	348 178 138 78 18 58	463.0 194.8 375.5 168.8 319.4 489.4	475.3 109.2 380.6 170.3 326.4 492.3	2.66 4.20 1.36 0.89 2.19 0.59	.90 .71 .18 .06 .02 .03
061 0573-03 1331 0576 08 0712-01	Central Industrial Chemicals Diesel Fuel Building Plocks Finished Lubricants Lumber & Wood Products Tires	58 58 38 38 38	335.9 474.7 332.3 345.0 321.7 229.3	346.7 403.6 337.2 347.3 326.2 235.6	3.22 1.87 1.47 0.67 1.40 2.75	.16 .09 .04 .03 .04 .08
		1008 Weight	ed Percent Ind	rease		2.34
BASE MATER	IALS AND SUPPLIES COMPONELT	\$10.	00			in State
	x 2.348 = \$.23					
Adjustment	to be added to the Billing Price	e Effect	ive 4/1/88			
Cumulative Frevious A	Adjustment to the Base Price	\$ .2	5			
Adjustment	Effective 4/1/88	\$ .1	C25 (1) # (125			

#### ANNEX G

#### REFERENCE TO SECTION 4.06 COMPUTATION OF ADJUSTMENT FOR CHANGES IN INFLATION/DEFLATION OCTOBER 1, 1987

#### EXAMPLE I - FOR ILLUSTRATION ONLY

### DETERMINATION OF INFLATION/DEFLATION ADJUSTMENT EFFECTIVE JANUARY 1, 1988:

Index	% Index Weight	Base Quarter/ Month	Reference Quarter/ Month	8 Change	Wtd. % Change
GNP Implicit Price Deflator	50	117.2 (2nd Otr. 1987)	120.1 (3rd Otr. 1987)	2.47	1.24
Producer Price Index, All Commodities	50	310.5 (8/87)	325.5 (11/87)	4.83	2.42

BASE INFLATION/DEFLATION COMPONENT \$11.43

\$11.43 X 3.668 = \$.42

Adjustment to be added to the Billing Price effective 1/1/88

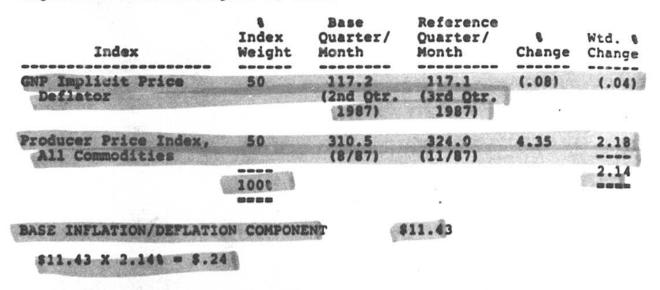
Cumulative Adjustment	to the Base Price	\$.42
Previous Adjustment		.00
Adjustment Effective 1	/1/88	\$.42
ALL		

ANNEX G (cont'd)

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### EXAMPLE II - FOR ILLUSTRATION ONLY

Determination of Inflation/Deflation Adjustment Effective April 1, 1988:



Adjustment to be added to the Billing Price effective 4/1/88

Cumulative Adjustment to the Base Price	\$.24
Previous Adjustment	.42
Adjustment Effective 4/1/88	\$(.18)

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## ANNEX H

#### REFERENCE TO SECTION 4.07 COMPUTATION FOR ADJUSTMENT OF WEST VIRGINIA SEVERANCE TAX OCTOBER 1, 1987

## EXAMPLE I - FOR ILLUSTRATION ONLY

### DETERMINATION OF WEST VIRGINIA SEVERANCE TAX ADJUSTMENT EFFECTIVE JANUARY 1, 1988:

Sum of Billing Price Adjustments Effective January 1, 1988

Section		Per Ton Adjustment
4.03	Wages & Benefits	\$.03
4.04	Gov't Impositions	.00
4.05	Supplies & Materials	.05
4.06	Inflation/Deflation	.42
	TOTAL	\$.50

West Virginia Severance Tax Adjustment to be Added to the Billing Price Effective January 1, 1988

second	
\$.50 X 3.74% =	\$.02
And the second	

ANNEX H (Cont'd) PAGE 2

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### EXAMPLE II - FOR ILLUSTRATION ONLY

### DETERMINATION OF WEST VIRGINIA SEVERANCE TAX ADJUSTMENT EFFECTIVE APRIL 1, 1988:

## Sum of Billing Price Adjustments Effective April 1, 1988

Section		Per Ton Adjustment
4.03	Wages & Benefits	\$.08
4.04	Gov't Impositions	.00
4.05	Supplies & Materials	.18
4.06	Inflation/Deflation	(.18)
	TOTAL	\$.08

West Virginia Severance Tax Adjustment to be Added to the Billing Price Effective April 1, 1988

\$.00 \$.08 X 3.748 -

319

• 2

Purchaser hereby agree to modify and amend the Agreement in

the following respects:

1.

Section 5.01 of the Agreement is amended by deleting the section in its entirety and inserting in lieu thereof the following:

5.01 Calorific Value Adjustment. The amount to be paid by Purchaser for the Coal under this Agreement shall be determined upon the basis of the actual "as received" calorific value of the Coal as contained in the samples. (See Annex K and Section 10.01 regarding sampling and analyses.) This determination shall be made as follows: "As received" calorific value shall be divided by the calorific value set out in Section 9.01 (12,000 BTU per pound). The resulting quotient ("calorific adjustment factor") shall be multiplied times the sum of (a) the respective Base Price and (b) the actual transportation costs borne by Purchaser.

The product resulting from this step, less the sum of (a) and (b), shall constitute a "Calorific Value Adjustment." Purchaser shall submit to Seller whatever computations and data are reasonably necessary to substantiate such adjustment. The amount to be paid by Purchaser for coal purchased hereunder shall be the respective Base Price adjusted upward or downward to the nearest one-tenth of a cent by the amount of the Calorific Value Adjustment computed for the coal delivered in each calendar quarter. The Calorific Value Adjustment mechanism is further detailed and illustrated in Annex J, attached hereto and made a part hereof, and this adjustment shall be made in accordance with the said Annex J.

Within 45 days after the close of each calendar month, a report will be submitted by Purchaser to Seller showing the computation of adjustments required to determine the price to be paid for coal received during the preceding billing period, in accordance with provisions in Section 4.09, this Section 5.01 and Section 10.01 hereof. Where interim billing resulted in underpayment, Purchaser will remit the difference between the actual price that should have been paid and the interim

payments. Where interim billing resulted in overpayment, Seller shall credit Purchaser's account with such amount of overpayment and inform Purchaser of such credit.

2.

Annex J of the Agreement is amended by deleting the second, final, paragraph in its entirety and inserting in lieu thereof the following:

> Determination of the Calorific Value Adjustment is made as follows:

		(x)		(y)	)	(z)	
		Base Fac	tor	(H)	pothetical	Months	;)
Ite	<u>em</u>	At the Specificat Calorific V of 12,000 B	ion Value	Calor	month's ific Value ,200 BTU/1b	Calori	month's lfic Value ,800 BTU/1b
1.	Per ton- Billing Pris	\$ 30.00	1	\$	30.00	Ş	30.00
2.	Per ton- Purchaser's Transportat Cost		!		10.00		10.00
3.	Total Purcha Delivered C Net Ton	ser's 40.00 ost Per	)		40.00		40.00
4.	Calorific BT value per p		10		12,200		11,800
5.	Calorific Ad ment fracti				12,200 12,000		<u>11,800</u> 12,000
6.	Calorific Ad ment factor				1.017		.983
7.	Calorific va (3 x 6) - 3	lue Adjustmen	10		.680		680
8.	by Purchase	on to be paid r Adjusted to -tenth of a c	Participation of the second	\$	30.680	ş	29.320

1

Figures used in columns (x), (y) and (z) of items 1 through 6 are purely hypothetical and are used for illustrative purposes only.

3.

Except as herein provided, the Agreement for the Sale and Purchase of Coal dated March 31, 1977 is not otherwise altered or modified and is in all respects ratified and affirmed.

IN WITNESS WHEREOF, the Purchaser and Seller have caused this Amendment to the Agreement for the Sale and Purchase of Coal to be duly executed and attested in several counterparts on this  $25^{H}$  day of Scanfamfer, 1979.

ATTEST:

 $1 \le 1 \le n$ 

GEORGIA POWER COMPANY

AK By: 117 Elinanhuger Date Executed: A. T. MASSEY COAL COMPANY, INC.

ATTEST:

Date Executed:

MARROWBONE DEVELOPMENT COMPANY

By: Date

ATTEST:

Vm Blair Many

#### GUARANTY AGREEMENT

THIS AGREEMENT, made this <u>23rd</u> day of <u>March</u> 1982, by and between A. T. Massey Coal Company, Inc. (the "Guarantor") and Georgia Power Company ("Georgia Power"):

## <u>WITNESSETH</u>:

WHEREAS, Georgia Power has contemporaneously herewith consented to the assignment to Massey Coal Sales Company, Inc. ("Sales Company") of Guarantor's interest in that certain coal supply Agreement dated March 31, 1977 between Guarantor and Marrowbone Development Company as SELLER and Georgia Power as BUYER (the "Agreement");

WHEREAS, Marrowbone Development Company has consented to such assignment;

WHEREAS, Guarantor is desirous of having Georgia Power consent to such assignment; and

WHEREAS, Georgia Power is willing to grant such consent only if the Guarantor guarantees the faithful performance of all the terms and conditions thereof.

NOW, THEREFORE, in consideration of the consent to assignment to Coal Sales by Georgia Power, the Guarantor does hereby agree as follows:

 The Guarantor does hereby guarantee full, prompt, and complete performance by Coal Sales of all the terms, covenants, and conditions of the Agreement (as the same may be modified, amended, construed, or implemented by Coal Sales, Marrowbone Development Company and Georgia Power) and payment of all sums that may become due to Georgia Power from SELLER thereunder.

2. This guaranty shall be construed as an absolute, continuing and unlimited guaranty of Coal Sales' performance, and Georgia Power shall not be required to proceed first against Coal Sales or any other person, firm, or corporation or otherwise exhaust any remedies, legal or equitable, it may have against Coal Sales or any other person, firm, or corporation.

3. This guaranty is not limited to any particular period of time but shall continue in full force and effect until all obligations of SELLER under the Agreement with Georgia Power have been fully and completely performed, and the Guarantor shall not be released from any obligation or liability hereunder so long as there is any claim of Georgia Power against SELLER arising out of the said Agreement that has not been settled or discharged in full. The Guarantor shall have no power to revoke this guaranty.

4. The Guarantor understands that Georgia Power, Coal Sales and Marrowbone Development Company may modify, amend, construe, or implement the Agreement from time to time and at any time in a way which may increase the obligations of SELLER and the Guarantor and may render full, prompt, and

-2-

complete performance of SELLER more difficult. The Guarantor hereby consents to any and all such modifications, amendments, constructions, or implementation of such agreement, and such modifications, amendments, constructions, or implementation shall not release the Guarantor from its liabilities and obligations hereunder.

5. The Guarantor shall not be released by any extension of time of performance granted to SELLER by Georgia Power, and Georgia Power shall have full power and authority without notice to the Guarantor to grant any such extension of time as may seem proper to it.

6. In the event SELLER shall fail to perform any of the terms, covenants and conditions of its Agreement with Georgia Power, the Guarantor shall pay to Georgia Power all damages, costs, and expenses which Georgia Power is entitled to recover from Coal Sales by reason of such default.

7. In the event Georgia Power gives the Guarantor notice of a default by SELLER under its Agreement with Georgia Power, the Guarantor shall have the right to assume and perform all of Coal Sale's obligations under its Agreement with Georgia Power, subject to all the terms, conditions, and covenants thereof.

-3-

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8. The Guarantor does hereby waive the giving by Georgia Power of any notice to which it otherwise might be entitled by law, including, without limitation, notice of acceptance of this Guaranty Agreement and notice of default by Coal Sales. The Guarantor further waives the making of any demand for performance upon Coal Sales of itself.

9. The Guarantor hereby agrees that this Guaranty Agreement shall be applicable to the successors and assigns of Coal Sales.

10. The validity, interpretation and performance of this Guaranty Agreement and each of its provisions shall be governed by the laws of the State of Georgia.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized officers, all as of the date and year first above written.

A. T. MASSEY COAL COMPANY, INC. some ter.

GEORGIA POWER COMPANY

p(A

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





Mr. R. J. Kelly, Executive Vice President Georgia Power Company Post Office Box 4545 Atlanta, GA 30302

Mr. L. Ellis Dusenbury, President Massey Coal Sales Company, Inc. Post Office Box 26765 Richmond, VA 23261

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL SUPPLY AGREEMENT, AS AMENDED, BETWEEN GEORGIA POWER COMPANY (PURCHASER) AND MASSEY COAL SALES COMPANY, INC. AND MARROWBONE DEVELOPMENT COMPANY (SELLERS), (HEREINAFTER "THE AGREEMENT")

In accordance with the terms and conditions of Section 7.01, Quantity <u>Requirements</u>, Massey Coal Sales Company, Inc. is to ship 300,000 tons of coal to Georgis Power Company in calendar year 1983, 1,000,000 tons of coal in the calendar years 1984 through 2008, and 1,000,000 tons of coal during the calendar year of the extended term (if Furchaser elects to exercise the option described in Section 3.01), all tons to meet the quality as stated in Section 9.01 of the Agreement. It is hereby agreed that Massey Coal Sales Company, Inc. will defer all 1983 coal shipments until the calendar years 1985 and 1986, at which time the deferred 1983 coal shipments will be added to the contractual shipments in the following manner:

> 1985 - 150,000 tons 1986 - 150,000 tons

It is also agreed that Massey Coal Sales Company, Inc. may ship up to 50% of its annual contract tonnage from coal reserves of its affiliates (majority owned) at a delivered price to stated destination not to exceed the Coal Property delivered price to stated destination, and provided the coal quality from coal reserves of its affiliates equals or exceeds the contractual coal quality as stated in Section 9.01. For purposes of this calculation, the Coal Property delivered price shall be computed as though all tonnage had been shipped from the Coal Property.

Georgia Power Company agrees to accept up to 50% of the coal deliveries from coal reserves of your affiliates with the understanding that Georgia Power Company will incur no additional cost burden as a result of these deliveries. Messrs: Kelly and D. nbury December 6, 1983 Page Two

. . .

Please sign in the spaces provided below to indicate your concurrence with the provisions of this Letter Agreement.

L. Billingsley, Manager Fuel Contract Administration

jg

In Witness Whereof, the parties have caused this Letter Agreement to be executed by their authorized officers.

Mm. Tslair Maney Witness

John F. Yanih Cn.

SWR GEORGIA POWER COMPANY By Its Executive Vice President MASSEY COAL SALES COMPANY, INC. By Its President MARROWBONE DEVELOPMENT COMPANY By æ Its Vice\_Aresident & General Manager

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



January 28, 1983

Mr. R. J. Kelly Executive Vice President Georgia Power Company Post Office Box 4545 Atlants, GA 30302

Mr. R. Ellis Dusenbury Director, Contract Sales Massey Coal Sales Company, Inc. Post Office Box 26765 Richmond, VA 32361

Gentlemen:

AGREEMENT FOR THE SALE AND FURCHASE OF COAL DATED MARCH 31, 1977, AS AMEMDED (HEREINAFTER, "THE AGREEMENT")

This Letter Agreement signifies that the wap attached hereto and referred to as EXHIBIT 1 of ANNEX A has been reviewed and agreed to by both Purcheser (Georgis Power Company) and Seller (Massay Coal Sales Company, Inc.) as representing the entire Coal Property containing sufficient reserves necessary to meet the requirements of the Agreement. The attached EXHIBIT 1 of ANNEX A will be recognized as being the waps identified as EXHIBIT 1 and 2 of ANNEX A on pages 1 and 2 of the recitals to the Agreement. . Furthermore, both Furcheser and Seller agree that references in the Agreement to "Coal Property" shall be deemed to consist of only those land and mineral interests outlined in the attached ZXEIBIT 1 of ANNEX A.

Please signify your acceptance of the foregoing by executing this Letter Agreement in the space provided below.

Sincerely. Charles V. Valekis

Charles V. Valekis Supervisor, Fuel Contract Analysis Fuel Supply Department

is Attachment: EXHIBIT 1 of ANNEX A



ACCEPTED BT:

COMPANY

DATE: 2125183

COMPARY, INC.

VISAS DATE:

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

COR 08-13.22



February 19, 1985

Mr. D. M. Ratcliffe General Manager, Fuel Services Georgia Power Company Post Office Box 4545 Atlanta, Georgia 30302

Mr. L. Ellis Dusenbury, President Massey Coal Sales Company, Inc. Post Office Box 26765 Richmond VA 23261

RE: LETTER OF UNDERSTANDING RELATING TO THE COAL SUPPLY AGREEMENT, AS AMENDED, BETWEEN GEORGIA POWER COMPANY (PURCHASER) AND MASSEY COAL SALES COMPANY, INC. AND MARROWBONE DEVELOPMENT COMPANY (SELLERS), DATED MARCH 31, 1977, AS AMENDED (HEREINAFTER "THE AGREEMENT")

Gentlemen:

The following items in the Agreement require clarification and documentation of working understandings reached as to the price adjustment procedures contained in the Agreement.

1. For the labor and fringe and benefit adjustments effective July 1, 1981 under Sections 4.03 and 4.04 of the Agreement, Sellers' actual June 7, 1981 payroll period direct labor work force classified by UMWA job grade will be used to compute the percentage increase in daily labor cost. The percentage increase at July 1, 1981 is computed by applying Sellers' June 7, 1981 work force mix percentages to UMWA wage rates effective as of August 1, 1976 and July 1, 1981 and computing the percentage increase in the resulting weighted average rates.

For labor and fringe and benefit adjustments effective under Sections 4.03 and 4.04 of the Agreement after July 1, 1981, Sellers' actual payroll period direct labor work force classified by UMWA job grade for the first two pay dates in the preceding month of December will be used to compute the new weighted average rate in effect at the adjustment date. The weighted average rate as calculated at the preceding adjustment date will be compared to the new weighted average rate to compute the percentage increase in daily labor cost.

Weighted average wage rates used under Sections 4.03 and 4.04 are calculated by first multiplying the applicable work force

Mr. D. M. Ratcliffe Mr. L. E. Dusenl February 19, 1985 Page 2

percentages time the wage rates for each job grade using a "floating" decimal for intermediate results. The total of the intermediate results rounded to two decimal places is the weighted average wage rate.

- 2. The <u>Mineral Industry Surveys</u> referenced in Section 4.03 for use in updating the Daily Production Factor is no longer published. The <u>Coal Production Report</u> published by the Department of Energy will be used in its place. The latest available published production index values for the vicinity of Sellers' mine will be used at each escalation effective date. The preceding calendar year's actual production mix of surface and underground coal will be used throughout a calendar year period. The Daily Production factor is rounded to two decimal places in accordance with Section 4.03 and Annex F to the Agreement.
- 3. The medical insurance cost included in the UMWA Type portion of Fringe and Benefit adjustments made under Section 4.04 of the Agreement is currently based on insurance rates paid by Sellers' Omar Mining Company (a UMWA mine) at an agreed ratio of 90% married: 10% single coverage. The January 1, 1983 rates are currently included in escalations made under the Agreement. Since Cmar Mining Company is now self-insured for these costs, Purchaser and Sellers agree to use the previous year's costs incurred at Omar Mining Company for adjustment in the current year. For example, medical cost adjustments for 1984 shall be based on actual medical costs incurred at Omar in 1983.
- 4. The sickness and accident benefit cost included in the UMWA Type portion of Fringe and Benefit adjustments made under Section 4.04 of the Agreement is currently based on a January 1, 1983 rate of \$14.17 per employee per month for benefits of \$175.00 per week (Equitable's August 26, 1982 letter). Since Seller's mines are now self-insured, sickness and accident benefit cost adjustments will be handled in the same manner as medical costs described in Item 3 above based on Omar Mining Company. This method of adjusting medical and sickness and accident costs shall be subject to review as provided in Section 15.01 of the Agreement.
- 5. Workmen's Compensation cost included in the Government Imposition Type portion of Fringe and Benefit adjustments made under Section 4.04 of the Agreement is updated quarterly based on the percentage of each quarter's actual premium cost to total gross earnings. Each quarter's resulting workmen's compensation percentage is applied to the daily wage factor in effect as of the beginning of each quarter to derive the cost per day for workmen's compensation. It is understood that the quarterly billings utilized to compute the workmen's compensation percentages include costs for all employees (not just direct mine labor), and that the percentages derived therefrom are averages of actual rates for all of Sellers' employees.

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Mr. D. M. Ratcliffe Mr. L. E. Dusen. / February 19, 1985 Page 3

- 6. Federal reclamation tax and Federal black lung excise tax government impositions will be retroactively adjusted as soon as possible after the end of each calendar quarter to reflect the actual production mix of surface and underground mined coal and the actual tax rates in effect during such quarter.
- 7. It is recognized that the "Wholesale Price Index" referenced in Section 4.06 and Annex G to the Agreement has been renamed the "Producer Price Index." It is also recognized that the Producer Price Index for Mine Roof Bolts has been renumbered 1081-0241 (instead of 1081-0141). The renumbering change is effective beginning with the January 1, 1983 supplies and materials escalations.
- Beginning January 1, 1978 there are two Consumer Price Indices. For price adjustments computed under Section 4.07 and in accordance with Annex H, it is agreed that the Consumer Price Index For All Items, Wage Earners and Clerical Workers (CPI-W) will be used.

Please indicate your concurrence with the provisions of this letter of understanding by signing in the spaces provided below.

Sincerely,

Rebecca D. Shallings

Rebecca D. Stallings Fuel Contract Analyst Fuel Supply Department

shm

gpmass

Approved:

100 Power (dompany Georgia

Date 4/8/65

Approved: Company, Inc. Massey Sales

Date 3/21/95

Approved:

Development Company one

Date 3/27/85

Southern Company Services, Ir Post Office Ecx 2625 Birmingham, Alabama 35202 Telephone 205 870-6011

September 9, 1985



Mr. L. Ellis Dusenbury, President Massey Coal Sales Company, Inc. P. O. Box 26765 Richmond, VA 23261

Mr. George F. Head Senior Vice President-Fossil & Hydro Power Georgia Power Company P. O. Box 4545 Atlanta, Georgia 30302

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL SUPPLY AGREEMENT BETWEEN GEORGIA POWER COMPANY (PURCHASER) AND MASSEY COAL SALES COMPANY, INC. (SELLER) DATED MARCH 31, 1977, AS AMENDED (HEREINAFTER "THE AGREEMENT").

Price adjustments for Gross Margin under Section 4.07 of the Agreement are based on percentage changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), Effective with the June 30, 1985 publication, the Bureau of Labor Statistics discontinued publication of the old series CPI-W and replaced it with the new series CPI-W.

In order to avoid unfair advantage to either party, the parties mutually agree to adjust the CPI-W new series number in accordance with the following methodology utilizing the new June 1985 index value to obtain the necessary conversion factor:

EXAMPLE:

------

Old Series June 1985 318.3 318.7

CPI-W Index

318.7 318.3

Divide the current CPI-W index number by 1.0013 each time to determine the index number to be used.

Mr. L. Ellis Dusenbury and Mr. G. F. Head September 9, 1985 Page 2

All other provisions of the Agreement will remain unchanged.

Please indicate your concurrence with the provisions of this letter agreement by signing all three copies in the spaces provided below:

Sincerely,

Jenny J. Gillespie

Jenny I. Gillespie Fuel Contract Analyst Fuel Supply Department

For Massey Coal Sales Company, Inc.

Rower Company For Georgia

Massey Coal Sales Company, Inc. cc: C. Hill Georgia Power Company H. D. Dodgen D. M. Ratcliffe Southern Company Services, Inc. J. C. Ludwig J. F. Billingsley E. E. Gagne D. J. Putman F. G. Robertson S. E. Rowland J. A. Small C. V. Valekis File: LEG 1-8 GP

cpiw2

Southern Company Services, Post Office Box 2625 Birmingham, Alabama 35202 Telephone 205 870-6011 Contract File CER 08-12-22



December 11, 1985

Mr. L. Ellis Dusenbury, President Massey Coal Sales Company, Inc. P. O. Box 26765 Richmond, VA 23261

Mr. G. F. Head Senior Vice President -Fossil and Hydro Power Georgia Power Company P. O. Box 4545 Atlanta, GA 30302

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL SUPPLY AGREEMENT BETWEEN GEORGIA POWER COMPANY (PURCHASER) AND MASSEY COAL SALES COMPANY, INC. (SELLER) DATED MARCH 31, 1977, AS AMENDED (HEREINAFTER "THE AGREEMENT").

Price adjustments for Supplies and Materials under Section 4.06 of the Agreement are based on percentage changes in the composite Producer Price Indices which includes the Diesel to Commercial Consumers index (Code No. 0573-0301.08) and the Lubricating Oil Materials index (Code No. 0575) as first published by the U.S. Department of Labor, Bureau of Labor Statistics on Table 6 of its monthly publication of Producer Price Indexes.

Effective with the publication of the Producer Price Index Data for July 1985) the Bureau of Labor Statistics will temporarily discontinue publication of the Diesel to Commercial Consumers index (Code No. 0573-0301.08) and will begin publishing a No. 2 Diesel Fuel index (Code 0573-03), which it previously had not published since it had been identical to the Diesel to Commercial Consumers index (Code No. 0573-0301.08). The population used to derive the No. 2 Diesel Fuel index will differ from the population previously utilized in that both direct and resells from refiners will be included. Prior to July, only direct sales had been included. Messrs. Dusenbury and Head December 11, 1985 Page 2

In addition, effective with the publication of the July 1985 Producer Price Index Data, the Bureau of Labor Statistics has permanently discontinued publication of the Lubricating Oil Materials index (Code No. 0575). The Bureau of Labor Statistics has advised that the Finished Lubricants index (Code No. 0576) is the closest replacement for the discontinued Lubricating Oil Materials index. The Finished Lubricants index measures price changes in the finished products derived from the commmodities previously included in the discontinued Lubricating Oil Materials index.

In accordance with Section 4.06 of the Agreement, the parties mutually agree to substitute the No. 2 Diesel Fuel index (Code No. 0573-03) for the Diesel to Commercial Consumers index (Code No. 0573-0301.08) effective with the September 1, 1985 Supplies and Materials escalation. This substitution will remain in place even if and when the Bureau of Labor Statistics resumes publication of the Diesel to Commercial Consumers index (Code No. 0573-0301.08).

In addition, the parties mutually agree to substitute the Finished Lubricants index (Code No. 0576) for the Lubricating Oil Materials index (Code No. 0575) effective with the September 1, 1985 Supplies and Materials escalation. In order to avoid unfair advantage to either party, the parties mutully agree to utilize the conversion factor calculated below to adjust the Finished Lubricants index to a basis comparable to the former Lubricating Oil Materials index:

Finished Lubricants Index for June 1985 (Code 0576)	37
Lubricating Oil Materials	77
Index for June 1985 (Code 0575)	

373.7 770.7

The Finished Lubricants index is divided by the factor of .4849 at each escalation date effective on and after September 1, 1985 to determine the index number to be used. Messrs. Dusenbury and Head December 11, 1985 Page 3

All other provisions of the Agreement will remain unchanged.

Please indicate your concurrence with the provisions of this letter agreement by signing all three copies in the spaces provided below.

Sincerely,

ibena I. Staller

Rebecca D. Stallings Fuel Contract Analyst Fuel Supply Department

Massey Coal Sales Company

Development Company

For Georgia Power Company

File: LEG 1-8-AP

agr

Southern Company Services. Post Office Box 2625 Birmingham, Alabama 35202 Telephone 205 870-6011 Contract File COR OS. 13. 2



December 18, 1985

Mr. L. Ellis Dusenbury President Massey Coal Sales Company, Inc. P. O. Box 26765 Richmond, VA 23261

Mr. George F. Head Senior Vice President -Fossil & Hydro Power Georgia Power Company P. O. Box 4545 Atlanta, GA 30302

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL SUPPLY AGREEMENT BETWEEN GEORGIA POWER COMPANY AND MASSEY COAL SALES COMPANY, INC., DATED MARCH 31, 1977, AS AMENDED

During early 1984, Georgia Power Company's Fuel Accounting Department began utilizing a computer program for calculating calorific value adjustment payments under all of its long-term Coal Supply Agreements. This program rounds all calculations to four decimal places except the final payment amount which is rounded to two decimal places.

Prior to the implementation of this computer program, calorific value adjustment payments were calculated manually by Georgia Power Company. The specific rounding and calculation procedures utilized in Georgia Power's computer program are the same procedures used when these payments were calculated manually. These procedures have been consistently utilized in determining all calorific value adjustment payments paid by Georgia Power Company under all long-term Coal Supply Agreements and, consequently, accepted as payment by the vendor.

An example of the procedures utilized in determining these payments is illustrated in the Annex attached to this Letter Agreement. As you will note, the procedures illustrated in the attached may or may not adhere specifically to the exact language and/or calculation examples contained in the Annex of your Coal Supply Agreement with Georgia Power Company. Mr. L. Ellis Dusenbury Mr. George F. Head December 18, 1985 Page 2

In order to avoid any confusion in the future, the purpose of this Letter Agreement is to clarify that it is the intent of the parties concerned to determine calorific value adjustment payments in accordance with the example illustrated in the attached Annex. This Annex represents an example of payment documentation submitted with each of your current calorific value adjustment payments from Georgia Power and clearly outlines the procedures that should be utilized in developing these payments. It is also agreed that the attached Annex replaces the similar type Annex that may be currently included in your Coal Supply Agreement.

Please indicate your concurrence with the provisions of this Letter Agreement by signing all three copies in the spaces provided below.

Sincerely,

Charlo V. Valilis

Charles V. Valekis Supervisor, Fuel Contract Administration Fuel Supply Department

bmm

Attachment: Annex

Approved:

Massey Coal Sales Company, Inc.

Approved:

Power ompany

											-	
SUPPLIER: FURCIPASE ONDER: MONIH SHIFFED: TONS ANALOZED: GURANNEED BID:	HEC CONL CO P-10000 HURLET 1965 66,355,000 12,000,00	<u>.</u>									georgia foi Conl guality	
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SOMER	9-25-65	101	\$51.837	\$5.990	\$58.827	46,365.00	1 12,707	11.0509	4.0539	\$1.67,959.07		\$187,95
		ii	i		\$9.000			0.000	0	\$0.00		9
							TOPL A	DJUSTMEN	P MOUNT	\$187,953.07	\$0.00	\$187,95

- \* The information on this coal quality adjustment is purely hypothetical and is used for illustrative purposes only.
  - (1) \$68.827 x 1.0589 = \$72.8809 <u>-68.827</u> <u>\$ 4.0539</u>

### SECOND AMENDMENT TO THE AGREEMENT FOR THE SALES AND PURCHASE OF COAL

THIS AMENDMENT is made and entered into this of day of March , 1987, by, between and among GEORGIA POWER COMPANY, a corporation organized and existing under the laws of the State of Georgia and having its principal office in Atlanta, Georgia (hereinafter "Purchaser") and MASSEY COAL SALES COMPANY, INC., a corporation organized and existing under the laws of the State of Virginia with its principal office in Richmond, Virginia (as previously assigned by A. T. Massey Coal Company, Inc.) and MARROWBONE DEVELOPMENT COMPANY, a corporation organized and existing under the laws of the State of West Virginia with its principal office in Kermit, West Virginia (severally, collectively and jointly referred to as "Seller").

### <u>WITNESSETH</u>;

WHEREAS, Purchaser and Seller have previously entered into an Agreement for the Sale and Purchase of Coal dated March 31, 1977 as previously amended as of September 25, 1979.

WHEREAS, the Purchaser and Seller desire to modify and amend the Agreement as hereinafter provided.

NOW, THEREFORE, in consideration of the previous covenants and the mutual covenants hereinafter set forth, Seller and Purchaser hereby agree to modify and amend the Agreement in the

342-1-

following respects:

 The fourth paragraph of Section 4.03 of the Agreement is amended by deleting that paragraph in its entirety and inserting in lieu thereof the following:

To reflect changes in the individual wages under the UMWA agreement, the present Average Daily Wage Factor of the Wages and Salaries component will be increased by the percentage increase or decreased by the percentage decrease in daily labor costs covered by the UMWA agreement to produce a new Average Daily Wace Factor. It is understood that these adjustments include the Quarterly Cost of Living Adjustments to the UMWA agreement. This new Average Daily Wage Factor will be divided by the current Daily Production Factor (as defined below in this Section 4.03) to produce a new Wades and Salaries component of Base Price. The Base Price will be increased or decreased by the increase or decrease in the new Wages and Salaries component with respect to the previous Wages and Salaries component. The Daily Production Factor will be adjusted based on changes in the average hourly production per map in the vicinity of SELLER's mine as published in Coal Production Report, published by the Department for Energy for "Coal-Bituminous and Lignite," District 9, Southern Numbered 2. It is agreed that the

343 :-

Daily Production Factor to be used in this agreement, at the time of any adjustment to that factor, shall be 0.21 tons per man-day higher than a weighted average of the average tons per man per day calculated for underground mining and for surface mining, said weighted average to be based on the actual proportion of underground mining and surface mining production by SELLER under this Agreement at the time of such adjustment to the Daily Production Factor. The revised base value of the 1975 published daily production indices on December 31, 1976, for District 8, Southern Numbered 2, is calculated as follows:

#### Revised Base of 1975 (Based on Tons/Man/Hour)

Underground<br/>Surface9.40 tpmd ÷ 1.17 tpmh = 8.034 hours/day<br/>20.57 tpmd ÷ 2.30 tpmh = 8.943 hours/dayCalculationUnderground<br/>Surface1.17 tpmh x 8.034 hrs = 9.40 tpmd x 758<br/>2.30 tpmh x 8.943 hrs = 20.57 tpmd x 253Weighted Average = 12.19 tpmd + .21 = 12.40 tpmd

Beginning with price adjustments computed for 1986 and thereafter, the Daily Production Factor shall be computed in the same manner as above using the latest available tons per man hour production values and the base hours per day. The base hours per day shall not be changed except to recognize general industry changes in the hours worked per

344-3-

day resulting from changes in the UMW agreement or from governmental impositions.

The adjustment of the Daily Production Factor shall be annually. In the event of the unavailability of the index published in Coal Production Report, adjustments to the Daily Production Factor shall be based upon such other index or method that is mutually agreed to.

 Except as herein provided, the Agreement for the Sale and Purchase of Coal dated March 31, 1977 is not otherwise altered or modified and is in all respects ratified and affirmed.

In Witness Whereof, the Purchaser and Seller have caused this Second Amendment to the Agreement for the Sale and Purchase of Coal to be duly executed and attested in several counterparts on this 10<sup>11</sup> day of Macl., 1987.

Attest:

GEORGIA POWER COMPANY

By:

Its: Vice President, Power Generation

Date Executed: 3/10/87

MASSEY COAL SALES COMPANY, INC.

By: Its: Proz

Date Executed:

Attest: MANI att

Attest:

Patricia M. Cutlys

MARROWBONE DEVELOPMENT COMPANY

By: Its: VICE-PRESIDENT

Date Executed: 2-23-87

FINAL PAGE TO SECOND AMENDMENT TO THE AGPEEMENT FOR THE SALE AND PURCHASE OF COAL RETWEEN GEORGIA POWER, MASSFY COAL SALES AND MARROWBONE DEVELOPMENT COMPANY

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## AGREEMENT AMONG A. T. MASSEY COAL COMPANY, INC. AND MARKOWPONE DEVELOPMENT COMPANY

MD

## GEORGIA POWER COMPANY (PURCHASER)

### FOR THE SALE AND PURCHASE OF COAL

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### AGREEMENT AMONG A. T. MASSEY COAL COMPANY, INC., MORROWBONE DEVELOPMENT COMPANY (SELLER), AND GEORGIA POWER COMPANY (PURCHASER) FOR THE SALE AND PURCHASE OF COAL

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### AGREEMENT FOR THE SALE AND PURCHASE OF COAL

THIS AGREEMENT is made and entered into as of the <u>31</u> day of <u>March</u>, 1979, by, between and among GEORGIA POWER COMPANY, a corporation organized and existing under the laws of the State of Georgia and having its principal office in Atlanta, Georgia (hereinafter "PURCHASER"); and A. T. MASSEY COAL COMPANY, INC., a corporation organized and existing under the laws of the State of Virginia and MARROWBONE DEVELOPMENT COMPANY, a corporation organized and existing under the laws of the State of West Virginia (hereinafter severally, collectively and jointly referred to as "SELLER").

# WITNESSETH: THAT,

WHEREAS, PURCHASER owns and operates existing power generation stations and is constructing new power generation stations, all of which require large quantities of acceptable quality coal; and

WHEREAS, Federal and Georgia regulations require use of either very low sulfur fuel or expensive stack gas cleaning equipment in such new power generation stations; and

WHEREAS, SELLER represents and warrants that SELLER owns or controls certain land and mineral interests in Mingo County, West Virginia (hereinafter the "Coal Property"), as outlined on the maps identified as Exhibits 1 and 2 of ANNEX A attached hereto and made a part hereof, which contain more than sufficient quantities of economically recoverable surface and deep mine coal to meet the quality and quantity requirements hereof, including particularly the requirement of no more than 0.60 lb. of sulfur per million Btu heat content for coal delivered after 1980; and

WHEREAS, SELLER further represents and warrants that SELLER will forthwith construct loading facilities at or near the Coal Property, capable of loading unit trains of 10,000 tons in four hours.

NOW, THEREFORE, SELLER and PURCHASER agree as follows:

1.01 <u>Mutual Obligations</u>. SELLER agrees to mine and sell coal to PURCHASER and PURCHASER agrees to buy coal from SELLER on the terms and conditions and in the quantities set forth below.

2.01 <u>SELLER's Reserves and Preparations for</u> <u>Selling Coal</u>. SELLER represents and warrants that the "Coal Property" contains economically recoverable coal of a quality and in quantities which, under present mining laws and practices, will be sufficient to satisfy all the requirements of this Agreement. SELLER agrees and warrants that it will proceed deliberately to develop and construct mines and mine coal from the Coal Property and to construct or otherwise provide loading facilities capable of loading at the

rate required to comply with this Agreement all on such a schedule as to put SELLER in position to commence its selling and delivering of coal to PURCHASER hereunder as soon as practicable all in accordance with the further provisions hereof. SELLER hereby dedicates to this Agreement sufficient reserves of coal meeting the quality specifications hereof and lying on or in the Coal Property so as to fulfill the quantity specifications hereof. SELLER agrees and warrants that, except for SELLER's obligations under their existing contract with Carolina Power and Light Co., SELLER will not, without PURCHASER's express prior written consent, use or sell coal meeting the quality specifications hereof from the Coal Property under a contract having a term of one or more years, or in a way that will reduce the economically recoverable balance of coal in the Coal Property to an amount less than the amount required to be supplied PURCHASER hereunder, or less than the average yearly or monthly quantities stipulated in Section 7.01 hereof.

2.02 <u>SELLER's Reserves and Preparation of Mining</u> <u>Plans</u>. Under a separate agreement dated January 3, 1977, attached hereto as ANNEX B, SELLER has agreed to provide PURCHASER with proposed mining plans for the Coal Property under the terms therein. This Coal Purchase Agreement shall be of no force or effect unless PURCHASER accepts SELLER's

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mining plans under the terms of the above-mentioned agreement of January 3, 1977. When PUR CHASER accepts the mining plans under the terms of that agreement, this Coal Purchase Agreement shall immediately have full force and effect. Neither PURCHASER nor SELLER shall have any rights or obligations under this Agreement if PURCHASER does not accept SELLER's mining plans.

SELLER shall have the right to change such mining plans as it may deem necessary and SELLER agrees to advise PURCHASER promptly of any substantial changes to such mining plans. In addition, SELLER agrees to provide PURCHASER on an annual basis with then current maps showing current mining progress and to provide proposed projected mining plans for the next two (2) years.

3.01 <u>Term of Agreement</u>. This Agreement shall be effective as of the date of its execution subject to Section 2.02 hereof. Full production, sale and delivery of coal hereunder shall commence on or about January 1, 1984, and this Agreement shall remain in effect for a period of twenty-five (25) years thereafter. Initial delivery of coal hereunder will begin on or about January 1, 1983, in the amount set forth in Section 7.01 hereof.

By mutual agreement of the parties hereto, production, sale and delivery of the coal hereunder may commence either earlier or later than January 1, 1983. By mutual agreement of the parties hereto, this Agreement may be extended for an additional term of five (5) years. PURCHASER shall give written notice to SELLER not less than twelve (12) months prior to the expiration of the initial twenty-five (25) year term hereof of its desire to negotiate with SELLER the base price for the additional five-year term. If the parties do not execute such an extension within six (6) months from said written notice, then this Agreement shall terminate at the end of the twentyfive (25) year period.

4.01 Base Price Per Ton of Coal. The Base Price per ton of coal (as specified in Section 9.01 hereof) is \$30.00 for each ton shipped, effective August 1, 1976, f.o.b. railroad cars at the loading facilities near Kermit, West Virginia. It is understood that this Base Price includes any washing or other processing or quality control work at the mines necessary to meet the quality specifications hereof, any royalties which SELLER must pay on the Coal Property, any commission, fee or other charge payable to any agent or broker by SELLER on account of this Agreement, and other items as set forth below. The Base Price shall be adjusted from time to time in accordance with the provisions in Sections 4.02 through 4.08. The Base Price is further subject to the calorific and other adjustments provided for in this Agreement. "Ton" shall mean a ton of two thousand pounds avoirdupois weight.

4.02 <u>Adjustment - General</u>. The Base Price of \$30.00 per ton of coal, as provided in Section 4.01, is made up of components, as set forth in Annex C, which are subject to adjustment as provided in Section 4.03 through Section 4.08 and are subject to the procedures set forth in Section 4.09.

Adjustments made in computing the Base Price shall be made to the nearest one-tenth of a cent per ton. No dispute concerning Base Price component adjustments shall in any way relieve either party of its respective obligations of performance under this Agreement based on the then existing Base Price components thereto which are not in dispute. Any Base Price component then in dispute shall be billed at the last agreed amount until such dispute is resolved and paid in accordance with Section 4.09 hereof.

4.03 Adjustments for Changes in Wages and Salaries. The Base Price stated in Section 4.01 is based in part on existing wages and salaries as of August 1, 1976. The Wages and Salaries component includes both the wages and salaries of those workers engaged in the production, preparation and shipping of coal, and the wages and salaries of the supervisory, engineering, and administrative personnel, as well as related items, including hours, overtime, and working practices.

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The Base Price shall be adjusted to reflect changes in the National Bituminous Coal Wage Agreement of 1974 (UMWA), even though SELLER may not be a signatory party to such agreement. The Wages and Salaries component of the Base Price shall be adjusted in the following manner:

PURCHASER and SELLER agree for purposes of this Agreement that as of August 1, 1976, the Average Daily Wage Factor is \$79.86 and that the Daily Production Factor is 12.4 tons per man-day when production consists of seventyfive percent (75%) deep mining and twenty-five percent (25%) surface mining, which results in a Wages and Salaries component of \$6.44 per ton when the Average Daily Wage Factor is divided by the Daily Production Factor.

To reflect changes in the individual wages under the UMWA agreement, the present Average Daily Wage Factor of the Wages and Salaries component will be increased by the percentage increase or decreased by the percentage decrease in daily labor costs covered by the UMWA agreement to produce a new Average Daily Wage Factor. It is understood that these adjustments include the Quarterly Cost of Living Adjustments to the UMWA agreement. This new Average Daily Wage Factor will be divided by the current Daily Production Factor (as defined below in this Section 4.03) to produce a new Wages and Salaries component of Base Price. The Base Price will be increased or decreased by the increase or

decrease in the new Wages and Salaries component with respect to the previous Wages and Salaries component. The Daily Production Factor will be adjusted based on changes in the average daily production per man in the vicinity of SELLER's mine as published in Mineral Industry Surveys, "Coal-Bituminous and Lignite," Table 16, District 8, Southern Numbered 2. It is agreed that the Daily Production Factor to be used in this agreement, at the time of any adjustment to that factor, shall be 0.21 tons per man-day higher than a weighted average of the average tons per man per day published figure for underground mining and for surface mining, said weighted average to be based on the actual proportion of underground mining and surface mining production by SELLER under this Agreement at the time of such adjustment to the Daily Production Factor. The value of the most recent (1975) published daily production indices on December 31, 1976, for District 8, Southern Numbered 2, was 9.40 tons per man-day for underground mining and 20.57 tons per man-day for surface mining and therefore the weighted average of these indices on December 31, 1976 is 12.19 and the initial Daily Production Factor on August 1, 1976, is 12.4 tons per man-day. The adjustment of the Daily Production Factor shall be annually. In the event of the unavailability of the index published in Mineral Industry Surveys, adjustments to the Daily Production Factor shall be based upon such other index or method that is mutually agreed to.

Any adjustment to the Daily Production Factor will result in an automatic adjustment in the Wages and Salaries component of the Base Price. The then current Average Daily Wage Factor shall be divided by the new Daily Production Factor to produce the new Wages and Salaries component. The Base Price will be increased or decreased by the increase or decrease in the Wages and Salaries component as a result of this calculation.

It is recognized that the Daily Production Factor reflects in part changes in labor costs due to union impositions and changes in work rules, and government impositions. The provisions for adjustment of the Wages and Salaries component due to changes in the Daily Production Factor are intended to fully compensate SELLER for any changes in its wages and salaries due to such union impositions, changes in work rules, and government impositions contemplated in Section 4.05.

An example of the computation of price adjustment pursuant to this Section 4.03 is attached hereto as ANNEX D.

4.04 <u>Adjustments for Changes in Fringes and Benefits</u>. The Base Price stated in Section 4.01 is based in part on existing expenses for fringes and benefits as of the effective date of the contract. The Fringes and Benefits component includes, without limitation, current actual rates for workman's compensation and other forms of compulsory

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insurance, social security, employment taxes, and including, but not limited to, payments to any Miner's Welfare Fund or equivalent benefits in the form of payments or reserves for medical, disability life insurance, dental plans, and death benefits or retirement benefits. A breakdown of the itemized Fringes and Benefits component costs is attached as Annex E.

The Base Price shall be adjusted to reflect changes in the National Bituminous Coal Wage Agreement of 1974 (UMWA). The Fringes and Benefits component of the Base Price shall be adjusted in the following manner:

PURCHASER and SELLER agree for purposes of this Agreement that as of August 1, 1976, the Average Daily Benefits Factor is \$44.76 per man. The Daily Production Factor, as defined in Section 4.03, is 12.4 tons per manday. This results in a Fringes and Benefits component of \$3.61 per ton when the Daily Benefits Factor is divided by the Daily Production Factor.

To reflect changes in fringes and benefits under the UMWA agreement, the Average Daily Benefits Factor of the Fringes and Benefits component will be increased or decreased by the percentage change in average fringes and benefits covered by the UMWA agreement in the vicinity of SELLER's mine, such increase or decrease to be effective in accordance with such agreement to produce a new Average Daily

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Benefits Factor. This new Average Daily Benefits Factor will be divided by the current Daily Production Factor, as defined in Section 4.03, to produce a new Fringes and Benefits component of Base Price. The Base Price will be increased or decreased by the increase or decrease in the new Fringes and Benefits component with respect to the previous Fringes and Benefits component.

It is recognized that some costs falling within the classification of Fringes and Benefits are subject to increases and decreases by state and federal laws, such as state and federal unemployment taxes and black lung disability benefits. Unless such increases or decreases are automatically reflected in the UMWA agreement, these changes will be considered governmental impositions, and will be adjusted for under Section 4.05 until such time as they are reflected in the UMWA agreement.

The Daily Production Factor will be adjusted as defined in Section 4.03. Any adjustment to the Daily Production Factor will result in an automatic adjustment in the Fringes and Benefits component of the Base Price. The present Average Daily Benefits Factor shall be divided by the new Daily Production Factor to produce the new Fringes and Benefits component. The Base Price will be increased or decreased by the increase or decrease in the Fringes and Benefits component as a result of this calculation.

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It is recognized that the Daily Production Factor reflects in part changes in fringe and benefit costs due to union impositions and changes in work rules, and government impositions. The provisions for adjustment of the Fringes and Benefits component due to changes in the Daily Production Figure are intended to fully compensate SELLER for any changes in his fringes and benefits due to such union impositions and changes in work rules, as well as government impositions contemplated in Section 4.05.

An example of the computation of price adjustment pursuant to this Section 4.04 is attached hereto as ANNEX F.

4.05 Adjustment for Changes in Governmental Imposition. The term "governmental imposition," as used in this Agreement, means taxes or fees imposed by any government or governmental agency upon, or costs arising from any governmental law, rule or regulation, and administrative interpretations or implementations of such rules and regulations, affecting the production, preparation or sale of coal hereunder, including ad valorem taxes on land, improvements, machinery, and equipment. The term does not include impositions such as federal or state income taxes which are not levied upon the production, preparation or sale of coal hereunder, or any employer's Social Security or unemployment taxes which are provided for in Section 4.04.

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The Base Price stated in Section 4.01 includes all costs of compliance by SELLER with the Federal Coal Mine Health and Safety Act of 1969, as now enacted and as now interpreted in regulations of the government enforcing authority, and all costs of compliance with any other mine regulatory statutes, administrative regulations and rulings, and local ordinances in effect August 1, 1976. No price adjustment shall be made under this Section for costs occasioned by any such statute, regulations, and the like in effect on August 1, 1976. Adjustments shall be made, however, for changes in costs occasioned by amendments to such statutes, administrative regulations, rulings, and administrative interpretations or implementations of such regulations and rulings, and local ordinances, now in being, as well as for costs of compliance with requirements of entirely new regulatory statutes, regulations, and the like, which are enacted or promulgated after August 1, 1976; and such adjustments also shall be made for changes in costs occasioned by compliance with final judgments, orders or decrees issued by any court of law, equity or administrative agency, which reflect new and different interpretations and implementations of law, and which are directed specifically toward and are binding upon the mine or SELLER's operation of the mine (but "changes in costs" shall not include any civil or criminal money fine or penalty imposed as the result of

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failure to comply with any statute, administrative regulation or ruling, administrative interpretation or implementation of such rule or regulation, local ordinance, or judgment, order or decree of any court unless PURCHASER shall have specifically authorized the incurring of such fine or penalty).

In the event and whenever after the date hereof, any federal or state statute, administrative regulation or ruling, administrative interpretation or implementation of such rule or regulation, or local ordinance or amendment thereto removes, increases or decreases any governmental imposition, or imposes a new burden, and SELLER has given PURCHASER prompt written notice thereof, then during the period beginning twelve (12) months prior to such notice and during which such imposition, removal, increase or decrease is in effect, an adjustment to the Base Price shall be made, for the cost of such imposition, removal, increase or decrease applicable to the coal sold to PURCHASER hereunder.

PURCHASER and SELLER shall jointly estimate the cost of such imposition, removal, increase or decrease applicable to the coal sold hereunder and shall make an adjustment to the Base Price accordingly.

If any government imposition necessitates a capital expenditure or replacement thereof by SELLER, PURCHASER

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shall have the option to compensate SELLER for the agreed upon amount of said expenditure immediately upon notice or to reimburse SELLER for said expenditure uniformly for up to the estimated life of such capital asset, and in the latter case PURCHASER shall pay SELLER interest on such outstanding amount owed to SELLER at the prime rate of the CITIBANK of New York City, New York. Notwithstanding the above, it is agreed that any government imposition, to the extent that its effect is to alter the average daily productivity of labor at SELLER's mine, will be completely provided for under the mechanisms of Sections 4.03 and 4.04, and the Base Price will not be subject to further adjustments under this Section 4.05 for such productivity related government impositions.

It is expressly recognized that a separate component of the Base Price of \$.48 per ton represents the estimated Real and Personal Property Taxes related to the production of coal under this contract as experienced by SELLER. This component of the Base Price is a government imposition, and shall be adjusted for changes in the manner described for changes in governmental impositions in this Section 4.05.

It is also expressly recognized that a separate component of the Base Price of \$1.16 per ton represents the Business and Occupation or Severance Taxes, which are

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presently 3.85% of the selling price. This component of the Base Price, although in the nature of a governmental imposition, shall be adjusted in the manner described in Section 4.08.

4.06 <u>Adjustment for Cost of Supplies and Materials</u>. The Base Price stated in Section 4.01 is based in part on existing costs for supplies and materials as of the effective date of the contract. Adjustments shall be made in the Base Price hereunder to reflect changes in cost of supplies
and materials occurring from the effective date of the Contract, and shall be based on changes in the Wholesale
Price Index for Industrial Commodities (currently Code 2501)
published monthly by the U. S. Department of Labor and subsidiaries as follows:

Index	Index	% of	Component	Description
1192-01	Underground Mining	angager.	34	Maintenance & Repair
1081-014103	Mine Roof Bolts		17	Roof Control
112	Construction Machinery	1	13	Maintenance & Repair
0652-0111.05	Explosives (Amonium Nitrate)	8.X	7	Blasting
0679-02	Explosives		1	Blasting
543-1617	Industrial Power, East South Central		5	Electric Power
061	Industrial Chemicals		5	Plant & Mine Chemicals

-16-3tob

0573-0301.08 Diesel Fuel Fuel 5 Ventilation 1331 Building Blocks 3 Lubrication 4 Lubricating Oil Materials 0575 Lumber Products Lumber & Wood Products 3 08 Tires 3 0712-0111.05 Tires 100 Total

The Supplies and Materials component of the Base Price will be adjusted on a percentage basis of the original supplies and materials component. The percentage division of this component by indices is shown in the table above. For each index above, the percentage change in the most recent available value of said index from the level of June 1, 1976 (hereinafter called the "Base Index Number" for each item, the values of which are shown in ANNEX G) shall be determined monthly and multiplied times the applicable percentage of \$6.74, such amount being the agreed per ton amount of the Supplies and Materials component of the Base Price on August 1, 1976. The total sum of such calculations for all of the indices comprising supplies and materials shall represent the change in the Supplies and Materials component since the effective date of the contract.

The Base Price shall be adjusted monthly by the difference in the Supplies and Materials component adjustment calculated above from that calculated for the previous

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month. This difference shall be added to or subtracted from the Base Price to reflect this increase or decrease in the Supplies and Materials component adjustment, as the case may be.

If such Index should be discontinued or if the components of the Index or methods of computation in effect as of August 1, 1976, should be materially changed, then the adjustment will be made in accordance with some similar or comparable index of consumer prices mutually agreeable to the parties.

An example of the computation of price adjustment pursuant to this Section 4.06 is attached hereto as Annex G.

4.07 Adjustment of Gross Margin. The Base Price stated in Section 4.01 is based in part on a provision for Gross Margin. Adjustments shall be made to the Gross Margin component of the Base Price hereunder to reflect changes in the purchasing power of the dollar occurring from August 1, 1976. Such revisions in the Base Price to reflect the effects of inflation or deflation shall be based on the Consumers Price Index for All Items published by the U. S. Department of Labor, Bureau of Labor Statistics for each quarter during the term of this Agreement. The percentage change in the most recent publication of said index from the level of such index for August 1, 1976 (hereinafter called "Base Index Number" which is 171.9, 1967 = 100) shall be

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determined quarterly beginning January 1, 1977, and multiplied times \$8.57, such amount being the agreed per ton amount of the Gross Margin component of the Base Price on August 1, 1976. The Base Price shall then be adjusted quarterly by the difference in the new Gross Margin component adjustment calculated above from that calculated for the previous quarter. This difference shall be added to or subtracted from the Base Price to reflect the increase or decrease in the Gross Margin component adjustment, as the case may be.

If such Index should be discontinued or if the components of the Index or methods of computation in effect as of August 1, 1976, should be materially changed, then the adjustment will be made in accordance with some similar or comparable index of consumer prices mutually agreeable to the parties.

An example of the computation of price adjustment pursuant to this Section 4.07 is attached hereto as Annex H.

4.08 Adjustment for Percentage of Base Price Components: Royalty and Wheelage; Business and Occupation and Severance Taxes.

(a) <u>Royalty and Wheelage</u>. The Base Price stated in Section 4.01 is based in part on existing costs for royalties and wheelage as of August 1, 1976. It is agreed that the amount that PURCHASER shall pay SELLER due

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to royalties and wheelage shall be set at ten percent (10%) of the Base Price. Adjustment to the Royalty and Wheelage component for changes in the Base Price shall be made monthly by the method of part (c) of this Section 4.08.

(b) <u>Business and Occupation and Severance</u> <u>Taxes</u>. The Base Price stated in Section 4.01 is based in part on existing costs for Business and Occupation or Severance Taxes as of August 1, 1976. It is understood that this Component is presently based on 3.85% of the Base Price. Adjustment to the applicable percentage rate shall be provided for under the provisions for governmental impositions in Section 4.05. Adjustment to the Business and Occupation and Severance Taxes component for changes in the Base Price shall be made monthly by the method of part (c) of this Section 4.08.

(c) Adjustment to Base Price for Percentage Components. To adjust those components which are defined to be a fixed percentage of the Base Price the following procedure shall be used. The Base Price shall first be adjusted in accordance with Sections 4.02 through 4.07 hereof. Then the adjusted Base Price shall be reduced by the current value of the fixed percentage components described in part (a) and (b) of this Section 4.08. This figure shall be divided by the figure arrived at when the applicable percentage component rates are subtracted from 100% (initially

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100% - 10% - 3.85% = 86.15%) to produce the new Base Price. The corresponding adjusted percentage components can now be calculated by multiplying the applicable percentage rates by the new Base Price. For example of the computation of price adjustment pursuant to this Section 4.08 is attached hereto as Annex I.

4.09 Notice and Substantiation of Base Price Adjustment. SELLER shall promptly notify PURCHASER in writing of the amount and effective date of any claimed adjustments to the respective Base Prices, pursuant to provisions of Sections 4.02 through 4.08, and shall furnish PURCHASER with whatever computations and data are reasonably necessary to substantiate such adjustments. PURCHASER shall have the right to audit or inspect SELLER's books or records for the purpose of evaluating such claimed adjustments. If PURCHASER protests such adjustment, PURCHASER shall have the right to obtain independent certified public accountants acceptable to both parties, to review SELLER's books and records and determine whether such adjustments have been properly computed by SELLER in accordance with the applicable provisions of this Agreement. The independent certified public accountants shall either certify to the parties that the adjustments to the Base Price have been properly computed by SELLER in accordance with the provisions of this Agreement, or shall certify what such adjustments should be.

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However, the independent certified public accountants shall not interpret the words of this Agreement, and if there is disagreement between PURCHASER and SELLER as to the meaning of the applicable provisions of this Agreement, it shall be resolved by the normal methods for resolving contractual disputes. If the independent certified public accountants certify that the adjustments have been properly computed by SELLER in accordance with the provisions of this Agreement. or that any error in such adjustments was to PURCHASER's benefit, PURCHASER shall pay the charges made by such accountants in connection with such review; otherwise SELLER shall pay such charges. Such certification by the independent certified public accountants shall be binding upon the parties. If one party owes the other party an amount that that party has underpaid or the other party has overpaid as a result of the determination of a protest, then that amount shall be paid with interest computed at the prime bank rate of the CITIBANK of New York City, New York, plus one-half percent (1/2%), such interest to accrue beginning thirty (30) days from the date of the claim for adjustment.

5.01 <u>Calorific Value Adjustment</u>. The amount to be paid by PURCHASER for the Coal under this Agreement shall be determined upon the basis of the actual "as received" calorific value of the Coal as contained in the samples. (See

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Annex K and Section 10.01 regarding sampling and analyses.) This determination shall be made as follows: "As received" calorific value shall be divided by the calorific value set out in Section 9.01 (12,000 BTU per pound). The resulting quotient ("calorific adjustment factor") shall be multiplied times the sum of (a) the respective Base Price, (b) the actual transportation costs borne by PURCHASER and (c) any applicable Georgia Sales Tax.

The product resulting from this step, less the sum of (a), (b) and (c) shall constitute a "Calorific Value Adjustment." PURCHASER shall submit to SELLER whatever computations and data are reasonably necessary to substantiate such adjustment. The amount to be paid by PURCHASER for coal purchased hereunder shall be the respective Base Price adjusted upward or downward to the nearest one-tenth of a cent by the amount of the Calorific Value Adjustment computed for the coal delivered in each calendar quarter. The Calorific Value Adjustment mechanism is further detailed and illustrated in Annex J, attached hereto and made a part hereof, and this adjustment shall be made in accordance with the said Annex J.

Within 45 days after the close of each calendar month, a report will be submitted by PURCHASER to SELLER showing the computation of adjustments required to determine the price to be paid for coal received during the preceding

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billing period, in accordance with provisions in Section 4.09, this Section 5.01 and Section 10.01 hereof. Where interim billing resulted in underpayment, PURCHASER will remit the difference between the actual price that should have been paid and the interim payments. Where interim billing resulted in overpayment, SELLER shall credit PUR-CHASER's account with such amount of overpayment and inform PURCHASER of such credit.

5.02 Arrival Notice. Upon SELLER's request, the rail carrier will provide SELLER with a multiple copy form called an "Arrival Notice." Such form shall be prepared by SELLER to incorporate SELLER's name, shipment date, destination point, origin, Georgia Power Company contract identification, cars by initials and number, and any other applicable data which may be required. One copy of this form shall be retained by SELLER and the remaining copies transmitted to the rail carrier at the time the cars are moved. Upon delivery, the rail carrier will forward the Arrival Notice to Georgia Power Company receiving employees. These Arrival Notices will be transmitted from the respective plant to the Georgia Power Company Accounting Department for use as invoices. Payment will be made on the 20th and 28th days of each month on all coal received and processed prior to such dates.

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6.01 <u>Shipment: Tariffs</u>. It is anticipated that coal sold hereunder ordinarily will be shipped by rail from the unit train loading facilities described herein to power generating stations of PURCHASER or other destinations within The Southern Company system specified by PURCHASER.

SELLER will provide off-main line rail trackage sufficient for efficient and dependable loading of unit trains at the Coal Property, and will be prepared to operate its loading facilities 24 hours per day, seven days per week, if needed, in compliance with the applicable tariff for shipments hereunder, when that tariff is published.

Shipment and receipt of coal under this Agreement shall be made in accordance with the tariff applicable to the destination of the shipment (the "applicable tariff"). If any applicable tariff is amended, supplemented or replaced, subsequent shipments and receipts shall be made in accordance with the terms of the applicable tariff, as amended, supplemented or replaced. Anything in this Agreement to the contrary notwithstanding, if the applicable tariff, or such tariff as amended, supplemented or replaced, imposes more onerous car-loading terms, conditions or duties on SELLER than those represented and warranted in the recitals by SELLER in this Agreement, PURCHASER shall pay SELLER the additional costs incurred by SELLER in performing such more onerous carloading terms, conditions or duties within 30 days after receipt from SELLER of a written statement

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itemizing such costs (which may include SELLER's additional costs for labor, materials or amortization of capital items or a combination of these) and showing facts necessary to permit PURCHASER to verify such costs.

6.02 Freight Charges and Risk of Loss. Subject to reimbursement provided by Sections 6.03 and 6.04, PURCHASER shall pay all freight and other charges imposed by the tariff applicable to the destination of the shipment and shall bear the risk of loss of said shipment after each shipment has been loaded on railroad coal cars.

6.03 Excess Loading Costs Chargeable to SELLER. If SELLER fails to satisfy the loading requirements of the applicable tariff and such failure is not excused pursuant to force majeure as provided in Section 14.01 hereof and the applicable provision of the tariff, SELLER shall pay PUR-CHASER any resulting car detention penalties, demurrage or charges for cars not loaded to marked capacity which PUR-CHASER is required by such tariff to pay the carrier.

6.04 Excess Freight Costs Chargeable to SELLER. If SELLER fails to tender sufficient coal to satisfy the quantity requirements of Section 7.01 and thereby fails to satisfy the tonnage requirements of the applicable tariff and such failure is not excused pursuant to force majeure as provided in Section 14.01 hereof, SELLER shall pay PURCHASER any resulting freight charges which PURCHASER is required by such tariff to pay the carrier over the amount of such charges otherwise payable.

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6.05 <u>Payment of Excess Cost to PURCHASER</u>. Any payments required by Sections 6.03 and 6.04 above shall be promptly paid on receipt by SELLER of a written statement from PURCHASER itemizing such charges and showing facts necessary to permit SELLER to verify such charges. At either party's election such charges may be credited against amounts owed by PURCHASER to SELLER hereunder. Payments (or credits) occasioned by Sections 6.03 and 6.04 shall be excluded from the Calorific Value Adjustment computation (Section 5.01).

7.01 Quantity Requirements. SELLER will tender for delivery and PURCHASER will buy three hundred thousand (300,000) tons of acceptable coal from the Coal Property or other reserves of SELLER during the calendar year 1983; and one million (1,000,000) tons of acceptable coal produced from the Coal Property or other reserves of SELLER during each of the calendar years 1984 through 2008; and at least one million (1,000,000) tons of acceptable coal produced from the Coal Property or other reserves of SELLER during each calendar year of the extended term hereof, should PURCHASER elect to exercise the option described in Section 3.01 hereof. "Acceptable coal" means coal meeting the specifications of Section 9.01, subject to the variations and qualifications of Sections 11.01 and 12.01 hereof.

It is the intent of this Agreement for SELLER to mine and sell and PURCHASER to purchase twenty-five million three hundred thousand (25,300,000) tons of coal mined by

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SELLER from the Coal Property or other reserves of SELLER during the calendar years 1983 through 2008, and at least five million (5,000,000) tons of coal mined by SELLER from the Coal Property or other reserves of SELLER during the extended term hereof, if the Agreement is extended according to the option described in Section 3.01 hereof. Upon notice to PURCHASER and approval by PURCHASER, SELLER may provide coal under the terms of this Agreement acquired from other sources than the Coal Property or SELLER's other reserves.

SELLER shall have the right (but not be obligated) to overship on the tons of coal in each full calendar year by an amount not to exceed 10% for each full calendar year thereof and PURCHASER will buy such additional coal under the price and terms of this Agreement. In the event SELLER has available for delivery additional quantities of coal (in excess of the 10% additional amount mentioned above) from the Coal Property and desires to sell the same to PURCHASER under the terms of this Agreement, upon acquiring the prior written approval of PURCHASER, such additional quantities shall be added to the quantities above set forth and shall be governed by the terms hereunder. In any event during the term of this Agreement, SELLER shall give PURCHASER notice of any coal meeting the quality specifications hereunder to be mined from the Coal Property before any contract not presently in existence, having a term of one year or longer.

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shall be entered into by SELLER, and SELLER further agrees that PURCHASER will be given a fair opportunity to respond with an offer, if PURCHASER so decides, before SELLER enters into any such contract.

8.01 <u>Weighing</u>. The weight of coal sold and delivered hereunder shall be determined from SELLER's scales or other scales approved by PURCHASER. Such scales shall be maintained and operated in accordance with procedures acceptable to PURCHASER and certified by the Southern Weighing and Inspection Bureau for a weight agreement for coal shipped hereunder. Southern Weighing and Inspection Bureau's requirements for weight agreements are based on National Bureau of Standards Handbook 44, "Specifications, Tolerances, and Other Technical Requirements for Commercial Weights and Measuring Devices."

In the absence of scale weights from SELLER, PURCHASER and SELLER will mutually agree by what means the weight of the coal sold, delivered and purchased hereunder shall be determined. Such methods as mutually agreed on shall not necessarily be the same as that required under the tariff for payment of freight.

A net weight will be determined and reported for each shipment of coal hereunder. If SELLER provides railroad track scales, the actual empty weight of the rail car rather than the empty (tare) weight stenciled on the rail

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car shall be used for determination of net weight. The aggregate weights determined during any payment period shall be accepted as the quantity of coal sold and purchased during such period for which invoices are to be rendered and payments to be made.

9.01 <u>Coal Specifications</u>. The coal delivered by SELLER and purchased by PURCHASER hereunder shall be fuily washed product, shall be three inches (3.0") and under in size, shall not contain greater than sixty percent (60%) of particles that are less than one quarter inch (1/4") in size, shall be prepared so as to be free from excess quantities of bone, slate, shale, fire clay, rock, loose clay and other impurities; and shall conform to the following analysis on an "as received basis" (all percentages shown are percentages by weight):

## Specification

Moisture (total) Ash Sulfur

Volatile Ash Fusion - Reducing Softening (H=W) Grindability

Calorific Value

Fines (1/4" x 0")

(maximum)

Requirement

7% (maximum) 11.2% (maximum) .60 lb. per million Btu (maximum) 36 2700°F (minimum)

Greater than 40 (Hardgrove scale) 12,000 Btu/lb. (guaranteed)

60% (maximum)

10.01 <u>Sampling and Analyses</u>. SELLER shall provide at the coal loading facility a mechanical sampling system of

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the "cutting the full coal stream" type. The design of the sampling system shall be in accordance with American Society for Testing and Materials Standard D-2234-72 "Collection of a Gross Sample of Coal" and Standard D-2013-72 "Preparing Coal Samples for Analysis." The sampling system shall be enclosed to minimize moisture loss and shall be designed for one stage of sample crushing. SELLER shall submit design drawings and specifications of the sampling system to PUR-CHASER for approval prior to installation. FURCHASER and SELLER shall use their best efforts to agree on modification of procedures and equipment to incorporate improved methods developed in the future by American Society for Testing and Materials.

SELLER shall collect representative samples using the mechanical sampling system as described above at the loading facility of each shipment of coal sold hereunder. The final sample of 8 mesh coal from the mechanical sampling system shall be reduced to 1000 gram laboratory samples in accordance with American Society for Testing and Materials Standard D-2013-72 "Preparing Coal Samples for Analysis," using enclosed riffles to minimize moisture loss. One laboratory sample shall be sent to PURCHASER's designated laboratory, one laboratory sample retained by SELLER for 30 days from date of shipment as a reserve sample, and additional laboratory samples analyzed by SELLER to meet his

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PURCHASER or his designated representative requirements. may observe any sampling or sample preparation performed by The laboratory sample sent to PURCHASER's desig-SELLER. nated laboratory shall be analyzed in accordance with Annex K, attached hereto and made a part hereof and the results of such analysis shall be used for adjustment of coal cost for coal quality as provided hereunder in Section 5.01. If a dispute arises between PURCHASER and SELLER over the result of such analyses, a further analysis shall be made in accordance with Annex K by an independent, qualified, commercial testing laboratory agreed upon by the parties, and the results of such further analysis shall be binding upon the parties. The cost of any such independent analysis shall be borne equally by SELLER and PURCHASER. SELLER may observe any analyses performed by PURCHASER's designated laboratory.

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PURCHASER's designated laboratory may be an independent, qualified, commercial coal testing laboratory which shall analyze the coal samples sent by SELLER in accordance with Annex K. In event PURCHASER elects to employ such a commercial laboratory, SELLER shall not be liable for any costs incurred by PURCHASER except as herein provided.

11.01 <u>Quality Variations</u>. SELLER shall determine as soon as possible the sulfur content of each shipment of coal and shall telex the sulfur value to PURCHASER at locations designated by PURCHASER so that the sulfur content of each shipment will be available to PURCHASER prior to the arrival of the coal shipment at the generating plant.

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PURCHASER may reject any shipment of coal which, on the basis of such telex notice or analysis under Section 10.01 hereof, is found to contain in excess of .60 pounds of Sulphur per one million Btu plus an acceptable laboratory variance under ASTM standards, if such variances are acceptable to the United States Environmental Protection Agency (EPA) and the State of Georgia Environmental Protection Division, or successor agencies, as satisfying new source sulfur standards in effect on August 1, 1976. However, if after a good faith effort to request such variances, they are not acceptable to the environmental agencies, PURCHASER may reject any shipment of coal which is found to contain sulfur in excess of .60 pounds per one million Btu plus whatever variance, if any, is acceptable to the environmental agencies. It is intended that any variance so allowed by the environmental agencies will not cause the sulphur specifications to be more restrictive than .60 pounds per one million Btu.

Further PURCHASER may, upon receipt of any shipment of Coal found not to comply with any of the applicable rejection points set forth below on an "as received" basis reject such shipment.

## Specification

Moisture (total) Ash Volatile Ash Fusion - Reducing Softening (H=W) Grindability Calorific Value Fines (1/4" x 0")

## Rejection Point

8.5% (maximum) 13% (maximum) 25 (minimum) 2500°F (minimum)

38 (minimum) 11,200 (minimum) 60% (maximum)

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If a shipment is rejected, PURCHASER shall receive a credit for freight costs to PURCHASER for such rejected shipment. After notification by PURCHASER of receipt of such coal, SELLER shall not resume shipments until coal quality has been corrected.

12.01 Cancellation of Agreement for Coal Quality Failures. Should the average quality of coal received for any 60-day period show, by analysis, failure to comply with the applicable stipulations and specifications stated in Section 9.01 of this Agreement, PURCHASER shall have the right to serve notice that shipments shall be suspended immediately. After notice of any such failure, this Agreement may be cancelled by PURCHASER in 90 days unless SELLER gives reasonable assurance within 15 days after receipt of said notice that it will and can comply with the stipulations and specifications stated in Section 9.01 of this Agreement. Such assurance may, at PURCHASER's option, be provided by means of a complying test shipment, scheduled and sampled by such method as shall be acceptable to PUR-CHASER, or by other means acceptable to PURCHASER. In the event PURCHASER terminates this Agreement or suspends deliveries under this Section, SELLER shall pay PURCHASER any excess freight charges thereby caused under the applicable tariff as a result of reduced shipments by SELLER to PUR-CHASER during the then current term of the applicable tariff.

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The Agreement contained in the sentence immediately preceding this sentence is in the nature of specification of a mechanical cost adjustment, and is made without prejudice to such other rights as may be provided to either party in other portions of this Agreement and by law and equity.

13.01 <u>Cancellation for Unremedied Default</u>. In the event of the failure of either party to comply with any material obligation in good faith, herein set forth, either party shall have the right to terminate this Agreement at any time by giving to the other 120 days' notice in writing of its intention so to do, specifying the default complained of and, at the expiration of said 120 days, unless the party in default shall have made good such default, the party not in default shall have the right at its election to terminate this Agreement forthwith. This right shall be in addition to the rights provided to either party in other portions of this Agreement and by law.

14.01 <u>Force Majeure</u>. "Force Majeure" as used herein shall mean a cause reasonably beyond the control of the SELLER or PURCHASER, as the case may be, which wholly or in substantial part prevents the completion of construction of the processing or loading facilities, the mining, loading or delivery of Coal at or from the Coal Property, or the unloading, storing or burning of Coal by PURCHASER at its destination. Examples (without limitations) of force majeure,

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but only if reasonably beyond the control of the SELLER or PURCHASER, as the case may be, are the following: acts of God; acts of the public enemy; insurrections; riots, strikes: labor disputes; work stoppages; fires; explosions; floods; electric power failures; interruptions to or contingencies of transportation; embargoes; and orders or acts of civil (including, without limitation, a city or county ordinance, an act of a state legislature and an act of the United States Congress) or military authority. In the event force majeure prevents the unloading, storing or burning Coal by PURCHASER at the destination or destinations to which the coal is then being shipped, PURCHASER shall consider what steps can be taken in the transportation and utilization of the particular coal affected, including diversion of the coal to other of its plants or facilities so as to allow the coal to be used by PURCHASER, and if such steps can be accomplished without unreasonable additional expense, PUR-CHASER shall promptly take such steps.

PURCHASER and SELLER recognize that environmental restrictions (including air quality considerations) may prevent the purchasing or burning, without substantial additional expense, of coal hereunder by PURCHASER at Plant Scherer and its other plants. If any such restriction so prevents the burning of coal by Plant Scherer, PURCHASER shall consider what steps can be taken in the handling,

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transportation and utilization of such coal, including diversion of such coal to other of its plants so as to allow such coal to be used by PURCHASER and if such steps can be accomplished without unreasonable additional expense, PUR-CHASER shall take such steps, and this Agreement shall continue in full force and effect. If such steps will not permit the burning of such coal, SELLER, at its option, shall have the right to take any steps available to it in the mining and processing of the affected coal that will permit such coal to be burned by PURCHASER free of such restrictions and hindrance or to supply PURCHASER with a suitable substitute coal that can be so burned without change to PURCHASER's facilities; but in either such event the price of such coal shall be adjusted by mutual agreement to compensate SELLER for additional expense incurred in supplying such coal, but nothing contained in this sentence shall be deemed to require the increase of the price of such coal beyond the cost of other suitable coal reasonably available to PURCHASER. In the event that such restrictions are not avoided by either PURCHASER or SELLER as hereinabove provided, then the enforcement of such restrictions shall constitute an event of force majeure which shall operate to suspend all of PURCHASER's or SELLER's obligations under this Agreement.

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If cost adjustments resulting from changes which would be required to meet governmental impositions hereafter suffered that arise from or relate to environmental restrictions would be such as to make the delivered cost of the Coal to be sold to PURCHASER hereunder materially higher than the delivered cost of similar coal produced in similar quantities under similar terms and conditions as this Agreement, in Kentucky or West Virginia then reasonably available to PURCHASER, and SELLER will not otherwise voluntarily adjust the existing billing price in question to a mutually acceptable level, then such impositions shall be considered to constitute force majeure within the terms of this Section 14.01.

If because of force majeure either PURCHASER or SELLER is unable to carry out its obligations under this Agreement, and if such party promptly gives the other party hereto written notice of such force majeure, the obligations and liabilities of the party giving such notice and the corresponding obligations of the other party shall be suspended to the extent made necessary by and during the continuance of such force majeure; provided, however, that the diabling effects of such force majeure shall be eliminated as soon as and to the extent possible (except that either party may settle any of its own labor disputes, strikes or terminate any of its own lockouts in its sole discretion).

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Subject to the provisions of Section 14.01 hereof, if (a) a condition of force majeure occurs, (b) mutual obligations are suspended as contemplated by the paragraph next hereinabove, (c) such condition (alone or extended by other conditions of force majeure) continues so that the mutual obligations remain suspended for a period of six months, and (d) at the end of said six months or at any time thereafter either party, in the exercise of reasonable judgment, concludes that there is no likelihood of ending the condition(s) in the immediate future, then either party may terminate this Agreement without liability to the other party by giving to the other 90 days' notice in writing of its intention to terminate.

In the event SELLER is prevented, in whole or in part, from producing, processing or shipping Coal hereunder due to force majeure circumstances described above, deficiencies in shipment so resulting may be added to subsequent shipments of like coal if SELLER is requested to do so by PURCHASER but only to the extent that SELLER determines that it is able to produce, process and ship additional like coal in accordance with its normal operating and shipping schedule. To the extent that SELLER determines that it can produce, process, and ship additional like coal only on the basis of premium time or overtime operations, SELLER shall use its best efforts to do so but only upon the written

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request of PURCHASER, in which event additional costs incurred by SELLER shall be for the account of PURCHASER.

Notwithstanding the definition of the term force majeure above, no cause shall excuse SELLER from full performance of its obligations under Sections 6.03 and 6.04 hereof unless the cause is one which is an event of force majeure under the provisions of the applicable tariff and applicable supplements thereto, and for the purpose of Sections 6.03 and 6.04 the construction, interpretation and application of the applicable tariff force majeure provisions made by the responsible official of the origin rail carrier (subject to administrative or judicial challenge by SELLER, at its expense, with PURCHASER's cooperation) shall be binding upon the parties for these purposes.

It is agreed that in the event that any valid act, law, ordinance or regulation of a county, state or the United States government is adopted or passed after the date of this Agreement, which (a) directly prohibits the mining of Coal as contemplated hereunder, or (b) imposes restrictions upon the burning or use of such Coal by PURCHASER to the extent that PURCHASER is unable to utilize such coal in its electric generating plants, then the existence and implementation of such act, law, rule or regulation shall constitute an instance of permanent force majeure whereupon this Agreement may be terminated by the party so affected.

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## 15.01 Reviews.

(a) Escalation: Ninety (90) days prior to the end of the fifth year of operation under this Agreement, and ninety (90) days prior to the end of each subsequent fifth year of operation hereunder, the parties agree that they shall consider whether the specified components (for example, supplies) in the Base Price Adjustment provisions of this Agreement (Sections 4.02 through 4.09) are required to be adjusted, on an equitable basis, because of the occurrence, after the effective date of this Agreement, of material unforeseen events or changed conditions. No revision to such components shall be made unless it is found that the existing component provisions are causing a substantial inequity to one of the parties. For the purpose of this review and adjustment, the parties shall give no consideration to general market conditions, such as then prevailing oil, gas, or coal prices, and no inequitability shall be deemed to arise on account of such general market conditions or changes therein. The parties shall use their best good faith efforts to arrive at mutually agreeable revisions to such components, if any, in the Base Price Adjustment provisions. Any revisions to such Base Price Adjustment provisions shall be effective beginning with the first day of the next year of this Agreement following each such fifth year, and shall continue thereafter until further adjustments may occur.

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Base Price: Ninety (90) days prior to (b) the end of the fifth year of operation under this Agreement, and ninety (90) days prior to the end of each subsequent fifth year of operation hereunder, the parties agree that they shall consider whether the respective Base Price provisions of this Agreement (Section 4.01) must be adjusted, on an equitable basis, because of the occurrence, after the effective date of this Agreement, of material unforeseen events or changed conditions. No revision to such respective Base Prices shall be made unless it is found that the respective existing Base Price is causing a substantial inequity to one of the parties. For the purpose of this review and adjustment, the parties shall give no consideration to general market conditions, such as then prevailing oil, gas or coal prices, and no inequitability shall be deemed to arise on account of such general market conditions or changes therein. The parties shall use their best good faith efforts to arrive at mutually agreeable revisions to such respective Base Prices, if any. Any revisions to the Base Price provisions shall be effective beginning with the first day of the next year of this Agreement following each such fifth year, and shall continue thereafter until further adjustments may occur.

(c) If, after negotiating in good faith for a period of six (6) months, the parties are unable to agree on any revisions under Sub-Sections 15.01 (a) and (b) above,

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then this Agreement shall continue for one year thereafter and shall then terminate.

16.01 <u>Independent Contractor</u>. This is an Agreement for the purchase and sale of coal in which the parties recognize and agree that SELLER is not an agent or employee of PURCHASER but is independent of any managerial or other control or direction by PURCHASER in its work hereunder, and is free to perform, by such means and in such manner as SELLER may choose, all work in pursuance of commitments hereunder.

17.01 <u>Binding Effect</u>. This Agreement shall bind and inure to the benefit of the parties and their successors and assigns under Section 18.01 hereof.

18.01 <u>Assignments</u>. Neither party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party; provided, however, that consent shall not be required for SELLER to assign, pledge or hypothecate this contract purely for financing purposes and without relinquishing or in any way transferring its own performance obligations under the contract. Without assigning this Agreement or any rights or obligations hereunder and without relieving the PURCHASER of any of its performance obligations hereunder, the PURCHASER shall have the right to sell all or any portion of the coal

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under this Agreement at any time during the primary term or one or both extended terms. PURCHASER may, without consent of SELLER, assign all or any portion of this Agreement to any company within The Southern Company System and may exercise its right to direct coal shipments to itself or to other destinations within The Southern Company System under Section 6.01 without consent of SELLER.

19.01 <u>Right of Inspection; Accounting</u>. SELLER shall keep accurate books and records relating to the sale of coal to PURCHASER and hereunder in accordance with sound and accepted accounting principles and shall make such reports as have been specified by PURCHASER or reasonably requested by PURCHASER. SELLER shall also preserve in orderly manner the records supporting all charges hereunder and shall make such records available to PURCHASER, its accountants, auditor or other authorized representatives, who shall at all reasonable times be given access to and be permitted to examine such books and records. PURCHASER and its designated representatives shall also at all reasonable times have the right and privilege of visiting and inspecting the site of the work of SELLER and the facilities, equipment and operations of the SELLER hereunder.

20.01 <u>Arbitration</u>. In the event of any dispute, difference of opinion or controversy between the parties as to any question of fact which may arise under this

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Agreement, and in the event of any failure or inability of the parties to arrive at a mutual agreement with respect to matters provided to be mutually agreed upon between the parties herein (except review under Section 15.01) either party shall have the right to request arbitration by giving written notice thereof to the other party, in which event each party agrees to appoint a competent and reasonable person skilled in the subject matter of the issue in dispute as an arbitrator. Should either party fail to appoint an arbitrator within ten (10) days after giving or receiving such written notice, an arbitrator for such party shall be appointed by the person who is then acting as Senior Judge of the United States District Court for the Northern District of Georgia in the manner hereinafter provided. If, within a reasonable time, the two arbitrators are unable to agree as to the determination of the questions submitted to them, they, within ten (10) days after such inability to agree becomes apparent, shall appoint a third arbitrator and the decision of the majority shall be final and binding on the parties hereto as to such matters that are submitted and determined by the arbitrators. Should the two arbitrators be unable to agree within such ten (10) day period upon a third arbitrator, then upon the election of either SELLER or PURCHASER, the person who is then acting as Senior Judge of the United States District Court for the Northern District

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of Georgia, shall, upon the application of either party, have the power to appoint an arbitrator (or arbitrators in the event any appointee of such judge fails to serve), such arbitrator or arbitrators to be competent persons skilled in the subject matter of the issue in dispute to make such determination. Five (5) days' written notice of the application to such judge shall be given to the other party by the party making such application. The reasonable compensation of any arbitrators not in the employ of or designated by the respective parties and the cost of the arbitration shall be paid jointly by the parties to this Agreement. In each instance the decision of a majority of the arbitrators shall be final and binding as to such matters as are submitted to and determined by them. Each party hereto shall have full rights of discovery during such arbitration. /

21.01 <u>Waiver</u>. The failure of either party to insist on strict performance of any provisions of this Agreement, or to take advantage of any right hereunder, shall not be construed as a waiver of such provision or right.

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

23.01 <u>Notices</u>. Any notice, request, protest, consent, demand, report or statement given by one party to

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the other shall be in writing and deemed duly received 72 hours after it is deposited in the United States mails, by registered mail, postage prepaid, and properly addressed as follows:

(a) If the notice is to PURCHASER, to:

Director, Fuel Southern Company Services, Inc. P. O. Box 2625 Birmingham, Alabama 35202

Telex No. 870-733-3710

and:

Senior Vice President, Power Supply Georgia Power Company P. O. Box 4545 Atlanta, Georgia 30302

Telex No. 810-751-8437

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

(b) If the notice is to SELLER, to: (or to such person or address as SELLER shall have designated by due notice to PURCHASER).

24.01 <u>Captions</u>. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

25.01 <u>Applicable Law</u>. All questions relating to execution, construction, performance, or breach of this Agreement shall be resolved under the laws of the State of Georgia.

28.01 Joint and Several Liability of SELLER. The obligations and liabilities of SELLER hereunder shall be joint and several obligations and liabilities of A. T. Massey Coal Company, Inc. and Marrowbone Development Company.

29.01 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized officers, all as of the date and year first above written.

GEORGIA POWER COMPANY

ATTEST: ACCISTA

By: Power Supply

Date Executed:

ATTEST:

A. T. MASSEY COAL COMPANY, INC. By: Its:

Date Executed:

MARROWBONE DEVELOPMENT COMPANY

Its: Date Executed:

ATTEST:

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# ANNEX B

## MINING PLAN AGREEMENT

# A. T. MASSEY COAL COMPANY, INC.

POST OFFICE BOX, 26765 4 NORTH FOLATH STREET RICHMOND, VIRSINIA 23261 (004) 768-1600

#### January 3, 1977

Mr. William B. Reed Executive Vice President Southern Company Scrvices, Inc. P. O. Box 2625 Birmingham, Alabama 35202

Dear Mr. Reed:

In consideration of the fact that Georgia Power Company, A. T. Massey Coal Company, Inc., and Marrowbone Development Company are presently negotiating for the development and purchase of up to thirty (30) million tons of coal for a term of up to thirty (30) years from the Marrowbone property in Mingo County, West Virginia, by the deep and surface mining methodi; the following Agreement is proposed:

During the period of negotiation, as hereinafter set out, between A. T. Massey Coal Company, Inc., Marrowbone Development Company, Southern Company Services, Inc., and Georiga Power Company, Marrowbone will continue to exercise due diligence to carry out further exploration of its coal properties and the preparation of a proposed mining plan for such property in order that it can satisfy Southern that sufficient coal reserves of suitable quality are available to meet both the proposed contract with Georgia Power and Marrowbone's existing commitment to Carolina Power & Light Co. and that system of mining can be arrived at to meet the requirements of the proposed Georgia Power contract and said existing contract.

The mining plan being prepared will include, among other items, the following: (i) the <u>cost</u> of the mines on the Coal Property, and the estimated cost of constructing mines on the Coal Froperty: (ii) sufficient data, including test hole drilling and other prospecting to establish the proven reserves of coal recoverable by the mining methods that are to be employed in the production of coal for both the existing contract and the proposed contract with Georgia Power. In addition to the above, Marrowbone will furnish plans for and commitments to construct facilities necessary and appropriate for the development of the Coal Property and the production and preparation of coal in sufficient quantities and quality to fulfill both the existing contract and the proposed contract with Georgia Power which plans shall include unit train loading Mr. William B. Reed Page Two January 3, 1977

facilities and spur track and side track for loading and delivery to the rail carrier for such coal.

Marrowbone within one (1) month from the date hereof will prepare and submit such plan or plans to Southern. Southern shall have the right to review such plan or plans both individually and consult with third parties, if deamed necessary for Southern. However, any such plan or information submitted shall be treated as confidential by Southern and any party with whom it might consult.

Southern can, from those plans, determine to its own satisfaction whether or not Marrowbone's exploration of its coal reserves reveals (a) coal in quantities and with quality characteristics to meet Georgia Power's requirements as set forth in the draft of the proposed contract dated October 13, 1976, and (b) that no material deficiencies exist in the plan for mining. Southern shall have two (2) months from receipt of such plans to determine whether or not Marrowbone's reserves and mining plan are acceptable to it. Should Southern find (Marrowbone's plans deficient and so notify Earrowbone in writing of any deficiencies, Narrowbone may elect to attempt to remedy or, not remedy such deficiencies within one (1) month after receipt of such notice. Marrowbone shall, within one (1) week ... after receipt of any written notice of deficiency, advise Southern whether or not if will or will not attempt to remedy any deficiencies specified. Election by Marrowbone not to remedy any such deficiencies so specified shall terminate the : rights and obligations of the parties.

During the period of time from the date of this letter until such notice from Southern as to acceptance of plan or rejection for deficiencies, neither Marrowhone nor Massey will sell, exchange, convey or transfer the Coal Property nor negotiate or otherwise deal with any persons with respect thereto in any manner which would by law or contractually reduce the recoverable coal in said Coal Property to an amount less than that required to meet said existing contract and the proposed contract with Georgia Power.

Massey and Marrowbone, however, reserve the right to conduct preliminary negotiations with other customers in regard to the reserves being considered by Southern for Georgia Power during the period of time Southern is considering the plans submitted to it, but during such period neither Massey nor Marrowbone will enter into any firm or binding contract which Mr. William B. Reed Page Three January 3, 1977

would in any way impair the reserves which are the subject of this letter.

Should negotiations now being conducted by Georgia Power, Southern, Massey and Marrowbone terminate prior to Marrowbone's furnishing such plan or prior to Southern's notification of acceptance or rejection of such plan, then this Agroament shall likewise terminate and be of no further effect thereafter.

Georgia Power does not make any representations with respect to the purchase of coal other than those that may appear in any separate signed document that may be negotiated. Acceptance by Southern of the mining plan before a coal purchase agreement is signed by the parties herein does not obligate Georgia Power to purchase coal or to enter into a coal purchase agreement.

Notwithstanding anything to the contrary, this Agreement shall terminate no later than three (3) months from the date hereof except that by mutual agreement between the parties, this Agreement may be extended beyond said three (3) months period.

Rejection of mining plans by Southern or election by Marrowbone not to remedy any deficiency under the terms of this Agreement shall terminate the rights and obligations of the parties herein.

If the above meets with your approval, please sign, or have signed, the attached copy and return to me.

Sincerely,

A. T. MASSEY COAL COMPANY, INC.

SOUTHERN COMPANY SERVICES, INC.

William B.R.



EMM: sst

cc: John W. Smith Wynston Holbrook

# A. T. MASSEY COAL COMPANY, INC.

POST OFFICE BOX 26765 A NORTH FOURTH STREET RICHHOND, VIRGINIA 23261 16541 766-1600

### Pebruary 3, 1977

Mr. Robert Bland Coal Procurement Agent Fuel Department Southern Company Services, Inc. P. O. Box 2625 Birmingham, Alabama 35202

> RE: Marrowbone Development Company - Georgia Power Company Contract - Reserves and Mining Plan

Dear Bob:

Pursuant to our telephone conversation on "ebruary 1, 1977, this is to confirm our agreement that the termination date of the January 3, 1977, letter to William B. Reed, Executive Vice President, Southern Company Services, Inc., is extended for three (3) months from the date of this letter. As Wyn and I mentioned to you, our problem is the variations in sulphur analysis of the same sample. For your information, I am enclosing a copy of the analysis performed by Paul Litz dated January 25, 1977.

From Mr. Litz's report, you will observe the swing of 0.14 per cent. The sample was made from coal from the area where Marrowbone is presently mining which is the area indicated as having the highest sulphur.

We are also checking variations of analysis between two different laboratories. We feel we should have a better understanding of what is causing not only the variation in the same lab but also the variations between labs. Because of the rejection language in the contract, this point is critical from our point of view.

From my poll of the different persons involved in the contract, everyone is in favor of the language as it now stands subject to something being worked out in regard to our determinations of sulphur variations and conclusions and perhaps one other point. The "other point" is found on page 36, in the first paragraph. Mr. Robert Bland Page Two February 3, 1977

Our understanding is that the coal to be sold by Marrowbone is scheduled for Scherer plant. We assume that Scherer is being designed to take the Marrowbone coal, particularly in regard to the precipitators, or method of handling sulphur emissions.

As the language now reads, the restrictions which would prevent the burning of the coal is the restrictions applicable to the plant or plants then receiving the coal and the plant or plants would not necessarily have to be the Scherer plant. On this point, we feel we should have first call on the Scherer plant if the Scherer plant can burn the cosl notwithstanding the fact the cosl is being shipped to another plant or plants and which plant or plants have had the restrictions placed thereon which prevents the burning of the coal.

Also, in regard to testing for sulphur, the Eschka Mixture ASTM method does not consider chlorine content which will read as sulphur nor does this test require a chlorine determination pre sulphur analysis. Perhaps a chlorine test should be required when the analysis shows a rejection point to eliminate the possibility that chlorine is influencing the sulphur content determination.

Marrowbone and the IMEC lab are giving concentrated consideration to the sulphur analysis problem and I am sure will have something to offer on this point very soon.

Best wishes to you.

Very truly yours,

Paul S. Barbery Vice President & Corporate Counsel

PSB:sst

Enclosure

cc: Wynston D. Holbrook John W. Smith O. B. Bucklen E. Morgan Massey

## ANNEX C

# BASE PRICE COMPONENTS

Wages and Salaries	\$ 6.44
Fringes and Benefits	3.61
Supplies and Materials	6.74
Royalty and Wheelage	3.00
Gross Margin	8.57
Real and Personal Property Taxes	148
Business and Occupation and Severance Taxes	1.16

105

30.00

ARREN I

(Reference to Section 4.03)

Adjustment for Changes in Wages and Salaries

Note: Figures used are hypothetical and for illustration purposes only and are not meant to accurately predict changes in the index.

Average Daily Wage Factor - \$80.00 Daily Production Factor 12.42 Tone Fer Man Day Wages & Salary Component \$ 6.44 UMMA Current Daily Labor Cost \$74.00 UMMA New Daily Labor Cost \$77.00

877 - 74 = \$3 = .0405

1 2 1

4.05 Percent change in Daily Labor Costs covered by the USA Agreement

4.05% x \$80 = \$3.24 Increase in Daily Wage Factor

\$3.24 + \$80 = \$83.24 New Average Daily Wage Factor

\$83.24 = \$6.70 Wew Wages & Salary Component

\$6.70 - 6.44 = \$.26 Increase to Wages & Salaries Component of the Base Price

Adjustment of Daily Production Factor

12.0 New Daily Production Factor as determined by movement in the index identified in Section 4.03

\$83.24 = \$6.94 Her Wages & Salary Component

\$6.94 - 6.70 = \$.24 Increase to Wages & Salaries Component of the Base Price after adjustment of the Daily Production Factor

#### ANNEX E

#### FRINGES & BENEFITS

## BREAKDOWN OF FRINGES AND BENEFITS COMPONENT AS OF THE EFFECTIVE DATE OF THE AGREEMENT

Type Benefit

\$ Man Day

Governmental Type:

Workmen's Compensation 8.68 Social Security 3.63 Unemployment 0.49

Sub Total

UNHA Type:

••

4

Holiday Sick Fay & Vacation Fay Dental & Medical Pension Life Insurance & Disability - Bonus

Sub Total

Total

8.68 5.15 4.35 0.70

<u>31.96</u> /

12.80

(Reference to Section 4.04)

Adjustments for Changes in Fringes and Benefits

Note: Figures used are hypothetical and for illustration purposes only and are not meant to accurately predict changes in the index.

Average Daily Benefits Factor Not subject to Governmental Imposition\*

Daily Production Factor

Fringes and Benefits Component Not subject to Governmental Imposition\*

UNA Current Fringes & Benefits Costs

200

. 072

2.3 Percent change in Fringes & Benefits Costs covered by the 1950 Agreement

12.42 Tons/Man Day

.3% X \$27.95 = \$.643

1.643 + 27.95 - \$28.59

Increase in Daily Benefits Factor New Average Daily Benefits Factor

\$27.95

\$ 2.25

\$43.50

\$44. 50

128.59 - \$2.30 New Pringes & Benefits Corponent

\$2.30 - 2.25 - \$.05 Increase to Fringes & Benefit Component of the Base Price

Adjustment of Daily Froduction Factor

12.0 New Daily Production Factor as determined by movement in the index identified in Section 4.03.

\$28.59 = \$2.30 New Fringes and Benefits Component

\$2.38 - \$2.31 = \$.07

Increase to Fringes and Benefits Component of the Base Price after adjustment of the Daily Production Factor

\*It is recognized that some costs falling within the classification of Fringes & Benefits are subject to increases and decreases by state and federal laws. These costs are generally recognized in Section 4.04 and are adjusted by Section 4.05.

#### ANNEX C

## (REFERENCE TO SECTION 4.06)

## COMPUTATION FOR ADJUSTMENT FOR CHANGES IN COST OF SUPPLIES AND MATERIALS

HOTE: Figures used are hypothetical and for illu.tration purposes only and are not meant to accurately predict changes in the Wholesale Price Index.

Index Number	ladez S o	f Component	Description	June 1, 1976 Indez Level	Percentage Division
1192-02	Underground Mining	34 Mai	atenence é Re	pair 224.2	76.2
1001-	Mine Roof Bolts	17 Roo	f Control	149.2	25.4
212	Construction Machinery	13 Hai	ntenance é Re	pair 197.9	25.7
0652-	Explosives (emonium) Bitrate)	7 Bla	sting	125.5	8.8
0679-02	Explosives	1 Bla	sting	183.7	1.8
543-1617	Industrial Power, East South Central	1000	ctric Power	197.3	9.9
061	Industrial Chemicals	10000	at 6 Mine hemicals	218.2	10.9
0573-0301.06	Dissel Fuel	5 Pue	1	267.1	13.4
1331	Suileing Blocks	3 Ven	tilation	172.5	5.1
0575	Labricating Oll Haterials	4 Lub	rication	255.8	10.2
08	Lumber & Mood Products	3 Lun	ber	159.8	6.0
0712-	Tires	3 Tir		176.2	5.3
All and a second se	TOTAL	100	BASE COMPOSIT	e veigeted inde	198.7

		July 1976	Percentage Weight	
1192-01		228.8	34	77.79
1081-014103	x	150.6	27	25.60
112		199.8	23	25.97
0652-0111.05		125.4	7	8.78
0679-02		186.7	2	2.87
543-1617		200.5	.5	10.03
061		219.2	3	10:96
0573-0301.08		265.6	5	13.43
1331		174.3	3	5.23
0575		255.8		10.23
081		203.7	3	6.13
0712-0111.05		178.4		5.35
	• • •	• • •	100	201-35

5	Description	Base Number Actual June 1, 1976	Index at July 1, 1976				
•	Composite Weighted Index	198.7	201.4				

Percentage Increase = 201.4 - 198.7 (100) = 1.362

Current Supplies and Materials Component - \$6.74

Increase in Supplies and Materials Component of Base Price:

.0136 z \$6.74 - \$0.091

1 Par To

Adjustment to be added to Base Price after September 1, 1976.

#### ANOTEX E

#### (REFERENCE TO SECTION 4.07)

### CALCULATION OF ADJUSTMENT FOF CHANGES IN GROSS MARGIN

NOTE :

All figures used are hypothetical and for illustration purposes only and are not meant to accurately pudict changes in the Consumers Price Inde...

Description	Jan	Index Number wary 1, 1977 1967-100)		Index at April 1, 19	<u>77</u>
Consumers Price Inden		180	•	190	
Percentage Increase	12	0-100 - 5.553		*	· .

Current Gross Margin Component - \$8.57

Increase in Gross Margin component of the Base Price:

\$.0555 = \$8.57 = \$0.476

New Gross Margin Component - 69.046

\$0.476 per tee

Adjustment to be added to Base Price after April, 1977:

#### APRNEX I

#### (Reference to Section 4.08)

#### COMPUTATION OF ADJUSTMENTS FOR BASE PRICE PERCENTAGE COMPONENTS

Figures used are hypothetical and for illustration MOTE: purposes only. \$30.00 Current Base Price 3.00 Current Royalty and Wheelage Component (10%) 1.16 Current B60 and Severance Tax Component (3.852) Total Current Fixed Percentage Components 4.16 Adjusted Base Price 33.00 (for adjustments under Sections 4.02 through 4.07) Adjusted Base Price less Current fixed Percentage Components 28.84 Hew Base Price = \$28.84 = \$33.476 25,149 Hew Royalty and Wheelage Component = \$33.476 x 102 = \$ 3.348 New B60 and Severance Tax

Component .

\$33.476 x 3.852 = \$ 1.289

#### ANNEX J

#### (REFERENCE TO SECTION 5.01)

#### COMPUTATION OF CALORIFIC VALUE ADJUSTMENT TO THE BILLING PRICE

This adjustment is to vary the amount per ton to be paid by Furchaser for coal delivered in each month as a result of the extent by which the calorific value of such coal is greater than or is less than 12,000 Btu per pound of coal as if set forth in Section 9.01 of the Agreement. The per ton amount of this adjustment is leveraged to give a proportionately greater premium in the amount per ton to be paid for calorific values averagion, more than 12,000 Btu and also a greater penalty in the form of a negative adjustment for coal averaging less than 12,000 Btu. This leveraging effect is incorporated herein by including in the computation of the adjustment not only the Billing Frice but also the actual transportation costs born by Furchaser as provided for in Section 5.01.

Determination of the Calorific Value Adjustment is made as follows:

	(2)	(7)	(2)
	Base Factor	(Hypothetical	Honths)
Item	At the Specification Calorific Value of 12,000 BTU/1b	At a month's Calorific Value of 12,200 BTU/1b	At a month's Calorific Value of 11,800 BTU/1b
1. Per ton- Billing Price	\$ 30.00	\$ 30.00	\$ 30.00
2. 3% Sales Tax		.90	.90
3. Billing Pric plus Sales 1		30.90	30.90
4. Per ton- Purchase:'s transportati Cost	_10.00	10.00	10.00
5. Total Purcha Delivered Co Net Ton incl Sales Tax	st Per	40.90	40.90
6. Calorific BT value per po	and the second se	12,200	11,800
7. Calorific Ad ment fractio		12,200 12,000	11,800
8. Calorific Ad ment factor	just-	1.017	.903
9. Calorific va (5 x 8) - 5	lue Adjustment	.695	695
10. Amount per to by Purchaser	a to be paid (1 + 9)	8 30.695	¢ 29.305
Figures used in c	olumns (x), (y) and (s	) of items 1 through	6 are

(

puraly hypothetical and are used for illustrative purposes only.

#### ANNEX K

#### LABORATORY PROCEDURES

#### (a) Air Drying - Laboratory Sample

The sample (including container with lid and pan) will be weighed on a balance with a sensitivity of not less than 0.5 grm. The coal will be spread out to a depth of not more than one inch high in a non-corroding pan with sides not more than 1.5 inches high. The pan with the coal, container and lid will be placed in an sir-drying oven with a temperature of 0-15° C above room temperature and will be air-dried until the loss in weight is not more than 0.1% in one hour. Before final weight is taken, air will be circulated through the oven with heat turned off for at least two hours and the coal then removed to the sample preparation area so that the temperature and condition of the coal will be in equilibrium with the air in the room where further sample preparation is to be done. The weight of the coal plus container and lid will be recorded and the airdrying loss will be calculated as follows:

LAir Drying Loss = 
$$\frac{W}{1-2}$$
 x 100

Where W = West weight of coal + pan + container + lid

W = Air dry weight of coal + pan + container + lid

W - Weight of empty pan + container + 1id

#### (b) <u>Residual Moisture</u>

A residual moisture sample of from 50 to 100 grams will be divided out by riffling, using an enclosed riffle, with 24 three-eights inch divisions, from the air dried U.S. No. 8 coal. This will be placed in an air-tight bottle and mixed on wheel mixer. As an alternate to riffling, the 50 to 100 gram sample will be secured by taking small spoonfuls from the air-dried coal spread out over the pan. The residual moisture in the air-dried coal will be determined by weighing on an analytical balance approximately 10 grams of coal to an accuracy of ± 1 Mg. into a tared aluminum box (approximately 75 mm in diameter and 19 mm in height) which has been previously dried, cooled in a desiccator and then tared. This will be placed in a box type, forced air oven similar to Thelco Oven Model No. 18, Fisher Isotemp or equivalent, maintained at a temperature of 104-110° C for a period of one and orn-half hours. The lid will be placed on the box, removed from the oven and placed in a desiccator containing indication; grade aluminum oxide for about thirty minutes or until cool before weighing on an analytical balance. The percent loss in weight will be the residual moisture.

#### (c) Total Moisture Calculation

#### % Total Moisture -

100

## (100% - Air Drying Loss) x Residual Moisture + Air Drying Loss

## (d) <u>Pulverizing - Laboratory Sample</u>

The entire sample left after the residual moisture has been removed will be reduced in an enclosed pulverizer (Holmes design or equivalent) to approximately U.S. No. 60. The sample will be divided to a minimum of 50 grams by riffling, using an enclosed riffle with 24 three-eights inch divisions. The minimum of 50 grams will be screened on a U.S. No. 60 Sieve; any oversize will be crushed in an agate mortar or equivalent to pass the U.S. No. 60 Sieve and will be put back with that passing the No. 60 Sieve. The sample will be placed in an air-tight bottle and mixed for a minimum of fifteen minutes on a wheel mixer. The sample will then be ready for the laboratory determinations.

## (e) Moisture - U.S. No. 60 Sample

The moisture in the U.S. No. 60 coal will be determined on approximately one gram in a porcelain capsule 7/8" in depth and 1-3/4" in diameter. A well fitting aluminum cover will be provided for covering the capsule during weighing and after drying. Approximately one gram of coal will be weighed to an accuracy of ± 0.5 Mg. in the capsule which has been previously dried, cooled in desiccator and then tared. The capsule (with lid off) containing the coal will be dried in a box type oven with forced air circulation, similar to Thelco Oven Model 18, Fisher Isotemp or equivalent, maintained at a temperature of 104-110° C for one hour. The lid will be placed on the capsule, the covered capsule will be removed from oven and placed in a desiccator containing indicating grade aluminum oxide for about thirty minutes, or until cool before weighing. The percent loss in weight will be the percent moisture in the U.S. No. 60 coal.

### (f) Ash

For the ash determination, the porcelain capsules containing the dried coal from the 60 mesh moisture determination will be placed in a cold electric muffle furnace and the temperature gradually raised to 700-750° C at a rate to avoid mechanical loss from too rapid expulsion of volatile matter. The ignition will be finished to constant weight (+0.001 g) at a temperature of 700-750° C. The capsule containing the ash will be placed in the desiccator and weighed as soon as cold.

(g) Volatile Matter

Volatile matter, when required, will be determined by the method in ASTM Designation D-3175-73. The Fieldner electric type furnace will be used.

#### (h) Calorific Value

The gross calorific value (gross heat of combustion) in British thermal units (Btu) will be determined using a calorimeter for which radiation corrections are determined or the Parr Adiabatic Calorimeter or equivalent in ASTM Designation D-2015-66.

(i) Sulfur

Sulfur will be determined by the methods in ASTM Designation D-3177-75.

(j) Ash Softening Temperature

The ash softening temperature will be determined by the methods in ASTM Designation D-1857-68.

(k) Grindability

Grindability will be determined by the methods in ASTM Designation D-409-71.

-3-

(1) <u>Calculations</u>

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

Dry Basis = 100 - (% Moisture in L.S. No. 60 Sample) Results x 10

As Received Basi: = (100 - " Total Moisture) x (" Dry Basis) IGJ

4 5 7 8 9 10		AGREEMENT BETWEEN GEORGIA POWER COMPANY (PURCHASER) DELTA COALS EQUITY COMPANY, INC. (SELLER) HUMPHREYS ENTERPRISES, INC., GREATER WISE, INC., RED RIVER COAL COMPANY, INC., AND PARDEE COAL COMPANY, INC. (PRODUCER) AND DELTA COALS, INC. (SALES AGENT) FOR THE SALE AND PURCHASE OF COAL	
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79	AGREEMENT BETWEEN GEORGIA POWER COMPANY (PURCHASER)
80	DELTA COALS EQUITY COMPANY, INC. (SELLER)
81	HUMPHREYS ENTERPRISES, INC., GREATER WISE, INC.,
82	RED RIVER COAL COMPANY, INC. AND
83	PARDEE COAL COMPANY, INC. (PRODUCER) AND
84	DELTA COALS, INC. (SALES AGENT)
85	FOR THE SALE AND PURCHASE OF COAL

This Agreement is effective December 1, 1987 and is made and 87 entered into by and between Georgia Power Company, a corporation 88 organized and existing under the laws of the State of Georgia 89 ("PURCHASER"), and Delta Coals Equity Company, Inc., a 90 corporation organized and existing under the laws of the State of 91 Tennessee ("SELLER"), Humphreys Enterprises, Inc., Greater Wise, 92 Inc., Red River Coal Company, Inc., and Pardee Coal Company, 93 Inc., each of which is a corporation organized and existing under 94 the laws of the State of Virginia (hereinafter collectively 95 referred to as "PRODUCER") and Delta Coals, Inc., a corporation 96 organized and existing under the laws of the State of Delaware 97 (hereinafter referred to as "Sales Agent"). 98

#### WITNESSETH: That

100

WHEREAS, PURCHASER, owns electric power generating stations
 that require large quantities of acceptable quality coal, and
 WHEREAS, PRODUCER owns or otherwise controls the Coal
 Property from which PRODUCER desires to mine coal which PRODUCER
 and SELLER desire to sell to PURCHASER;

1/20

109	NOW, THEREFORE, in consideration of the premises and
110	covenants contained herein and for other good and valuable
111	consideration, PURCHASER and SELLER and PRODUCER agree as
112	follows:
113	1.01 Mutual Obligations. PRODUCER agrees to mine coal and
114	SELLER and PRODUCER agree to sell such coal to PURCHASER and
115	PURCHASER agrees to buy coal from SELLER and PRODUCER on the
116	terms and conditions and in the quantities and quality set forth
117	herein.
118	1.02 Definitions. The following definitions shall apply in
119	this Agreement:
120 121 122 123	a. "Coal Property" shall mean the real property, mineral interests, preparation plant facilities and loading facilities, with improvements thereto, described in Annex "A".
124 125 126	b. "Contract Year" shall mean the period of time from each December 1 through the following November 30 during the term of this Agreement.
127	c. "Ton" shall mean two thousand pounds avoirdupois weight.
128 129	d. The "Base Price" for each ton of coal is \$29.73 per ton f.o.b. railcar.
130 131	<ul> <li>"Billing Price" is the Base Price adjusted pursuant to Sections 4.03 through 4.06.</li> </ul>
132 133 134	f. A "Shipment" shall occur when SELLER delivers coal in sufficient quantities into a unit train as provided in the applicable rail contract.
135 136	g. "Calorific Value Adjusted Price" is the Billing Price adjusted pursuant to Section 4.09.
138	2.01 PRODUCER's Reserves and Preparation for Selling Coal.
139	PRODUCER represents and warrants that PRODUCER owns or controls

144 the Coal Property and that the Coal Property contains 145 economically recoverable coal of a quality and in quantities which, under present mining laws and practices, shall be 146 147 sufficient to satisfy the requirements of this Agreement and that 148 at least ninety-five percent (95%) of all coal delivered 149 hereunder shall be mined from the Coal Property identified in Annex A unless PRODUCER obtains prior written approval of 150 PURCHASER, which approval shall not be unreasonably withheld. 151 PRODUCER hereby agrees to commit sufficient reserves of coal 152 in the Coal Property meeting the coal quality specifications of 153 154 Section 10.01 so as to fulfill the quantity specifications herein. PRODUCER agrees and warrants that PRODUCER shall not use 155 or sell coal meeting the quality specifications hereof from the 156 157 Coal Property in a way that shall reduce the economically recoverable balance of coal in the Coal Property to an amount 158 less than the amount required to be supplied hereunder. 159 PRODUCER shall defend the title of PURCHASER with respect to 160

all coal sold hereunder and, with respect to such title, shall
indemnify PURCHASER from and against all claims, demands,
actions, suits and judgements.

164 2.02 <u>PRODUCER's Preparation of Mining Plan</u>. PRODUCER shall
165 promptly prepare complete reserve data and a mining plan for the
166 Coal Property and conduct any additional exploration of the Coal
167 Property necessary in connection therewith to demonstrate
168 PRODUCER's capability to produce coal from the Coal Property
169 meeting the quantity and quality specifications of this Agreement

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174 during the term hereof. Two copies of such complete mining plan shall contain maps and narratives depicting areas and seam(s) of 175 coal to be mined and shall include, but not be limited to, the 176 177 following information: (i) reserves under the ownership or control of PRODUCER from which the coal shall be produced and the 178 179 mining sequence, by quarter-years (or such other time intervals 180 as agreed), during the term of this Agreement; (ii) methods of 181 mining such reserves and equipment devoted or to be devoted to 182 such mining; (iii) methods of transporting and washing coal to ensure compliance with the quantity and the quality requirements 183 184 including a description and flow sheet of the preparation plant; (iv) quality data plotted on maps depicting data points and 185 186 isolines by seam of bed moisture, ash, sulfur, ash fusion 187 temperature, Btu, grindability and volatile matter; (v) quality control plans including sampling and analysis procedures to 188 189 ensure individual Shipments meet quality specifications, and; (vi) PRODUCER's sales commitments to others from the Coal 190 191 Property during the term of this Agreement. Such complete mining 192 plan shall be presented to PURCHASER within one-hundred twenty (120) days from the date of execution of this Agreement. Upon 193 194 receipt thereof. PURCHASER shall have the right to review such plan, both individually and jointly with PRODUCER, and to submit 195 196 such plan to and consult with third parties, if deemed necessary. 197 Within sixty (60) days from receipt of such plan, PURCHASER shall 198 advise PRODUCER that the mining plan has been approved, or shall 199 specify the aspects of such plan which are, in PURCHASER's

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opinion, inadequate. The parties shall consult in good faith 204 with respect to matters considered by PURCHASER to be inadequate 205 and PRODUCER shall, within thirty (30) days after receipt of 206 notice from PURCHASER of inadequacy of the mining plan, submit 207 revisions to correct any deficiency. PURCHASER shall have thirty 208 (30) days from the receipt of such a revision to the mining plan 209 to evaluate such a revision. PURCHASER shall evaluate mining 210 plan on the basis of whether such plan demonstrates PRODUCER's 211 capability to produce coal from the Coal Property of a quality 212 and in quantities sufficient to meet the requirements of this 213 Agreement. If, in PURCHASER's judgement, such plan, as it may be 214 revised during the periods specified herein, fails to provide 215 such demonstration, PURCHASER shall reduce the then current 216 Billing Price by \$.50 per ton until PURCHASER approves PRODUCER's 217 218 mining plan.

PURCHASER's receipt, review, acceptance or approval of the 219 mining plan or other information or data furnished by PRODUCER 220 shall not in any manner relieve PRODUCER of any of PRODUCER's 221 obligations or responsibilities under this Agreement, nor shall 222 such review or approval be construed as constituting an approval 223 of PRODUCER's proposed mining plan as prudent mining practices, 224 such review and approval by PURCHASER being limited solely to a 225 determination, for PURCHASER's purposes, of PRODUCER's capability 226 to supply coal on a long term basis to fulfill PURCHASER's 227 requirements of a dependable coal supply. After final approval 228 of PRODUCER's mining plan, PRODUCER shall provide PURCHASER prior 229

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234 notification of any material variations or deviations therefrom 235 during the term of the Agreement.

PRODUCER shall annually provide PURCHASER with two copies of a mine plan "Update" showing progress to date, conformity to original mining plan, and then known changes in reserve data and planned changes in mining progression, plans or procedures. The Update for each year shall be submitted on or before the anniversary of the execution date of this Agreement.

PRODUCER agrees and warrants that it shall acquire and maintain, in a timely manner, all licenses and permits required by governmental authorities to engage in the mining and selling of coal and to otherwise perform its obligations under this Agreement.

3.01 Term of Agreement. The term of this Agreement shall
commence on December 1, 1987, and expire midnight, November 30,
1997. FURCHASER shall have the options to extend this Agreement
for two successive terms of five years each. The right to extend
the Agreement for the extended terms is conditioned upon
negotiation of mutually agreeable revisions to the Base Price and

253 upon PRODUCER's having sufficient available coal reserves to

254 patisfy PURCHASER's requirements under this Agreement for such

255 extended terms. The first and second option shall be exercised

256 by PURCHASER by giving SELLER and PRODUCER not less than one

257 year's written notice prior to expiration of the then current

258 term. Upon receipt by SELLER and PRODUCER of such written

259 notice, PURCHASER and SELLER and PRODUCER shall proceed in good

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264	faith to negotiate within ninety (90) days mutually agreeable
265	revisions to the Base Price, as aforesaid, for the first or
266	second extended term. If such mutually agreeable revisions are
267	negotiated for the first or second term, then, in each such case,
268	PRODUCER shall promptly proceed to commit sufficient Tonnage to
269	fulfill its commitment and the term of this Agreement shall be
270	extended thereby for five years, and for an additional five year
271	period, as the case may be. If, within such ninety (90) day
272	period, the parties cannot mutually agree on such revisions to
273	the Base Price, for any extended term, this Agreement shall
274	terminate at the expiration of the then current term.
275	4.01 Price and Payment for Coal.

276 The price paid per ton of coal shall consist of a fixed and 277 a variable component.

A. The fixed component shall be \$1,096,250.00 per month from December 1, 1987 through March 31, 1991, and not subject to change, suspension or termination for any reason whatsoever, notwithstanding any other provision of this Agreement except as follows:

283 Should SELLER or PRODUCER be unable to perform any of their 284 obligations under this Agreement and due thereto PURCHASER shall 285 have suspended deliveries, the PURCHASER may then give notice of 286 intent to suspend fixed component payments, and, unless such 287 failed performance obligation(s) is restored or shipments shall 288 have resumed, prior to the payment of the lust of the next 289 scheduled six fixed component payments applicable to months in

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which no payments are made with respect to the component provided 294 for in Section 4.01(B), then the fixed component payments shall 295 be suspended until performance under this Agreement is restored 296 by SELLER or PRODUCER, or shipments shall have resumed. The term 297 of the fixed component payments shall be extended by a time 298 period equal to the time during which fixed component payments 299 were suspended. Should SELLER or PRODUCER be unable to continue 300 performance under this Agreement by substitution under Section 301 28.01. or otherwise, and due thereto PURCHASER shall have 302 terminated this Agreement, all fixed component payments will be 303 terminated by PURCHASER but only after payment of the aforesaid 304 six (or less scheduled if dictated by the last sentence of this 305 paragraph) fixed component payments due after PURCHASER's notice 306 of intent to suspend fixed component payments, or if such notice 307 has not been given, then after payment of the next six fixed 308 component payments applicable to months in which no payments are 309 made with respect to the component provided for in Section 310 4.01(B). Provided however, that, in any event under this 311 Agreement, the continuation of fixed component payments as 312 provided above will be expressly limited to a total of six fixed 313 component payments applicable to months in which no payments are 314 made with respect to the component provided for in Section 315 4.01(B), except that such available payments shall again be 316 increased to six in the event: (1) PURCHASER elects to receive 317 tonnage not shipped applicable to the shipment suspension period, 318 or (2) PURCHASER receives in any consecutive twelve month period 319

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at least 97% of the contract tonnage provided for herein, or (3) payments are made during each month of a consecutive twelve month period with respect to the component provided for in Section 4.01(B). Provided further that no more than 40 fixed component payments shall be made.

B. The variable price per ton shall be the Base Price of
\$29.73 per ton f.o.b. railcar as adjusted from its December 1,
\$31 1987 Base Date.

332 4.02 Adjustments - General. The Base Price per Ton, as provided in Section 4.01, is subject to adjustment as provided in 333 334 Sections 4.03 through 4.06; and such adjusted price, excluding edjustments under Section 4.06, is subject to the Calorific Value 335 Adjustment provision of Section 4.09. The Calorific Value 336 Adjusted Price shall be subject to the excess ash provision of 337 Section 4.10, the excess moisture provision of Section 4.11 and 338 the Deficient Grindability Adjustment of Section 4.12. The 339 340 specific components of the Base Price are attached hereto as 341 Annex B. The Base Price with said adjustments, as provided in Section 4.03 through Section 4.06, shall be referred to herein as 342 the "Billing Price." All of such provisions for adjustments 343 344 contained in this Agreement are subject to the procedures for verification set forth in Sections 4.08 and 19.01 hereof. 345 346 Adjustments made in computing the Billing Price shall be 347 calculated to the nearest cent per Ton. No dispute concerning price adjustments shall in any way relieve either party of its 348 349 respective obligations of performance under this Agreement at the

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354 then existing Billing Price, including, but not limited to, 355 PURCHASER's obligation to make timely payment and PRODUCER's 356 obligation to make timely deliveries at the immediately prior 357 Billing Price.

SELLER shall promptly notify PURCHASER, in writing, of all 358 adjustments set forth in Sections 4.03 through 4.06. Adjustments 359 in the Base Price per Ton under such Sections shall apply to coal 360 shipped from and after the later of (1) the effective date(s) of 361 the adjustments as provided hereafter or (2), in cases where the 362 adjustment increases the price, the date on which the PURCHASER 363 received notice from SELLER of such claimed adjustment, if such 364 claim is received more than forty-five (45) days after the 365 effective date permissible for such change. With respect to 366 decreases required to be made by virtue of such adjustment 367 provisions, of which SELLER fails to notify PURCHASER, such 368 adjustments shall be made retroactively as to all coal shipped 369 after the time such adjustment would have applied had notice been 370 given within forty-five (45) days of the effective date of such 371 372 adjustment.

4.03 Adjustment for Changes in Labor Costs.

All labor related costs covered by the Base Price stated in Section 4.01 are represented by the "Labor Costs Component" of \$7.43 per Ton. The Labor Costs Component shall not change.

377 The Billing Price shall be adjusted for changes in labor
378 costs, as measured exclusively by changes in the Labor Costs

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Index. The Labor Costs Index shall be the "Established Data, 383 Hours and Earnings, Table C-2, 1972 SIC Code 11, 12 Coal Mining, 384 Average Hourly Earnings," as first published in Employment and 385 Earnings by the U. S. Department of Labor. The first published 386 value of the index for December 1987 is the Base Index for price 387 adjustment purposes pursuant to this Section 4.03. 388 A labor cost adjustment to the Billing Price shall be 389 determined each January 1, April 1, July 1, and October 1, during 390 the term of this Agreement, with the first such adjustment 391 effective April 1, 1988. The amount of such adjustment shall be 392 calculated and made upon the basis of the percentage change from 393 the value of the Base Index and the first published value of the 394 Labor Costs Index for the preceding November, February, May and 395 August, during the term of this Agreement. The percentage change 396 in the Labor Costs Index from the level of the Base Index shall 397 be computed to the nearest one-tenth of a percent, and multiplied 398 times the Labor Costs Component of the Base Price. The resulting 399 400 adjustment amount less previous adjustments, all determined to the nearest cent per Ton, shall be added to or subtracted from 401 the then current Billing Price effective January 1, April 1, July 402 1, and October 1, as the case may be. 403 Examples of the computation of the price adjustment pursuant 404

405 to this Section 4.03 are attached hereto as Annex C.

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In the event of unavailability of any index described in 411 Section 4.03, price adjustments shall be computed by mutual 412 413 agreement. 4.04 Adjustment for Changes in Materials and Supplies 414 415 Costs. All materials and supplies costs covered by the Base Price 416 stated in Section 4.01 are represented by the "Materials and 417 Supplies Component" of \$11.60 per Ton. The Materials and 418 Supplies Component shall not change. 419 The Billing Price shall be adjusted for changes in materials 420 and supplies costs, as measured exclusively by changes in the 421 Materials and Supplies Index. The Materials and Supplies Index 422 shall be a weighted composite index composed of various price 423 indices as weighted and shown below and first published by the 42.4 U. S. Department of Labor, Bureau of Labor Statistics. The value 425 of the weighted index (determined from first published values) 426 for December 1987 is the Weighted Base Index for price adjustment 427 purposes pursuant to this Section 4.04. The indices which 428 compose the Materials and Supplies Index and related percentage 429 430 weights to be used are as follows:

% BLS COMMODITY 432 WEIGHT INDEX CLASSIFICATION 433 .... 434 20 Petroleum Products - Refined 435 057 80 All Commodities 436 PPI ---437 100 438 439

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An adjustment to the Billing Price for changes in material 444 and supplies costs shall be determined each January 1, April 1, 445 July 1, and October 1, during the term of this Agreement, with 446 the first such adjustment effective April 1, 1988. The amount of 447 each such adjustment shall be calculated and made upon the basis 448 of the percentage change from the value of the Weighted Base 449 Index and the value of the Materials and Supplies Index for the 450 preceding November, February, May, and August during the term of 451 this Agreement. The percentage change shall be computed to the 452 nearest one-tenth of a percent, and multiplied times the 453 Materials and Supplies Component of the Base Price. The 454 455 resulting adjustment amount less previous adjustments, all determined to the nearest cent per Ton, shall be added to or 456 subtracted from the then current Billing Price effective January 457 458 1. April 1. July 1, and October 1, as the case may be. 459 Examples of the computation of the price adjustments pursuant to this Section 4.04 are attached hereto as Annex D. 460 In the event of unavailability of any index described in 461 Section 4.04, price adjustments shall be computed by mutual 462 463 agreement. 464 4.05 Adjustments for Changes in Other Costs.

All other costs covered by the Base Price stated in Section
466 4.01 are represented by the "Other Costs Component" of \$7.70 per
467 Ton. The Other Costs Component shall not change.

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The Billing Price shall be adjusted for changes in other
costs based exclusively on changes in the Other Costs Index. The
Other Costs Index shall be the CPI-W (preliminary number).
published by the U. S. Bureau of Labor Statistics. The Base
Index shall be the value (preliminary number) of the Other Costs
Index for the month of December 1987.

479 An adjustment to the Billing Price for changes in other costs shall be determined quarterly at each January 1, April 1, 480 July 1. and October 1 during the term of this Agreement, with the 481 first such adjustment effective April 1, 1988. The amount of 482 each such adjustment shall be calculated and made upon the basis 483 of the percentage change from the value of the Base Index and the 484 485 preliminary value of the Other Costs Index for the preceding November, February, May and August during the term of this 486 Agreement. The percentage change in the Other Costs Index from 487 the level of the Base Index shall be computed to the nearest 488 one-tenth of a percent and multiplied times the Other Costs 489 Component of the Base Price. The resulting adjustment amount 490 less previous adjustments, all determined to the nearest cent per 491 Ton, shall be added to or subtracted from the then current 492 Billing Price and shall be effective January 1, April 1, July 1, 493 and October 1, as the case may be. 494

495 Examples of the computation of the price adjustment pursuant 496 to this Section 4.05 are attached hereto as Annex E.

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502 In the ovent of unavailability of the Other Costs Index 503 described in this Section 4.05, price adjustments shall be 504 computed by mutual agreement.

505 4.06 Adjustment for Changes in Government Imposition. The term "Government Imposition," as used in this Agreement, means 506 any tax or fee imposed on PRODUCER by any government or 507 government agency or any statute, administrative regulation or 508 ruling, state or local ordinance, or the like affecting the 509 510 production, severance, preparation, loading, transporting, or sale of coal and reclamation of the Coal Property hereunder. The 511 term does not include impositions on PRODUCER, such as federal or 512 state income taxes or excise taxes, which are not levied upon the 513 514 production, preparation, loading, transportation or sale of coal or reclamation of the Coal Property hereunder or any employer's 515 516 social security or unemployment taxes.

517 The Base Price stated in Section 4.01 includes all costs of compliance by PRODUCER with all Government Impositions effective 518 as of December 1, 1987 regardless of whether or not PRODUCER is 519 actually in compliance with all such Government Impositions as of 520 that date. The Federal Black Lung Excise Tax, Federal 521 Reclamation Fee, and the Wise County, Virginia Severance Tax are 522 523 based upon a mix of 70% underground production and 30% surface production. For the purposes of this section, the percentage of 524 525 underground and surface production shall be fixed for the term of this Agreement. 526

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Price adjustments shall be made for changes in costs due to 531 PRODUCER's compliance with Changes In Government Impositions 532 533 which shall be (1) amendments after December 1, 1987 to Government Imposition; (2) requirements of entirely new 534 Government Impositions which are enacted or promulgated after 535 December 1, 1987; or (3) final judgements, orders or decrees 536 537 issued after December 1, 1987 by any court of law or equity, 538 which reflect new and different interpretations of Government 539 Impositions where such changes in cost directly affect and are binding upon PRODUCER's operation hereunder. Such changes in 540 cost shall hereinafter be called "Changes in Costs". Changes in 541 Costs shall not include and no price adjustments shall be made 542 for costs due to compliance with (1) any Government Imposition 543 effective as of December 1, 1987, regardless of whether the Base 544 Price reflects the full costs of compliance with such Government 545 Imposition; or (2) any civil or criminal fine or penalty imposed 546 as the result of failure to comply with any statute, 547 administrative regulation or ruling, state or local ordinance, or 548 judgement, order or decree of any court; or (3) any changes for 549 which adjustments have been made pursuant to Sections 4.03, 4.04, 550 551 or 4.05 of this Agreement.

552 In the event and whenever after December 1, 1987, there is a 553 Change In Government Imposition, PRODUCER shall give PURCHASER 554 written notice thereof within forty-five (45) days of the 555 effective date of the new or changed Government Imposition.

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560 If the Change In Government Imposition is a tax or fee which 561 is expressly imposed on a per Ton basis, PRODUCER shall submit a 562 claim within forty-five (45) days of the effective date of the 563 new or changed Government Imposition which shall be processed in 564 accordance with the provisions of Sections 4.02 and 4.08.

If the Change In Government Imposition results in a Change 565 In Costs not expressly imposed on a per Ton basis, PRODUCER shall 566 submit a claim which describes the Change In Costs and which 567 contains sufficient documentation and data to permit PURCHASER to 568 verify PRODUCER's computation of the Change In Costs. The 569 documentation and data shall be based on an adequate period of 570 experience in compliance with such Change In Government 571 Imposition, but in no case, shall such adequate period exceed 572 twelve (12) months. In the case of a determination of a Change 573 In Costs which is an increase, an adjustment to the Base Price 574 shall be made for the period no more than twelve (12) months 575 prior to the receipt by PURCHASER of PRODUCER's claim, and during 576 which such Change In Government Imposition was in effect. In the 577 case of a Change In Costs which is a decrease, an adjustment to 578 the Base Price shall be made from the date such Change In 579 Government Imposition was in effect. PURCHASER shall have the 580 right to require PRODUCER to evaluate and submit such a claim if 581 PRODUCER fails to do so after a Change In Government Imposition 582 is effective. 583

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If the cumulative effect of adjustments resulting from 589 Changes In Costs which would be required to meet Government 590 Impositions would be such as to make the price of the coal to be 591 sold to PURCHASER hereunder more than 10% higher than its then 592 current f.o.b. railcar price, excluding all adjustments under 593 Section 4.06, or more than 10% higher than the delivered price of 594 comparable coal reasonably available to PURCHASER on similar 595 terms, then PURCHASER shall have the right to terminate this 596 Agreement upon six (6) months notice to PRODUCER. PRODUCER shall 597 have the right to limit or abate the cumulative effect of 598 adjustments resulting in Changes In Costs which would be required 599 to meet Government Imposition in order to preempt PURCHASER's 600 right to terminate this agreement. PURCHASER and SELLER and 601 PRODUCER agree that the provisions of this last paragraph of 602 Section 4.06 shall not be in effect until PURCHASER's obligation 603 to pay the fixed component has expired or been terminated as 604 stated in Section 4.01. 605

4.07 Unescalated Portion of Base Price. \$3.00 per ton of
the Base Price stated in Section 4.01 is not subject to
escalation. This portion of the Base Price includes the
Reclamation Fee, the Black Lung Tax and the Wise County, Virginia
Severance Tax. Any subsequent increase or decrease will be
considered a govenment imposition and will be adjusted for under
Section 4.06.

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4.08 Notice and Substantiation of Price Adjustments. 618 619 SELLER shall notify PURCHASER in writing, as provided in Section 4.02, of the amount of any claimed adjustment (either increases 620 or decreases) to the Base Price, pursuant to provisions of 621 622 Sections 4.03 through 4.06, and shall furnish PURCHASER with 623 whatever computations and data are reasonably necessary to substantiate such adjustments. PURCHASER shall accept or contest 624 625 any adjustment(s) within sixty (60) days after receipt from 626 SELLER of all computations and data which are reasonably 627 necessary to substantiate the adjustment(s). If PURCHASER contests any adjustment, PURCHASER shall pay to SELLER, or SELLER 628 629 shall credit PURCHASER with, the undisputed portion of the 630 claimed adjustment. PURCHASER or PURCHASER'S representative 631 shall have the right to audit SELLER's and/or PRODUCER's books 632 and records to determine whether any adjustment is proper and has 633 been properly computed by SELLER in accordance with the 634 applicable provisions of this Agreement.

635 4.09 Calorific Value Adjustment. The amount to be paid by 636 PURCHASER shall be adjusted on the basis of the actual "as received" calorific value of the coal as determined from the 637 638 samples taken and analyzed in accordance with Section 11.01 and Annex H hereof. The Calorific Value Adjusted Price shall be 639 determined as follows: The monthly weighted average "as 640 received" calorific value of all coal unloaded during the 641 642 calendar month shall be divided by 13,000 Btu/lb.. The resulting

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647 quotient shall be multiplied by the then current Billing Price 648 determined by Purchaser, plus the then current per ton variable 649 transportation rate, less total Government Imposition Adjustments 650 pursuant to Section 4.06. The resulting product, less the then 651 current per ton variable transportation rate, shall then be added 652 to the total Government Imposition Adjustments pursuant to 653 Section 4.06.

PURCHASER shall submit to SELLER analyses of coal received 654 and computations of the calorific value adjustments to 655 substantiate such adjustments. The calorific value adjustment 656 mechanism is further detailed and illustrated in Annex F, and 657 this adjustment shall be made in accordance with said Annex F. 658 659 4.10 Excess Ash Adjustment. In addition to other adjustments, the price per Ton to be paid by PURCHASER for coal 660 shall be adjusted downward in proportion to the ash content in 661 excess of 11.00%. This adjustment shall be subtracted from the 662 payment for coal delivered and unloaded and shall be based upon 663 the "as received" ash content for each unit train of coal 664 unloaded. The amount per Ton of this Excess Ash Adjustment shall 665 be calculated as follows: 666

667 The adjustment shall be \$1.50 per Ton multiplied by the 668 percentage difference by which the "as received" ash content for 669 each unit train of coal unloaded exceeds 11.00%. No credits 670 shall be given if the "as received" ash content is less than 671 11.00%. The adjustment in price is in addition to any other

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676 remedies provided by the Agreement or in law or equity. Ash 677 Adjustment Formula:

678 \$ Adjustment/Ton = \$1.50 (% Ash - 11.00%)

4.11 Excess Moisture Adjustment. In addition to other 679 adjustments, the price per Ton to be paid by PURCHASER for coal 680 shall be adjusted downward in proportion to the moisture content 681 in excess of 10.00%. This adjustment shall be subtracted from 682 the payment for coal delivered and unloaded and shall be based 683 upon the "as received" moisture content for each unit train of 684 coal unloaded. The amount per Ton of this Excess Moisture 685 Adjustment shall be calculated as follows: 686

687 The adjustment shall be \$1.00 per Ton multiplied by the 688 percentage difference by which the "as received" moisture content 689 for each unit train of coal unloaded exceeds 10.00%. No credits 690 shall be given if the "as received" moisture content is less than 691 10.00%. The adjustment in price is in addition to any other 692 remedies provided by the Agreement or in law or equity. Moisture 693 Adjustment Formula:

694 \$ Adjustment/Ton = \$1.00 (% Moisture - 10.00%)

695 4.12 Deficient Grindability Adjustment. In addition to 696 other adjustments, the price per ton to be paid by PURCHASER for 697 coal shall be adjusted downward to compensate for deficient 698 grindability of SELLER's coal. This adjustment shall be 699 subtracted from the payment for coal delivered and unloaded and 700 shall be based upon the grindability content for each unit train

705 of coal unloaded. The amount per ton of this grindability 706 adjustment shall be calculated as follows:

The adjustment shall be \$0.50 per ton multiplied by the number of index points by which the grindability content for each unit train of coal unloaded is less than 40. No credits shall be given if the grindability content is greater than 40. The adjustment in price is in addition to any other remedies provided by the Agreement or in law or equity. Grindability Adjustment Formula:

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\$ Adjustment/Ton = \$.50 (Guaranteed HGI - 40)

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## 4.13 Price Review.

One hundred eighty (180) days prior to the end of the sixth 718 year of operation under this Agreement, either party may initiate 719 a request to the other party to review whether the then current 720 price or the price adjustment provisions (collectively referred 721 to as "pricing provisions") require adjustment for the remaining 722 term of the Agreement. SELLER's request for the price increase 723 under this Section 4.13 may be based only upon changes in 724 SELLER's cost of production which exceed the price adjustment 725 provisions of this Agreement. PURCHASER's request for a price 726 reduction under this Section 4.13 may be based only upon the 727 comparison showing that the delivered cost of coal under this 728 Agreement exceeds the delivered cost of comparable quality coal 729

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then reasonably available to PURCHASER under similar contractual terms and conditions. The parties shall use their best good faith efforts to arrive at a mutually agreeable revision to the pricing provisions. Any revision to such pricing provisions shall be effective beginning with the first day of the next year of this Agreement following the sixth year.

If either party initiates a request for review and after 740 negotiating in good faith for a period of ninety (90) days, the 741 parties are unable to agree on any revisions under this Section 742 4.13, then this Agreement shall continue until the end of the 743 seventh year of operation under this Agreement and shall then 744 terminate. PURCHASER and SELLER and PRODUCER agree that the 745 provisions of this paragraph of this Section 4.13 shall not be in 746 effect until PURCHASER's obligation to pay the fixed component 747 has expired or terminated as stated in Section 4.01. 748

5.01 Bill of Lading. PRODUCER will provide rail carrier 749 with a "Bill of Lading" form. Such form shall be prepared by 750 PRODUCER to incorporate PRODUCER's name, shipment date, 751 destination point, origin, Georgia Power Company contract 752 identification (Purchase Order Number), cars by initials and 753 number; Unit Train Number, Carrier Contract Number, and any other 754 applicable data which may be required. One copy of this form 755 shall be retained by PRODUCER and the remaining copies 756 transmitted to the rail carrier at the time the cars are moved. 757 A "Waybill" (prepared by the carrier from this bill of lading) 758

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763 will be transmitted to Georgia Power Company's receiving plant.
764 Payment will be made on the 20th and 28th day of each month for
765 all coal received and processed prior to such dates. The fixed
766 component payment as stated in Section 4.01A shall be made on the
767 20th day of each month with the first such payment to be made
768 December 20, 1987.

6.01 Shipment. It is anticipated that coal sold hereunder
shall be shipped by rail from PRODUCER's loading facilities at
Steer Branch, Wise County, Virginia ultimately to be delivered to
the Scherer Electric Generating Plant in Georgia or other
destinations specified by PURCHASER.

6.02 Rail Shipments. PRODUCER shall provide off-main line 774 rail trackage sufficient for efficient and dependable loading of 775 at least ninety (90) car unit trains at PRODUCER's loading 776 facilities and shall be prepared to operate its loading 777 facilities twenty-four (24) hours per day, seven days per week, 778 if needed, in compliance with the applicable rail contract for 779 deliveries hereunder. PRODUCER agrees to provide loading 780 facilities capable of loading unit trains at an effective rate 781 sufficient for the quantities of coal scheduled for delivery 782 under this Agreement and sufficient for the applicable rail 783 contract. PURCHASER agrees to use its best good faith efforts to 784 schedule monthly loadings evenly throughout the month. PRODUCER 785 agrees and warrants that no agreement of PRODUCER providing for 786

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the joint use of surface facilities shall interfere with or 792 impair PRODUCER's obligations as set forth in this Agreement. 793 Shipment and receipt of coal under this Agreement shall be 794 made in accordance with the rail contract applicable to the 795 796 destination of the delivery. If any applicable contract is 797 amended, supplemented or replaced, subsequent deliveries shall be 798 made in accordance with the terms of the applicable rail contract, as amended, supplemented or replaced. 799

800 6.03 Freight Charges, Title, and Risk of Loss. Subject to 801 reimbursement provided by Sections 6.04 and 6.05, PURCHASER shall 802 pay all freight and other charges imposed by the carrier 803 applicable to the destination of the Shipment. PURCHASER shall 804 bear the risk of loss of said Shipment after each Shipment has 805 been properly loaded into railcars, but title shall not pass to 806 PURCHASER until arrival at the ultimate destination designated by 807 PURCHASER.

808 6.04 Loading Costs Chargeable to PRODUCER. If PRODUCER 809 fails to satisfy the loading requirements of the applicable rail 810 contract and such failure is not excused pursuant to force majeure as provided in the applicable rail contract, PRODUCER 811 812 shall pay any resulting car detention penalties and shall pay any 813 penalties or charges for cars loaded in excess of capacity which 814 is required by such rail contract. PRODUCER shall pay the per 815 Ton transportation rate, required to be paid by PURCHASER under 816 the rail contract, for all Tons not loaded to the marked capacity

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821 per car. PURCHASER shall furnish to PRODUCER the appropriate 822 terms of the rail contract.

6.05 Excess Freight Costs Chargeable to PRODUCER. If 823 PRODUCER fails to tender sufficient coal to satisfy the quantity 824 825 requirements in accordance with Section 8.01 and thereby fails to satisfy the Tonnage requirements of the applicable rail contract 826 827 and such failure is not excused pursuant to force majeure as provided in the applicable rail contract, PRODUCER shall pay any 828 resulting freight charges which PURCHASER is required by such 829 contract to pay the carrier over the amount of such charges 830 otherwise payable. PURCHASER shall furnish to PRODUCER the 831 appropriate terms of the applicable rail contract. 832

6.06 Payment of Excess Costs. Any payments required by Sections 6.04 and 6.05 above shall be paid within fourteen (14) working days after receipt by PRODUCER of a written statement itemizing such charges which are in accordance with the current applicable contract. At PURCHASER's election, such charges may be credited against amounts owed by PURCHASER to SELLER or PRODUCER hereunder.

7.01 <u>Shipping Notice</u>. Promptly after loading each rail
Shipment PRODUCER shall telecopy/TWX PURCHASER a notice of
Shipment which shall include PRODUCER's name; destination point;
origin; Purchase Order Number; train number; car initials and
numbers; Tonnage shipped; date of Shipment; Carrier Contract

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	850	Number; and other such information as required by PURCHASER from		
	851	time to time.		
852 Notice shall be sent to:				
	853			
	854	4 P. O. Box 4545		
	855	Atlanta, Georgia 30302		
	856	Attn: Fuel Department		
	857	and		
858 Plant Manager				
	859	Plant Scherer		
	860	P. O. Box 206		
	861	Juliette, Georgia 31046		
	862	and		
	863	3 Transportation Coordinator		
864 Fuel Supply Department		Fuel Supply Department		
	865	Southern Company Services		
	866	P. O. Box 2625		
	867 BIN 852			
	868	Birmingham, AL 35202		
	869	PRODUCER shall determine the short proximate analysis, in		
	870	accordance with Annex H, of each Shipment and shall telecopy and		
	871	72 PURCHASER at locations designated by PURCHASER. Should PRODUCER 73 fail to provide such analysis as specified, PURCHASER may elect 74 to delay unloading of Shipment until such time as analysis is 75 provided and PRODUCER is liable for any demurrage and other costs 76 occasioned by the delay.		
	872			
	873			
	874			
	875			
	876			
	877	8.01 <u>Quantity Requirements</u> . PRODUCER shall tender coal		
	878	produced from the Coal Property at the Base Rate of 530,000 tons		

880 Contract Year are to be delivered in approximately equal monthly

per Contract Year. The annual tonnages to be delivered in any

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quantities and shall be within two percent (2%) of 530,000 tons 885 886 (except that PRODUCER will deliver approximately 20,000 tons per sonth during the months of December, 1987 and January, 1988 and 887 the balance of the 530,000 annual tonnage commitment in 888 approximately equal monthly quantities during the remainder of 889 the first Contract Year). PURCHASER shall have the right, upon 890 891 sixty (60) days written notice, to increase or decrease the quantity of coal to be delivered monthly under this Agreement; 892 893 provided however that PURCHASER may not increase the quantity by more than one (1) unit train per month above the Base Rate nor 894 decrease the quantity by more than one (1) unit train per month 895 896 below the Base Rate provided, however, the tonnage during any Contract Year will be 530,000 tons. 897

In the event PRODUCER has available for delivery additional 898 quantities of coal, that is, in excess of the quantity 899 900 requirements hereunder, from the Coal Property and desires to sell the same to PURCHASER under the terms of this Agreement, 901 902 SELLER and PRODUCER may offer the same to PURCHASER, and upon acquiring the prior written approval of PURCHASER, such 903 904 additional quantities shall be added to the quantities above set forth and shall be governed by the terms hereunder. 905

906 9.01 <u>Weighing.</u> Coal provided by PRODUCER under this
907 Agreement shall be weighed by PRODUCER as provided in this
908 Section 9.01. PURCHASER shall have the option at any time during
909 the term of this Agreement to elect to weigh the coal for

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914 governing purposes at PURCHASER's plant(s), or other destinations 915 specified by PURCHASER.

Except as provided above, the weight of coal for each 916 Shipment sold and delivered hereunder shall be determined from 917 the PRODUCER's scale located at the PRODUCER's final coal loading 918 facility. Said scales and method of weighing shall be acceptable 919 to the FURCHASER and the Carrier, and shall be certified in 920 accordance with the then current Association of American 921 Railroads "Scale Handbook". PRODUCER's scales used to determine 922 the governing weight of coal shall be certified on at least a 923 semi-annual basis. PRODUCER's scales used to determine the 924 governing weight shall also be calibrated and maintained in an 925 926 accurate condition between material tests and certifications. 927 Documentation of all scale tests and maintenance performed shall be provided to PURCHASER within fourteen (14) days of completion 928 of such action. In the absence of scale weights from PRODUCER, 929 PURCHASER and PRODUCER shall mutually agree by what means the 930 weight of coal sold, delivered and purchased hereunder shall be 931 determined. Such methods as mutually agreed on shall not 932 necessarily be the same as that required under the rail contract 933 for payment of freight. PRODUCER shall pay all costs or expenses 934 charged to or incurred by PURCHASER as a result of the absence of 935 scale weights from PRODUCER. 936

937 A net weight shall be determined and reported for each
938 Shipment of coal hereunder. If PRODUCER provides 3

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coupled-in-motion track scale, the actual empty weight of the 943 railcar rather than the empty (tare) weight stenciled on the 944 railcar shall be used for the determination of the net weight. 945 The scale shall be tested as normally used by comparing the 946 in-motion weight of a unit train with the weight of the train 947 determined statically weighing each railcar uncoupled at both 948 949 ends. The scale shall be calibrated statically with a certified railroad test car as required during the course of the test. The 950 951 coupled-in-motion scale shall be tested with railcars both empty and loaded. PRODUCER shall be responsible for all test charges. 952 Additional tests shall be performed if requested by the 953 PURCHASER. PURCHASER shall be responsible for the cost of 954 additional tests unless the results thereof show that the scale 955 failed to conform to certification standards, in which event 956 PRODUCER shall be responsible for such costs. 957 PURCHASER shall have the right to have representatives 958 present at any and all times to observe the weighing of coal as 959 well as all maintenance and tests on the weighing devices. 960

961 PURCHASER's representative shall have the right to delay or stop 962 coal loading in the event that PRODUCER's scale malfunctions.

963 PRODUCER shall pay all costs or expenses charged to or incurred 964 by PURCHASER as a result of any such scale malfunction. Loading 965 will be resumed when scale repairs are completed or when mutually 966 agreed to by FURCHASER and PRODUCER. PURCHASER agrees to work in 967 a reasonable and expeditious manner to facilitate resumption of

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loading. If PURCHASER should at any time question the accuracy 972 of the weights thus determined, PURCHASER shall so advise 973 PRODUCER and PRODUCER shall permit PURCHASER's representatives to 974 test PRODUCER's weighing devices or methods. If such tests show 975 the weighing devices to be out of tolerance, or if the weighing 976 devices otherwise are determined to be out of tolerance, the 977 weighing devices shall be adjusted to an accurate condition. In 978 the event PURCHASER and PRODUCER are unable to agree upon such 979 tests and adjustments, or the devices or methods thereof, the 980 weighing devices and methods shall be tested and adjusted to a 981 condition of accuracy by a qualified third party, mutually chosen 982 by PURCHASER and PRODUCER, and the cost of the testing and 983 adjusting by such third party shall be shared equally by 984 985 PURCHASER and PRODUCER.

If PRODUCER's weighing devices or methods are determined to 986 be out of tolerance, an appropriate adjustment shall be made to 987 the affected weights and related invoices and payments. In the 988 absence of a date certain, such adjustments shall be made 989 retroactively to a date midway between the date on which the 990 weighing devices were last certified and the date on which the 991 out of tolerance condition caused by weighing methods or devices 992 was first questioned and prospectively until the date on which 993 the weighing methods and devices were corrected. 994

995 10.01 <u>Coal Specifications</u>. The coal sold by SELLER and
 996 PRODUCER and purchased by PURCHASER hereunder shall be uniformly

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blended and such blend shall be consistent from railcar to 1001 railcar; shall be three inches and under in size (3" x 0") as 1002 defined in the then current ASTM Designation D-431 Standard for 1003 Designating Size of Coal and shall not contain greater than sixty 1004 percent (60%) particles less than (1/4) inch in size (if, in 1005 PURCHASER's sole judgement, coal handling problems occur at the 1006 destination because of size consistency, PRODUCER agrees to take 1007 corrective action acceptable to PURCHASER); shall have no 1008 intermediate sizes added or removed; shall be free of bone, 1009 slate, shale, rock, dirt, and clay, and free of extraneous 1010 material which term shall include, but not be limited to plastic, 1011 rubber, iron, wood and other waste materials, and shall conform 1012 to the following analysis on an "as received" basis: 1013

Typical 1015 Rejection Limits Suspension Limits Coal Specifications 1016 (Per Train) (Per Train) (Per Train) 1017 --------------1018 11.00% or greater 8.00% or less 10.00% or greater Moisture (total) 1019 13.00% or greater 12.00% or greater 11.00% or less 1020 Ash Greater than 0.6 lbs. Greater than 0.6 lbs. per 1021 Sulfur per million Btu million Btu or less 0.6 lbs per 1022 million Btu 1023 Equal to or less Equal to or less Equal to or greater Volatile Matter 1024 than 28% than 28% than 30% 1025 Less than 2300 Less than 2400 Equal to or greater Ash Fusion Temp. 1026 Degrees F Degrees F than 2400 Degrees F Softening (H=W 1027 Reducing Atmosphere) 1028 Less than 38 Less than 38 Equal to or greater 1029 Grindability (Hardgrove Index) (Hardgrove Index) than 40 (Hardgrove 1030 Index) 1031

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Calorific Value Equal to or greater 12,500 Btu/1b. 12,000 Btu/1b. or 1037 than 13,000 Btu/lb. or less 1038 less An example of the calculation of the pounds of sulfur per 1040 1041 million Btu is shown in Annex K. 1042 SELLER shall reimburse PURCHASER for all damage caused to PURCHASER's equipment by any extraneous material loaded with the 1043 1044 coal by SELLER. 1045 11.01 Sampling and Analysis. Coal provided by PRODUCER under this Agreement shall 1046 1047 initially be sampled by PRODUCER and analyzed by PURCHASER or PURCHASER's designated laboratory as provided in this Section 1048 11.01. PURCHASER shall have the option at any time during the 1049 1050 term of this Agreement to elect to sample for governing purposes 1051 at PURCHASER's plant(s) or other destination specified by 1052 PURCHASER. PURCHASER's sampling shall conform to specifications 1053 based on the then current American Society for Testing and 1054 Materials Standard D-2234 "Collection of a Gross Sample of Coal" and Standard D-2013 "Preparing Coal Samples for Analysis." 1055 So long as PRODUCER samples the coal for governing purposes, 1056 PRODUCER shall provide at PRODUCER's final coal loading facility 1057 a mechanical sampling system of the "cutting the full coal 1058 1059 stream" type or other system acceptable to PURCHASER. The design 1060 and operation of the sampling system shall be in accordance with the then current American Society for Testing and Materials 1061 Standard D-2234 "Collection of a Gross Sample of Coal" and 1062

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Standard D-2013 "Preparing Coal Samples for Analysis". The 1067 sampling system shall be enclosed to minimize moisture loss and 1068 shall be designed for one stage of sample crushing to an eight 1069 (8) mesh product. PRODUCER shall submit design drawings and 1070 specifications for any new proposed sampling system to PURCHASER 1071 for review and comment prior to installation. PURCHASER and 1072 PRODUCER shall use their best efforts to agree on modification of 1073 procedures and equipment to incorporate improved methods 1074 developed in the future by American Society for Testing and 1075 1076 Materials.

PRODUCER shall collect representative samples of each 1077 Shipment of coal sold hereunder using the mechanical sampling 1078 system as described above at the loading facility. The final 1079 sample of eight (8) mesh coal from the mechanical sampling system 1080 shall be reduced to four (4) 1000 gram samples, at the loading 1081 facility, in accordance with the then current American Society 1082 for Testing and Materials Standard D-2013 "Preparing Coal Samples 1083 for Analysis", using an enclosed riffle to minimize moisture 1084 loss. PRODUCER shall ship two (2) eight (8) mesh samples, within 1085 twenty-four (24) hours of sample collection, to PURCHASER's 1086 designated laboratory, and two (2) eight (8) mesh samples shall 1087 be retained by the PRODUCER. One (1) eight (8) mesh sample shall 1088 be retained by PRODUCER for thirty (30) days from date of 1089 Shipment as a reserve sample. One eight (8) mesh sample shall be 1090 analyzed by PRODUCER to meet its requirements under Section 7.01. 1091

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PURCHASER or its designated representative may observe any 1096 sampling or sample preparation performed by PRODUCER; PRODUCER or 1097 its designated representative may observe any sampling or sample 1098 preparation performed by PURCHASER or PURCHASER's designated 1099 laboratory. PURCHASER's representative shall have the right to 1100 delay or stop coal loading in the event that PRODUCER's sampling 1101 system malfunctions. PRODUCER shall pay all costs or expenses 1102 charged to or incurred by PURCHASER as a result of any such 1103 sampling system malfunction. Loading will be resumed when 1104 sampling system repairs are completed or when mutually agreed to 1105 by PURCHASER and PRODUCER. PURCHASER agrees to work in a 1106 reasonable and expeditious manner to facilitate resumption of 1107 loading. 1108

1109 Two (2) eight (8) mesh samples sent to PURCHASER's 1110 designated laboratory shall be analyzed in accordance with Annex 1111 H and the results of such analysis shall be used for the 1112 governing purposes of this Agreement.

PURCHASER's designated laboratory may be an independent qualified, commercial, coal testing laboratory which shall analyze the eight (8) mesh samples sent by PRODUCER in accordance with Annex H. In the event PURCHASER elects to employ such a commercial laboratory, PRODUCER shall not be liable for any costs incurred by PURCHASER except as herein provided.

1119 Annex H delineates laboratory sample preparation and 1120 analytical procedures which are in accord with ASTM and industry

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1125 standards and which are to be used by PRODUCER and PURCHASER as 1126 provided in this Section 11.01.

1127 If a dispute arises between PURCHASER and PRODUCER over the 1128 results of such analyses, the eight (8) mesh sample reserved for 1129 settlement of disputes shall be sent to a qualified independent 1130 laboratory (selected jointly by PURCHASER and PRODUCER) which 1131 shall conduct a referee analysis in accordance with Annex H. The 1132 cost of any such referee analysis shall be borne equally by 1133 PURCHASER and PRODUCER.

1134 With respect to a dispute pertaining to the calorific value 1135 of the coal as shown by the analysis, the analysis of PURCHASER or PURCHASER's designated laboratory shall be deemed to have been 1136 confirmed if the dry basis Btu content of the analysis of such 1137 independent laboratory differs from analysis of PURCHASER or 1138 PURCHASER's designated laboratory by no more than 100 Btu per 1139 1140 pound. With respect to disputes involving other items of the analysis, the analysis of PURCHASER or PURCHASER's designated 1141 laboratory shall be deemed to have been confirmed if the 1142 difference between the analysis of such independent laboratory 1143 and analysis of PURCHASER or PURCHASER's designated laboratory is 1144 within the tolerances specified in the then current American 1145 Society of Testing and Materials Standards. 1146

1147 In the event that a difference in any disputed item of 1148 PURCHASER or PURCHASER's designated laboratory analysis and the 1149 independent laboratory's analysis of the referee sample exceeds

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1154 tolerances specified in the then current ASTM Standards, the 1155 complete analysis of the referee sample shall govern.

1156 12.01 Suspension of Shipments for Coal Quality Deficiencies. Should the coal quality of any Shipment fail to 1157 comply with any of the coal suspension limits stated in Section 1158 10.01 of this Agreement, PURCHASER shall have the right to 1159 suspend immediately all Shipments by giving notice of the 1160 suspension to SELLER and PRODUCER. After receipt of such notice, 1161 1162 PRODUCER shall immediately commence appropriate action and use its best efforts to correct the deficiency. PRODUCER shall 1163 furnish PURCHASER with such documentation as PURCHASER may 1164 reasonably require to assure PURCHASER of PRODUCER's ability to 1165 perform. If PURCHASER is reasonably assured that PRODUCER can 1166 deliver coal which complies with the typical specifications of 1167 Section 10.01, then a test Shipment shall be scheduled. If 1168 analysis by PURCHASER shows the test Shipment to be in compliance 1169 with the typical specifications of Section 10.01, deliveries 1170 shall be permitted to resume. PURCHASER shall have the sole 1171 1172 right to determine if PRODUCER shall be allowed to make up any 1173 Tonnage not delivered during the suspension.

1174 If PURCHASER does not receive adequate assurance of 1175 PRODUCER's ability to deliver coal which complies with the 1176 typical coal specifications, within thirty (30) days of 1177 suspension notice, or such longer period as PURCHASER may allow, 1178 or if the test delivery fails to comply with the typical coal

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1183 specifications, PURCHASER shall so notify PRODUCER of such 1184 failure, and, subject to the limitations set forth in Section 1185 28.01, this Agreement may be immediately terminated, at 1186 PURCHASER's option.

12.02 Termination of Agreement for Coal Quality 1187 Deficiencies. In addition to and not as a limitation upon other 1188 rights of PURCHASER, if during a sixty (60) consecutive day 1189 period following notice to SELLER of failure to comply with 1190 Section 10.01, forty percent (40%) of the coal shipped fails to 1191 comply with any of the typical coal specifications set forth in 1192 Section 10.01, SELLER and PRODUCER shall be in material breach of 1193 this entire Agreement and PURCHASER, subject to the limitations 1194 set forth in Section 28.01, shall have the right to immediately 1195 terminate this Agreement. 1196

In the event PURCHASER terminates this Agreement under this 1197 Section 12.02 or Section 13.01, or suspends delivery pursuant to 1198 the provisions of Section 12.01, and in addition to other 1199 remedies provided by this Agreement or by law, SELLER and 1200 PRODUCER shall be liable to PURCHASER for breach of the entire 1201 Agreement and shall be responsible and shall pay PURCHASER for 1202 any and all costs incurred by PURCHASER under this Agreement and 1203 other contracts with transportation companies which result from 1204 such termination or suspension of Shipments hereunder. 1205

1206 12.03 <u>Rejection of Coal for Coal Quality Deficiencies</u>. In 1207 addition to and not a limitation upon its suspension or

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termination rights, PURCHASER shall have the right to reject any 1212 unit train should the quality of coal of that unit train show, by 1213 analysis (including analysis as provided in Section 7.01), 1214 failure to comply with the rejection limits as set forth in 1215 Section 10.01. PURCHASER shall give prompt notice to PRODUCER of 1216 any rejection of unit trains hereunder. After notification by 1217 PURCHASER of a rejected unit train, PRODUCER shall not resume 1218 Shipments until coal quality has been corrected to PURCHASER's 1219 satisfaction. In the event that PURCHASER rejects any coal, 1220 PRODUCER shall immediately remove said coal from PURCHASER's 1221 facilities or from transportation equipment at PRODUCER's expense 1222 and shall reimburse PURCHASER all its costs and expenses, 1223 including transportation cost, incurred in connection with the 1224 coal, all of which costs PURCHASER may deduct from any sum owed 1225 by PURCHASER to PRODUCER. 1226

1227 In the event that PURCHASER, at its sole discretion, accepts 1228 coal in which the "as received" analysis exceeds any rejection 1229 limit as set forth in Section 10.01, the following price 1230 edjustments shall apply:

1232 1233	Moisture Adjustment	- \$3.00 per Ton for each one (1) percent or any fraction thereof
1234 1235	Ash Adjustment	<ul> <li>\$3.00 per Ton for each one (1) percent or any fraction thereof</li> </ul>
1236 1237	Btu Adjustment	<ul> <li>\$2.00 per Ton for each 100 Btu's or fraction ther of</li> </ul>

PURCHASER's election to accept coal that exceeds the rejection 1242 limits and receive an adjustment will not affect any other remedy 1243 or price adjustment under the Agreement, including PURCHASER's 1244 right to reject coal shipped thereafter which exceeds the 1245 rejection limits as set forth in Section 10.01. Examples of the 1246 application of these quality adjustments are listed in Annex G. 1247 12.04 Suspension and Termination of Agreement for 1248 Operational Considerations. PURCHASER shall have the right to 1249 suspend deliveries hereunder if it determines through its sole 1250 judgement that coal does not perform satisfactorily in 1251 PURCHASER's generating plant(s) because of operational 1252 considerations. Should such determination be made by PURCHASER, 1253 PURCHASER shall give SELLER and PRODUCER written notice of such 1254 determination and suspension. SELLER may, upon a suspension, 1255 propose means to overcome the problem giving rise to such adverse 1256 effect. If within ninety (90) days after suspension of 1257 deliveries under this Section SELLER has been unable to propose 1258 an acceptable means to overcome the problem to PURCHASER's 1259 satisfaction, PURCHASER shall have the exclusive right to 1260 immediately terminate this Agreement. If PURCHASER elects to 1261 terminate this Agreement for operational considerations as 1262 provided herein, then the payment provisions of Section 13.02 1263 below shall apply except that PURCHASER shall pay to SELLER fifty 1264 percent (50%) of the sum provided for therein. 1265

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1271 PURCHASER and SELLER and PRODUCER agree that the provisions 1272 of this Section 12.04 shall not be in effect until PURCHASER's 1273 obligation to pay the fixed component has expired or been 1274 terminated as stated in Section 4.01.

Termination for Unremedied Default. In the event of 1275 13.01 the failure of either party to comply with any or all of their 1276 respective obligations in good faith as herein set forth, the 1277 party not in default shall have the right to terminate this 1278 Agreement at any time by giving to the other ninety (90) days 1279 notice in writing of its intention to do so and specifying the 1280 default. At the expiration of said ninety (90) days, unless the 1281 party in default shall have made good such default, the party not 1282 in default shall have the right at its election, subject to the 1283 limitations set forth in Section 28.01, to terminate this 1284 Agreement forthwith. This right shall be in addition to the 1285 rights provided to either party in other portions of this 1286 Agreement and by law. 1287

13.02 Unilateral Termination Right. In addition to any 1288 other termination rights provided in this contract or at law, 1289 PURCHASER expressly reserves the right, upon six (6) months prior 1290 written notice to SELLER, to unilaterally terminate this 1291 Agreement; provided, however, that PURCHASER shall pay to SELLER 1292 an amount equal to \$5.00 per Ton, multiplied by the remaining 1293 minimum number of Tons scheduled for delivery from the effective 1294 termination date herein through the then current date for 1295

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termination. Said payment by PURCHASER to SELLER shall 1300 constitute SELLER's sole remedy against PURCHASER for any loss, 1301 cost, or damage incurred by SELLER as a result of PURCHASER's 1302 termination under this Agreement. PURCHASER shall have no 1303 further obligation or liability under this Agreement or at law 1304 except with respect to coal delivered prior to said termination 1305 date or as otherwise provided. PURCHASER and SELLER agree that 1306 the provisions of this Section 13.02 shall not be in effect until 1307 PURCHASER's obligation to pay the fixed component has expired or 1308 been terminated as stated in Section 4.01. 1309

14.01 Force Majeure. "PRODUCER's Force Majeure" as used 1310 herein shall mean a cause reasonably beyond the control of 1311 PRODUCER which wholly or in substantial part prevents the mining 1312 or delivery of coal. "PURCHASER's Force Majeure" as used herein 1313 shall mean a cause reasonably beyond the control of PURCHASER 1314 which wholly or in substantial part prevents the unloading, 1315 storing or burning of coal by PURCHASER at its destination. 1316 Examples (without limitations) of force majeure are the 1317 following: acts of God; acts of the public enemy; insurrections; 1318 riots; strikes; labor disputes; work stoppages; fires; 1319 explosions; floods; electric power failures; breakdowns of or 1320 damage to generating or preparation plants; interruptions to or 1321 contingencies of transportation; embargoes; and orders or acts of 1322 civil authority (including, without limitation, a city or county 1323 ordinance, an act of a state legislature, an act of the United 1324

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States Congress) or military authority; provided, however, for 1329 the purposes of this Agreement, force majeure shall not include, 1330 and PRODUCER shall not be excused from performance because of the 1331 development or existence of economic conditions which may 1332 adversely affect the anticipated profitability of the mining 1333 1334 activities of PRODUCER hereunder, acts or omissions of PRODUCER which constitute mismanagement on the part of PRODUCER, or 1335 reduced productivity of labor employed by PRODUCER in its mining 1336 1337 activity hereunder.

If because of PURCHASER's Force Majeure PURCHASER is unable 1338 to carry out its obligations under this Agreement, and if 1339 PURCHASER gives PRODUCER written notice of such force majeure, 1340 1341 the obligations and liabilities of PURCHASER and the corresponding obligations of PRODUCER shall be suspended to the 1342 1343 extent made necessary by and during the continuance of such 1344 PURCHASER's Force Majeure; provided, however, that the disabling effects of such force majeure shall be eliminated as soon as and 1345 1346 to the extent possible (except that either party may settle any of its own labor disputes, strikes, or terminate any of its own 1347 lockouts in its sole discretion). 1348

1349 If because of PRODUCER's Force Majeure PRODUCER is unable to 1350 carry out its obligations under this Agreement, and if SELLER and 1351 PRODUCER gives PURCHASER written notice of such force majeure, 1352 the obligations and liabilities of SELLER and PRODUCER and the 1353 corresponding obligations of PURCHASER shall be suspended to the

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1358 extent made necessary by and during the continuance of such 1359 PRODUCER's Force Majeure; provided, however, that the disabling 1360 effects of such force majeure shall be eliminated as soon as and 1361 to the extent possible (except that either party may settle any 1362 of its own labor disputes, strikes, or terminate any of its own 1363 lockouts in its own sole discretion).

Upon elimination of any force majeure condition, PURCHASER 1364 1365 may, at its sole option, elect to receive Tonnage not shipped during the force majeure period at a shipping rate to be 1366 determined by PURCHASER, but subject to PRODUCER's ability to 1367 perform. In the alternative, PURCHASER may, at its sole option, 1368 elect to have any Tonnage not delivered during the force majeure 1369 period reduce the total tonnage to be shipped, as provided for in 1370 1371 this Agreement.

1372 It is agreed that in the event that any valid act, law, ordinance, rule or regulation of a municipality, county, state or 1373 1374 the United States government, or final judicial decision, judgement or order, is adopted or passed after the date of this 1375 Agreement, which (a) directly prohibits the mining contemplated 1376 hereunder, or (b) imposes significant burdens or restrictions 1377 upon the burning or use of such coal by PURCHASER to the extent 1378 that PURCHASER is unable or would not be allowed to utilize such 1379 coal or would be allowed to utilize such coal only after the 1380 installation or substantial renovation of plant equipment, then 1381 the existence and implementation of such act, law, ordinance, 1382

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1387 rule, regulation, judgement or order shall constitute an instance 1388 of permanent force majeure whereupon this Agreement, subject to 1389 the limitations set forth in Section 28.01, may be terminated by 1390 the party so affected.

1391 Notwithstanding the provisions of this Section 14.01, if (a) 1392 a condition of force majeure occurs which causes the mutual obligations to be suspended as provided above with respect to the 1393 1394 total quantity of coal to be supplied, and (b) such condition (alone or extended by other conditions of force majeure) 1395 continues so that the mutual obligations remain suspended for a 1396 1397 period of six (6) months, and (c) at the end of said six (6) 1398 months or at any time thereafter, the party not claiming force majeure, in the exercise of reasonable judgement, concludes that 1399 there is little likelihood of ending the condition(s) in the 1400 1401 immediate future, then the party not claiming force majeure may 1402 terminate this Agreement, subject to the limitations set forth in Section 28.01, without liability to the other party by giving to 1403 the other ninety (90) days notice in writing of its intention to 1404 1405 terminate.

Notwithstanding anything contained in this Section 14.01, the PURCHASER's obligation to make the fixed component payments set forth in Section 4.01 shall not be suspended or terminated due to the event of any PURCHASER's Force Majeure or any instance of permanent Force Majeure as defined above.

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15.01 Changes in Environmental Related Requirements. 1416 The term "environmental related requirements," as used in 1417 this Agreement, means (i) any prohibition, restriction, or 1418 limitation related to the quality of coal which PURCHASER may 1419 burn, including any constituent specification, at any or all of 1420 its electric generating plants, or to the type or amount of 1421 emissions from any or all such plants; (ii) any rule or 1422 requirements affecting the permissible means for complying with 1423 any such prohibition, restriction or limitation; and, (iii) any 1424 imposition of a cost, fee, tax or other economic burden on 1425 PURCHASER relating to any constituent specification of coal 1426 purchased by it, or to the type or amount of emissions from its 1427 electric generating plants. A "change" in environmental related 1428 requirements shall be deemed to have occurred if there is any 1429 increase or decrease in an environmental related requirement or 1430 imposition of a new environmental related requirement on 1431 PURCHASER as a result of any federal or state statute, local 1432 ordinance, administrative regulation or ruling, court order, or 1433 any revision in any interpretation or implementation thereof. It 1434 is recognized that a change in environmental related requirements 1435 upon PURCHASER may occur even though stated as a restriction or 1436 limitation on, or requirement of, PURCHASER and its affiliates or 1437 some other group of utilities. It is further recognized that any 1438 change in environmental related requirements may affect PURCHASER 1439 in a general way and may not be directed at specific plants, 1440

1445 fuels, fuel supplies or other operating conditions. In this 1446 event, PURCHASER shall, in it's sole discretion, determine the 1447 strategy for compliance, and whether PURCHASER's use of the coal 1448 to be supplied hereunder has been adversely impacted.

The price, specifications, quantity and destination of coal 1449 purchased hereunder is predicated on environmental related 1450 requirements in effect as of December 1, 1987. In the event and 1451 whenever after December 1, 1987, there is a change in 1452 environmental related requirements, PURCHASER shall determine 1453 whether such change has had or may have an adverse impact on 1454 PURCHASER's use of the coal purchased hereunder. It is agreed 1455 that any change in environmental related requirements which 1456 imposes a fee, tax or other economic burden on PURCHASER relating 1457 to the constitutent specifications of coal purchased by it or on 1458 the type or amount of emissions from PURCHASER's electric 1459 generating plants, or prevents PURCHASER from utilizing the coal 1460 purchased hereunder in its electric generating plants, or 1461 requires PURCHASER to install equipment (such as flue gas 1462 desulfurization equipment or particulate removal equipment) at 1463 one or more of its electric generating plants in order to comply 1464 with such change, or requires or permits PURCHASER to utilize 1465 coal of a quality (including sulfur content) different from that 1466 specified in Section 10.01, shall be deemed to have an adverse 1467 impact on PURCHASER's use of the coal purchased hereunder, even 1468 though the statute, regulation, ruling or ordinance may allow 1469

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1474 PURCHASER a choice of options for complying with such changed 1475 environmental related requirements (which choice may include the 1476 payment of a fee or tax in lieu of the installation of equipment 1477 or utilization of coal of different constituent specifications).

1478 If PURCHASER determines that a change in environmental related requirements has had or may have an adverse impact on 1479 PURCHASER's use of the coal purchased hereunder, PURCHASER shall 1480 so notify SELLER and PRODUCER, and SELLER and PRODUCER shall have 1481 the right, at their option, to propose any steps available to 1482 them, within thirty (30) days of PURCHASER's notification to 1483 SELLER and PRODUCER, in the mining and processing of the coal, or 1484 in the supply of substitute coal, or in the reduction in the 1485 price of the coal, or other measure which would result in as low 1486 a delivered cost of fuel at PURCHASER's electric generating 1487 plant(s) as PURCHASER could achieve by purchasing reasonably 1488 available substitute fuel. In the event PURCHASER, in its sole 1489 discretion, determines that SELLER and PRODUCER cannot achieve 1490 this result, then PURCHASER may terminate this Agreement upon 1491 ninety (90) days' written notice. PURCHASER shall have the right 1492 to give such notice either before or after the effect of a change 1493 in environmental related requirements. PURCHASER and SELLER 1494 agree that the provisions of this Section 15.01 shall not be in 1495 effect until PURCHASER's obligation to pay the fixed component 1496 has expired or been terminated as stated in Section 4.01. 1497

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1503 16.01 <u>Independent Contractor</u>. This is an Agreement for the 1504 Sale and Purchase of coal. The parties recognize and agree that 1505 SELLER and PRODUCER are not agents or employees of PURCHASER but 1506 are independent of any managerial or other control or direction 1507 by PURCHASER in its work hereunder, and are free to perform, by 1508 such means and in such manner as they may choose, all work in 1509 pursuance of commitments hereunder.

17.01 <u>Binding Effect</u>. This Agreement shall bind and inure
1511 to the benefit of the parties and their successors and assigns
1512 under Section 18.01.

18.01 Assignments. Neither party may assign this Agreement 1513 or any rights or obligations hereunder without the prior written 1514 consent of the other party (which shall not be unreasonably 1515 withheld), which consent shall not be required for SELLER or 1516 PRODUCER or agent for SELLER and PRODUCER to assign, pledge or 1517 hypothecate this Agreement purely for financing purposes and 1518 without relinquishing its own performance obligations under this 1519 Agreement, and in the event such should be done, PURCHASER's 1520 obligation to make fixed component payments under Section 4.01 1521 shall not be suspended, expire or be terminated (except pursuant 1522 to such section) for any reason whatsoever including breach by 1523 any party to this Agreement, and the assignce may enforce rights 1524 and remedies under its assignment documents or at law to obtain a 1525 new assignee to take the place of PRODUCER, SELLER, Agent for 1526 SELLER and PRODUCER and/or Sales Agent under this Agreement 1527

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(which new assignee may substitute supply from a different 1532 reserve source(s) and shipping point(s)), and no consent shall be 1533 required with respect thereto. The PURCHASER agrees that the 1534 assignee or such new assignee shall have all the rights provided 1535 hereunder to cure defaults, provided however that any such 1536 default shall be cured within 180 days of notice by PURCHASER of 1537 its intent to terminate this Agreement, given after rise of 1538 rights of PURCHASER to terminate this Agreement. In the event 1539 the Agreement is assigned for financing purposes (as set out in 1540 this Section) PURCHASER agrees, upon being notified of such 1541 assignment and the identity of the assignee, to give the assignee 1542 sixty (60) days notice prior to any amendment of the Agreement. 1543 PURCHASER further agrees to simultaneously copy such assignee 1544 with any notice to SELLER or PRODUCER of non-performance under 1545 the Agreement. Without assigning this Agreement or any rights or 1546 obligations hereunder and without relieving PURCHASER of any of 1547 its performance obligations hereunder, PURCHASER shall have the 1548 right to sell all or any portion of the coal under this Agreement 1549 at any time during the primary term or one or both extended 1550 terms. PURCHASER may, without consent of SELLER or PRODUCER, 1551 assign all or any portion of this Agreement to any company within 1552 The Southern Electric System and may exercise its right to divert 1553 coal Shipments to other destinations under Section 6.01 without 1554 consent of SELLER or PRODUCER. 1555

19.01 Right of Inspection: Accounting. SELLER and PRODUCER 1561 shall keep accurate books and records relating to the sale of 1562 coal to PURCHASER hereunder in accordance with sound and accepted 1563 1564 accounting principles and shall make such reports as have been specified or reasonably requested by PURCHASER. SELLER and 1565 1566 PRODUCER shall also preserve in an orderly manner the records 1567 supporting all charges and adjustments to the billing price hereunder and shall make such records available to PURCHASER, its 1568 accountants, auditor or other authorized representatives, who 1569 shall at all reasonable times be given access to and be permitted 1570 to examine such books and records after reasonable notification 1571 of its intent to inspect. In the event, upon audit, it is 1572 1573 determined that claims made by SELLER and PRODUCER for adjustments in price which were allowed to go into effect by 1574 PURCHASER were not properly calculated, adjustments shall be made 1575 promptly in billings hereunder for current coal deliveries to 1576 1577 reflect proper amounts of such adjustments or if no billings are 1578 then due, payments reflecting the difference between the proper amounts determined by audit and the amounts paid shall be made, 1579 however, no such adjustment shall be made for coal delivered in 1580 excess of twenty-four (24) months prior to such audit. 1581

1582 19.02 <u>Right of Inspection: Coal Property</u>. PURCHASER or its 1583 designated agent, at its sole risk and expense, shall have the 1584 right at all times to enter upon the Coal Property, and/or other 1585 appropriate locations, announced or unannounced and to inspect

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and examine the method, equipment and manner of mining, 1590 producing, storing, washing, blending, crushing, loading, 1591 unloading, transporting, sampling, weighing, analyzing, and other 1592 handling of coal to be sold and delivered under the Agreement, 1593 and to take samples of coal for PURCHASER's analyses. No 1594 inspection by PURCHASER shall be deemed as a waiver of any of 1595 PURCHASER's rights or relieve SELLER or PRODUCER of any 1596 obligation of this Agreement. 1597

20.01 Waiver. The failure of either party to insist on 1598 strict performance of any provision of this Agreement, or to take 1599 advantage of any right hereunder, shall not be construed as a 1600 waiver of such provision or right. Without limiting the 1601 generality of the foregoing sentence, the parties agree that any 1602 failure by PURCHASER to insist upon strict compliance by SELLER 1603 or PRODUCER for any period of time shall not constitute a 1604 modification of this Agreement, and PURCHASER shall at all times 1605 be entitled to insist upon SELLER's or PRODUCER's compliance with 1606 the requirements of this Agreement. 1607

1608 21.01 <u>Remedies Cumulative</u>. Except as otherwise provided
1609 herein, remedies provided under this Agreement shall be
1610 cumulative and in addition to other remedies provided by law.
1611 22.01 <u>Notices</u>. With the exception of SELLER's shipping
1612 notices as required by Section 7.01, any notice, request,
1613 protest, consent, demand, report or statement given by one party
1614 to the other shall be in writing and deemed duly received

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seventy-two (72) hours after it is deposited in the United States 1619 mail, by certified mail, postage prepaid, and properly addressed 1620 1621 as follows: (1) If the notice is to PURCHASER, to: 1622 Vice President, Fuel Services 1623 Southern Company Services, Inc. 1626 P. O. Box 2625 1625 **BIN 852** 1626 Birmingham, AL 35202 1627 with copy to: 1628 Manager, Fuel Services 1629 Georgia Power Company 1630 333 Piedmont 1631 P. O. Box 4545 1632 Atlanta, Georgia 30302 1633 (or to such other person or addresses as PURCHASER shall have 1634 designated in writing to SELLER or PRODUCER). 1635 (2) If the notice is to SELLER or PRODUCER, to: 1636 Delta Coals, Inc. 1637 95 White Bridge Road, S/404 1638 Nashville, Tennessee 37205 1639 with copy to: 1640 Pardee Coal Company, Inc. 1641 P. O. Box 668 1642 Norton, Virginia 24273 1643 (or to such other or additional person or address as SELLER shall 1644 have designated in writing to PURCHASER). 1645 23.01 Agent for PURCHASER. Southern Company Services, 1646 Inc., an Alabama corporation, is hereby designated by PURCHASER 1647 as agent for PURCHASER to act for and on behalf of PURCHASER for 1648 the purpose of giving or receiving any notice, demand or request 1649

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1654 required or authorized by this Agreement, for the purpose of 1655 designating the quantity, size, destination and routing of 1656 Shipments to be made from time to time to PURCHASER hereunder, 1657 and for such other purposes as may from time to time be 1658 designated by PURCHASER.

1659 23.02 Agent for SELLER and PRODUCER. Delta Coals, Inc., a 1660 corporation, is hereby designated by SELLER and PRODUCER as agent 1661 for SELLER and PRODUCER to act for and on behalf of SELLER and 1662 PRODUCER for the purpose of giving and receiving any notice, 1663 demand or request required or authorized by this Agreement, for 1664 receiving payments by PURCHASER, and for such other purposes as 1665 may from time to time be designated by SELLER and PRODUCER.

1666 24.01 <u>Captions</u>. The captions to sections hereof are for 1667 convenience only and shall not be considered in construing the 1668 intent of the parties.

1669 25.01 <u>Applicable Law</u>. All questions concerning the 1670 execution, construction, performance, breach or enforcement of 1671 this Agreement shall be resolved under the substantive laws of 1672 the State of Georgia and not just the Georgia laws regarding 1673 conflicts of laws.

1674 25.02 <u>Compliance with Laws and Regulations</u>. In connection 1675 with the performance of this Agreement, PURCHASER and SELLER and 1676 PRODUCER agree to comply in all material respects with 1677 governmental laws and regulations including those set forth in 1678 Annex J, attached hereto.

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1683 26.01 Entire Agreement. This instrument contains the 1684 entire Agreement between the parties, and there are no 1685 representations, understandings or agreements, oral or written, 1686 which are not included herein. This Agreement cannot be changed 1687 except by duly authorized representatives of both parties in 1688 writing.

1689 27.01 Confidential and Proprietary Information. The terms and conditions (including prices) set forth in this Agreement are 1690 1691 considered by PURCHASER and SELLER and PRODUCER to be confidential and proprietary information and neither party shall 1692 disclose any such information to any third party (except for 1693 potential assignees) without advance written consent of the other 1694 1695 (which consent shall not be unreasonably withheld) except where such disclosure may be required by law, regulation or regulatory 1696 1697 agencies having jurisdiction over PRODUCER or PURCHASER or in 1698 connection with assertion of a claim or defense in judicial or 1699 administrative proceedings involving the parties hereto, in which 1700 event the party to make such disclosure shall advise the other in advance and cooperate to the extent practicable to minimize the 1701 1702 disclosure of any such information.

1703 28.01 <u>Right of Substitution</u>. Until such time as the
1704 PURCHASER's obligation to make the fixed component payments under
1705 Section 4.01 has expired or been terminated, in the event SELLER
1706 or PRODUCER are unable to satisfy the requirements of this
1707 Agreement, including by reason of force majeure, so as to give

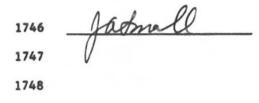
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rise to the rights of PURCHASER to terminate this Agreement, the 1712 SELLER or its assigns will have the right, within 180 days from 1713 receipt of written notice from PURCHASER of the intention to 1714 terminate this Agreement, given after rise of rights of PURCHASER 1715 to terminate this Agreement, to substitute another supply of coal 1716 and/or PRODUCER that meets all the requirements of this 1717 Agreement, which substitute supply may involve a different 1718 reserve source(s) and shipping point(s). It is understood that 1719 the coal specifications set forth in Section 10.01 for such 1720 substitute supply of coal may be modified for Btu, Moisture, and 1721 Ash only; provided however, that such modified coal 1722 specifications shall not exceed the rejection limits set forth in 1723 Section 10.01 and are approved by PURCHASER, which approval shall 1724 not be unreasonably withheld. If the coal specifications are 1725 modified herein, the price of such substitute coal will be 1726 adjusted for heat content to reflect PURCHASER's delivered cost 1727 under the Agreement. In addition, the price will be adjusted 1728 fifty cents (\$.50) for each increased percentage point for 1729 typical Moisture and Ash. Upon such acceptable substitution, 1730 FURCHASER shall restore any suspended payments to SELLER or its 1731 assignee in accordance with this Agreement. If restoration or 1732 substitution of the coal supply and/or PRODUCER is not 1733 accomplished in accordance with this Agreement within the 1734 aforesaid 180 day period, then PURCHASER may terminate the 1735 Agreement as provided herein. 1736

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1741 IN WITNESS WHEREOF, the parties hereto have caused this
1742 Agreement to be executed by their respective officers duly
1743 authorized thereunto, on the date indicated by their signatures.
1744 ATTEST: GEORGIA POWER COMPANY (PURCHASER)



President Its Seaver 9/87 Date Executed

1750 ATTEST: 1752 1753 1754 1756 ATTEST

121.

DELTA COALS EQUITY COMPANY, INC. (SELLER)

Its TRESIDEN Date Executed

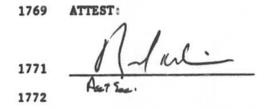
HUMPHREYS ENTERPRISES, INC. (PRODUCER)

Its Vice Date Executed

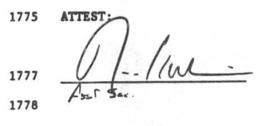
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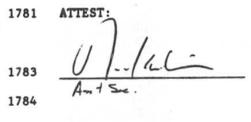
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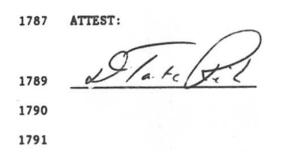
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GREATER WISE, INC. (PRODUCER)

Its Date Executed

RED RIVER COAL COMPANY, INC. (PRODUCER)

Its 87 Date Executed \_ 11 غا

PARDEE COAL COMPANY, INC. (PRODUCER)

Vice Its Date Executed 11/6/87

DELTA COALS, INC. (SALES AGENT) 141 HRES, DE. Its Date Executed

# ANNEX A

# COAL PROPERTY

TO BE PROVIDED BY PRODUCER BY December 1, 1987

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ANNEX B (REFERENCE TO SECTION 4.02) BASE PRICE COMPONENT VALUES AS OF DECEMBER 1, 1987

Section	Description	Per Ton
4.03	Labor Costs	\$ 7.43
4.04	Materials & Supplies Costs	\$11.60
4.05	Other Costs	\$ 7.70
4.07*	Unescalated Portion	\$ 3.00
	Total Base Price Per Ton	\$29.73

\*All costs of government imposition are included in the unescalated portion of the base price.



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# ANNEX C (REFERENCE TO SECTION 4.03)

#### LABOR

### COMPUTATION OF ADJUSTMENT FOR CHANGES IN LABOR COSTS COMPONENT

Figures used are hypothetical and for illustration NOTE: purposes only and are not meant to predict actual changes in the SIC Code 11, 12 Coal Mining, Average Hourly Earnings.

	HYPOTHETICAL BASE INDEX	HYPOTHETICAL INDEX
DESCRIPTION	December 1987	February 1988
SIC Code 11, 12 Coal Mining, Average Hourly Earnings	\$15.33	\$15.58
Percentage Increase: \$15.58 - \$15.33	- 1.6%	
Increase in labor component of base p	price:	
1.6% x \$7.43 = \$0.12		
Adjustment to be added to the Billing	Price effective	April 1, 1988:

Cumulative Adjustment Less Previous Adjustment

12 .00 Adjustment Effective 04/01/88 \$.12 per ton ----

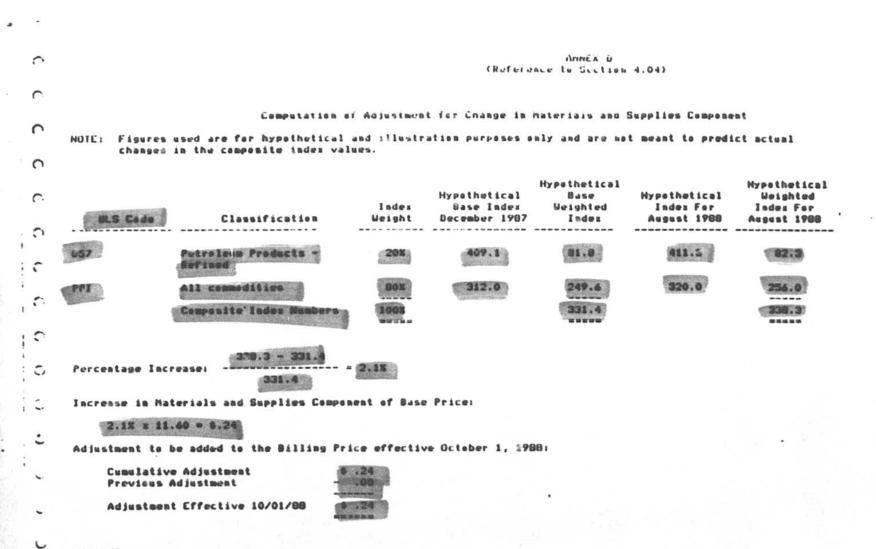
# ANNEX C (continued)

	HYPOTHETICAL BASE INDEX	HYPOTHETICAL INDEX	
DESCRIPTION	December 1987	February 1989	
SIC Code 11, 12 Coal Mining,			
Average Hourly Earnings	\$15.33	\$15.70	
Percentage Increase: \$15.70 - \$15.3	3 = 2.48		
Increase in Labor Costs of base pric	ce:		
2.48 x \$7.43 = \$0.18			
Adjustment to be added to the Billin	ng Price effective	April 1, 1989:	
Cumulative Adjustment \$.	18		

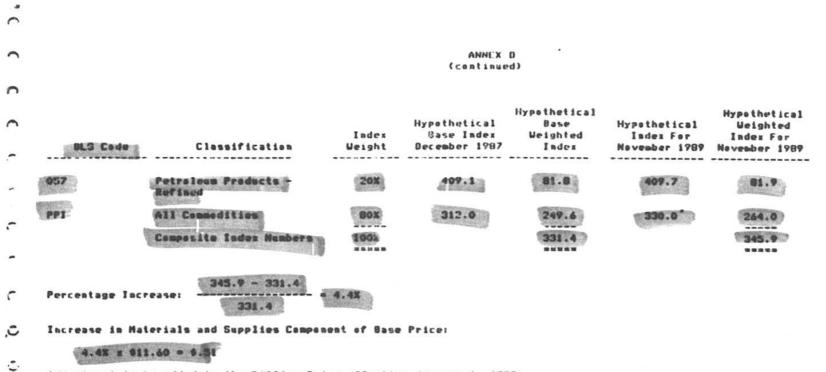
Less Previous Adjustment .12 Adjustment Effective 4/1/89 \$.06 per ton

NOTE: The index values to be used are those first published.

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Adjustment to be added to the Billing Price effective January 1, 1989:

Cumulative Adjustment Previous Adjustment

Adjustment Effective 1/01/89

\* .51 .24 \$ .27

dianzd2

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ANNEX E (Reference to Section 4.05 Other Costs)

Computation of Adjustment for Change in Other Costs

NOTE: Figures used are hypothetical and for illustration purposes only and are not meant to predict actual changes in the CPI-W.

	HYPOTHETICAL	HYPOTHETICAL	
	BASE INDEX	INDEX	
DESCRIPTION	DECEMBER 1987	FEBRUARY 1988	

CPI-W

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340.0

342.0

Percentage Increase: 342.0 - 340.0 = .68

Increase (decrease) in Other Costs:

.68 x \$7.70= \$.05

justment to be added to the Billing Price effective April 1, 1988:

Cumulative Adjustment Previous Adjustment

480		2	2	
-	۲	M	2	
-6087	1	n	n	b.
1000		×.	M	3
-10	22	-	-	82,

Adjustment Effective 04/01/88

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NOTE: The preliminary index values are to be used.

# ANNEX E (continued)

DESCRIPTION	HYPOTHETICAL BASE INDEX DECEMBER 1987	HYPOTHETICAL INDEX NOVEMBER 1988
CPI-W	340.0	348.0
Percentage Increase: 348.0 - 3 340.0		

Increase (decrease) in Other Costs:

2.48 x \$7.70 = \$.18

Adjustment to be added to the Billing Price effective January 1, 1989:

Cumulative Adjustment Previous Adjustment

1	-	 10	85	
1000	-		3	

Adjustment effective 1/01/89

NOTE: The preliminary index values are to be used.

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### ANNEX F (REFERENCE TO SECTION 4.09) COMPUTATION OF CALORIFIC VALUE ADJUSTMENT

The adjustment to the amount per ton to be paid by PURCHASER for coal unloaded in each month for which the calorific value of such coal is greater than or is less than 13,000 Btu per pound is calculated as follows:

#### Assume:

- The monthly weighted average "as received" calorific value equals

   (a) 13,200 Btu per pound and (b) 12,700 Btu per pound.
- The Base Price as stated in Section 4.01 as adjusted pursuant to Sections 4.03 through 4.06 = \$30.00 per ton.
- 3. The total Government Imposition Cost in effect on the date of shipment pursuant to Section 4.06 = \$1.51 per ton (base amount) + \$.30 per ton (adjustments) = \$1.81 per ton.
- The variable portion of the transportation rate = \$10.00.

# Example of Calculation

- (a) 13,200 Btu per pound
  - 1.  $\frac{13,200}{1.015}$  = 1.015
  - 2. 1.015 (\$30.00 + \$10.00 \$1.81) = \$38.76
  - 3. Calorific Value Adjusted Price = \$38.76 \$10.00 + \$1.81 = \$30.57
- (b) 12,700 Btu per pound
  - 1.  $\frac{12,700}{13,000} = .977$
  - 2. .977 (\$30.00 + \$10.00 \$1.81) = \$37.31
  - 3. Calorific Value Adjusted Price = \$37.31 \$10.00 + \$1.81 = \$29.12

### - ANNEX G (REFERENCE TO SECTION 12.03) COMPUTATION OF REJECTION ADJUSTMENTS

This is to adjust the amount per ton to be paid by Purchaser for coal unloaded which exceeds the rejection limits as set forth in Section 10.01.

### Rejection Adjustment Provisions

Moisture	Moisture	Ash	Ash
Content (%)	Adjustment	Content (%)	Adjustment
11.00 - 11.99	\$ 3.00/ton	13.00 - 13.99	\$ 3.00/ton
12.00 - 12.99	\$ 6.00/ton	14.00 - 14.99	\$ 6.00/ton
13.00 - 13.99	\$ 9.00/ton	15.00 - 15.99	\$ 9.00/ton
14.00 - 14.99	\$12.00/ton	16.00 - 16.99	\$12.00/ton
etc.	etc.	etc.	etc.

Btu	Cor	ntent	Btu	Adjustment
12,000	-	11,901	8	2.00/ton
11,900	-	11,801	\$4	1.00/ton
11,800	-	11,701	\$1	5.00/ton
11,700	-	11,601		3.00/ton
	eto			etc.

Example of rejection adjustments

For Illustration Only

Assume an "as received" analysis of the following:

12.17% Moisture 13.56% Ash 11,958 Btu

\$ 6.00/ton Moisture rejection adjustment
\$ 3.00/ton Ash rejection adjustment
\$ 2.00/ton Btu

\$11.00/ton Total rejection adjustment

### ANNEX H

# COAL PREPARATION AND ANALYSIS LABORATORY PROCEDURES

# A. AIR DRYING - LABORATORY SAMPLE

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

to the sample in the pan. The pan plus the air-dried coal will be weighed to the nearest 0.1 gram and the weight recorded as W. The percent air-drying loss is calculated as follows:

Percent Air Drying Loss =  $W - W \times 100$ W - (W + (W - W))

Where: W = Weight of empty pan

- W = Weight of the wet coal sample plus bag plus pan
- W = Weight of the air-dried coal sample plus bag plus pan
- W = Weight of the air-dried coal sample plus pan only

# B. RESIDUAL MOISTURE

Immediately after obtaining the final air-dried weight, the sample will mixed thoroughly by stirring. A residual moisture sample of 74 + 25 grams will be obtained by taking a sufficient number (20 to 30) of small increments in a matrix pattern from the air-dried U.S. No. 8 coal spread out over the pan. This sample will be placed in a clean, dry, airtight bottle of such size that the sample occupies 1/2 to 2/3 the volume of the bottle. The bottle will then be placed on a mixing wheel and mixed for approximately 20 minutes.

After mixing, the residual moisture in the air-dried U.S. No. 8 coal will be promptly determined. An aluminum pan (approximately 75 mm in diameter and 19mm in height)

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with a tight fitting cover, both of which have been previously dried and cooled in a desiccator, will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W . Approximately 10 grams of coal will be placed in the tared aluminum pan. The sample and pan (including the cover) will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W . The pan (with cover removed) containing the sample along with the cover will be dried in a box type, forced-air oven maintained at a temperature of 107 + 3 C for a period of one and one-half hours. After heating, the cover will be placed on the sample pan, the covered pan with sample will be removed from the oven and placed in a desiccator containing indicating grade activated alumina of equivalent for approximately 20 minutes. The pan containing the sample will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W . The percent residual moisture in the U.S. No. 8 coal is calculated as follows:

Percent Residual Moisture in U.S. No. 8 Coal = W - W x 100

Where: W = Tare weight of aluminum pan and cover
W = Weight of the wet coal sample plus pan
and cover

W = Weight of dried coal sample plus pan and cover

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### C. TOTAL MOISTURE CALCULATION

Percent Total Moisture =

# (100 - % Air Drying Loss) x (% Residual Moisture) + Air Drying Loss 100

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

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

# E. QUANTITY REDUCTION - LABORATORY ANALYSIS SAMPLE

Immediately after pulverizing, the sample will be divided to not less than 50 grams by riffling, using a totally enclosed riffle with 24 three-eights inch divisions. The sample weighing not less than 50 grams will be passed through on a U.S. No. 6 sieve; any oversize retained on the sieve will be reduced with a agate mortar and pestle to pass the 60 mesh sieve and added to the sample. The sample will be quickly placed in a clean, dry, air-tight bottle of such size that the sample occupies 1/2 to 2/3 the volume of the bottle. The bottle will also contain several jack rocks to facilitate mixing. The bottle will then be placed on a mixing wheel and mixed for approximately 20 minutes. This is

the <u>laboratory analysis sample</u> and is ready for the laboratory determinations.

### F. MOISTURE - LABORATORY ANALYSIS SAMPLE

A glass capsule (glass weighing bottle) approximately 25 mm in diameter and 40 mm in height with a ground glass cap, both of which have been previously dried and cooled in a desiccator, will be weighed on an analytical balance to the nearest 0.1 milligram and the weight recorded as W . Approximately one gram of coal will be placed in the tared glass capsule. The sample and glass capsule (including cap) will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W . The capsule (with cap removed) containing the sample along with the cover will be dried in a box-type oven with forced-air circulation maintained at a temperature of 107 + 3 C for on hour. The cap will be placed on the capsule, the covered capsule will be removed from the oven and placed in a desiccator containing indicating grade activated alumina or equivalent for approximately 20 minutes and weighed on an analytical balance to the nearest 0.1 milligram. Record this weight as W . The percent moisture in the U.S. No. 60 coal is calculated as follows:

Percent Moisture in U.S. No. 60 Coal = W - W × 100 W - W

Where: W = Weight of empty glass capsule and cap

- W = Initial weight of coal sample plus glass capsule and cap
- W = Final weight of coal sample after drying plus glass capsule and cap

### G. ASH

A porcelain capsule 22 mm in depth and 44 mm in diameter with cover will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W . Approximately 1 gram of coal will be placed in the tared porcelain capsule. The sample and porcelain capsule (including cover) will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W . The capsule (with cover removed) containing the sample will be placed in a cold muffle furnace (means will be provided for maintaining air flow at a rate of two to four air changes per minute moving throughout the furnace) and heated gradually at such a rate that the temperature reaches 450 to 500 C in the first hour, 750 C in the second hour, and held at 750 C for two additional hours. The capsule will be removed from the muffle furnace and allowed to cool for approximately five minutes. After cooling, the cover (which has been kept in an oven at 107 + 3 C during the ashing process) will be placed on the capsule and both placed in a desiccator containing indicating grade activated alumina or equivalent for approximately 30 minutes and weighed to the

nearest 0.1 milligram on an analytical balance. This weight is recorded as W. The percent ash is calculated as follows:

Percent Ash in Analysis = W - W x 100 W - W

Where: W = Weight of empty capsule and cover
W = Weight of analysis sample plus capsule
and cover

W = Weight of ash plus capsule and cover

### H. VOLATILE MATTER

Volatile matter, when required, will be determined by the method in ASTM Designation D 3175-82.

### I. CALORIFIC VALUE

The gross calorific value (gross heat of combustion) in British thermal units (Btu) will be determined by the method in ASTM D 2015-77.

J. SULFUR

Sulfur will be determined by one of the methods in ASTM Designation D 4239-83.

# K. ASH FUSION TEMPERATURE

The ash fusion temperature will be determined following the concepts specified in ASTM Designation D 1857-68. A furnace which will maintain the traditional oxidizing or reducing atmospheres shall be used in conjunction with a digital type image recording device. Such a device shall be

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capable of reporting the desired temperature readings with precision compatable with ASTM D 1857-68.

L. GRINDABILITY

Grindability will be determined by the method in ASTM Designation D 409-71; however, while it is recognized that this ASTM standard specifies a four mesh sample be used, practicality dictates that eight mesh samples will be used since most sampling systems produce an eight mesh product.

### M. CALCULATIONS

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

Dry Basis = Uncorrected (As-Determined U.S. No. 60 Sample) Results x 100 100 - (% Moisture in U.S. No. 60 Sample)

8

As Received Basis = (100 - % Total Moisture) x (% Dry Basis) 100

N. STATE-OF-THE-ART INSTRUMENTAL ANALYSIS

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

ANNEX I NOT USED

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### ANNEX J (REFERENCE TO SECTION 27.02)

#### LAWS AND REGULATIONS

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

- SELLER shall not discriminate against any employee or a) applicant for employment because of race, color, religion, sex or national origin. SELLER shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SELLER agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination.
- b) SELLER shall, in all solicitations or advertisement for employees, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, sex or national origin.
- c) SELLER shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, advising the labor unions of workers representative of SELLER's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- d) SELLER shall comply with all provisions of Executive Order No. 11246 of September 24, 1965 and of the rules, regulations, and relevant orders of the Secretary of Labor.

#### ANNEX J

- e) SELLER shall furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, an by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and shall permit access to its books, records, and accounts by PURCHASER and the Secretary of Labor for purpose of investigation to ascertain compliance with such rules, regulations, and order.
- f) In the event of SELLER's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this Agreement may be cancelled, terminated or suspended in whole or in part and SELLER may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulations, or order by the Secretary of Labor, or as otherwise provided by law.
- (p SELLER shall include the provisions of Paragraphs (a) through (h) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions shall be binding upon each subcontract or vendor. SELLER shall take such action with respect to any subcontract or purchase order as PURCHASER may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event SELLER becomes involved in, or are threatened with, litigation with a subcontractor or vendor as a result of such direction by us, SELLER may request the United States to enter into such litigation to protect the interests of the United States.

# ANNEX J

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

### ANNEX K (REFERENCE TO SECTION 10.01) COMPUTATION OF POUNDS OF SULFUR PER MILLION BTU

An example of the calculation of the pounds of sulfur per million Btu for an assumed "as received" sulfur value of 0.75 percent by weight and an "as received" heating value of 12,800 Btu per pound is as follows:

Pounds of sulfur per million Btu = heating value

.75 x 10,000

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12,800 Btu per pound

= 0.59

# AGREEMENT BETWEEN FUELCO, INC. AND MISSISSIPPI POWER COMPANY FOR THE SALE AND PURCHASE OF COAL FROM READING AND BATES COAL COMPANY

This Agreement is effective October 1, 1987 and is made and entered into by and between FuelCo, Inc., a coporation organized and existing under the laws of the State of Mississippi ("SELLER"), and Mississippi Power Company, a corporation organized and existing under the laws of the State of Mississippi ("PURCHASER").

WHEREAS, PURCHASER and SELLER entered into the Second Amended and Restated Agreement Between FuelCo, Inc. and Mississippi Power Company for the Sale and Purchase of Coal, effective January 1, 1987 ("the FuelCo-MPC Agreement"); and

WHEREAS, with PURCHASER concurrence, SELLER has entered the Agreement between FuelCo, Inc. and Reading and Bates Coal Company for the Sale and Purchase of Coal, effective October 1, 1987 (the "Reading and Bates Agreement") for the purpose of providing PURCHASER coal under its obligations pursuant to the FuelCo-MPC Agreement; and

WHEREAS, the terms and conditions of the Reading and Bates Agreement are more favorable to both PURCHASER and SELLER than the terms of the FuelCo-MPC Agreement and therefore PURCHASER and SELLER wish to modify the terms of the FuelCo-MPC Agreement to incorporate the more favorable terms as contemplated by Section 2.02 of the MPC FuelCo Agreement;

NOW THEREFORE, in consideration of the premises and the agreement stated herein, PURCHASER and SELLER agree as follows:

1. SELLER shall sell and PURCHASER shall purchase coal which SELLER has acquired under the Reading and Bates Agreement. PURCHASER shall designate from time to time in writing the quantity of such coal to be purchased under this Agreement; provided, however, the total annual quantity of coal purchased under this Agreement plus the total quantity purchased from SELLER under the FuelCo-MPC Agreement, or any agreement thereunder, shall be no less than the initial tonage required by Section 8.01 of the FuelCo-MPC Agreement. Any quantity purchased in excess of such initial tonage shall be considered option tonage as that term is defined in Section 8.02 of the FuelCo-MPC Agreement.

2. The Base Price to be paid for coal sold and delivered hereunder shall be \$45.3629 for all quantities which are initial tonage and \$26.00 for all option tonage. These Base Prices shall be escalated or deescalated in accord with the terms of the Readings and Bates Agreement.

3. Billings and payments shall be governed by Section 5.01 of the FuelCo-MPC Agreement and not by Section 5.01 of the Reading and Bates Agreement.

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4. The unescalated portion of the Base Price as provided in Section 4.07 of the Reading and Bates Agreement shall be \$23.3129 per ton for all coal applied against the initial tonage and \$3.95 per ton for all coal applied against the option tonage.

5. For purposes of the Calorific Value Adjustment under this Agreement only, the "Billing Price" as that term is defined in Section 4.09 of the Reading and Bates Agreement shall be \$26.00, adjusted in accord with Sections 4.03 through 4.05 of the Reading and Bates Agreement.

6. Except as provided in this Agreement, all coal purchased under this Agreement shall be governed by the terms and conditions of the Reading and Bates Agreement and not by the terms and conditions of the FuelCo-MPC Agreement. The controlling terms and conditions of the Reading and Bates Agreement are hereby incorporated by reference in this Agreement.

7. This document and the provisions incorporated by reference are the entire Agreement between the parties and there are no representations, understandings or agreements, either oral or written, which are not included herein. This Agreement can not be changed except by duly authorized representatives of both parties in writing.

IN WITNESS WHEREOF, the parties hereto have caused they

3.

Agreement to be executed by their respective officers duly authorized on the date indicated by their signatures.

> MISSISSIPPI POWER COMPANY BY: Charle Sacton ALAN R. BARTON, PRESIDENT DATE EXECUTED: 12/22/87

ATTEST: 1,0

FUELCO, INC, -	
BY: J. A. BARBE	-) Gelice
DATE EXECUTED:	1-5-58

ATTEST: A. M. HORNE, SECRETARY

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F-206.8

Mississippi Pouce

April 21, 1988

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Reading & Bates/Fuelco Letter Agreement Dated March 18, 1988 C87-598LA2

From: R. K. Dedeaux

To: J. M. McCarthy T. Miller H. R. Wilder F. A. Clark R. G. Moore L. Hargrove E. R. Bentley

Enclosed is the executed Letter Agreement for Roading & Bates which revises Annex F (Computation of Calorific Value Adjustment).

MD/mb

Enclosure

cc: C. R. Berry File March 18, 1988

Mr. William Sturgill, President Reading & Eates Coal Company 1280 Old Frankfort Pike Lemington, Kentucky 40504

Fuelco, Inc. Post Office Box 2625 Birmingham, Alabama 35202

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL AGREEMENT BETWEEN FUELCO, INC., AND READING & BATES COAL COMPANY EFFECTIVE OCTOBER 1, 1987 AS AMENDED

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Attached hereto is Revised Annex F which correctly outlines the procedure to be followed when calculating Calorific Value Adjustment as outlined in Section 4.09 of the Coal Supply Agreement. Annex F of the Coal Supply Agreement is made null and void.

All other provisions of the Agreement will remain unchanged.

Please indicate your concurrence with this Letter Agreement by signing and dating in the spaces provided below.

Sincerely, Lina R. Russell

Leona R. Russell Contract Analyst Fuel Supply Department

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Approved: Suchann Company Services, Inc., Reading and Agent for Fuelco, Inc. 3-18-88 Date ille . 11a2

#### PDV: 012

# (REFERENCE C SECTION 1. ) COMPUTATION OF C SECTION VALUE

The adjustment to the amount per ten co be paid by PULCE for fer coal unloaded in each month for which the calorific value of such coal is greater than or is less than 13,000 Btu per pound is estentiated as follows:

i source:

- The monthly weighted average "as received" calorific value cquals (a) 13,200 Btu per pound and (b) 12,700 Btu per pound.
- The Base Price as stated in Section 4.01 as adjusted pursuant to Sections 4.03 through 4.07 = \$30.00 per ton.
- The total Government Imposition Cost adjustments pursuant to Section 4.06 = \$.30 per ton

Example of Calculation

(a) 13,200 Btu per pound

13,200 (\$30.00 - \$.30) 1. 33,000 = \$30.16

2. \$30.16 - (\$30.00 - \$.30) =
 \$.46 Per Ton Calorific Value Adjustment

(b) 12,700 Btu per pound

- 12,700 (\$30.00 \$.30) 1. \_\_\_\_\_\_ \$29.01 13,000
- 2. \$29.01 (\$30.00 \$.30) =
   (\$.69) Per Ton Calorific Value Adjustment

Therefore, in case (a) 13,200 Etu per pound, the Calorific Value Adjustment would be \$.46 per ton for the subject month, and in case (b) 12,700 Btu per pound, such Calorific Value Adjustment would be (\$.69) per ton for the subject month. Internal Correspondence

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F-206.8



Date: January 28, 1988

Re: Reading & Bates/Fuelco Letter Agreement C 87598LA1 dated December 18, 1987

From: R. K. Dedeaux

To: J. M. McCarthy T. Miller H. R. Wilder F. A. Clark R. G. Moore L. Hargrove E. R. Bentley File

Enclosed is the executed Letter Agreement for Reading & Bates regarding annual tonnage requirements for 1988.

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R.K. Dedeauf

JAW:ml

Enclosure

cc: C. R. Berry

Post Office Box 2625 Brimingham, 4 adama 3520 Telephone 205 870/6011



December 18, 1987

Mr. William Sturgill, President Reading & Bates Coal Company 1280 Old Frankfort Pike Lexington, Kentucky 40504

FuelCo, Inc. P. O. Box 2625 Birmingham, Alabama 35202

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL AGREEMENT BETWEEN FUELCO, INC., AND READING AND BATES COAL COMPANY EFFECTIVE OCTOBER 1, 1987 (HEREINAFTER "THE AGREEMENT")

This letter shall confirm an agreement between Purchaser and Seller to set the 1988 annual tonnage requirement of the Agreement as follows, subject to the subsequently stated conditions:

lst	Quarter	-	12	trains	per	month	
2nd	Quarter	-	10	trains	per	month	
3rd	Quarter	-		trains			
4th	Quarter	-	12	trains	per	month	

These deliveries will be subject to the following conditions:

- First quarter shipments of twelve trains per month is hereby agreed to be firm.
- If Reading & Bates is notified by January 31, 1988, they shall make available two additional trains per month for the second quarter. Otherwise the ten per month are firm, except at Reading & Bates option to ship requested tonnage thereafter.
- Third quarter shipments of 12 trains per month is hereby agreed to be firm.

December 18, 1987 Page 2

4. Fourth quarter shipments of eight trains per month is the minimum acceptable to Reading and Bates, and this rate must be verified no later than June 30, 1988. Reading & Bates is prepared to ship 12 trains per month during the fourth quarter unless notified to the contrary by June 30, 1988.

All other provisions of the Agreement will remain unchanged. Please indicate your concurrence with this Letter Agreement by signing and dating in the spaces provided below and return two of the three originals to this office.

Sincerely,

Eddy C. Turner Mine Cost Analyst Fuel Supply Department

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Approved:

Southern Company Services, Inc., As Agent for FuelCo, Inc.

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Approved:

Reading & Bates Coal Company

Date

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#### AGREEMENT BETWEEN FUELCO, INCORPORATED 4 AND READING AND BATES COAL COMPANY 5 6 FOR THE SALE AND PURCHASE OF COAL 8 TABLE OF CONTENTS 10 Page 11 -----Mutual Obligations . . . . . . . . . . 1 12 1.01 1.02 1 13 Definitions . . . . . . . . . . . Seller's Reserves and Preparation 14 2.01 for Selling Coal . . . . . . . . . 2 15 . . . . . . 2.02 Seller's Preparation of Mining Plan. . . . 3 16 17 3.01 Term of Agreement. . . . . . . . 6 . . . . . . . . 7 18 4.01 7 19 4.02 4.03 Adjustment for Changes in Labor Costs. . . . . . 9 20 21 4.04 Adjustment for Changes in Materials and Supplies . 10 Adjustment for Changes in Other Costs. . . . . . 12 22 4.05 23 13 4.06 Adjustment for Changes in Government Imposition. . Unescalated Portion of Base Price. . . . . . . . 16 24 4.07 25 4.08 Notice and Substantiation of Price Adjustments . . 17 17 26 4.09 Calorific Value Adjustment . . . . . 18 4.10 Excess Ash Adjustment. . . . . . . 27 . . . 18 28 4.11 Excess Moisture Adjustment . . . . . . . . Price Review . . . . . . . . . . . . . . 19 29 4.12 20 30 5.01

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### AGREEMENT BETWEEN FUELCO, INCORPORATED AND READING AND BATES COAL COMPANY FOR THE SALE AND PURCHASE OF COAL

This Agreement is effective October 1, 1987 and is made and entered into by and between FuelCo, Incorporated, a corporation organized and existing under the laws of the State of Mississippi ("PURCHASER"), and Reading and Bates Coal Company organized and existing under the laws of the State of Nevada ("SELLER").

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#### WITNESSETH: That

WHEREAS, PURCHASER, has entered into a separate Agreement 87 with Mississippi Power Company (MPC) for the purchase and sale of 88 89 coal and PURCHASER intends to use the coal purchased under this Agreement to satisfy its commitment under the separate Agreement. 90 WHEREAS, SELLER owns or otherwise controls the Coal Property 91 from which SELLER desires to mine and sell coal to PURCHASER. 92 NOW, THEREFORE, in consideration of the premises and 93 covenants herein, PURCHASER and SELLER agree as follows: 94 1.01 Mutual Obligations. SELLER agrees to mine coal and 95 sell such coal to PURCHASER and PURCHASER agrees to buy coal from 96 SELLER on the terms and conditions and in the quantities and 97 quality set forth herein. 98 1.02 Definitions. The following definitions shall apply in 99 this Agreement: 100

- a. "Coal Property" shall mean the real property, mineral
  interests, preparation plant facilities and loading
  facilities, with improvement thereto, located in Letcher
  County, Kentucky and described in Annex "A".
- 107 b. "Contract Year" shall mean the period of time from each
   108 October 1 through the following September 30 during the term
   109 of this Agreement.
- 110 c. "Ton" shall mean two thousand pounds avoirdupois weight.
- 111 d. "Base Price" is \$26.00 per Ton f.o.b. railcar.
- 112 e. "Billing Price" is the Base Price adjusted pursuant to 113 Sections 4.03 through 4.06.
- 114 f. A "Shipment" shall occur when SELLER delivers coal in 115 sufficient quantities into a unit train or a Tow of Barges.
- 116 g. "Barge" shall mean a standard Barge with a 1500 Ton nominal 117 capacity.
- 118 h. "Tow" shall mean six Barges.
- 119 i. "Calorific Value Adjusted Price" is the Billing Price 120 adjusted pursuant to Section 4.09.

122 2.01 <u>SELLER's Reserves and Preparation for Selling Coal.</u> 123 SELLER represents and warrants that SELLER owns or controls the 124 Coal Property and that the Coal Property contains economically 125 recoverable coal of a quality and in quantities which, under 126 present mining laws and practices, shall be sufficient to satisfy 127 the requirements of this Agreement and that all coal delivered 128 hereunder shall be mined from the Coal Property.

No coal shall be shipped from any other source without prior written approval of PURCHASER. PURCHASER shall have the right to terminate this Agreement if coal is shipped under this Agreement from sources other than those stated in the Coal Property.

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137 SELLER hereby agrees to commit sufficient reserves of coal 138 in the Coal Property meeting the guaranteed quality specifications of Section 10.01 so as to fulfill the quantity 139 140 specifications herein. SELLER agrees and warrants that SELLER 141 shall not use or sell coal meeting the quality specifications 142 hereof from the Coal Property in a way that shall reduce the 143 economically recoverable balance of coal in the Coal Property to an amount less than the amount required to be supplied hereunder. 144

SELLER shall defend the title of PURCHASER with respect to all coal sold hereunder and, with respect to such title, shall indemnify PURCHASER from and against all claims, demands, actions, suits and judgements.

149 2.02 SELLER'S PREPARATION OF MINING PLAN. SELLER shall 150 promptly prepare complete reserve data and a mining plan for the 151 Coal Property and conduct any additional exploration of the Coal 152 Property necessary in connection therewith to demonstrate 153 SELLER's capability to produce coal from the Coal Property 154 meeting the quantity and quality specifications of this Agreement 155 during the term hereof. Two copies of such complete mining plan 156 shall contain maps and narratives depicting areas and seam(s) of 157 coal to be mined and shall include, but not be limited to, the 158 following information: (i) reserves under the ownership or 159 control of SELLER from which the coal shall be produced and the 160 mining sequence, by guarter-years (or such other time intervals 161 as agreed), during the term of this Agreement; (ii) methods of mining such reserves and equipment devoted or to be devoted to 162

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such mining; (iii) methods of transporting and washing coal to 167 168 insure compliance with the quantity and the quality requirements including a description and flow sheet of the preparation plant; 169 (iv) guality data plotted on maps depicting data points and 170 isolines by seam of bed moisture, ash, sulfur, ash fusion 171 temperature and Btu; (v) guality control plans including sampling 172 173 and analysis procedures to insure individual Shipments meet 174 guality specifications, and; (vi) SELLER's sales commitments to 175 others from the Coal Property during the term of this Agreement. Such complete mining plan shall be presented to PURCHASER within 176 sixty (60) days from the date of execution of this Agreement. 177 Upon receipt thereof, PURCHASER shall have the right to review 178 such plan, both individually and jointly with SELLER, and to 179 submit such plan to and consult with third parties, if deemed 180 181 necessary. Within sixty (60) days from receipt of such plan, PURCHASER shall advise SELLER that the mining plan has been 182 183 approved, or shall specify the aspects of such plan which are, in PURCHASER's opinion, inadequate. The parties shall consult in 184 185 good faith with respect to matters considered by PURCHASER to be 186 inadequate and SELLER shall, within thirty (30) days after 187 receipt of notice from PURCHASER of inadequacy of the mining 188 plan, submit revisions to correct any deficiency. PURCHASER 189 shall have thirty (30) days from the receipt of such a revision 190 to the mining plan to evaluate such a revision. PURCHASER shall 191 evaluate mining plan on the basis of whether such plan 192 demonstrates SELLER's capability to produce coal from the Coal

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197 Property of a quality and in quantities sufficient to meet the 198 requirements of this Agreement. If, in PURCHASER's judgement, 199 such plan as it may be revised during the periods specified 200 herein, fails to provide such demonstration, PURCHASER may 201 terminate this Agreement by giving SEL.ER thirty (30) days 202 written notice of such termination and neither party shall have 203 any further rights or obligations hereunder.

204 PURCHASER's receipt, review, acceptance or approval of the 205 mining plan or other information or data furnished by SELLER 206 shall not in any manner relieve SELLER of any of SELLER's 207 obligations or responsibilities under this Agreement, nor shall such review or approval be construed as constituting an approval 208 209 of SELLER's proposed mining plan as prudent mining practices, 210 such review and approval by PURCHASER being limited solely to a determination, for PURCHASER's purposes, of SELLER's capability 211 212 to supply coal on a long term basis to fulfill PURCHASER's 213 requirements of a dependable coal supply. After final approval 214 of SELLER's mining plan, SELLER shall provide PURCHASER prior notification of any material variations or deviations therefrom 215 216 during the term of the Agreement.

217 SELLER shall annually provide PURCHASER with a mine plan 218 "Update" showing progress to date, conformity to original mining 219 plan, and then known changes in reserve data and planned changes 220 in mining progression, plans or procedures. The Update for each 221 year shall be submitted on or before the anniversary of the 222 execution date of this Agreement.

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SELLER agrees and warrants that it shall acquire and maintain, in a timely manner, all licenses and permits required by governmental authorities to engage in the mining and selling of coal and to otherwise perform its obligations under this Agreement.

3.01 Term of Agreement. The term of this Agreement shall 232 233 commence on October 1, 1987, and expire midnight, September 30, 2007. PURCHASER shall have the options to extend this Agreement 234 for two successive terms of five years each. The right to extend 235 236 the Agreement for the extended terms is conditioned upon negotiation of mutually agreeable revisions and upon SELLER's 237 238 having sufficient available coal reserves to satisfy PURCHASER's requirements under this Agreement for such extended terms. 239 The first and second option shall be exercised by PURCHASER by giving 240 SELLER not less than one year's written notice prior to 241 242 expiration of the then current term. Upon receipt by SELLER of such written notice, PURCHASER and SELLER shall proceed in good 243 244 faith to negotiate within ninety (90) days mutually agreeable 245 revisions, as aforesaid, for the first or second extended term. 246 If such mutually agreeable revisions are negotiated for the first or second term, then, in each such case, SELLER shall promptly 247 proceed to commit sufficient Tonnage to fulfill its commitment 248 249 and the term of this Agreement shall be extended thereby for five 250 years, and for an additional five year period, as the case may 251 be. If, within such ninety (90) day period, the parties cannot mutually agree on such revisions to the Base Price for any 252

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257 extended term, this Agreement shall terminate at the expiration 258 of the then current term.

259 4.01 Price Per Ton of Coal.

The "Base Price" per Ton of coal is \$26.00 per Ton f.o.b. railcar at Sapphire, Kentucky and is not subject to adjustment prior to October 1, 1988 except for adjustment in Government Imposition as specified in Section 4.06.

264 4.02 Adjustments - General. The Base Price per Ton, as provided in Section 4.01, is subject to adjustment as provided in 265 Sections 4.03 through 4.06; and such adjusted price, excluding 266 267 adjustments under Section 4.06, is subject to the Calorific Value Adjustment provision of Section 4.09. The Calorific Value 268 Adjusted Price shall be subject to the excess ash provision of 269 270 Section 4.10 and the excess moisture provision of Section 4.11. 271 The specific components of the Base Price are attached hereto as Annex B. The Base Price with said adjustments, as provided in 272 Section 4.03 through Section 4.06, shall be referred to herein as 273 the "Billing Price." All of such provisions for adjustments 274 contained in this Agreement are subject to the procedures for 275 verification set forth in Sections 4.08 and 19.01 hereof. 276 277 Adjustments made in computing the Billing Price shall be 278 calculated to the nearest cent per Ton. No dispute concerning 279 price adjustments shall in any way relieve either party of its respective obligations of performance under this Agreement at the 280 281 then existing Billing Price, including, but not limited to, 282 PURCHASER's obligation to make timely payment and SELLER's

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287 obligation to make timely deliveries at the immediately prior
288 Billing Price.

SELLER shall promptly notify PURCHASER, in writing, of all 289 290 adjustments set forth in Sections 4.03 through 4.06. Adjustments 291 in the Base Price per Ton under such Sections shall apply to coal 292 shipped from and after the later of (1) the effective date(s) of the adjustments as provided hereafter or (2), in cases where the 293 adjustment increases the price, the date on which the PURCHASER 294 295 received notice from SELLER of such claimed adjustment, if such claim is received more than forty-five (45) days after the 296 effective date permissible for such change. With respect to 297 298 decreases required to be made by virtue of such adjustment 299 provisions, of which SELLER fails to notify PURCHASER, such adjustments shall be made retroactively as to all coal shipped 300 after the time such adjustment would have applied had notice been 301 given within forty-five (45) days of the effective date of such 302 303 adjustment.

## 313 4.03 Adjustment for Changes in Labor Costs.

All labor related costs covered by the Base Price stated in Section 4.01 are represented by the "Labor Costs Component" of \$7.80 per Ton. The Labor Costs Component shall not change.

The Billing Price shall be adjusted for changes in labor 317 318 costs, as measured exclusively by changes in the Labor Costs Index. The Labor Costs Index shall be the "Established Data, 319 Hours and Earnings, Table C-2, 1972 SIC Code 11, 12 Coal Mining, 320 Average Hourly Earnings," as first published in Employment and 321 322 Earnings by the U. S. Department of Labor. The first published 323 value of the index for May 1988 is the Base Index for price adjustment purposes pursuant to this Section 4.03. 324

A labor cost adjustment to the Billing Price shall be 325 determined for each October 1, and April 1, during the term of 326 this Agreement, with the first such adjustment effective October 327 1, 1988. The amount of such adjustment shall be calculated and 328 made upon the basis of the percentage change from the value of 329 the Base Index and the first published value of the Labor Costs 330 Index for August or February preceding the adjustment during the 331 term of this Agreement. The percentage change in the Labor Costs 332 Index from the level of the Base Index shall be computed to the 333 nearest one-tenth of a percent, and multiplied times the Labor 334 Costs Component of the Base Price. The resulting adjustment 335 amount less previous adjustments, all determined to the nearest 336 cent per Ton, shall be added to or subtracted from the then 337

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342 current Billing Price effective October 1 and April 1, as the 343 case may be.

344 Examples of the computation of the price adjustment pursuant 345 to this Section 4.03 are attached hereto as Annex C.

346 In the event of unavailability of any index described in 347 Section 4.03, price adjustments shall be computed by mutual 348 agreement.

349 4.04 <u>Adjustment for Changes in Materials and Supplies</u>
 350 <u>Costs</u>.

All materials and supplies costs covered by the Base Price stated in Section 4.01 are represented by the "Materials and Supplies Component" of \$9.36 per Ton. The Materials and Supplies Component shall not change.

355 The Billing Price shall be adjusted for changes in materials 356 and supplies costs, as measured exclusively by changes in the 357 Materials and Supplies Index. The Materials and Supplies Index 358 shall be a weighted composite index composed of various price 359 indices as weighted and shown below and first published by the 360 U. S. Department of Labor, Bureau of Labor Statistics. The value 361 of the weighted index (determined from first published values) 362 for May 1988 is the Weighted Base Index for price adjustment 363 purposes pursuant to this Section 4.04. The indices which 364 compose the Materials and Supplies Index and related percentage 365 weights to be used are as follows:

371 372	BLS COMMODITY INDEX	CLASSIFICATION	& WEIGHT
373			
374	0543-1514	Industrial Power - Regional	10
375	057	Petroleum Products - Refined	22
376	0679-02	Explosives	16
377	1081-02	Externally Threaded Fasteners	10
378		(Excluding Aircraft)	
379	081	Lumber	4
380	1192	Mining Machinery and Equipment	38
381			
382			100
383			

385 An adjustment to the Billing Price for changes in material and supplies costs shall be determined for each October 1, 386 January 1, April 1, and July 1, during the term of this 387 388 Agreement, with the first such adjustment effective October 1, 1988. The amount of each such adjustment shall be calculated and 389 made upon the basis of the percentage change from the value of 390 the Weighted Base Index and the value of the Materials and 391 Supplies Index for August, November, February, or May preceding 392 393 the adjustment during the term of this Agreement. The percentage change shall be computed to the nearest one-tenth of a percent, 394 and multiplied times the Materials and Supplies Component of the 395 396 Base Price. The resulting adjustment amount less previous adjustments, all determined to the nearest cent per Ton. shall be 397 added to or subtracted from the then current Billing Price 398 effective October 1, January 1, April 1 and July 1, as the case 399 400 may be.

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406 Examples of the computation of the price adjustments
407 pursuant to this Section 4.04 are attached hereto as Annex D.

408 In the event of unavailability of any index described in 409 Section 4.04, price adjustments shall be computed by mutual 410 agreement.

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4.05 Adjustments for Changes in Other Costs.

All other costs covered by the Base Price stated in Section
4.01 are represented by the "Other Costs Component" of \$3.64 per
Ton. The Other Costs Component shall not change.

The Billing Price shall be adjusted for changes in other costs based exclusively on changes in the Other Costs Index. The Other Costs Index shall be the GNP Implicit Price Deflator (preliminary number), published quarterly by the U. S. Bureau of Economic Analysis. The Base Index shall be the value (preliminary number) of the Other Costs Index for the First Ouarter 1988 (1982 = 100).

An adjustment to the Billing Price for changes in other 422 423 costs shall be determined quarterly at each October 1, January 1, April 1, and July 1 during the term of this Agreement, with the 424 first such adjustment effective October 1, 1988. The amount of 425 each such adjustment shall be calculated and made upon the basis 426 of the percentage change from the value of the Base Index and the 427 preliminary value of said Other Costs Index for the second 428 429 quarter, third quarter, fourth quarter, and first quarter preceding each October 1, January 1, April 1 and July 1, 430

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respectively during the term of this Agreement. The percentage 435 change in said Other Costs Index from the level of the Base Index 436 shall be computed to the nearest one-tenth of a percent and 437 multiplied times the Other Costs Component of the Base Price. 438 439 The resulting adjustment amount less previous adjustments, all 440 determined to the nearest cent per Ton, shall be added to or subtracted from the then current Billing Price and shall be 441 effective October 1, January 1, April 1, and July 1, as the case 442 443 may be.

444 Examples of the computation of the price adjustment pursuant 445 to this Section 4.05 are attached hereto as Annex E.

In the event of unavailability of the Other Costs Index described in this Section 4.05, price adjustments shall be computed by mutual agreement.

4.06 Adjustment for Changes in Government Imposition. 449 The term "Government Imposition," as used in this Agreement, means 450 any tax or fee imposed on SELLER by any government or government 451 452 agency or any statute, administrative regulation or ruling, state 453 or local ordinance, or the like affecting the production, severance, preparation, loading, transporting, or sale of coal 454 and reclamation of the Coal Property hereunder. The term does 455 not include impositions on Seller, such as federal or state 456 income taxes or excise taxes, which are not levied upon the 457 production, preparation, loading, transportation or sale of coal 458

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464 or reclamation of the Coal Property hereunder or any employer's 465 social security or unemployment taxes.

466 The Base Price stated in Section 4.01 includes all costs of 467 compliance by SELLER with all Government Impositions effective as 468 of July 1, 1987 regardless of whether or not Seller is actually 469 in compliance with all such Government Impositions as of that 470 date. It is recognized that effective July 1, 1987, the Base 471 Price includes \$1.10/Ton for the Black Lung Excise Tax and 472 \$.15/Ton for the Reclamation Fee.

473 Price adjustments shall be made for changes in costs due to 474 SELLER's compliance with Changes In Government Impositions which shall be (1) amendments on or after July 1, 1987 to Government 475 476 Impositions; (2) requirements of entirely new Government 477 Impositions which are enacted or promulgated after July 1, 1987; or (3) final judgements, orders or decrees issued after July 1, 478 479 1987 by any court of law or equity, which reflect new and 480 different interpretations of Government Impositions where such 481 changes in cost directly affect and are binding upon SELLER's 482 operation hereunder. Such changes in cost shall hereinafter be 483 called "Changes in Costs". Changes in Costs shall not include 484 and no price adjustments shall be made for costs due to 485 compliance with (1) any Government Imposition effective as of 486 July 1, 1987, regardless of whether the Base Price reflects the 487 full costs of compliance with such Government Imposition; or (2) 488 any civil or criminal fine or penalty imposed as the result of



493 failure to comply with any statute, administrative regulation or 494 ruling, state or local ordinance, or judgement, order or decree 495 of any court; or (3) any changes for which adjustments have been 496 made pursuant to Sections 4.03, 4.04, or 4.05 of this Agreement.

497 In the event and whenever after July 1, 1987, there is a 498 Change In Government Imposition, SELLER shall give PURCHASER 499 written notice thereof within forty-five (45) days of the 500 effective date of the Change In Government Imposition.

501 If the Change In Government Imposition is a tax or fee which 502 is expressly imposed on a per Ton basis, SELLER shall submit a 503 claim within forty-five (45) days of the effective date of the 504 new or changed Government Imposition which shall be processed in 505 accordance with the provisions of Sections 4.02 and 4.08.

If the Change In Government Imposition results in a Change 506 In Costs not expressly imposed on a per Ton basis, SELLER shall 507 submit a claim which describes the Changes In Costs and which 508 contains sufficient documentation and data to permit PURCHASER to 509 verify SELLER's computations of the Changes In Costs. The 510 documentation and data shall be based on an adequate period of 511 experience in compliance with such Change In Government 512 Imposition, but in no case, shall such adequate period exceed 513 twelve (12) months. In the case of a determination of a Change 514 In Costs which is an increase, an adjustment to the Base Price 515 shall be made for the period no more than twelve (12) months 516 prior to the receipt by PURCHASER of SELLER's claim, and during 517

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522 which such Change In Government Imposition was in effect. In the 523 case of a Change In Costs which is a decrease, an adjustment to 524 the Base Price shall be made from the date such Change In 525 Government Imposition was in effect. PURCHASER shall have the 526 right to require SELLER to evaluate and submit such a claim if 527 SELLER fails to do so after a Change In Government Imposition is 528 effective.

If the cumulative effect of adjustments resulting from 529 Changes In Costs which would be required to meet Government 530 Impositions would be such as to make the price of the coal to be 531 532 sold to PURCHASER hereunder more than 10% higher than its then current f.o.b. railcar, excluding all adjustments under Section 533 534 4.06, or more than 10% higher than the f.o.b. railcar of comparable coal reasonably available to PURCHASER on similar 535 terms, then PURCHASER shall have the right to terminate this 536 Agreement upon six (6) months notice to SELLER. 537

538 4.07 <u>Unescalated Portion of Base Price</u>. \$3.95 per Ton of 539 the Base Price stated in Section 4.01 is not subject to 540 escalation.

541 4.08 <u>Notice and Substantiation of Price Adjustments</u>. 542 SELLER shall notify PURCHASER in writing, as provided in Section 543 4.02, of the amount of any claimed adjustment (either increases 544 or decreases) to the Base Price, pursuant to provisions of 545 Sections 4.03 through 4.06, and shall furnish PURCHASER with 546 whatever computations and data are reasonably necessary to

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substantiate such adjustments. PURCHASER shall accept or contest 551 any adjustment(s) within sixty (60) days after receipt from 552 SELLER of all computations and data which are reasonably 553 necessary to substantiate the adjustment(s). If PURCHASER 554 contests any adjustment, PURCHASER shall pay to SELLER, or SELLER 555 shall credit PURCHASER with, the undisputed portion of the 556 claimed adjustment. PURCHASER or PURCHASER'S representative 557 shall have the right to audit SELLER'S books and records to 558 determine whether any adjustment is proper and has been properly 559 computed by SELLER in accordance with the applicable provisions 560 561 of this Agreement.

4.09 Calorific Value Adjustment. The amount to be paid by 562 PURCHASER shall be adjusted on the basis of the actual "as 563 received" calorific value of the coal as determined from the 564 samples taken and analyzed in accordance with Section 11.01 and 565 Annex H hereof. The Calorific Value Adjusted Price shall be 566 determined as follows: The monthly weighted average "as 567 received" calorific value of all coal unloaded during the 568 calendar month shall be divided by the guaranteed calorific value 569 of 13,000 Btu/1b. The resulting quotient shall be multiplied by 570 the then current Billing Price determined by Purchaser excluding 571 total Government Imposition Adjustments pursuant to Section 4.06. 572 The resulting product shall then be added to the total Government 573 Imposition Adjustments pursuant to Section 4.06. 574

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580 PURCHASER shall submit to SELLER analyses of coal received 581 and computations of the calorific value adjustments to 582 substantiate such adjustments. The calorific value adjustment 583 mechanism is further detailed and illustrated in Annex F, and 584 this adjustment shall be made in accordance with said Annex F.

4.10 Excess Ash Adjustment. In addition to other 585 adjustments, the price per Ton to be paid by PURCHASER for coal 586 shall be adjusted downward in proportion to the ash content in 587 excess of the guaranteed level. This adjustment shall be 588 subtracted from the Calorific Value Adjusted Price of coal 589 delivered and unloaded and shall be based upon the "as received" 590 ash content for each shipment of coal unloaded. The amount per 591 Ton of this Excess Ash Adjustment shall be calculated as follows: 592

The adjustment shall be \$2.00 per Ton multiplied by the percentage difference by which the "as received" ash content for each unit train or Barge unloaded exceeds the guaranteed level. No credits shall be given if the "as received" ash content is less than the guaranteed level. The adjustment in price is in addition to any remedies provided by the Agreement or in law or equity. Ash Adjustment Formula:

601 \$ Adjustment/Ton = \$2.00 (% Ash - % Guaranteed Ash)
602 4.11 Excess Moisture Adjustment. In addition to other
603 adjustments, the price per Ton to be paid by PURCHASER for coal
604 shall be adjusted downward in proportion to the moisture content

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609 in excess of the guaranteed level. This adjustment shall be 610 subtracted from the Calorific Value Adjusted Price of coal 611 delivered and unloaded and shall be based upon the "as received" 612 moisture content for each shipment of coal unloaded. The amount 613 per Ton of this Excess Moisture Adjustment shall be calculated as 614 follows:

The adjustment shall be \$1.00 per Ton multiplied by the percentage difference by which the "as received" moisture content for each shipment of coal unloaded exceeds the guaranteed level. No credits shall be given if the "as received" moisture content is less than the guaranteed level. The adjustment in price is in addition to any remedies provided by the Agreement or in law or equity. Moisture Adjustment Formula:

623 \$ Adjustment/Ton = \$1.00 (% Moisture - % Guaranteed 624 Moisture)

4.12 Price Review. During the third Contract Year of this 625 626 Agreement and every second Contract Year thereafter, PURCHASER 627 may at its option initiate a renegotiation of the price to be 628 paid for coal and/or of the escalation provisions of this Agreement. If PURCHASER elects to renegotiate, it shall notify 629 SELLER in writing on or before May 1 of that Contract Year. The 630 parties shall promptly thereafter begin good faith renegotiation 631 of the price and/or escalation provisions. If a mutually 632 acceptable amendment cannot be reached on or before September 1, 633

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638 PURCHASER may, at its option and on ten (10) days written notice, 639 terminate this Agreement effective September 30 of that Contract 640 Year.

5.01 Billing and Payment. Within fourteen (14) working 641 days after the unloading of each unit train or Barge or within 642 643 fourteen (14) working days after the receipt by PURCHASER of 644 SELLER's invoice, whichever occurs later, PURCHASER shall remit to SELLER or its designee ninety percent (90%) of the amount due 645 SELLER which amount is determined by multiplying the Tons of coal 646 as determined by SELLER's loaded weights as stated on the invoice 647 648 by the then current Billing Price as determined by PURCHASER.

649 Final adjustment of the amount to be paid shall be based on weights and analyses of coal determined in accordance with 650 Sections 9.01 and 11.01. Within the first fourteen (14) working 651 652 days of each month, PURCHASER shall file with SELLER a report on weights and analyses determined pursuant to Section 9.01 and 653 11.01 and information showing the adjustments under Section 4.09 654 655 through 4.11 for all coal Shipments which are received, unloaded 656 and analyzed during the preceding month. Upon receipt of PURCHASER's report, SELLER shall invoice PURCHASER for any 657 balance due, or shall credit to scheduled future Shipments the 658 659 amount of any overpayment, as the case may be. muy such overpayment not so credited shall be remitted, within fourteen 660 661 (14) working days upon receipt of PURCHASER's report, by SELLER

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to PURCHASER. PURCHASER shall pay such balance due within
fourteen (14) working days of receipt of SELLER's invoice.
Invoices should be sent to:

670 FuelCo, Incorporated
671 P. O. Box 2625
672 BIN 852
673 Birmingham, Alabama 35202

674 6.01 <u>Shipment</u>. It is anticipated that coal sold hereunder 675 shall be shipped by rail from SELLER's loading facilities 676 ultimately to be delivered to the Daniel Electric Generating 677 Plant in Mississippi or other destinations specified by 678 PURCHASER. PURCHASER, at its sole option, may elect to have the 679 coal sold hereunder delivered to a Barge transloading facility 680 for transfer to Barges for delivery to destination.

681 6.02 Rail Shipments. SELLER shall provide off-main line 682 rail trackage sufficient for efficient and dependable loading of at least ninety (90) car unit trains at SELLER's Sapphire 683 684 Tipple/No. 2918 on the CSX Railroad near Sapphire, Kentucky, and 685 other loading points as mutually agreeable, and shall be prepared 686 to operate its loading facilities twenty-four (24) hours per day, 687 seven days per week, if needed, in compliance with the applicable 688 rail contract for deliveries hereunder. SELLER agrees to provide loading facilities capable of loading unit trains at an effective 689 690 rate sufficient for the quantities of coal scheduled for delivery 691 under this Agreement and sufficient for the applicable rail 692 contract. SELLER agrees and warrants that no agreement of SELLER

693 providing for the joint use of surface facilities shall interfere

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698 with or impair SELLER's obligations as set forth in this 699 Agreement.

Shipment and receipt of coal under this Agreement shall be made in accordance with the rail contract applicable to the destination of the delivery. If any applicable contract is amended, supplemented or replaced, subsequent deliveries shall be made in accordance with the terms of the applicable rail contract, as amended, supplemented or replaced.

6.03 Freight Charges, Title, and Risk of Loss. Subject to 706 reimbursement provided by Sections 6.04 and 6.05, MPC shall pay 707 708 all freight and other charges imposed by the carrier applicable 709 to the destination of the Shipment. PURCHASER shall bear the 710 risk of loss of said Shipment after each Shipment has been properly loaded into railcars, but title shall not pass to 711 712 PURCHASER until arrival at the ultimate destination designated by 713 PURCHASER.

6.04 Loading Costs Chargeable to Seller. If SELLER fails 714 715 to satisfy the loading requirements of the applicable rail 716 contract and such failure is not excused pursuant to force 717 majeure as provided in the applicable rail contract, SELLER shall 718 pay any resulting car detention penalties and shall pay any 719 penalties or charges for cars loaded in excess of capacity which is required by such rail contract. SELLER shall pay the per Ton 720 721 transportation rate, required to be paid by MPC under the rail 722 contract, for all Tons not loaded to the marked capacity per car,

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727 provided, however, no penalty shall be imposed if such cars are 728 underloaded by five (5%) percent or less of the total marked 729 capacity.

730 6.05 Excess Freight Costs Chargeable to SELLER. If SELLER fails to tender sufficient coal to satisfy the quantity 731 732 requirements in accordance with Section 8.01 and thereby fails to 733 satisfy the Tonnage requirements of the applicable rail contract and such failure is not excused pursuant to force majeure as 734 provided in the applicable rail contract, SELLER shall pay any 735 resulting freight charges which MPC is required by such contract 736 to pay the carrier over the amount of such charges otherwise 737 payable. 738

6.06 Payment of Excess Costs. Any payments required by Sections 6.04 and 6.05 above shall be paid within fourteen (14) working days after receipt by SELLER of a written statement itemizing such charges which are in accordance with the current applicable contract. At PURCHASER's election, such charges may be credited against amounts owed by PURCHASER to SELLER hereunder.

746 7.01 <u>Shipping Notice</u>. Promptly after loading each rail
747 Shipment SELLER shall telecopy PURCHASER a notice of Shipment
748 which shall include SELLER's name; train number; car numbers;
749 Tonnage shipped; date of Shipment; and other such information as
750 required by PURCHASER from time to time.

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758	Supervisor, Fuel Delivery and Payment
759	Mississippi Power Company
760	P. O. Box 4079
761	Gulfport, Mississippi 39501
762	and
763	Plant Manager
764	Daniel Electric Generating Plant
765	P. O. Box 950
766	Escatawpa, Mississippi 39552
767	and
768	Traffic Coordinator
769	Fuel Supply Department
770	Southern Company Services
771	P. O. Box 2625
772	BIN 852
773	Birmingham, AL 35202

Notice shall be sent to:

SELLER shall determine the short proximate analysis, in 774 accordance with Annex H, of each Shipment and shall telecopy and 775 telephone such analysis, within twenty-four (24) hours, to 776 PURCHASER at locations designated by PURCHASER. Should SELLER 777 fail to provide such analysis as specified, PURCHASER may elect 778 to delay unloading of Shipment until such time as analysis is 779 780 provided and SELLER is liable for any demurrage and other costs occasioned by the delay. 781

8.01 <u>Quantity Requirements</u>. Except as otherwise provided herein, SELLER shall tender coal produced from the Coal Property at the Base Rate of 540,000 Tons per Contract Year during the term of this Agreement which shall be delivered in railcars or Barges in approximately equal monthly quantities. Upon the

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791 giving of a six (6) months written notice or unless otherwise mutually agreeable, PURCHASER shall have the right to increase or 792 decrease the Base Rate, the cumulative effect of such increases 793 794 or decreases in the base rate shall be limited such that the 795 annual tonnage requirement, determined on a contract year basis, 796 shall be within a range of 320,000 to 1,260,000 tons/year. In 797 addition to the options to increase or decrease the Base Rate, PURCHASER shall also have the right, upon sixty (60) days written 798 notice, to increase or decrease the quantity of coal to be 799 delivered monthly under this Agreement; provided however that 800 PURCHASER may not increase the quantity by more than 36,000 Tons 801 802 per month (approximately four (4) unit trains per month) above 803 the then established Base Rate nor decrease the quantity by more 804 than 18,000 Tons per month (approximately two (2) unit trains per month) below the then established Base Rate; and provided further 805 that any one (1) such change may not exceed 18,000 Tons per 806 807 month, unless PURCHASER and SELLER agree otherwise. The option 808 to increase or decrease the monthly deliveries does not alter the 809 annual tonnage requirement, unless Purchaser and Seller agree 810 otherwise.

811 In the event SELLER has available for delivery additional 812 quantities of coal, that is, in excess of the quantity 813 requirements hereunder, from the Coal Property and desires to 814 sell the same to PURCHASER under the terms of this Agreement, 815 SELLER may offer the same to PURCHASER, and upon acquiring the

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820 prior written approval of PURCHASER, such additional quantities 821 shall be added to the quantities above set forth and shall be 822 governed by the terms hereunder.

9.01 <u>Weighing.</u> Coal provided by SELLER under this Agreement shall be weighed by SELLER as provided in this Section 9.01. PURCHASER shall have the option at any time during the term of this Agreement to elect to weigh the coal for governing purposes at Daniel Electric Generating Plant, or other destinations specified by PURCHASER.

Except as provided above, the weight of coal for each 829 Shipment sold and delivered hereunder shall be determined from 830 831 the SELLER's scale located at the SELLER's final coal loading facility. Said scales and method of weighing shall be acceptable 832 833 to the PURCHASER and the Carrier, and shall be certified in 834 accordance with the then current Association of American Railroads "Scale Handbook". Seller's scales used to determine 835 the governing weight of coal shall be material tested and 836 certified on a semi-annual basis. SELLER's scales used to 837 determine the governing weight shall also be calibrated and 838 maintained in an accurate condition between material tests and 839 certifications. Documentation of all scale tests and maintenance 840 performed shall be provided to PURCHASER within fourteen (14) 841 days of completion of such action. In the absence of scale 842 weights from SELLER, PURCHASER and SELLER shall mutually agree by 843 844 what means the weight of coal sold, delivered and purchased

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849 hereunder shall be determined. Such methods as mutually agreed 850 on shall not necessarily be the same as that required under the 851 rail contract for payment of freight. SELLER shall pay all costs 852 or expenses charged to or incurred by MPC as a result of the 853 absence of scale weights from SELLER.

854 A net weight shall be determined and reported for each 855 Shipment of coal hereunder. If SELLER provides a coupled-in-motion track scale, the actual empty weight of the 856 railcar rather than the empty (tare) weight stenciled on the 857 railcar shall be used for the determination of the net weight. 858 The scale shall be tested as normally used by comparing the 859 in-motion weight of a unit train with the weight of the train 860 861 determined statically weighing each railcar uncoupled at both 862 ends. The scale shall be calibrated statically with a certified railroad test car as required during the course of the test. The 863 coupled-in-motion scale shall be tested with railcars both empty 864 and loaded. SELLER shall be responsible for all test charges. 865 Additional tests shall be performed if requested by the 866 PURCHASER shall be responsible for the cost of 867 PURCHASER. 868 additional tests unless the results thereof show that the scale 869 failed to conform to certification standards, in which event 870 SELLER shall be responsible for such costs.

871 PURCHASER shall have the right to have representatives
872 present at any and all times to observe the weighing of coal as
873 well as all maintenance and tests on the weighing devices.

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878 PURCHASER's representative shall have the right to delay or stop coal loading in the event that SELLER's scale malfunctions. 879 SELLER shall pay all costs or expenses charged to or incurred by 880 PURCHASER or MPC as a result of any scale malfunction. Loading 881 will be resumed when scale repairs are completed or when mutually 882 883 agreed to by PURCHASER and SELLER. PURCHASER agrees to work in a 884 reasonable and expeditious manner to facilitate resumption of loading. If PURCHASER should at any time question the accuracy 885 of the weights thus determined, PURCHASER shall so advise SELLER 886 and SELLER shall permit PURCHASER's representatives to test 887 SELLER's weighing devices or methods. If such tests show the 888 889 weighing devices to be out of tolerance, or if the weighing devices otherwise are determined to be out of tolerance, the 890 weighing devices shall be adjusted to an accurate condition. 891 In the event PURCHASER and SELLER are unable to agree upon such 892 tests and adjustments, or the devices or methods thereof, the 893 weighing devices and methods shall be tested and adjusted to a 894 condition of accuracy by a qualified third party, mutually chosen 895 896 by PURCHASER and SELLER, and the cost of the testing and adjusting by such third party shall be shared equally by 897 898 PURCHASER and SELLER.

899 If SELLER's weighing devices or methods are determined to be 900 out of tolerance, an appropriate adjustment shall be made to the 901 affected weights and related invoices and payments. Such 902 adjustments shall be made retroactively to a date midway between

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907 the date on which the weighing devices were last certified and 908 the date on which the out of tolerance condition caused by 909 weighing methods or devices was first questioned and 910 prospectively until the date on which the weighing methods and 911 devices were corrected.

912 10.01 Coal Specifications. The coal sold by SELLER and 913 purchased by PURCHASER hereunder shall be uniformly blended and such blend shall be consistent from railcar to railcar; shall be 914 three inches and under in size (3" x 0") as defined in the then 915 916 current ASTM Designation D-431 Standard for Designating Size of Coal and shall not contain greater than fifty (50%) percent 917 particles less than (1/4) inch in size (if, in PURCHASER's sole 918 judgement, coal handling problems occur at the destination 919 920 because of size consistency, SELLER agrees to take corrective action acceptable to PURCHASER); shall have no intermediate sizes 921 added or removed; shall not contain coal greater than six (6) 922 923 inches in any dimension; shall be free of bone, slate, shale, 924 rock, dirt, and clay, and free of extraneous material which term shall include, but not be limited to plastic, rubber, iron, wood 925 and other waste materials, and shall conform to the following 926 927 analysis on an "as received" basis:

929 930 931			Guaranteed (Per	Specia			on Limits hipment)
932	Moisture	(total)	9.0	00% or	less	10.50%	or greater
933	Ash		10.0	00% or	less	11.00%	or greater
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938 Sulfur Less than 0.60 lbs of Greater than or equal to 0.60 lbs of sulfur 939 sulfur per million Btu 940 per million Btu 941 Volatile Matter Equal to or greater Equal to or less 942 than 34% than 30% 943 Ash Fusion Temp. Equal to or greater Less than 2200 Degrees F 944 Softening (H=W than 2700 Degrees F 945 Reducing Atmosphere) 946 Grindability Equal to or less than 38 Equal to or greater 947 than 40 (Hardgrove (Hardgrove Index) 948 Index) 949 Calorific Value 13,000 Btu/1b 11,800 Btu/1b or less 951 An example of the calculation of the pounds of sulfur per 952 million Btu is shown in Annex K. SELLER shall reimburse PURCHASER for all damage caused to 953 954 MPC's equipment by any extraneous material loaded with the coal.

955 11.01 Sampling and Analysis.

956 Coal provided by SELLER under this Agreement shall initially 957 be sampled by SELLER and analyzed by MPC or PURCHASER's 958 designated laboratory as provided in this Section 11.01. MPC 959 shall have the option at any time during the term of this 960 Agreement to elect to sample for governing purposes at Daniel 961 Electric Generating Plant or other destination specified by 962 PURCHASER. In the event that MPC invokes the option to perform 963 weighing and sampling at the Daniel Electic Generating Plant for 964 governing purposes, PURCHASER agrees to consider and adjust for 965 the effects on coal quality and quantity due to conditions beyond 966 the control of SELLER. MPC's sampling shall conform to

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971 specifications based on the then current American Society for 972 Testing and Materials Standard D-2234 "Collection of a Gross 973 Sample of Coal" and Standard D-2013 "Preparing Coal Samples for 974 Analysis."

So long as SELLER samples the coal for governing purposes, 975 976 SELLER shall provide at SELLER's final coal loading facility a mechanical sampling system of the "cutting the full coal stream" 977 type or other system acceptable to PURCHASER. The design and 978 operation of the sampling system shall be in accordance with the 979 980 then current American Society for Testing and Materials Standard D-2234 "Collection of a Gross Sample of Coal" and Standard D-2013 981 "Preparing Coal Samples for Analysis". The sampling system shall 982 983 be enclosed to minimize moisture loss and shall be designed for one stage of sample crushing to an eight (8) mesh product. 984 SELLER shall submit design drawings and specifications for any 985 new proposed sampling system to PURCHASER for review and comment 986 prior to installation. PURCHASER and SELLER shall use their best 987 efforts to agree on modification of procedures and equipment to 988 incorporate improved methods developed in the future by American 989 990 Society for Testing and Materials.

991 SELLER shall collect representative samples of each Shipment 992 of coal sold hereunder using the mechanical sampling system as 993 described above at the loading facility. The final sample of 994 eight (8) mesh coal from the mechanical sampling system shall be 995 reduced to eight (8) 1000 gram laboratory samples, at the loading

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facility, in accordance with the then current American Society 1000 for Testing and Materials Standard D-2013 "Preparing Coal Samples 1001 for Analysis", using an enclosed riffle to minimize moisture 1002 loss. SELLER shall ship four (4) laboratory samples, within 1003 twenty-four (24) hours of sample collection, to PURCHASER's 1004 1005 designated laboratory, and two (2) laboratory samples shall be retained by the SELLER. One (1) laboratory sample shall be 1006 retained by both PURCHASER and SELLER for thirty (30) days from 1007 date of Shipment as reserve samples. One laboratory sample shall 1008 1009 be analyzed by SELLER to meet its requirements under Section 7.01. 1010

PURCHASER or its designated representative may observe any 1011 sampling or sample preparation performed by SELLER; SELLER or its 1012 designated representative may observe any sampling or sample 1013 preparation performed by MPC or PURCHASER's designated 1014 laboratory. PURCHASER's representative shall have the right to 1015 delay or stop coal loading in the event that SELLER's sampling 1016 system malfunctions. SELLER shall pay all costs or expenses 1017 charged to or incurred by PURCHASER or MPC as a result of any 1018 sampling system malfunction. Loading will be resumed when 1019 sampling system repairs are completed or when mutually agreed to 1020 by PURCHASER and SELLER. PURCHASER agrees to work in a 1021 reasonable and expeditious manner to facilitate resumption of 1022 1023 loading.

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1029 One laboratory sample sent to PURCHASER's designated 1030 laboratory shall be analyzed in accordance with Annex H and the 1031 results of such analysis shall be used for the governing purposes 1032 of this Agreement.

PURCHASER's designated laboratory may be MPC's fuel laboratory or an independent qualified, commercial, coal testing laboratory which shall analyze the laboratory samples sent by SELLER in accordance with Annex H. In the event PURCHASER elects to employ such a commercial laboratory, SELLER shall not be liable for any costs incurred by PURCHASER except as herein provided.

Annex H delineates laboratory sample preparation and analytical procedures which are in accord with ASTM and industry standards and which are to be used by SELLER and PURCHASER as provided in this Section 11.01.

1044 If a dispute arises between PURCHASER and SELLER over the results of such analyses, one of the laboratory samples reserved 1045 1046 for settlement of disputes shall be sent to a qualified 1047 independent laboratory (selected jointly by PURCHASER and SELLER) 1048 which shall conduct a referee analysis in accordance with Annex 1049 H. The referee sample to be sent to the independent laboratory 1050 by the PURCHASER or SELLER shall be selected on a random basis. 1051 The cost of any such referee analysis shall be borne equally by 1052 PURCHASER and SELLER.

With respect to disputes involving items of the analysis, the analysis of MPC or PURCHASER's designated laboratory shall be deemed to have been confirmed if the difference between the analysis of such independent laboratory and analysis of SPC or PURCHASER's designated laboratory is within the tolerances specified in the then current American Society of Testing and Materials Standards.

1065 In the event that a difference in any disputed item of MPC's 1066 or PURCHASER's designated laboratory analysis and independent 1067 laboratory's analysis of the referee sample exceeds tolerances 1068 specified in the then current ASTM Standards, the complete 1069 analysis of the referee sample shall govern.

1070 12.01 Suspension of Shipments for Coal Quality 1071 Deficiencies. Should the coal quality of any Shipment fail to 1072 comply with any of the guaranteed specifications stated in 1073 Section 10.01 of this Agreement, PURCHASER shall have the right 1074 to suspend immediately all Shipments by giving notice of the 1075 suspension to SELLER. After receipt of such notice, SELLER shall 1076 immediately commence appropriate action and use its best efforts 1077 to correct the deficiency. SELLER shall furnish PURCHASER with 1078 such documentation as PURCHASER may reasonably require to assure 1079 PURCHASER of SELLER's ability to perform. If PURCHASER is 1080 reasonably assured that SELLER can deliver coal which complies 1081 with the guaranteed specifications of Section 10.01, then a test 1082 Shipment shall be scheduled. If analysis by MPC shows the test

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1087 Shipment to be in compliance with the guaranteed specifications 1088 of Section 10.01, deliveries shall be permitted to resume. 1089 PURCHASER shall have the sole right to determine if SELLER shall 1090 be allowed to make up any Tonnage not delivered during the 1091 suspension.

1092 If PURCHASER does not recieve adequate assurance of SELLER's 1093 ability to deliver coal which complies with the guaranteed 1094 specifications, within thirty (30) days of suspension notice, or 1095 if the test delivery fails to comply with the guaranteed 1096 specifications, PURCHASER shall so notify SELLER of such failure, 1097 and this Agreement may be immediately terminated, at PURCHASER's 1098 option.

12.02 Termination of Agreement for Coal Quality 1099 1100 Deficiencies. In addition to and not as a limitation upon other rights of PURCHASER, if during a sixty (60) consecutive day 1101 period following notice to SELLER of failure to comply with 1102 Section 10.01, forty percent (40%) of the coal unloaded fails to 1103 comply with any of the guaranteed specifications set forth in 1104 Section 10.01, SELLER shall be in material breach of this entire 1105 1106 Agreement and PURCHASER shall have the right to immediately 1107 terminate this Agreement.

In the event PURCHASER terminates this Agreement under this Section 12.02 or Section 13.01, or suspends delivery pursuant to the provisions of Section 12.01, and in addition to other remedies provided by this Agreement or by law, SELLER shall be

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1116 liable to PURCHASER for breach of the entire Agreement and shall 1117 be responsible and shall pay PURCHASER for any and all costs 1118 incurred by PURCHASER or MPC under this Agreement and other 1119 contracts with transportation companies which result from such 1120 termination or suspension of Shipments hereunder.

12.03 Rejection of Coal for Coal Quality Deficiencies. 1121 In 1122 addition to and not a limitation upon its suspension or 1123 termination rights, PURCHASER shall have the right to reject any 1124 unit train or Barge, should the quality of coal of that unit 1125 train or Barge show, by analysis, failure to comply with the 1126 rejection limits as set forth in Section 10.01. PURCHASER shall give prompt notice to SELLER of any rejection of unit trains or 1127 1128 Barges hereunder. After notification by PURCHASER of a rejected 1129 unit train or Barge, SELLER shall not resume Shipments until coal 1130 quality has been corrected to PURCHASER's satisfaction. In the 1131 event that PURCHASER rejects any coal, SELLER shall immediately remove said coal from MPC's facilities or from transportation 1132 1133 equipment at SELLER's expense and shall reimburse MPC and 1134 PURCHASER all its costs and expenses, including transportation 1135 cost, incurred in connection with the coal, all of which costs 1136 PURCHASER may deduct from any sum owed by PURCHASER to SELLER.

In the event that PURCHASER, at its sole discretion, accepts coal in which the "as received" analysis exceeds any rejection limit as set forth in Section 10.01, the following price adjustments shall apply:

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1145 1146	Moisture Adjustment	-	\$3.00 per Ton for each one (1) percent or any fraction thereof in excess of 10.50%.
1147 1148	Ash Adjustment	-	\$3.00 per Ton for each one (1) percent or any fraction thercof in excess of 11.00%.
1149 1150	Btu Adjustment	-	<pre>\$2.00 per Ton for each 100 Btu's or fraction thereof less than 11,800 Btu/lb.</pre>

PURCHASER's election to accept coal that exceeds the rejection limits and receive an adjustment will not affect any other remedy under the Agreement, including PURCHASER's right to reject coal shipped thereafter which exceeds the rejection limits as set forth in Section 10.01. Examples of the application of these guality adjustments are listed in Annex G.

12.04 Suspension and Termination of Agreement for 1158 Operational Considerations. PURCHASER shall have the right to 1159 suspend deliveries hereunder if it determines through its sole 1160 judgement that coal does not perform satisfactorily in MPC's 1161 generating plant because of operational considerations. Should 1162 such determination be made by PURCHASER, PURCHASER shall give 1163 SELLER written notice of such determination and suspension. 1164 SELLER may, upon a suspension, propose means to overcome the 1165 problem giving rise to such adverse effect. If within ninety 1166 (90) days after suspension of deliveries under this Section 1167 SELLER has been unable to propose an acceptable means to overcome 1168 the problem to PURCHASER's satisfaction, PURCHASER shall have the 1169 exclusive right to immediately terminate this Agreement. 1170

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1176 13.01 Termination for Unremedied Default. In the event of the failure of either party to comply with any or all of their 1177 1178 respective obligations in good faith as herein set forth, the 1179 party not in default shall have the right to terminate this 1180 Agreement at any time by giving to the other ninety (90) days 1181 notice in writing of its intention to do so and specifying the 1182 default. At the expiration of said ninety (90) days, unless the party in default shall have made good such default, the party not 1183 in default shall have the right at its election to terminate this 1184 Agreement forthwith. This right shall be in addition to the 1185 1186 rights provided to either party in other portions of this 1187 Agreement and by law.

1188 13.02 Unilateral Termination Right. In addition to any 1189 other termination rights provided in this contract or at law, 1190 PURCHASER expressly reserves the right, upon sixty (60) days' 1191 prior written notice to SELLER, to unilaterally terminate this 1192 Agreement; provided, however, that PURCHASER shall pay to SELLER 1193 an amount equal to \$3.00 per Ton, multiplied by the remaining 1194 number of Tons scheduled for delivery from the effective 1195 termination date herein through the earliest applicable date for 1196 termination. Said payment by PURCHASER to SELLER shall 1197 constitute SELLER's sole remedy against PURCHASER for any loss, 1198 cost, or damage incurred by SELLER as a result of PURCHASER's 1199 termination under this Agreement. PURCHASER shall have no 1200 further obligation or liability under this Agreement or at law

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1205 except with respect to coal delivered prior to said termination 1206 date or as otherwise provided.

14.01 Force Majeure. "SELLER's Force Majeure" as used 1207 1208 herein shall mean a cause reasonably beyond the control of SELLER which wholly or in substantial part prevents the mining or 1209 1210 delivery of coal. "PURCHASER's Force Majeure" as used herein 1211 shall mean a cause reasonably beyond the control of PURCHASER or MPC which wholly or in substantial part prevents the unloading, 1212 1213 storing or burning of coal by MPC at its destination. Examples 1214 (without limitations) of force majeure are the following: acts of 1215 God; acts of the public enemy; insurrections; riots; strikes; 1216 labor disputes; work stoppages; fires; explosions; floods; electric power failures; breakdowns of or damage to generating or 1217 1218 preparation plants; interruptions to or contingencies of 1219 transportation; embargoes; and orders or acts of civil authority 1220 (including, without limitation, a city or county ordinance, an 1221 act of a state legislature, an act of the United States Congress) 1222 or military authority; provided, however, for the purposes of 1223 this Agreement, force majeure shall not include, and SELLER shall not be excused from performance because of the development or 1224 1225 existence of economic conditions which may adversely affect the 1226 anticipated profitability of the mining activities of SFLLER 1227 hereunder, acts or omissions of SELLER which constitute 1228 mismanagement on the part of SELLER, or reduced productivity of 1229 labor employed by SELLER in its mining activity hereunder.

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If because of PURCHASER's Force Majeure PURCHASER is unable 1234 to carry out its obligations under this Agreement, and if 1235 1236 PURCHASER gives SELLER written notice of such force majeure, the 1237 obligations and liabilities of PURCHASER and the corresponding 1238 obligations of SELLER shall be suspended to the extent made 1239 necessary by and during the continuance of such PURCHASER's Force Majeure; provided, however, that the disabling effects of such 1240 1241 force majeure shall be eliminated as soon as and to the extent 1242 possible (except that either party may settle any of its own 1243 labor disputes, strikes, or terminate any of its own lockouts in 1244 its sole discretion).

1245 If because of SELLER's Force Majeure SELLER is unable to 1246 carry out its obligations under this Agreement, and if SELLER 1247 gives PURCHASER written notice of such force majeure, the 1248 obligations and liabilities of SELLER and the corresponding obligations of PURCHASER shall be suspended to the extent made 1249 necessary by and during the continuance of such SELLER's Force 1250 1251 Majeure; provided, however, that the disabling effects of such 1252 force majeure shall be eliminated as soon as and to the extent 1253 possible (except that either party may settle any of its own 1254 labor disputes, strikes, or terminate any of its own lockouts in 1255 its own sole discretion).

1256 Upon elimination of any force majeure condition, PURCHASER 1257 may, at its sole option, elect to receive Tonnage not shipped 1258 during the force majeure period at a shipping rate to be

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1263 determined by PURCHASER, but subject to SELLER's ability to 1264 perform. In the alternative, PURCHASER may, at its option, elect 1265 to have any Tonnage not delivered during the force majeure period 1266 reduce the total Tonnage to be shipped, as provided for in this 1267 Agreement.

It is agreed that in the event that any valid act, law, 1268 1269 ordinance, rule or regulation of a municipality, county, state or 1270 the United States government, or final judicial decision, judgement or order, is adopted or passed after the date of this 1271 1272 Agreement, which (a) directly prohibits the mining contemplated 1273 hereunder, or (b) imposes significant burdens or restrictions 1274 upon the burning or use of such coal by MPC to the extent that 1275 MPC is unable or would not be allowed to utilize such coal at 1276 Daniel Electric Generating Plant or would be allowed to utilize 1277 such coal only after the installation or substantial renovation 1278 of plant equipment, then the existence and implementation of such 1279 act, law, ordinance, rule, regulation, judgement or order shall 1280 constitute an instance of permanent force majeure whereupon this 1281 Agreement may be terminated by the party so affected.

1282 Notwithstanding the provisions of this Section 14.01, if (a) 1283 a condition of force majeure occurs which causes the mutual 1284 obligations to be suspended as provided above with respect to the 1285 total quantity of coal to be supplied, and (b) such condition 1286 (alone or extended by other conditions of force majeure) 1287 continues so that the mutual obligations remain suspended for a

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period of six (6) months, and (c) at the end of said six (6) 2 months or at any time thereafter, the party not claiming force 3 majeure, in the exercise of reasonable judgement, concludes that 4 there is little likelihood of ending the condition(s) in the 5 immediate future, then the party not claiming force majeure may 6 terminate this Agreement without liability to the other party by 7 giving to the other ninety (90) days notice in writing of its 8 intention to terminate. .9

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# 15.01 Changes in Environmental Related Requirements.

The term "environmental related requirements," as used in 11 this Agreement, means (i) any prohibition, restriction, or 12 limitation related to the quality of coal which MPC may burn, 13 including any constituent specification, at any or all of its 14 electric generating plants, or to the type or amount of emissions 15 from any or all such plants; (ii) any rule or requirements 6 affecting the permissible means for complying with any such 7 prohibition, restriction or limitation; or (iii) any imposition 8 of a cost, fee, tax or other economic burden on PURCHASER or MPC )9 relating to any constituent specification of coal purchased by 10 it, or to the type or amount of emissions from its electric 11 generating plants. A "change" in environmental related 12 requirements shall be deemed to have occurred if there is any 13 increase or decrease in an environmental related requirement or 14 imposition of a new environmental related requirement on 15 PURCHASER or MPC as a result of any federal or state statute, 16

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local ordinance, administrative regulation or ruling, court 1321 order, or any revision in any interpretation or implementation 1322 1323 thereof. It is recognized that a change in environmental related requirements upon PURCHASER or MPC may occur even though stated 1324 as a restriction or limitation on, or requirement of, MPC and its 1325 1326 affiliates or some other group of utilities. It is further 1327 recognized that any change in environmental related requirements 1328 may affect MPC in a general way and may not be directed at specific plants, fuels, fuel supplies or other operating 1329 1330 conditions. In this event, PURCHASER or MPC shall, in their sole 1331 discretion, determine their strategy for compliance, and whether MPC's use of the coal to be supplied hereunder has been adversely 1332 1333 impacted.

1334 The price, specifications, quantity and destination of coal 1335 purchased hereunder is predicated on environmental related requirements in effect as of July 1, 1987. In the event and 1336 whenever after July 1, 1987, there is a change in environmental 1337 1338 related requirements, PURCHASER shall determine whether such 1339 change has had or may have an adverse impact on MPC's use of the 1340 coal purchased hereunder. It is agreed that any change in environmental related requirements which imposes a fee, tax or 1341 1342 other economic burden on PURCHASER or MPC relating to the constitutent specifications of coal purchased by it or on the 1343 1344 type or amount of emissions from MPC's electric generating 1345 plants, or prevents MPC from utilizing the coal purchased

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hereunder in its electric generating plants, or requires MPC to 1350 install equipment (such as flue gas desulfurization equipment or 1351 1352 particulate removal equipment) at one or more of its electric 1353 generating plants in order to comply with such change, or 1354 requires or permits MPC to utilize coal of a quality (including 1355 sulfur content) different from that specified in Section 10.01, shall be deemed to have an adverse impact on MPC's use of the 1356 1357 coal purchased hereunder, even though the statute, regulation, 1358 ruling or ordinance may allow MPC a choice of options for 1359 complying with such changed environmental related requirements 1360 (which choice may include the payment of a fee or tax in lieu of 1361 the installation of equipment or utilization of coal of different 1362 constituent specifications).

1363 If PURCHASER determines that a change in environmental 1364 related requirements has had or may have an adverse impact on 1365 PURCHASER's or MPC's use of the coal purchased hereunder, 1366 PURCHASER shall so notify SELLER, and SELLER shall have the right, at its option, to propose any steps available to it, 1367 1368 within thirty (30) days of PURCHASER's notification to SELLER, in 1369 its mining and processing of the coal, or in the supply of 1370 substitute coal, or in the reduction in the price of the coal, or 1371 other measure which would result in as low a delivered cost of 1372 fuel at MPC's electric generating plant as PURCHASER could 1373 achieve by purchasing reasonably available substitute fuel. In 1374 the event PURCHASER, in its sole discretion, determines that

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1379 SELLER cannot achieve this result, then PURCHASER may terminate 1380 this Agreement upon ninety (90) days' written notice. PURCHASER 1381 shall have the right to give such notice either before or after 1382 the effect of a change in environmental related requirements.

1383 16.01 <u>Independent Contractor</u>. This is an Agreement for the 1384 Sale and Purchase of coal. The parties recognize and agree that 1385 SELLER is not an agent or employee of PURCHASER but is 1386 independent of any managerial or other control or direction by 1387 PURCHASER in its work hereunder, and is free to perform, by such 1388 means and in such manner as SELLER may choose, all work in 1389 pursuance of commitments hereunder.

1390 17.01 <u>Binding Effect</u>. This Agreement shall bind and inure
1391 to the benefit of the parties and their successors and assigns
1392 under Section 18.01.

1393 18.01 Assignments. Neither party may assign this Agreement 1394 or any rights or obligations hereunder without the prior written 1395 consent of the other party, which consent shall not be required 1396 for SELLER to assign, pledge or hypothecate this Agreement purely 1397 for financing purposes and without relinquishing or in any way 1398 transferring its own performance obligations under this 1399 Agreement. Without assigning this Agreement or any rights or 1400 obligations hereunder and without relieving PURCHASER of any of 1401 its performance obligations hereunder, PURCHASER shall have the 1402 right to sell all or any portion of the coal under this Agreement 1403 at any time during the primary term or one or both extended

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terms. PURCHASER may, without consent of SELLER, assign all or 1408 any portion of this Agreement to any company within The Southern 1409 Electric System and may exercise its right to divert coal 1410 Shipments to other destinations under Section 6.01 without 1411 consent of SELLER. Should the majority of stock in SELLER be 1412 conveyed, PURCHASER shall have the option to immediately cancel 1413 this Agreement, should PURCHASER determine, in its sole 14.14 judgement, that the change in stock ownership adversely affects 1415 SELLER's ability to perform under this Agreement or alters the 1416 1417 diversity of coal supply to PURCHASER.

19.01 Right of Inspection; Accounting. SELLER shall keep 1418 accurate books and records relating to the sale of coal to 1419 PURCHASER hereunder in accordance with sound and accepted 1420 accounting principles and shall make such reports as have been 1421 1422 specified or reasonably requested by PURCHASER. SELLER shall also preserve in an orderly manner the records supporting all 1423 charges and adjustments to the billing price hereunder and shall 1424 make such records available to PURCHASER, its accountants, 1425 1426 auditor or other authorized representatives, who shall at all reasonable times be given access to and be permitted to examine 1427 such books and records after reasonable notification of its 1428 intent to inspect. In the event, upon audit, it is determined 1429 that claims made by SELLER for adjustments in price which were 1430 allowed to go into effect by PURCHASER were not properly 1431 calculated, adjustments shall be made promptly in billings 1432

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1437 hereunder for current coal deliveries to reflect proper amounts 1438 of such adjustments or if no billings are then due, payments 1439 reflecting the difference between the proper amounts determined 1440 by audit and the amounts paid shall be made, however, no such 1441 adjustment shall be made for coal delivered in excess of 1442 twenty-four (24) months prior to such audit.

1443 19.02 Right of Inspection; Coal Property. PURCHASER or its 1444 designated agent shall have the right at all times to enter upon 1445 the Coal Property, and/or other appropriate locations, announced or unannounced and to inspect and examine the method, equipment 1446 1447 and manner of mining, producing, storing, washing, blending, 1448 crushing, loading, unloading, transporting, sampling, weighing, 1449 analyzing, and other handling of coal to be sold and delivered 1450 under the Agreement, and to take samples of coal for PURCHASER's 1451 analyses. No inspection by PURCHASER shall be deemed as a waiver of any of PURCHASER's rights or relieve SELLER of any obligation 1452 of this Agreement. 1453

1454 20.01 Arbitration. In the event of any dispute, difference of opinion or controversy between the parties as to any question 1455 of fact, as opposed to any question of law, which may arise under 1456 1457 this Agreement with respect to any of the following matters only: 1458 physical measurements involving the quantity, quality, weights, sampling and analysis of coal delivered, and also adjustments 1459 1460 pursuant to Sections 4.02 through 4.06 and 4.09 through 4.11, 1461 either party shall have the right to request arbitration by

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giving written notice thereof to the other party. In such event 1466 each party agrees to appoint a competent and reasonable person 1467 skilled in the subject matter of the issue in dispute as an 1468 arbitrator. Should either party fail to appoint an arbitrator 1469 within ten (10) days after giving or receiving such written 1470 notice, an arbitrator for such party shall be appointed by the 1471 American Arbitration Association in accordance with the rules of 1472 the American Arbitration Association. If, within ten (10) days, 1473 the two arbitrators are unable to agree as to the determination 1474 of the questions submitted to them, they, within ten (10) days 1475 after such inability to agree becomes apparent, shall appoint a 1476 third arbitrator and the decision of the majority shall be final 1477 and binding on the parties hereto as to such matters that are 1478 submitted and determined by the arbitrators. Should the two 1479 1480 arbitrators be unable to agree within such ten (10) day period upon a third arbitrator, then upon the election of either SELLER 1481 or PURCHASER, such appointment shall be by the American 1482 Arbitration Association in accordance with the rules of the 1483 American Arbitration Association; such arbitrator or arbitrators 1484 to be competent persons skilled in the subject matter of the 1485 issue in dispute to make such determination. Five (5) days 1486 written notice of the application to the American Arbitration 1487 Association shall be given to the other party by the party making 1488 such application. The reasonable compensation of any arbitrators 1489 1490 not in the employ of or designated by the respective parties and

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the cost of the arbitration shall be shared equally by the 1495 parties to this Agreement. In each instance the decision of a 1496 1497 majority of the arbitrators shall be final and binding as to such matters as are submitted to and determined by them. During 1498 1499 arbitration, and as a condition to such arbitration, the parties shall have full discovery rights as provided in the Federal Rules 1500 of Civil Procedure and as would be available to the parties if 1501 1502 the matter were before a United States District Court. Any award 1503 or determination made by the arbitrators may, upon application of 1504 either party to the Federal District Court for the Southern District of Mississippi, Southern Division, be reduced to 1505 1506 judgement by such Court.

1507 21.01 <u>Waiver</u>. The failure of either party to insist on 1508 strict performance of any provision of this Agreement, or to take 1509 advantage of any right hereunder, shall not be construed as a 1510 waiver of such provision or right.

1511 22.01 <u>Remedies Cumulative</u>. Except as otherwise provided 1512 herein, remedies provided under this Agreement shall be 1513 cumulative and in addition to other remedies provided by law.

1514 23.01 <u>Notices</u>. With the exception of SELLER's invoices or 1515 shipping notices as required by Section 7.01, any notice, 1516 request, protest, consent, demand, report or statement given by 1517 one party to the other shall be in writing and deemed duly 1518 received seventy-two (72) hours after it is deposited in the

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1524	United States mail, by certified mail, postage prepaid, and
1525	properly addressed as follows:
1526	(1) If the notice is to PURCHASER, to:
1527 1528 1529 1530 1531	Vice President, Fuel Services Southern Company Services, Inc. P. O. Box 2625 BIN 852 Birmingham, AL 35202
1532	with copy to:
1533 1534 1535 1536	Mississippi Power Company Attention: Vice President - Bulk Power Resources P. O. Box 4079 Gulfport, Mississippi 39502
1537	(or to such other person or addresses as PURCHASER shall have
1538	designated in writing to SELLER).
1539	(2) If the notice is to SELLER, to:
1540 1541 1542	Reading and Bates Coal Company 1280 Old Frankfort Pike Lexington, KY 40504
1543	with copy to:
1544 1545 1546 1547	Crimson Corporation 881 Corporate Drive Suite 204 Lexington, KY 40503
1549	(or to such other person or address as SELLER shall have
1550	designated in writing to PURCHASER).
1551	24.01 Agent for PURCHASER. Southern Company Services,
1552	Inc., an Alabama corporation, is hereby designated by PURCHASER
1553	as agent for PURCHASER to act for and on behalf of PURCHASER for
1554	the purpose of giving or receiving any notice, demand or request
1555	required or authorized by this Agreement, for the purpose of

1560 designating the quantity, size, destination and routing of 1561 Shipments to be made from time to time to PURCHASER hereunder, 1562 and for such other purposes as may from time to time be 1563 designated by PURCHASER. PURCHASER may change agent by giving 1564 notice to SELLER.

1565 25.01 <u>Captions</u>. The captions to sections hereof are for 1566 convenience only and shall not be considered in construing the 1567 intent of the parties.

1568 26.01 <u>Applicable Law</u>. All questions concerning the 1569 execution, construction, performance, breach or enforcement of 1570 this Agreement shall be construed under the substantive laws of 1571 the State of Mississippi and not just the Mississippi laws 1572 regarding conflicts of laws.

1573 26.02 <u>Compliance with Laws and Regulations</u>. In connection 1574 with the performance of this Agreement, SELLER agrees to comply 1575 in all material respects with governmental laws and regulations 1576 including those set forth in Annex J, attached hereto.

1577 27.01 Entire Agreement. This instrument contains the 1578 entire Agreement between the parties, and there are no 1579 representations, understandings or agreements, oral or written, 1580 which are not included herein. This Agreement cannot be changed 1581 except by duly authorized representatives of both parties in 1582 writing.

1583 28.01 <u>Confidential and Proprietary Information</u>. The terms 1584 and conditions (including prices) set forth in this Agreement are

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considered by both PURCHASER and SELLER to be confidential and 1589 proprietary information and neither party shall disclose any such 1590 information to any third party without advance written consent of 1591 the other (which consent shall not be unreasonably withheld) 1592 except where such disclosure may be required by law, regulation 1593 or regulatory agencies having jurisdiction over SELLER or 1594 PURCHASER or in connection with assertion of a claim or defense 1595 in judicial or administrative proceedings involving the parties 1596 1597 hereto, in which event the party to make such disclosure shall advise the other in advance and cooperate to the extent 1598 practicable to minimize the disclosure of any such information. 1599

1600 IN WITNESS WHEREOF, the parties hereto have caused this 1601 Agreement to be executed by their respective officers duly 1602 authorized thereunto, on the date indicated by their signatures.

1603 ATTEST 1605

Ilii T Malus

PURCHASER Date Executed

1608 ATTEST:

1606

1610 1611

1612

SELLER

Date Executed Oct. 9, 1987.

565

## ANNEX A

# COAL PROPERTY (Section 2.01)

The lands dedicated to operations are outlined in "Annex A-Location and Property Map".

The reserves and description of the properties outlined in the aforementioned map are as follows:

LEASE	HAZARD # 4 (Tons)	HAZARD 5A (Tons)	TOTAL TONS
EHCLC/Crawford	13,802,800	2,698,500	16,501,300
K.R.C.C.	1,302,900	3,161,400	4,464,300
Beth-Energy	100,000		100,000
Kodak/C.F.C.C.	1,329,400	48,500	1,377,900
Lewis	220,300		220,300
Harris Hart	330,800		330,800
Certicoals	3,595,400		3,595,400
Elk-Horn Coal	140,000		140,000
Whitaker/Mullins		20,000	20,000

TOTAL

20,821,600

5,928,400

26,750,000

568

#### HAZARD #4 COAL SEAM

#### PROPERTY RIGHTS SCHEDULE

Those reserves of the Hazard #4 coal contained in the following leases and subleases:

I. Elkhorn-Hazard Coal Land Corporation

A portion of certain mineral tracts (shown as listed below) contained in Schedule I of an "Agreement of Lease and Sublease" between Elkhorn-Hazard Coal Land Corporation, Golden Oak Mining Company, Inc., and Reading and Bates Coal Company on the 12th day of September, 1987, and recorded in the Knott County Courthouse in Lease Book #34, page #232 and in the Letcher County Courthouse in Lease Book #29, page #31.

TRACT NUMBER	TRACT NAME	ACRES
13	J. S. Back	245.20
14	Jackson Ashley	33.45
15	Albert Madden	206.60
16	Green Cornett	146.90
17	James F. Gibson	14.50
18	Charles Madder	215.50
19	Valentine Mullins	•
20	Albert Amburgey	
21	J. N. Mullins	
22	W.M. Mullins	36.5
25	Nick Combs	138.15
31	J.M. Pigman	85.5
32	H.C. Francis	95.5
33	R. D. Adams	185.25
34	L. B. DAy	96.75
35	S. M. Adams	15.5
36-1	W. T. Bailey	117.25
36-2	W. T. Bailey	68
38	W. J. Madden	112.05

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Page two

TRACT NUMBER	TRACT NAME	ACRES
39	Jeptha Cornett	205.73
40	Watson Cornett	136.85
41	Sam Mullins	55.25
43	A. C. Craft	194
43-1	K. T. Craft	16.9
43-2	K. T. Craft	4.5
44	William Smith	30.23
45	Alex Short	84.25
51-1	John Fugate	59.5
51-2	John Fugate	22.38
52-1	G. C. Smith	439.25
52-2	G. C. Smith	31.5
52-3	G. C. Smith	20

The above mineral properties were acquired from R. R. Crawford on December 31, 1948, and recorded in Deed Book 79, page 502, in the Knott County Courthouse.

TRACT NUMBER	TRACT NAME	ACRES
	Crady Waddles	13.0

The above mineral property was acquired from Crady and Mallie Waddles in a Deed of Exchange on June 15, 1955, and recorded in the Knott County Courthouse in Deed Book 79, page 512.

#### Bethlehem

Parcel "D"

## Bethlehem

8.78

The above mineral property was acquired from Bethlehem Mines Corporation in a Deed of Exchange on November 24, 1971, and recorded in the Knott County Courthouse in Deed Book 94, page 608.

Page three

ADACA MUMPED	201 CB 11110	
TRACT NUMBER	TRACT NAME	ACRES
L1-1	Nelson-Bl. 1, Tr. 1	171.76
L2-1	Nelson-Bl. 2, Tr. 1	346
L2-2	Nelson-Bl. 2, Tr. 2	566
L2-3	Nelson-Bl. 2, Tr. 3	220.90
L2-4	Nelson-Bl. 2, Tr. 4	59.32
L2-5	Nelson-Bl. 2, Tr. 5	118.65
L2-6	Nelson-Bl. 2, Tr. 6	69.1
L2-7	Nelson-Bl. 2, Tr. 7	11.25
K3-1	Nelson-Bl. 3, Tr. 1	116.70
L-4	Lewis Campbell	71.88
L-3	J. S. Collins	66.6
L-5	James G. Dixon	181.11

The above mineral properties were leased from Roy R. Crawford, Jr. and Helen Lucille Crawford Mulholland on 9-7-83 and recorded in the Knott County Courthouse in Lease Book 34, page 421, and also in the Letcher County Courthouse recorded in Lease Book 29 at Page 195.

Ethel Dixon	15
Arch Dixon	15
Coy Hampton	15 .
Alice Dixon	29.20

## II. Kentucky River Coal Corporation

A portion of certain mineral tracts (shown as listed below) contained in Schedule 2B of a Supplemental Lease Agreement between Kentucky River Coal Corporation and William B. Sturgill, dated the 14th day of September, 1977, of the base Lease Agreement between said parties on the 1st. day of June, 1977.

TRACT NAME	ACRES
Sol Adams	190.43
Wesley Combs	184.77
Wesley Combs	
	Sol Adams Wesley Combs

#### Page four

Also, a portion of certain mineral tracts (shown as listed below) contained in Schedule I of a Supplemental Lease between Kentucky River Coal Corporation and Golden Oak Mining Company, Inc., dated the 11th day of August, 1982 and amending Supplemental Lease Agreement dated the 29th day of February, 1980.

TRACT NUMBER	TRACT NAME William J. Dixon	ACRES 34.00	REMARKS
368	William J. Dixon	582.98	North of Elk Crk
369	William J. Dixon	100.49	North of Elk Crk
373	William J. Dixon	3.67	
373	William J. Dixon	22.04	
388	F. Whitaker	44.49	Fee
		21.75	Mineral

Also, a certain mineral tract (shown as listed below) contained in Supplemental Lease Agreement between Kentucky River Coal Corporation and Golden Oak Mining Company, Inc., dated the 28th day of March, 1986, supplementing Supplemental Lease dated the 29th day of February, 1980.

## III. Beth Energy

Certain mineral tracts (shown as listed below) contained in Lease Agreement dated the 1st. day of April, 1985 between Bethlehem Steel Corporation and Golden Oak Mining Company, Inc.

TRACT NUMBER	TRACT NAME	ACRES	REMARKS
1680	Woodrow Adams	301.52	Parcel-A
1698	William Kelly	99.41	Parcel-B

## IV. Kodak/Carr Fork

A certain mineral tract contained in Supplemental Amendment Agreement dated the 31st. day of December, 1984, between Kodak Mining Company and Lance Coal Corporation, modifying Amendment dated July 27, 1981, between said parties, as described in Exhibit I:

#### Page five

All the remaining Hazard #4 (Fire Clay) coal seam left in the Montgomery Coal Corporation's James D. Caudill 248.4 acre mineral tract situated near the head of Bull Creek.

Also, those mineral tracts contained in the Sublease and Agreement between Kodak Mining Company, Inc., and Golden Oak Mining Company, Inc., dated the 14th day of July 1987, in connection with the Allied #2 Sublease and Allied #3 Sublease portions of that Agreement.

#### V. Lewis

Certain mineral tracts contained in the Lease Agreement dated the 14th day of November, 1978 between Letcher County Coal and Improvement Company, The Lewis Company, Colly Coal Land Corporation, and Golden Oak Mining Company, Inc., as listed below:

T NUMBER se Reference)	TRACT NUMBER (Actual)	TRACT NAME	ACRES
8	2552	R.T. Irvine	72.43
9	2573	J.D. Hart	81.28
12		J.P. Back	572
18		Sandlick Coal Co.	50
19A		S.J. Hale	
21		Sandlick Coal Co.	400
22		Mattie Hampton Lewis	66.67

#### VI. Harris Hart

A certain mineral tract situated on Crafts Colley Creek contained in a certain Deed of Lease between Harris Hart II et al and Golden Oak Mining Company, Inc., dated the 1st. day of June, 1978, known as Parcel B of the agreement. Lessors obtained possession to the mineral by a deed from Bethlehem Mines Corporation by Deed of Exchange dated June 1, 1978, and recorded in Deed Book #237, page 189 of the records of the Clerk of the Letcher County Court.

513

## VII Certicoals

Certain mineral tracts contained in a certain Lease between M. Young et al to Certicoals, Incorporated, dated September 15, 1974, as shown below:

TRACT NUMBER	TRACT NAME	ACRES	REMARKS
L-1	J. D. Blair	44.83	
L-2	J. B. Cornett	470	First Tract East side of Bull Creek
L-2	J. B. Cornett	160	Second Tract portion on southern border
L-4	W. F. Campbell	304.085	East of Bull Creek
L-6	F. A. Dixon	66.66.	
L-7	Henry J. Fields	148.22	
L-9	George W. Fields	30.6	
L-11	P.W. Hall	65.9	
L-12	P.W. Hall	7.58	
L-13	E. Hensley	55.09	
L-14	Jefferson Ison	240.55	
L-15	John W. Lusk	39.24	Tracts 1,2,3
P-8	John M. Caudill	87.55	South Side of Bull Creek

## VIII Crawford Subleases

Those certain subleases from Elkhorn-Hazard Coal Land Corporation to Lance Coal Corporation dated September 12, 1983, as listed below:

LESSOR (S)	DEED BOOK/PAGE
Corbett Madden	79/307
Edward Skaggs et al	26/ 384
Merle Smith	51/230
Gordon Amburgey et al	38/212
Ada Ward	51/643
Willard S. Combs	101/154
Watson Cornett	61/364
Duane Everdige	52/220
John C. Collins	80/35
5	74

Page seven

LESSOR(S)		DEED BO	OK/PAGE	_			
John C. Co	llins	81/498					
Carrs Fork	Corporation		Parcel	#	1		
Carrs Fork	Corporation	34/87	Parcel	#	2;	Tract	А
Carrs Fork	Corporaton	34/94	Parcel	#	2;	Tract	в
Carrs Fork	Corporation	34/110	Parcel	#	2;	Tract	С
Carrs Fork	Coporation	33/365	Parcel	\$	2;	Tract	D
Tina Parks	et al	50/242					

## IX. Elk Horn Coal Corporation

A certain mineral tract described in Attachment 'A' to the Lease Agreement between The Elk Horn Coal Corporation and Golden Oak Mining Company, Inc., known as Elk Horn Lease #794, containing 23.45 acres, more or less, and being the south-west portion of Elk Horn Tract #N-1659.

## HAZARD #5-A COAL SEAM PROPERTY RIGHTS SCHEDULE

Those reserves of the Hazard #5-A Coal contained in the following leases and subleases.

I. Elkhorn-Hazard Coal Land Corp. a portion of certain mineral tracts (shown below) contained in Schedule I of an "Agreement of Lease and Sublease" between Elkhorn-Hazard Coal Land Corporation, Golden Oak Mining Company, Inc., and Reading and Bates Coal Company on the 12th day of September, 1987, and recorded in the Knott County Courthouse in Lease Book #34, page # 232, and in the Letcher County Courthouse in Lease Book #29, page# 31.

TR	ACT NUMBER	TRACT NAME	ACRES
	15	Albert Madden	206.60
	18	Charlie Madden	215.50
	19	Valentine Mullins	
	20	Albert Amburgey	
	21	J.N. Mullins	
	23	John Back	362.50
	38	W.J. Madden	112.05
	43	A.C. Craft	194.00
	52	G.C. Smith	439.25

The above mineral properties were acquired from R.R. Crawford on December 31, 1948, and recorded in Deed Book #79, Page 502, in the Knott County Courthouse.

II. Crawford Subleases

Those certain subleases from Elkhorn-Hazard Coal Land Corporation to Lance Coal Corporation dated September 12, 1983, as listed below:

LESSOR (S):		DEED BOOK/PAGE
Corbett Madden		79/307
Edward Skaggs et al	576	26/384

page two

LESSOR (S):	DEED BOOK/PAGE
Merle Smith	51/230
Gordon Amburgey et al.	38/212
Ada Ward	51/643
Willard S. Combs	101/154
Watson Cornett	61/364
Dwane Everidge et al.	52/220
John C. Collins	80/35
JOhn C. Collins	81/498
Tina Parks et al.	50/242
Dwane Everidge et al. John C. Collins JOhn C. Collins	52/220 80/35 81/498

## III. Kodak/Carr Fork

A certain mineral tract contained in a Lease Agreement dated the 27th day of July, 1981, between Kodac Mining Company Inc., and Lance Coal Corporation, and designated as "Tract No.2, Defeated Creek" in Exhibit "A" of that Lease, containing 47 acres, more or less. The lease is recorded in Lease Book #33, page #367, in the Knott County Courthouse.

## IV. Whitaker/Mullis

A certain mineral tract contained in a Lease Agreement from William J. Whitaker, Jr., et al. to Lovell Combs on November 28, 1983, and recorded in Lease Book #28, page #711, in the Letcher County Courthouse; with an assignment to Golden Oak Mining Company, Inc., on December 12, 1983.

## V. Kentucky River

Certain mineral tracts contained in the Lease Agreement from Kentucky River Coal Corp., to William B. Strugill, dated July 10, 1979, as shown in Schedule I Parcel I and Parcel II as listed below:

TRACT NUMBER	TRACT NAME	ACRES REMARKS
368	WM.J. Dixon	34.00 min.
656	Mose Hampton	30.58 min.
654	WM.M.Brown	74.28 min.
660	A. Blair	84.74 min.
657	A. Blair	80.02 min.
658	Daniel Adams	143.97 min. West of Doty Gap
	011	

# page three

		page three
TRACT NUMBER	TRACT NAME	ACRES REMARKS
659	Naoh Jent	257.30 min. West of Hale's
659B	John Hale	273.16 min. West of Hale's branch.
PARCELL II:		
TRACT NUMBER	TRACT NAME	ACRES REMARKS
374	Nancy Back	85.84 min.
374-A	Irvine Back	82.13 min.
370	J. Dixon	68.61 min.
390	H. Branson	22.96 min.
379	A.J. Grace	191.46 min.
380	Wm. McIntire	139.93 min.
381	Wm. McIntire	142.51 min.
373	Wilbur Dixon	80.81 min.
371	L. Dixon	49.62 min.
395	R.M. McIntire	92.79 min.
394	Branson & Stamper	27.25 min.
387	Stephen Whitaker	170.96 min.
373	W. Dixon	22.04 min.
368	Wm.J. Dixon	89.71 fee West side of
388	F. Whittaker	Caudill Branch 44.49 fee 2/3 undivided 21.79 interest in
383	Isom Caudill	140.49 fee <sup>surface.</sup>
384	H&D Caudill	107.77 fee West side of
396	Samual B. Blair	Caudill Branch 191.10 min.West side of Doty Creek

a and a second

	A	NNEX I	В			
	(REFERENCE	TO SEC	CTION	4.01)		
BASE PRICE	COMPONENT V.	ALUES	AS OF	OCTOBER	1,	1988

Contract Section	Description	Per Ton
4.03	Labor Cost	\$ 7.80
4.04	Materials & Supplies	\$ 9.36
4.05	Other Cost	\$ 3.64
4.07*	Unescalated Portion	\$ 5.20
	Total Base Price Per Ton	\$26.00

\*All costs of government imposition are included in the unescalated portion of the base price.

F

## ANNEX C (REFERENCE TO SECTION 4.03)

#### LABOR

## COMPUTATION OF ADJUSTMENT FOR CHANGES IN LABOR COSTS COMPONENT

NOTE: Figures used are hypothetical and for illustration purposes only and are not meant to predict actual changes in the SIC Code 11, 12 Coal Mining, Average Hourly Earnings.

DESCRIPTION	HYPOTHETICAL BASE INDEX May 1988	HYPOTHETICAL INDEX August 1988
SIC Code 11, 12 Coal Mining, Average Hourly Earnings	\$15.33	\$15.58

\$15.58 - \$15.33 Percentage Increase: ----- = 1.6% \$15.33

Increase in labor component of base price:

1.6% x \$7.80 = \$0.12

Adjustment to be added to the Billing Price effective October 1, 1988:

Cumulative Adjustment	E	\$.12		
Less Previous Adjusts	nent	.00		
2				
Adjustment Effective	10/01/88	\$.12	per	ton

HYPOTHETICAL

HYPOTHETICAL

BASE INDEX INDEX May 1988 DESCRIPTION February 1989 ----------SIC Code 11, 12 Coal Mining, Average Hourly Earnings \$15.33 \$15.70 \$15.70 - \$15.33 Percentage Increase: ----= 2.4% \$15.33 Increase in Labor Costs of base price: 2.4% x \$7.80 = \$0.19 Adjustment to be added to the Billing Price effective April 1, 1989: Cumulative Adjustment \$.19

Less Previous Adjustment .12 Adjustment Effective 4/1/89 \$.07 per ton

NOTE: The index values to be used are those first published.

ANMLX II (Reference to Section 1.04)

# Computation of Adjustment for Change in Asterials and Supplies Component

NULL: Figures used are for hypothetical and illustration purposes only and are not meant to predict actual changes in the composite index values.

BLS Code	Classification	induk Veryht	Hypothets al Base Index May 1989	Hypothetical BS & Weighted Index	Hypothetical Index For August 1960	Hypothetical Weighted Index For August 1988
0543	Industrial Power - Regional	108	481.0	49.1	487.0	48.7
057	Petroleum Products - Refined	25%	409.1	90.0	411.3	90.5
0679-02	Explasives	16%	312.3	50.0	310.1	47.6
1081-02	Externally Threaded Fastemers - (Excluding Aircraft)	10%	281.0	.4.1	289.0	.'ə . O
081	Lunber	4%	355.9	14.2	353.1	14.1
1192	Mining Machinery and Equipment	38%	175.6	142.7	377.1	143.3
55	Composite Index Numbers	100%		3/3.1		3/4.2
Percentage Incr	374.2 - 373.1 e4se: 373.1	0.:3X		$\bigvee$		

Increase in haterials and Supplies Component of Base Price:

0.3% = \$9.36 = \$.03

Adjustment to be added to the Billing Price effective October 1, 1900:

Cumulative Adjustment Previous Adjustment	_*	.03 .00	
Adjustment Effective 10/01/03		.0.1	alie Sile

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ANNEX E (Reference to Section 4.05 Other Costs)

Computation of Adjustment for Change in Other Costs

NOTE: Figures used are hypothetical and for illustration purposes only and are not meant to predict actual changes in the GNP Implicit Price Deflator Index.

	HYPOTHETICAL BASE INDEX	HYPOTHETICAL INDEX
DESCRIPTION	1ST QTR. 1988	2ND QTR. 1988
		*********
Gross National Product		
Implicit Price Deflator	114.2	115.0
Percentage Increase: $\frac{115.0 - 114.2}{114.2} =$	.78	
Increase (decrease) in Other Costs:		
.7% x \$3.64= \$.03		
Adjustment to be added to the Billing	Price effective	October 1, 1988:
Cumulative Adjustment	\$ .03	
Previous Adjustment	.00	
Adjustment Effective 10/01/88	\$.03	

NOTE: The preliminary index values are to be used.

	HYPOTHETICAL BASE INDEX	HYPOTHETICAL INDEX
DESCRIPTION	1ST QTR. 1988	3RD QTR. 1988
Gross National Product Implicit Price Deflator	114.2	116.0
Percentage Increase: $\frac{116.0 - 114.2}{114.2} =$	1.6%	
Increase (decrease) in Other Costs:		
$1.68 \times $3.64 = $.06$		
Adjustment to be added to the Billing	Price effective	January 1, 1989:
Cumulative Adjustment Previous Adjustment	\$.06	

Previous Adjustment	.03	
Adjustment effective 1/01/89	\$.03	

NOTE: The preliminary index values are to be used.

#### ANNEX F (REFERENCE TO SECTION 4.09) COMPUTATION OF CALORIFIC VALUE ADJUSTMENT

The adjustment to the amount per ton to be paid by PURCHASER for coal unloaded in each month for which the calorific value of such coal is greater than or is less than 13,000 Btu per pound is calculated as follows:

#### Assume:

- The monthly weighted average "as received" calorific value equals

   (a) 13,200 Btu per pound and
   (b) 12,700 Btu per pound.
- The Base Price as stated in Section 4.01 as adjusted pursuant to Sections 4.03 through 4.07 = \$30.00 per ton.
- 3. The total Government Imposition Cost in effect on the date of shipment pursuant to Section 4.06 = \$1.25 per ton (base amount) + \$.30 per ton (adjustments) = \$1.55 per ton.

#### Example of Calculation

(a) 13,200 Btu per pound

- 2. \$28.89 (\$30.00 \$1.55) =
   \$.44 Per Ton Calorific Value Adjustment

(b) 12,700 Btu per pound

12,700 (\$30.00 - \$1.55) 1. ----- \$27.79 13,000

2. \$27.79 - (\$30.00 - \$1.55) =
 (\$.66) Per Ton Calorific Value Adjustment

Therefore, in case (a) 13,200 Btu per pound, the Calorific Value Adjustment would be \$.44 per ton for the subject month, and in case (b) 12,700 Btu per pound, such Calorific Value Adjustment would be (\$.66) per ton for the subject month.

## ANNEX G (REFERENCE TO SECTION 12.03) COMPUTATION OF REJECTION ADJUSTMENTS

This is to adjust the amount per ton to be paid by Purchaser for coal unloaded which exceeds the rejection limits as set forth in Section 10.01.

#### Rejection Adjustment Provisions

Moisture	Moisture	Ash	Ash
Content (%)	Adjustment	Content (%)	Adjustment
10.50 - 11.49	\$ 3.00/ton	11.00 - 11.99	\$ 3.00/ton
11.50 - 12.49	\$ 6.00/ton	12.00 - 12.99	\$ 6.00/ton
12.50 - 13.49	\$ 9.00/ton	13.00 - 13.99	\$ 9.00/ton
13.50 - 14.49	\$12.00/ton	14.00 - 14.99	\$12.00/ton
etc.	etc.	etc.	etc.

Btu Co	ntent	Btu Adjustr	nent
11,800 -	11,701	\$2.00/tor	
11,700 -	11,601	\$4.00/tor	
11,600 -	11,501	\$6.00/tor	
11,500 -	11.401	\$8.00/tor	1
et	c.	etc.	

Example of rejection adjustments

For Illustration Only

Assume an "as received" analysis of the following:

12.17% Moisture
11.56% Ash
11,758 Btu
\$ 6.00/ton Moisture rejection adjustment
\$ 3.00/ton Ash rejection adjustment
\$ 2.00/ton Btu
----\$11.00/ton Total rejection adjustment

## ANNEX H (REFERENCE TO SECTION 11.01) COAL SAMPLE PREPARATION AND ANALYSIS LABORATORY PROCEDURES

#### A. AIR DRYING - LABORATORY SAMPLE:

An empty non-corroding pan with sides not more than 1.5 inches high shall be weighed to the nearest 0.1 gram and the weight recorded as W1. The entire U.S. No. 8 coal sample (including polyethylene bag and pan) shall be weighed on a laboratory balance to the nearest 0.1 gram and the weight recorded as W2. The coal shall be spread out to a depth of not more than one inch in the pan. The pan with the coal and the polyethylene sample bag shall be placed in an air-drying oven at no more than 15 degrees C (27 degrees F) above room temperature, not to exceed 40 degrees C (104 degrees F). The polyethylene bag shall be placed next to the pan containing the coal. Air drying shall be continued for a predetermined time necessary to achieve a loss in weight of no more than 0.1 percent per hour. Air shall be circulated through the oven for at least two hours with the heat turned off to insure that the coal sample is in equilibrium with the air in the room where further weighing and sample preparation shall be done. The air-dried coal plus polyethylene bag and pan shall be weighed to the nearest 0.1 gram and the weight recorded as W3. Any coal remaining in the sample bag shall be removed and added to the sample in the pan. The pan plus the air-dried coal shall be weighed to the nearest 0.1 gram and the weight recorded as W4. The percent air-drying loss is calculated as follows:

					W2 - W3	
Percent	Air	Drying	Loss	-	x 1(	00
					W2 - (W1 + (W3 - W4))	

- Where: W1 = Weight of empty pan
  - W2 = Weight of the wet coal sample plus bag plus pan
  - W3 = Weight of the air-dried coal sample plus bag plus pan

W4 = Weight of the air-dried coal sample plus pan only

#### B. RESIDUAL MOISTURE

Immediately after obtaining the final air-dried weight, the sample shall be mixed thoroughly by stirring. A residual moisture sample of 75 plus or minus 25 grams shall be obtained by taking a sufficient number (20 to 30) of small increments in a matrix pattern from the air-dried U.S. No. 8 coal spread out over the pan. This sample shall be placed in a clean, dry, airtight bottle of such size that the sample occupies 1/2 to 2/3 the volume of the bottle. The bottle shall then be placed on a mixing wheel and mixed for approximately 20 minutes. After mixing, the residual moisture in the air-dried U.S. No. 8 coal shall be promptly determined. An aluminum pan (approximately 75 mm in diameter and 19mm in height) with a tight fitting cover, both of which have been previously dried and cooled in a desiccator, shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W1. Approximately 10 grams of coal shall be placed in the tared aluminum pan. The sample and pan (including the cover) shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W2. The pan (with cover removed) containing the sample along with the cover shall be dried in a box type, forced-air oven maintained at a temperature of 107 plus or minus 3 degrees C for a period of one and one-half hours. After heating, the cover shall be placed on the sample pan, the covered pan with sample shall be removed from the oven and placed in a desiccator containing indicating grade activated alumina or equivalent for approximately 20 minutes. The pan containing the sample shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W3. The percent residual moisture in the U.S. No. 8 coal is calculated as follows:

W2 - W3 Percent Residual Moisture in U.S. No. 8 Coal = ----- x 100 W2 - W1

Where: W1 = Tare weight of aluminum pan and cover

W2 = Weight of the wet coal sample plus pan and cover

W3 = Weight of dried coal sample plus pan and cover

C. TOTAL MOISTURE CALCULATION

Percent Total Moisture =

(100-% Air Drying Loss)x(% Resid. Moisture)+Air Drying Loss 100 D. PULVERIZING - SIZE REDUCTION U.S. NO. 8 TO U.S. NO. 60

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

#### E. QUANTITY REDUCTION - LABORATORY ANALYSIS SAMPLE

Immediately after pulverizing, the sample shall be divided to not less than 50 grams by riffling, using a totally enclosed riffle with 24 three-eights inch divisions. The sample weighing not less than 50 grams shall be passed through on a U.S. No. 60 sieve; any oversize retained on the sieve shall be reduced with a agate mortar and pestle to pass the 60 mesh sieve and added to the sample. The sample shall be quickly placed in a clean, dry, air-tight bottle of such size that the sample occupies 1/2 to 2/3 the volume of the bottle. The bottle shall also contain several jack rocks to facilitate mixing. The bottle shall then be placed on a mixing wheel and mixed for approximately 20 minutes. This is the <u>laboratory analysis sample</u> and is ready for the laboratory determinations.

#### F. MOISTURE - LABORATORY ANALYSIS SAMPLE

A porcelain capsule 7/8" in depth an 1 3/4" in diameter which has been previously dried and cooled in a desiccator, shall be weighed on an analytical balance to the nearest 0.1 milligram and the weight recorded as W . A well-fitting aluminum cover shall be provided for covering the capsule when not being weighed or dried in the oven. Approximately one gram of coal shall be placed in the tared porcelain capsule. The sample and porcelain capsule shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W2. The capsule containing the sample shall be dried in a box-type oven with forced-air circulation maintained at a temperature of 107 plus or minus 3 degrees C for on hour. After heating, place the aluminum cover on the capsule, remove from the oven, and place in a desiccator containing indicating grade activated alumina or equivalent for approximately 20 minutes and weigh on an analytical balance to the nearest 0.1 milligram. Record this weight as W3. The percent moisture in the U.S. No. 60 coal is calculated as follows:

W2 - W3 Percent W0 Sture in U.S. No. 60 Coal = ----- x 100 W2 - W1 Where: W1 = Weight of empty porcelain capsule W2 = Initial weight of coal sample plus porcelain capsule W3 = Final weight of coal sample after drying plus porcelain capsule

G. ASH

Ash shall be determined by the method in ASTM Designation D 3174.

#### H. VOLATILE MATTER

Volatile matter, shall be determined by the method in ASTM Designation D 3175.

#### I. CALORIFIC VALUE

The gross calorific value (gross heat of combustion) in British thermal units (Btu) shall be determined by the method in ASTM D 2015.

#### J. SULFUR

Sulfur shall be determined by Method "C" ASTM Designation D-4239. ASTM Designation D 3177 shall be used as an alternate method in case of equipment failure.

#### K. ASH FUSION TEMPERATURE

The ash fusion temperatures shall be determined by the method in ASTM Designation D 1857. An electric furnace with a reducing atmosphere shall be used.

#### L. GRINDABILITY

Grindability shall be determined by using the original formula developed by Mr. Hardgrove:

HGI = 13 + (6.93 x calculated weight of test sample passing the No. 200 mesh sieve)

#### Apparatus

- <u>Balance</u> A balance with a sensitivity of 10 mg. and a capacity of 5000 g. will be required. The accuracy of the balance should be checked periodically.
- <u>Riffle</u> Should be a fully enclosed type with 24, three-eights inch riffle divisions, feed chute built into the totally enclosed cabinet, and the slope of feed chutes and riffles greater than 60 degrees.
- 3. <u>Sieves</u> A set of circular sieves which are eight inches in diameter and which conform with ASTM Specification E-11, for Wire-Cloth Sieves for Testing Purposes, is required in the following sizes, together with cover and receiver:

Sieve Designation

Standard Alternate

4.75 mm.	No. 4
2.36 mm.	No. 8
1.18 mm.	No. 16
600 um.	No. 30
75 um.	No. 200

- 4. <u>Crusher</u> A laboratory plate mill capable of reducing No. 4 sieve size coal particles to less than No. 16 sieve with production of a minimum of minus No. 30 sieve size material. The plates shall be serrated and about four inches (102 mm.) in diameter. The distance between the plates shall be adjustable and the relative speed of rotation of the plates shall not exceed 200 rpm.
- 5. <u>Mechanical Sieving Machine</u> The mechanical sieving machine shall accept an assembly of vertically-nested circular sieves of eight inches (302 mm.) in diameter together with cover and receiver. The machine shall simulate the motions given testing sieves during hand sieving by imparting a horizontal oscillatory motion of approximately 1.1 inches (28 mm.) amplitude at a rate of approximately 150 blows per minute by a weight of 4.2 pounds (1.9 kg.) moving through a vertical distance of approximately 1.1 inches under the influence of gravity.

 Grindability Machine Hardgrove grindability machine, as described in ASTM D-409, will be used.

#### Gross Samples

A representative gross sample of coal shall be collected in accordance with ASTM Methods D-2234, Collection of a Gross Sample of Coal, and prepared in accordance with Method D-2013.

#### Preparation

- A No. 16 by No. 30 test sample is to be prepared for either calibration or for routine determination of Grindability Index.
- Air dry a 1000 gram mesh coal sample for 12 hours. Divide the air dried sample in half by means of a riffle to yield approximately 500 grams. The HGI determination will be made on this sample.
- Stage crush the air dried sample to yield maximum amount of material passing No. 16 sieve, but being retained on No. 30 sieve. Perform stage crushing as follows:

(a) Divide the sample in lots of approximately.200 grams (not exceeding 250 grams) and sieve each lot for 2 minutes in the mechanical sieving machine (RO-TAP). Use a set of nested sieves consisting of a No. 16 sieve on top of a No. 30 sieve.

(b) Crush the material retained on the No. 16 sieve with the crusher adjusted so that only the largest particles are crushed. Mechanically sieve the crushed material for 2 minutes, discard the minus 30 mesh material, and return the oversize to the crusher. Repeat this procedure adjusting the crusher at each stage so that only the largest particles are crushed. Continue crushing and sieving until all the material passes the No. 16 sieve. Make a minimum of five passes for each lot of material to ensure no over crushing occurs. Retain the No. 16 by No. 30 material.

(c) Mix well all of the No. 16 by No. 30 material accumulated from the stage crushing and sieving and divide the quantity using a riffle to obtain approximately 120 grams.

(d) As a final step in preparation of the test sample, dedust the 120 gram sample from step C (above) by sieving on No. 30 sieve for 5 minutes using the mechanical sieving machine.

#### Procedure

- Clean grindability machine and associated apparatus before each run.
- Weight out 50 grams +/-0.01 g. of 16 x 30 dedusted sample and transfer into the grinding bowl making sure all the sample is evenly distributed, and balls are evenly spaced.
- Align the counter strike on the grindability machine to the proper starting point and fasten the bowl into position, making sure the load is fully applied to the driving spindle.
- 4. Operate machine to obtain 60 +/- 0.25 revolutions.
- 5. Remove the bowl from the machine, lift out the upper grinding ring and carefully brush adhering dust onto a No. 8 sieve nested on a No. 200 sieve and a closely fitting receiving pan. Empty the grinding balls and ground coal onto the No. 8 sieve and carefully brush material adhering to the bowl, the balls, and the No. 8 sieve into the No. 200 sieve. Replace the No. 8 sieve with a close fitting cover and shake the No. 200 sieve, cover, and pan assembly for 10 minutes in the mechanical sieving machine. Carefully brush coal dust from the underside of the sieve into the receiving pan, using a soft brush which will not damage the No. 200 sieve. Repeat the shaking and underside of the sieve brushing for 2 more periods of 5 minutes each.

- 6. Weigh separately to the nearest 0.01 g. the coal retained on the No. 200 sieve and the coal passing the No. 200 sieve. If the sum of these weights differs by more than 0.75 g. from the initial weight of 50 +/- 0.01 g., reject the test and repeat.
- Determine the calculated weight of test sample passing the No. 200 sieve by subtracting the weight of coal retained on the No. 200 sieve from the test sample weight (50 - coal retained on No. 200 sieve).

#### Calculation

 Calculate the grindability index using the original formula developed by Mr. Hardgrove. The grindability shall be reported as an HGI index rounded to a whole number.

#### Precision

- <u>Repeatability</u> Results of consecutive determinations carried out on the same sample in the same laboratory by the same operator using the same apparatus should not differ by more than two (2) index points.
- <u>Reproducibility</u> The means of results of duplicate determinations carried out by different laboratories on riffled splits of the analysis sample should not differ by more than three (3) index points.

#### M. CALCULATIONS

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

Dry Basis =

Uncorrected (As-Determined U.S. No. 60 Sample) Results x 100 100 - (% Moisture in U.S. No. 60 Sample)

As Received Basis = (100 - % Total Moisture) x (% Dry Basis) 100

#### N. STATE-OF-THE-ART INSTRUMENTAL ANALYSIS

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

The most current revised ASTM Standard Test Method shall 0. be used.

ANNEX I NOT USED

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#### ANNEX J (REFERENCE TO SECTION 27.02)

#### LAWS AND REGULATIONS

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

- a) SELLER shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. SELLER shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SELLER agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination.
- b) SELLER shall, in all solicitations or advertisement for employees, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, sex or national origin.
- c) SELLER shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, advising the labor unions of workers representative of SELLER's commitments under Section 202 of Executive Order No. 11246 of September 24, 1986, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- d) SELLER shall comply with all provisions of Executive Order No. 11246 of September 24, 1986, and of the rules, regulations, and relevant orders of the Secretary of Labor.

#### ANNEX J

- e) SELLER shall furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, an by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and shall permit access to its books, records, and accounts by PURCHASER and the Secretary of Labor for purpose of investigation to ascertain compliance with such rules, regulations, and order.
- f) In the event of SELLER's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this Agreement may be cancelled, terminated or suspended in whole or in part and SELLER may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulations, or order by the Secretary of Labor, or as otherwise provided by law.
- q) SELLER shall include the provisions of Paragraphs (a) through (h) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions shall be binding upon each subcontract or vendor. SELLER shall take such action with respect to any subcontract or purchase order as PURCHASER may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event SELLER becomes involved in, or are threatened with, litigation with a subcontractor or vendor as a result of such direction by us, SELLER may request the United States to enter into such litigation to protect the interests of the United States.

## ANNEX J

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

#### ANNEX K (REFERENCE TO SECTION 10.01) COMPUTATION OF POUNDS OF SULFUR PER MILLION BTU

An example of the calculation of the pounds of sulfur per million Btu for an assumed "as received" sulfur value of 0.75 percent by weight and an "as received" heating value of 12,800 Btu per pound is as follows:

Percent Sulfur x 10,000

.75 x 10,000

12,800 Btu per pound

= 0.59

603

Southern Company Services, Ir Post Office Box 2625 Birmingnam: Alabama 35202 Telephone 205 870-6011



August 17, 1987

Mr. F. A. Clark Mississippi Power Company P. O. Box 4079 Gulfport, Mississippi 39501

Dear Frank:

Attached is a mining cost estimate for Reading & Bates Coal Company. We have prepared this estimate without contacting them for specific data which consequently has decreased the reliability of our estimate. We have very high confidence that the true mining cost is between \$20 and \$26 per ton.

We are attempting to locate and evaluate mining cost models to standardize and expedite estimates such as this. If no suitable models are available, we plan to develop our own models.

Please call if you have any questions or suggestions relative to this estimate or mining costs in general.

Sincerely,

W. T. Henshaw Supervisor, Mine Engineering

pb

Attachment

cc: Gulf Power Company M. L. Gilchrist Southern Company Services, Inc. D. M. Ratcliffe J. F. Billingsley P. D. Douglas J. O. Meier D. J. Putman C. M. Whitson

#### Intracompany Memo

Southern Company Services

DATE: August 14, 1987

RE: Reading & Bates Coal Company Estimated Production Cost

FROM: C. M. Whitson

TO: W. T. Henshaw

In order to estimate Reading & Bates's current mining cost, we reviewed the information we have in file including reports of potential supplier evaluations, information received from Reading & Bates relative to those evaluations, and the report of the mine visit made on July 9. From these sources we were able to determine certain factors which are necessary for a cost estimate. However, much of the information needed to determine some of the other cost factors for such an estimate was not in these sources. As an alternate source, we used data from SCS's files on Whitaker Coal Company to estimate certain factors which might apply to Reading & Bates. Others of the factors used were estimates of general industry experience and some were just raw assumptions.

Note that the estimated total cost is \$25.23 per ton as compared to the sales price of \$26 per ton offered by Reading & Bates. Also note that the cost "before depreciation" is \$22.68 per ton.

Please let me know if you need any additional information.

CANN

1,05

pb

Attachment

cc: Southern Company Services, Inc.

D. M. Ratcliffe

- P. D. Douglas
- C. S. Fant
- K. L. Jenkins
- C. N. Logan
- R. E. Meade
- H. Raykes, Jr.

## READING & BATES ASSUMPTIONS AND COST FACTORS

Avg. Wage Rate = \$11.50/hr\* Benefits & Fringes = 40% of Basic Avg. Wage Rate Nonunion mine will operate about 250 days/yr. Total Annual Production - 1,300,000 tons Labor Force = 240 employees G&A = 12.5% of Labor costs Materials & supplies = \$8.00/ton\* Hauling Cost = \$1.50/ton (raw basis) Black Lung Excise Tax = \$1.10/ton Reclamation Fund = \$0.15/ton Black Lung Benefits = \$130,000/yr or \$0.10/ton Royalties = 7% (Sale Price - Hauling Cost) Kentucky Severance Tax = 4.5% (Sale Price - Hauling Cost) Average Capital Investment 20-yr Life = \$15 Million Average Capital Investment 3-8 yr. Life = \$5 Million Interest Rate = 10% Washer Recovery = 60% Sales Price = \$26.00/ton

\*Estimated by comparing with other mine operations in the area.

# READING & BATES ESTIMATED PRODUCTION: COSTS

	Cost/Ton	Cost/Year
Labor	\$5.94	\$7,728,000
G&A	0.74	966,000
Materials & Supplies	8.00	10,400,000
Hauling Cost	2.50	3,250,000
Black Lung Excise Tax	1.10	1,430,000
Reclamation Fund	0.15	195,000
Black Lung Benefits	0.10	130,000
Lease Royalties	1.59	2,067,000
Kentucky Severance Tax	1.02	1,326,000
Interest Cost	1.54	2,000,000
	22.68	29,492,000
Depreciation	2.55	3,318,000
TOTAL	25.23	32,810,000

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#### Intracompany Memo

Southern Company Services

DATE: September 29, 1989

Re: <u>AMENDED</u> Abbreviated Laboratory Visits at Enterprise Coal Company, Golden Oak Mining Company and Standard Laboratories, Inc. - Whitesburg, Kentucky

FROM: W. N. Thurman III

TO: K. Zachar

On August 18, 1989, abbreviated visits were made to the referenced laboratories to observe facilities, equipment and procedures utilized in the preparation and analysis of samples representing coal shipped to Southern electric system operating companies.

#### ENTERPRISE COAL COMPANY

The Enterprise Coal Company Laboratory, located near Roxana, Kentucky, produces analyses of samples from all Enterprise shipments to Mississippi Power Plant Daniel. The Coal Supply Agreement requires that the analysis of each shipment be transmitted, within 24 hours to the destination plant to ensure the coal meets NSPS sulfur requirements.

Facilities, equipment and procedures appeared to be acceptable for providing the "short prox" analysis required by the Coal Supply Agreement. It was learned that the Enterprise Laboratory Technician, Mr. Rick Hatten, had resigned and would be leaving in September 1989.

#### GOLDEN OAK MINING COMPANY

The Golden Oak Mining Company Laboratory, located near Isom, Kentucky, produces analyses of samples from all Golden Oak shipments to Mississippi Power Plant Daniel. The Coal Supply Agreement requires that the analysis of each shipment be transmitted, within 24 hours to the destination plant to ensure the coal meets NSPS sulfur requirements. K. Zachar September 23, 1989 Page 2

Facilities, equipment and procedures appeared to be acceptable for providing the "short prox" analysis required by the Coal Supply Agreement.

STANDARD LABORATORIES, INC.

The Standard Laboratory (Independent), located near Whitesburg, Kentucky, was last observed in December 1988. This laboratory is currently qualified to perform referee sample analysis.

Facilities, equipment and procedures were verified to be acceptable as previously reported by Mr. S. K. Howard.

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bb cc: Alabama Power Company C. S. Fant W. S. Hill M. H. Maddox Georgia Power Company C. W. Pike J. A. Gardner J. D. Sills J. A. Small Gulf Power Company M. L. Gilchrist C. L. Hargrove Mississippi Power Company C. R. Berry H. N. Dick Southern Company Services, Inc. J. F. Billingsley W. D. Brasher E. V. Gunter S. K. Howard M. L. Kerr

- R. Simon
- M. A. Wolfe

#### Intracompany Memo

OR OR 206 9 F Southern Company Services

DATE: September 23, 1989

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Facilities, equipment and procedures appeared to be acceptable for providing the "short prox" analysis required by the Coal Supply Agreement.

(e)0

K. Zachar September 23, 1989 Page 2

STANDARD LABORATORIES, INC.

The Standard Laboratory (Independent), located near Whitesburg, Kentucky, was last observed in July 1988. This laboratory is currently qualified to perform referee sample analysis.

Facilities, equipment and procedures were verified to be acceptable as previously reported by Mr. S. K. Howard.

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W. n. Thurnan, III (1 BB)

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cc: Alabama Power Company C. S. Fant W. S. Hill M. H. Maddox Georgia Power Company C. W. Pike J. A. Gardner J. D. Sills J. A. Small Gulf Power Company M. L. Gilchrist Intracompany Memo

Southern Company Services

F ......

DATE: September 12, 1989

RE: Enterprise Coal (Formerly Dake) Sampling and Analysis

FROM: S. K. Howard

TO: M. A. Wolfe

Mr. Rick Hatten, who bas been in charge of sampling, sample preparation and analysis for Enterprise Coal shipments to Mississippi Power's Plant Daniel has resigned effective September 1, 1989 as previously reported by our Bill Thurman. This is a concern since sample analysis comparisons have been very favorable from the beginning of this contract due to Mr. Hatten's efforts.

Mr. George Haydo, Mine Supervisor, and Mr. William Potter, Enterprise's Robinson Creek Lab Supervisor, were contacted on September 8, 1989 to express our concerns. Both gentlemen assured us that there should be no problem even though Enterprise would miss Mr. Hatten's expertise.

Mr. Tommy Robinson, who has worked for CTE - Pikeville, Kentucky and at their Robinson Creek, Kentucky laboratory, will perform laboratory analysis. He has approximately six months experience at their Robinson Creek lab and spent some training time with Mr. Hatten prior to his departure.

Tipple personnel, who worked with Mr. Hatten, will continue to operate the mechanical sampling system and prepare the final samples.

In conjunction with Mississippi Power's Central Fuel Laboratory, SCS will monitor Enterprise's analyses. M. A. Wolfe August 12, 1989 Page 2

7

If problems arise, the following Enterprise personnel may be contacted:

George Haydo - Mine Supervisor - 606-639-4323 William Potter - Robinson Creek Lab Supervisor - 606-639-4322 Tommy Robinson - Roxanne Lab (Lake) - 606-633-3000

If you have any questions, please call.

Stiples R Hound

cc: Gulf Power Company M. L. Gilchrist

Mississippi Power Company C. R. Berry H. N. Dick Southern Company Services, Inc. J. F. Billingeley D. J. Putman R. Simon W. N. Thurman K. Zachar ٩



Date: June 28, 1988

Re: Lake Coal/Fuelco Letter Agreement Dated May 25, 1988 C87-599LA4

From: Ronnie K. Dedeaux

To: J. M. McCarthy T. Miller H. R. Wilder F. A. Clark R. G. Moore L. Hargrove E. R. Bentley

Enclosed is the executed Letter Agreement for Lake Coal covering the extension through July, 1988 of the May/June, 1988 Letter Agreement. The document also includes the purchase of two (2) trains of coal applied as "Contract Coal" under purchase order C-87-599.

R. K. Dedeauf

MJD

Enclosure

cc: C. R. Berry File

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



May 25, 1988

Mr. Norris Brooks, President Lake Coal Company of Kentucky, Inc. P. O. Box 129 Roxanna, KY 41848

Fuelco, Inc. P. O. Box 2625 Birmingham, AL 35202

Gentlemen:

This Supplemental Letter Agreement is written for the purpose of extending the May 1, 1988/June 30, 1988 Letter Agreement between Lake Coal Company and Fuelco, Inc., through July 31, 1988, hereby, establishing a revised timeframe to assure shipment of the twelve (12) trains of coal as committed by Lake Coal Company to be loaded at the Whitaker/Blue Grass No. 4 Tipple in lieu of loading at Lake's Hogg tipple.

In addition to the above assurance by Lake Coal Company to ship a total of twelve trains from the Blue Grass No. 4 tipple, this Supplemental Letter Agreement provides for the purchase and shipment of two (2) trains of coal to be shipped from Lake Coal Company's Hogg tipple as makeup coal which was previously scheduled for shipment in April, 1988 under Lake Coal Company's Purchase Order No. C-88-000260.

Pricing, terms and conditions of the two makeup trains agreed to herein shall be at the previously established \$24.58 per ton price, and in accordance with all other provisions of the stated Letter Agreement as executed by Fuelco, Inc. on May 10, 1988. Placement of rail equipment for shipments hereunder shall be at the direction of Fuelco, Inc. or its designated Agent.

All other terms and conditions of the Long Term Coal Supply Agreement, and the above referenced Letter Agreement between said parties shall remain unchanged. Mr. Norris Brooks, President May 25, 1988 Page 2

If you agree with the above stated provisions, please indicate your concurrence by signing in the appropriate space below.

Sincerely,

1

GAS

Erskine R. Bentley I Sr. Contract Performance Analyst Fuel Supply Department

APPROVED:

Lake Coal Company Kentucky, Inc.

19.88 Date: JUMP

APPROVED:

Southern Company Services, Inc., as Agent for Fuelco Chc.

Date:

shm

File: LEG 1-8-MP erbnb Internal Correspondence

1



Date: June 6, 1988

Re: Lake Coal/Fuelco Letter Agreement Dated May 11, 1988 C87-599LA3

From: R. K. Dedeaux

To: J. M. McCarthy T. Miller H. R. Wilder F. A. Clark R. G. Moore L. Hargrove Z. R. Bentley

Enclosed is the executed Letter Agreement for Lake Coal which provides for substitution of twelve trains due to an increase in sulfur content of two of their mines normally supplying ceal.

1. X. Dedeauf MD

Enclosure

cc: C. R. Berry File Southern Company Services, Inc. Post Office Box 2625 Birmingham, Alabama 35202 Telephone 205 870-6011



the southern electric system

Mr. Norris Brooks, President Lake Coal Company of Kentucky, Inc. P. O. Box 129 Roxanna, KY 41848

Fuelco, Inc. P. O. Box 2625 Birmingham, AL 35202

Gentlemen:

Lake Coal Company of Kentucky, Inc. ("Lake") and Fuelco, Inc. ("Fuelco") mutually agree that the following amendment to the October 1, 1987 Coal Supply Agreement between the parties shall be effective during the term of this Letter Agreement:

- The term of this Letter Agreement shall be from May 1, 1988 through June 30, 1988.
- 2. Fuelco agrees to purchase 12 trains of substitute coal from Lake to be supplied from Whitaker Coal Company's Bluegrass No. 4 tipple in lieu of the purchase of the same number of trains from Lake's Hogg tipple under the October 1, 1987 Agreement and Lake's Purchase Order No. C-88000260 during May and June 1988. All substitute shipments shall be made under the terms of the October 1, 1987 Agreement, except as otherwise provided herein. Substitute shipments shall be first applied as satisfaction of Lake's Purchase Order No. C-88000260 commitment, then against Lake's October 1, 1987 contract commitment.
- 3. The contract billing price of the substitute shipments shall be \$24.58 per ton f.o.b. railcar at Whitaker's Bluegrass No. 4 tipple and shall not be subject to escalation. This price includes the cost of weighing, sampling, and analysis of the coal (however, the governing analysis shall be performed by Mississippi Power Company at their expense); costs associated with such weighing, sampling, and analysis at the tipple or alternate location shall be to Lake's account. All contractual specifications shall apply to the substitute shipments except that the Section 10.01 calorific value

Mr. Norris Brooks and Fuelco, Inc.

Page 2

specification shall be 12,500 Btu/lb. The calorific value adjustment, however, shall remain 12,800 Btu/1b. for all substitute shipments.

4. The parties hereto recognize that the substitute fuel has not been tested in Fuelco or Mississippi Power Company's boilers. Fuelco shall have the right to terminate this Agreement in the event operational problems occur in the handling or utilization of this coal or if shipments are suspended or a shipment is rejected. The parties also recognize that Fuelco shall be under no obligation to accept any future offer of coal from a substitute source as a result of this Letter Agreement.

If you agree with the above stated provisions, please indicate your concurrence by signing in the appropriate space below.

Sincerely

Richard Simon Supervisor, Contract Performance Fuel Supply Department

Approved Lake Coal Company of Kentucky,

5 Date:

Approved:

Southern Company S tices, Inc., as Agent for Fuelco, In

5-10-88 Date:

bbs

File: LEG 1-8-MP rsnb

## AGREEMENT BETWEEN FUELCO, INC. AND MISSISSIPPI POWER COMPANY FOR THE SALE AND PURCHASE OF COAL FROM LAKE COAL COMPANY

This Agreement is effective October 1, 1987 and is made and entered into by and between FuelCo. Inc., a coporation organized and existing under the laws of the State of Mississippi ("SELLER"), and Mississippi Power Company, a corporation organized and existing under the laws of the State of Mississippi ("PURCHASER").

WHEREAS, PURCHASER and SELLER entered into the Second Amended and Restated Agreement Between FuelCo, Inc. and Mississippi Power Company for the Sale and Purchase of Coal, effective January 1, 1987 ("the FuelCo-MPC Agreement"); and

WHEREAS, with PURCHASER concurrence, SELLER has entered the Agreement between FuelCo, Inc. and Lake Coal Company of Kentucky, Inc. for the Sale and Purchase of Coal, effective October 1, 1987 (the "Lake Agreement") for the purpose of providing PURCHASER coal under its obligations pursuant to the FuelCo-MPC Agreement; and

WHEREAS, the terms and conditions of the Lake Agreement are more favorable to both PURCHASER and SELLER than the terms of the FuelCo-MPC Agreement and therefore PURCHASER and SELLER

wish to modify the terms of the FuelCo-MPC Agreement to incorporate the more favorable terms as contemplated by Section 2.02 of the MPC FuelCo Agreement;

NOW THEREFORE, in consideration of the premises and the agreement stated herein, PURCHASER and SELLER agree as follows:

1. SELLER shall sell and PURCHASER shall purchase coal which SELLER has acquired under the Lake Agreement. PURCHASER shall designate from time to time in writing the quantity of such coal to be purchased under this Agreement; provided, however, the total annual quantity of coal purchased under this Agreement plus the total quantity purchased from SELLER under the FuelCo-MPC Agreement, or any agreement thereunder, shall be no less than the initial tonage required by Section 8.01 of the FuelCo-MPC Agreement. Any quantity purchased in excess of such initial tonage shall be considered option tonage as that term is defined in Section 8.02 of the FuelCo-MPC Agreement.

2. The Base Price to be paid for coal sold and delivered hereunder shall be \$44.6129 for all quantities which are initial tonage and \$25.25 for all option tonage. These Base Prices shall be escalated or deescalated in accord with the terms of the Lake Agreement.

 Billings and payments shall be governed by Section
 5.01 of the FuelCo-MPC Agreement and not by Section 5.01 of the Lake Agreement.

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4. The unescalated portion of the Base Price as provided in Section 4.07 of the Lake Agreement shall be \$23.9229 per ton for all coal applied against the initial tonage and \$4.56 per ton for all coal applied against the option tonage.

5. For purposes of the Calorific Value Adjustment under this Agreement only, the "Billing Price" as that term is defined in Section 4.09 of the Lake Agreement shall be \$25.25, adjusted in accord with Sections 4.03 through 4.05 of the Lake Agreement.

6. Except as provided in this Agreement, all coal purchased under this Agreement shall be governed by the terms and conditions of the Lake Agreement and not by the terms and conditions of the FuelCo-MPC Agreement. The controlling terms and conditions of the Lake Agreement are hereby incorporated by reference in this Agreement.

7. This document and the provisions incorporated by reference are the entire Agreement between the parties and there are no representations, understandings or agreements, either oral or written, which are not included herein. This Agreement can not be changed except by duly authorized representatives of both parties in writing.

IN WITNESS WHEREOF, the parties hereto have caused this

Agreement to be executed by their respective officers duly authorized on the date indicated by their signatures.

> MISSISSIPPI POWER COMPANY BY: Celen & Sector ALAN R. BARTON, PRESIDENT

DATE EXECUTED: 12/22/87

ATTEST: 1here

FUELCO, BY: BARBERA, DENT DATE EXECUTED: 1-5-88

ATTEST HORNE, SECRETARY

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F-206.9 Mississippi Pourer

Date: April 21, 1988

- Re: Lake Coal/Fuelco Letter Agreement Dated March 18, 1988 C87-599LA2
- From: R. K. Dedeaux

To: J. M. McCarthy T. Miller H. R. Wilder F. A. Clark R. G. Moore L. Hargrove E. R. Bentley

Enclosed is the executed Letter Agreement for Lake Coal which revises Annex F (Computation of Calorific Value Adjustment).

MD/mb

Enclosure

cc: C. R. Berry File

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March 18, 1988

Southern Company Services

the sourcem

Mr. Norris Brooks, President Lake Coal Company of Kentucky, Inc. Post Office Box 129 Roxanna, Kentucky 41848

Fuelco, Inc. Post Office Box 2625 Birmingham, Alabama 35202

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL AGREEMENT BETWEEN FUELCO, INC., AND LAKE COAL COMPANY OF KENTUCKY, INC., DATED OCTOBER 1, 1987 AS AMENDED

Attached is Revised Annex F which correctly outlines the procedure to be followed when calculating Calorific Value Adjustment as outlined in Section 4.09 of the Coal Supply Agreement. Annex F of the Coal Supply Agreement is made null and void.

All other provisions of the Agreement will remain unchanged.

Please indicate your concurrence with this Letter Agreement by signing and dating in the spaces provided below.

Sincerely, Leona R. Russell

Leona R. Russell Contract Analyst Fuel Supply Department

bbs

Approved:

Southern Company Services, Inc., as Agent for Fuelco, Inc.

-18-88

Date lyrlal

Lake Coal Company.

Inc.

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### REVISED

## ANNEX F (REFERENCE TO SECTION 4.09) COMPUTATION OF CALORIFIC VALUE ADJUSTMENT

The adjustment to the amount per ton to be paid by PURCHASER for coal unloaded in each month for which the calorific value of such coal is greater than or is less than 12,800 Btu per pound is calculated as follows:

## Assume:

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- The monthly weighted average "as received" calorific value equals (a) 13,000 Btu per pound and (b) 12,500 Btu per pound.
- The Base Price as stated in Section 4.01 as adjusted pursuant to Sections 4.03 through 4.07 = \$30.00 per ton.
- The total Government Imposition Cost adjustments pursuant to Section 4.06 = \$.30 per ton.

Example of Calculation

(a) 13,000 Btu per pound

13,000 (\$30.00 - \$.30) 1. ------= \$30.1612,800

- 2. \$30.16 (\$30.00 \$.30) =
   \$.46 Per Ton Calorific Value Adjustment
- (b) 12,500 Btu per pound
  - 12,500 (\$30.00 \$.30) 1. ------= \$29.00 12,800
  - 2. \$29.00 (\$30.00 \$.30) =
     (\$.70) Per Ton Calorific Value Adjustment

Therefore, in case (a) 13,000 Btu per pound, the Calorific Value Adjustment would be \$.46 per ton for the subject month, and in case (b) 12,500 Btu per pound, such Calorific Value Adjustment would be (\$.70) per ton for the subject month.

Internal Correspondence



Date November 23, 1987

Re Daniel Electric Generating Plant Fuel Contracts

From G. O. Laysan

To E. B. Parsons, Jr.

The attached agreement between Fuelco, Inc. and Lake Coal Company of Kentucky for purchase of fuel for the Daniel Electric Generating Plant has been executed by both parties.

I am retaining an extra copy of this contract pending a decision from counsel concerning the forwarding of a copy to the Florida Public Service Commission as has been proposed in the recommendations of the Generic Fuel Hearings. If this contract should be sent to the Florida Public Service Commission, I will generate the necessary confidentiality forms for Gulf protection.

Gulf is not a signee to this contract but we are obligated through the Fuelco agreement to the purchase of fuel for the Daniel Electric Generating Station, therefore, I have not forwarded an executed copy of the contract to Corporate Records but have retained a copy should you direct that it would be forwarded to Corporate Records for final retention.

/gsn

Attachments

cc v/att: N. L. Gilchrist G. E. Holland, Jr.

# AGREEMENT BETWEEN FUELCO, INCORPORATED AND LAKE COAL CO. OF KENTUCKY, INC. FOR THE SALE AND PURCHASE OF COAL

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75	AGREEMENT BETWEEN FUELCO, INCORPORATED
76	AND LAKE COAL CO. OF KENTUCKY, INC.
77	FOR THE SALE AND PURCHASE OF COAL

79 This Agreement is effective October 1, 1987 and is made and 80 entered into by and between FuelCo, Incorporated, a corporation 81 organized and existing under the laws of the State of Mississippi 82 ("PURCHASER"), and Lake Coal Co. of Kentucky, Inc. organized and 83 existing under the laws of the State of Delaware ("SELLER").

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### WITNESSETH: That

WHEREAS, PURCHASER, has entered into a separate Agreement 88 with Mississippi Power Company (MPC) for the purchase and sale of 89 90 coal and PURCHASER intends to use the coal purchased under this 91 Agreement to satisfy its commitment under the separate Agreement. 92 WHEREAS, SELLER owns or otherwise controls the Coal Property 93 from which SELLER desires to mine and sell coal to PURCHASER. 94 NOW, THEREFORE, in consideration of the premises and covenants herein, PURCHASER and SELLER agree as follows: 95 96 1.01 Mutual Obligations. SELLER agrees to mine coal and 97 sell such coal to PURCHASER and PURCHASER agrees to buy coal from 98 SELLER on the terms and conditions and in the quantities and 99 quality set forth herein.

102 1.02 Definitions. The following definitions shall apply in 103 this Agreement: "Coal Property" shall mean the real property, mineral 104 а. 105 interests, preparation plant facilities and loading 106 facilities, with improvements thereto, located in Letcher 107 County, Kentucky and described in Annex "A". 108 "Contract Year" shall mean the period of time from each ь. 109 October 1 through the following September 30 during the term 110 of this Agreement. 111 c. "Ton" shall mean two thousand pounds avoirdupois weight. 112 "Base Price" is \$25.25 per Ton f.o.b. railcar. d. "Billing Price" is the Base Price adjusted pursuant to 113 е. 114 Sections 4.03 through 4.06. f. A "Shipment" shall occur when SELLER delivers coal in 115 116 sufficient quantities into a unit train or a Tow of Barges. "Barge" shall mean a standard Barge with a 1500 Ton nominal 117 g. 118 capacity. 119 "Tow" shall mean six Barges. h. 120 í. "Calorific Value Adjusted Price" is the Billing Price 121 adjusted pursuant to Section 4.09. 123 2.01 SELLER's Reserves and Preparation for Selling Coal. SELLER represents and warrants (except as noted in Annex A) that 124 SELLER owns or controls the Coal Property and that the Coal 125 126 Property contains economically recoverable coal of a quality and in quantities which, under present mining laws and practices, 127 128 shall be sufficient to satisfy the requirements of this Agreement 129 and that all coal delivered hereunder shall be mined from the Coal Property identified in Annex A. 130 131 No coal shall be shipped from any other source without prior 132 approval of PURCHASER. PURCHASER shall have the right to

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terminate this Agreement if coal is shipped under this Agreement 137 from sources other than those stated in the Coal Property. 138 SELLER hereby agrees to commit sufficient reserves of coal 139 in the Coal Property meeting the guaranteed quality 140 141 specifications of Section 10.01 so as to fulfill the quantity 142 specifications herein. SELLER shall defend the title of PURCHASER with respect to 143 all coal sold hereunder and, with respect to such title, shall 144 indemnify PURCHASER from and against all claims, demands, 145 actions, suits and judgements. 146 147 2.02 SELLER'S PREPARATION OF MINING PLAN. SELLER shall 148 promptly prepare complete reserve data and a mining plan for the 149 Coal Property and conduct any additional exploration of the Coal 150 Property necessary in connection therewith to demonstrate 151 SELLER's capability to produce coal from the Coal Property 152 meeting the quantity and quality specifications of this Agreement 153 during the term hereof. Two copies of such complete mining plan 154 shall contain maps and narratives depicting areas and seam(s) of 155 coal to be mined and shall include, but not be limited to, the 156 following information: (i) reserves under the ownership or 157 control of SELLER from which the coal shall be produced and the 158 mining sequence, by quarter-years (or such other time intervals 159 as agreed), during the term of this Agreement; (ii) methods of 160 mining such reserves and equipment devoted or to be devoted to 161 such mining; (iii) methods of transporting and washing coal to 162 insure compliance with the quantity and the quality requirements

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167 including a description and flow sheet of the preparation plant; 168 (iv) quality data plotted on maps depicting data points and 169 isolines by seam of bed moisture, ash, sulfur, ash fusion 170 temperature and Btu; (v) quality control plans including sampling and analysis procedures to insure individual Shipments meet 171 172 quality specifications, and; (vi) SELLER's sales commitments to 173 others from the Coal Property during the term of this Agreement, 174 sufficient to demonstrate SELLER's capability to produce coal 175 from the Coal Property meeting the quality and quantity 176 specifications of this Agreement. Such complete mining plan shall be presented to PURCHASER within sixty (60) days from the 177 178 date of execution of this Agreement. Upon receipt thereof, 179 FURCHASER shall have the right to review such plan, both individually and jointly with SELLER, and to submit such plan to 180 181 and consult with third parties, if deemed necessary. Within 182 sixty (60) days from receipt of such plan, PURCHASER shall advise 183 SELLER that the mining plan has been approved, or shall specify 184 the aspects of such plan which are, in PURCHASER's opinion, 185 inadequate. The parties shall consult in good faith with respect 186 to matters considered by PURCHASER to be inadequate and SELLER 187 shall, within thirty (30) days after receipt of notice from 188 PURCHASER of inadequacy of the mining plan, submit revisions to 189 correct any deficiency. PURCHASER shall have thirty (30) days 190 from the receipt of such a revision to the mining plan to 191 evaluate such a revision. PURCHASER shall evaluate mining plan 192 on the basis of whether such plan demonstrates SELLER's

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197 capability to produce coal from the Coal Property of a quality 198 and in quantities sufficient to meet the requirements of this 199 Agreement. If, in PURCHASER's judgement, such plan fails to 200 provide such demonstration, PURCHASER may terminate this 201 Agreement by giving SELLER thirty (30) days written notice of 202 such termination and neither party shall have any further rights 203 or obligations hereunder.

204 PURCHASER's receipt, review, acceptance or approval of the 205 mining plan or other information or data furnished by SELLER 206 shall not in any manner relieve SELLER of any of SELLER's 207 obligations or responsibilities under this Agreement, nor shall 208 such review or approval be construed as constituting an approval 209 of SELLER's proposed mining plan as prudent mining practices. 210 such review and approval by PURCHASER being limited solely to a 211 determination, for PURCHASER's purposes, of SELLER's capability 212 to supply coal on a long term basis to fulfill PURCHASER's 213 requirements of a dependable coal supply. After final approval 214 of SELLER's mining plan, SELLER shall provide PURCHASER prior 215 notification of any material variations or deviations therefrom 216 during the term of the Agreement.

217 SELLER shall annually provide PURCHASER with a mine plan 218 "Update" showing progress to date, conformity to original mining 219 plan, and then known changes in reserve data and planned changes 220 in mining progression, plans or procedures. The Update for each 221 year shall be submitted on or before the anniversary of the 222 execution date of this Agreement. If the Update is not deemed by

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227 PURCHASER to be suitable, it shall not constitute a valid reason
228 for PURCHASER to cancel this Agreement.

229 SELLER agrees and warrants that it shall acquire and 230 maintain, in a timely manner, all licenses and permits required 231 by governmental authorities to engage in the mining and selling 232 of coal and to otherwise perform its obligations under this 233 Agreement.

234 3.01 Term of Agreement. The term of this Agreement shall 235 commence on October 1, 1987, and expire mfdnight, September 30, 236 1997. PURCHASER shall have the options to extend this Agreement 237 for two successive terms of five years each. The right to extend 238 the Agreement for the extended terms is conditioned upon 239 negotiation of mutually agreeable revisions to the Base Price and 240 upon SELLER's having sufficient available coal reserves to 241 satisfy PURCHASER's requirements under this Agreement for such 242 extended terms. The first and second option shall be exercised 243 by PURCHASER by giving SELLER not less than one year's written 244 notice prior to expiration of the then current term. Upon 245 receipt by SELLER of such written notice, PURCHASER and SELLER -246 shall proceed in good faith to negotiate within ninety (90) days 247 mutually agreeable revisions to the Base Price, as aforesaid, for 248 the first or second extended term. If such mutually agreeable 249 revisions are negotiated for the first or second term, then, in 250 each such case, SELLER shall promptly proceed to commit 251 sufficient Tonnage to fulfill its commitment and the term of this 252 Agreement shall be extended thereby for five years, and for an

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additional five year period, as the case may be. If, within such ninety (90) day period, the parties cannot mutually agree on such revisions to the Base Price, for any extended term, this Agreement shall terminate at the expiration of the then current term.

262 4.01 Price Per Ton of Coal.

The "Base Price" per Ton of coal is \$25.25 per Ton f.o.b. railcar or Barge and is not subject to adjustment prior to January 1, 1989 except for adjustment in Government Imposition as specified in Section 4.06.

267 4.02 Adjustments - General. The Base Price per Ton, as provided in Section 4.01, is subject to adjustment as provided in 268 269 Sections 4.03 through 4.06; and such adjusted price, excluding 270 adjustments under Section 4.06, is subject to the Calorific Value 271 Adjustment provision of Section 4.09. The Calorific Value 272 Adjusted Price shall be subject to the excess ash provision of 273 Section 4.10 and the excess moisture provision of Section 4.11. The specific components of the Base Price are attached hereto as 274 275 Annex B. The Base Price with said adjustments, as provided in 276 Section 4.03 through Section 4.06, shall be referred to herein as 277 the "Billing Price." All of such provisions for adjustments 278 contained in this Agreement are subject to the procedures for 279 verification set forth in Sections 4.08 and 19.01 hereof. 280 Adjustments made in computing the Billing Price shall be 281 calculated to the nearest cent per Ton. No dispute concerning price adjustments shall in any way relieve either party of its 282

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287 respective obligations of performance under this Agreement at the 288 then existing Billing Price, including, but not limited to, 289 PURCHASER's obligation to make timely payment and SELLER's 290 obligation to make timely deliveries at the immediately prior 291 Billing Price.

292 SELLER shall promptly notify PURCHASER, in writing, of all 293 adjustments set forth in Sections 4.03 through 4.06. Adjustments 294 in the Base Price per Ton under such Sections shall apply to coal 295 shipped from and after the later of (1) the effective date(s) of the adjustments as provided hereafter or (2), in cases where the 296 297 adjustment increases the price, the date on which the PURCHASER 298 received notice from SELLER of such claimed adjustment, if such 299 claim is received more than forty-five (45) days after the 300 effective date permissible for such change. With respect to 301 decreases required to be made by virtue of such adjustment 302 provisions, of which SELLER fails to notify PURCHASER, such 303 adjustments shall be made retroactively as to all coal shipped 304 after the time such adjustment would have applied had notice been 305 given within forty-five (45) days of the effective date of such 306 adjustment.

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#### 4.03 Adjustment for Changes in Labor Costs.

308 All labor related costs covered by the Base Price stated in 309 Section 4.01 are represented by the "Labor Costs Component" of 310 \$5.55 per Ton. The Labor Costs Component shall not change.

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316 The Billing Price shall be adjusted for changes in labor costs, as measured exclusively by changes in the Labor Costs 317 Index. The Labor Costs Index shall be the "Established Data, 318 Hours and Earnings, Table C-2, 1972 SIC Code 11, 12 Coal Mining, 319 Average Hourly Earnings," as first published in Employment and 320 Earnings by the U. S. Department of Labor. The first published 321 value of the index for July 1988 is the Base Index for price 322 adjustment purposes pursuant to this Section 4.03. 323

324 A labor cost adjustment to the Billing Price shall be determined for January 1, and July 1, during the term of this 325 Agreement, with the first such adjustment effective January 1, 326 1989. The amount of such adjustment shall be calculated and made 327 upon the basis of the percentage change from the value of the 328 Base Index and the first published value of the Labor Costs Index 329 for November or May preceding the adjustment during the term of 330 this Agreement. The percentage change in the Labor Costs Index 331 332 from the level of the Base Index shall be computed to the nearest one-tenth of a percent, and multiplied times the Labor Costs 333 Component of the Base Price. The resulting adjustment amount 334 less previous adjustments, all determined to the nearest cent per 335 336 Ton, shall be added to or subtracted from the then current Billing Price effective January 1 and July 1, as the case may be. 337 Examples of the computation of the price adjustment pursuant 338 to this Section 4.03 are attached hereto as Annex C. 339

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345 In the event of unavailability of any index described in 346 Section 4.03, price adjustments shall be computed by use of 347 published conversion tables of the U. S. Department of Labor 348 reflecting the effect of any such revision, if available, or 349 otherwise by mutual agreement.

350 4.04 Adjustment for Changes in Materials and Supplies
 351 Costs.

All materials and supplies costs covered by the Base Price stated in Section 4.01 are represented by the "Materials and Supplies Component" of \$9.09 per Ton. The Materials and Supplies Component shall not change.

356 The Billing Price shall be adjusted for changes in materials 357 and supplies costs, as measured exclusively by changes in the Materials and Supplies Index. The Materials and Supplies Index 358 359 shall be a weighted composite index composed of various price 360 indices as weighted and shown below and first published by the 361 U. S. Department of Labor, Bureau of Labor Statistics. The value 362 of the weighted index (determined from first published values) for July 1988 is the Weighted Base Index for price adjustment 363 purposes pursuant to this Section 4.04. The indices which 364 365 compose the Materials and Supplies Index and related percentage 366 weights to be used are as follows:

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373	BLS COMMODITY		%
374	INDEX	CLASSIFICATION	WEIGHT
375		***************************************	
376	0543-1514	Industrial Power - Regional	7
377	057	Petroleum Products - Refined	13
378	0679-02	Explosives	4
379	1081-02	Externally Threaded Fasteners	44
380		(Excluding Aircraft)	
381	081	Lumber	18
382	1192	Mining Machinery and Equipment	14
383			
384			100
385			smilling

387 An adjustment to the Billing Price for changes in material and supplies costs shall be determined for January 1, April 1, 388 July 1, and October 1, during the term of this Agreement, with 389 the first such adjustment effective January 1, 1989. The amount 390 of each such adjustment shall be calculated and made upon the 391 392 basis of the percentage change from the value of the Weighted 393 Base Index and the value of the Materials and Supplies Index for 394 November, February, May, or August preceding the adjustment during the term of this Agreement. The percentage change shall 395 be computed to the nearest one-tenth of a percent, and multiplied 396 times the Materials and Supplies Component of the Base Price. 397 The resulting adjustment amount less previous adjustments, all 398 determined to the nearest cent per Ton, shall be added to or 399 subtracted from the then current Billing Price effective January 400 1. April 1, July 1, and October 1, as the case may be. 401 402 Examples of the computation of the price adjustments pursuant to this Section 4.04 are attached herato as Annex D. 403

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408 In the event of unavailability of any index described in 409 Section 4.04, price adjustments shall be computed by use of 410 published conversion tables of the U.S. Department of Labor 411 reflecting the effect of any such revision, if available, or 412 otherwise by mutual agreement.

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4.05 Adjustments for Changes in Other Costs.

All other costs covered by the Base Price stated in Section
4.01 are represented by the "Other Costs Component" of \$4.80 per
Ton. The Other Costs Component shall not change.

417 The Billing Price shall be adjusted for changes in other 418 costs based exclusively on changes in the Other Costs Index. The 419 Other Costs Index shall be the GNP Implicit Price Deflator 420 (preliminary number), published quarterly by the U. S. Bureau of 421 Economic Analysis. The Base Index shall be the value 422 (preliminary number) of the Other Costs Index for the Second 423 Quarter 1988 (1982 = 100).

424 An adjustment to the Billing Price for changes in other 425 costs shall be datermined quarterly at each January 1, April 1, 426 July 1, and October 1 during the term of this Agreement, with the 427 first such adjustment effective January 1, 1989. The amount of 428 each such adjustment shall be calculated and made upon the basis 429 of the percentage change from the value of the Base Index and the 430 preliminary value of the Other Costs Index for the third quarter, fourth quarter, first quarter, and second quarter preceding each 431 432 January 1, April 1, July 1, and October 1, respectively during

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the term of this Agreement. The percentage change in the Other 437 Costs Index from the level of the Base Index shall be computed to 438 the nearest one-tenth of a percent and multiplied times the Other 439 440 Costs Component of the Base Price. The resulting adjustment 441 amount less previous adjustments, all determined to the nearest 442 cent per Ton, shall be added to or subtracted from the then 443 current Billing Price and shall be effective January 1, April 1, 444 July 1, and October 1, as the case may be.

Examples of the computation of the price adjustment pursuant to this Section 4.05 are attached hereto as Annex E.

447 In the event of unavailability of the Other Costs Index 448 described in this Section 4.05, price adjustments shall be 449 computed by use of published conversion tables of the U. S. 450 Bureau of Economic Analysis reflecting the effect of any such 451 revision, if available, or otherwise by mutual agreement.

452 4.06 Adjustment for Changes in Government Imposition. The term "Government Imposition," as used in this Agreement, means 453 454 any tax or fee imposed on SELLER by any government or government 455 agency or any statute, administrative regulation or ruling, state 456 or local ordinance, or the like affecting the production, 457 severance, preparation, loading, transporting, or sale of coal 458 and reclamation of the Coal Property hereunder. The term does 459 not include impositions on Seller, such as federal or state 460 income taxes or excise taxes, which are not levied upon the 461 production, preparation, loading, transportation or sale of coal

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466 or reclamation of the Coal Property hereunder or any employer's 467 social security or unemployment taxes.

The Base Price stated in Section 4.01 includes all costs of compliance by SELLER with all Government Impositions effective as of July 1, 1987 regardless of whether or not Seller is actually in compliance with all such Government Impositions as of that date. It is recognized that effective July 1, 1987, the Base Price includes \$1.10/Ton for the Black Lung Excise Tax and \$.15/Ton for the Reclamation Fee.

475 Price adjustments shall be made for changes in costs due to 476 SELLER's compliance with Changes In Government Impositions which 477 shall be (1) amendments on or after July 1, 1987 to Government 478 Imposition; (2) requirements of entirely new Government 479 Impositions which are enacted or promulgated after July 1, 1987; or (3) final judgements, orders or decrees issued after July 1, 480 481 1987 by any court of law or equity, which reflect new and 482 different interpretations of Government Impositions where such 483 changes in cost directly affect and are binding upon SELLER's 484 operation hereunder. Such changes in cost shall hereinafter be 485 called "Changes in Costs". Changes in Costs shall not include 486 and no price adjustments shall be made for costs due to 487 compliance with (1) any Government Imposition effective as of 488 July 1, 1987, regardless of whether the Base Price reflects the 489 full costs of compliance with such Government Imposition; or (2) 490 any civil or criminal fine or penalty imposed as the result of

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495 failure to comply with any statute, administrative regulation or 496 ruling, state or local ordinance, or judgement, order or decree 497 of any court; or (3) any changes for which adjustments have been 498 made pursuant to Sections 4.03, 4.04, or 4.05 of this Agreement. 499 In the event and whenever after July 1, 1987, there is a 500 Change In Government Imposition, SELLER shall give PURCHASER 501 written notice thereof within forty-five (45) days of the 502 effective date of the new or changed Government Imposition. 503 If the Change In Government Imposition is a tax or fee which is expressly imposed on a per Ton basis, SELLER shall submit a 504 505 claim within forty-five (45) days of the effective date of the 506 new or changed Government Imposition which shall be processed in 507 accordance with the provisions of Sections 4.02 and 4.08. 508 If the Change In Government Imposition results in a Change 509 In Costs not expressly imposed on a per Ton basis, SELLER shall 510 submit a claim which describes the Change In Costs and which 511 contains sufficient documentation and data to permit PURCHASER to 512 verify SELLER's computation of the Change In Costs. The 513 documentation and data shall be based on an adequate period of 514 experience in compliance with such Change In Government 515 Imposition, but in no case, shall such adequate period exceed 516 twelve (12) months. In the case of a determination of a Change 517 In Costs which is an increase, an adjustment to the Base Price 518 shall be made for the period no more than twelve (12) months

prior to the receipt by PURCHASER of SELLER's claim, and during

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which such Change In Government Imposition was in effect. In the case of a Change In Costs which is a decrease, an adjustment to the Base Price shall be made from the date such Change In Government Imposition was in effect. PURCHASER shall have the right to require SELLER to evaluate and submit such a claim if SELLER fails to do so after a Change In Government Imposition is effective.

531 4.07 <u>Unescalated Portion of Base Price</u>. \$4.56 per Ton of
532 the Base Price stated in Section 4.01 is not subject to
533 escalation.

534 4.08 Notice and Substantiation of Price Adjustments. 535 SELLER shall notify PURCHASER in writing, as provided in Section 536 4.02, of the amount of any claimed adjustment (either increases 537 or decreases) to the Base Price, pursuant to provisions of 538 Sections 4.03 through 4.06, and shall furnish PURCHASER with whatever computations and data are reasonably necessary to 539 540 substantiate such adjustments. PURCHASER shall accept or contest 541 any adjustment(s) within sixty (60) days after receipt from 542 SELLER of all computations and data which are reasonably 543 necessary to substantiate the adjustment(s). If PURCHASER 544 contests any adjustment, PURCHASER shall pay to SELLER, or SELLER 545 shall credit PURCHASER with, the undisputed portion of the 546 claimed adjustment. PURCHASER or PURCHASER'S representative 547 shall have the right to audit SELLER'S books and records to 548 determine whether any adjustment is proper and has been properly

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553 computed by SELLER in accordance with the applicable provisions 554 of this Agreement.

4.09 Calorific Value Adjustment. The amount to be paid by 555 PURCHASER shall be adjusted on the basis of the actual "as 556 received" calorific value of the coal as determined from the 557 558 samples taken and analyzed in accordance with Section 11.01 and 559 Annex H hereof. The Calorific Value Adjusted Price shall be 560 determined as follows: The monthly weighted average "as 561 received" calorific value of all coal unloaded during the 562 calendar month shall be divided by the guaranteed calorific value 563 of 12,800 Btu/lb. The resulting quotient shall be multiplied by 564 the then current Billing Price determined by Purchaser excluding 565 total Government Imposition Adjustments pursuant to Section 4.06. 566 The resulting product shall then be added to the total Government 567 Imposition Adjustments pursuant to Section 4.06.

568 PURCHASER shall submit to SELLER analyses of coal received 569 and computations of the calorific value adjustments to 570 substantiate such adjustments. The calorific value adjustment 571 mechanism is further detailed and illustrated in Annex F, and 572 this adjustment shall be made in accordance with said Annex F. 573 4.10 Excess Ash Adjustment. In addition to other 574 adjustments, the price per Ton to be paid by PURCHASER for coal 575 shall be adjusted downward in proportion to the ash content in 576 excess of the guaranteed level. This adjustment shall be 577 subtracted from the Calorific Value Adjusted Price of coal

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delivered and unloaded and shall be based upon the "as received" 582 ash content for each unit train or Barge of coal unloaded. The 583 584 amount per Ton of this Excess Ash Adjustment shall be calculated 585 as follows:

587 The adjustment shall be \$2.00 per Ton multiplied by the 588 percentage difference by which the "as received" ash content for each unit train or Barge of coal unloaded exceeds the guaranteed 589 level. No credits shall be given if the "as received" ash 590 content is less than the guaranteed level. The adjustment in 591 592 price is in addition to any remedies provided by the Agreement or 593 in law or equity. Ash Adjustment Formula:

\$ Adjustment/Ton = \$2.00 (% Ash - % Guaranteed Ash) 595 4.11 Excess Moisture Adjustment. In addition to other 596 adjustments, the price per Ton to be paid by PURCHASER for coal 597 shall be adjusted downward in proportion to the moisture content 598 in excess of the guaranteed level. This adjustment shall be 599 subtracted from the Calorific Value Adjusted Price of coal 600 delivered and unloaded and shall be based upon the "as received" 601 moisture content for each unit train or Barge of coal unloaded. 602 The amount per Ton of this Excess Moisture Adjustment shall be 603 calculated as follows:

605 The adjustment shall be \$1.00 per Ton multiplied by the percentage difference by which the "as received" moisture content 606

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611 for each unit train or Barge of coal unloaded exceeds the 612 guaranteed level. No credits shall be given if the "as received" 613 moisture content is less than the guaranteed level. The 614 adjustment in price is in addition to any remedies provided by 615 the Agreement or in law or equity. Moisture Adjustment Formula: 616 \$ Adjustment/Ton = \$1.00 (% Moisture - % Guaranteed 617 Moisture)

618 4.12 Deficient Grindability Adjustment. In addition to 619 other adjustments, the price per ton to be paid by PURCHASER for 620 coal shall be adjusted downward to compensate for deficient grindability of SELLER's coal. This adjustment shall be 621 subtracted from the Calorific Value Adjusted Price of coal 622 623 delivered and unloaded and shall be based upon the grindability 624 content for each unit train or barge of coal unloaded. The 625 amount per ton of this grindability adjustment shall be 626 calculated as follows:

628 The adjustment shall be \$0.50 per ton multiplied by the number of 629 index points by which the grindability content for each unit 630 train or barge of coal unloaded is less than the guaranteed 631 level. No credits shall be given if the grindability content is 632 greater than the guaranteed level. The adjustment in price is in 633 addition to any remedies provided by the Agreement or in law or 634 equity. Grindability Adjustment Formula:

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640 \$ Adjustment/Ton = \$.50 (Guaranteed HGI - Actual HGI)

642 4.13 Price Review. During the second Contract Year of this 643 Agreement and every second Contract Year thereafter, PURCHASER 644 may at its option initiate a renegotiation of the price to be 645 paid for coal and/or of the escalation provisions of this 646 Agreement. If PURCHASER elects to renegotiate, it shall notify 647 SELLER in writing on or before May 1 of that Contract Year. The parties shall promptly thereafter begin good faith renegotiation 648 of the price and/or escalation provisions. If a mutually 649 acceptable amendment cannot be reached on or before September 1, 650 PURCHASER may, at its option and on ten (10) days written notice, 651 terminate this Agreement effective September 30 of that Contract 652 653 Year.

5.01 Billing and Payment. Within fourteen (14) working 654 days after the unloading of each unit train or Barge or within 655 656 fourteen (14) working days after the receipt by PURCHASER of SELLER's invoice, whichever occurs later, but not more than 30 657 days after the receipt of invoice and verification of shipment, 658 PURCHASER shall remit to SELLER or its designed ninety percent 659 (90%) of the amount due SELLER which amount is determined by 660 multiplying the Tons of coal as determined by SELLER's loaded 661 662 weights as stated on the invoice by the then current Billing Price as determined by PURCHASER. 663

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669	Final adjustment of the amount to be paid shall be based on
670	weights and analyses of coal determined in accordance with
671	Sections 9.01 and 11.01. Within the first fourteen (14) working
672	days of each month, PURCHASER shall file with SELLER a report on
673	weights and analyses determined pursuant to Section 9.01 and
674	11.01 and information showing the adjustments under Section 4.09
675	through 4.11 for all coal Shipments which are received, unloaded
676	and analyzed during the preceding month. Upon receipt of
677	PURCHASER's report, SELLER shall invoice PURCHASER for any
678	balance due, or shall credit to scheduled future Shipments the
679	amount of any overpayment, as the case may be. Any such
680	overpayment not so credited shall be remitted, within fourteen
681	(14) working days upon receipt of PURCHASER's report, by SELLER
682	to PURCHASER. PURCHASER shall pay such balance due within
683	fourteen (14) working days of receipt of SELLER's invoice.
684	Invoices should be sent to:
685	FuelCo, Incorporated
686	P. O. Box 2625
687	BIN 852
688	Birmingham, Alabama 35202
689	6.01 Shipment. It is anticipated that coal sold hereunder
690	shall be shipped by rail from SELLER's loading facilities
691	ultimately to be delivered to the Daniel Electric Generating
692	Plant in Mississippi or other destinations specified by
693	PURCHASER. PURCHASER, at its sole option, may elect to have the
694	coal sold hereunder delivered to a Barge transloading facility
695	for transfer to Barges for delivery to destination.
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700 6.02 Rail Shipments. SELLER shall provide off-main line rail trackage sufficient for efficient and dependable loading of 701 702 at least ninety (90) car unit trains at SELLER's Hogg Tipple/No. 703 2679 on the CSX Railroad near Roxana, Kentucky, and shall be 704 prepared to operate its loading facilities twenty-four (24) hours 705 per day, seven days per week, if needed, in compliance with the 706 applicable rail contract for deliveries hereunder. SELLER agrees 707 to provide loading facilities capable of loading unit trains at 708 an effective rate sufficient for the quantities of coal scheduled 709 for delivery under this Agreement and sufficient for the applicable rail contract. SELLER agrees and warrants that no 710 711 agreement of SELLER providing for the joint use of surface 712 facilities shall interfere with or impair SELLER's obligations as 713 set forth in this Agreement.

714 Shipment and receipt of coal under this Agreement shall be 715 made in accordance with the rail contract applicable to the 716 destination of the delivery.

717 6.03 Freight Charges, Title, and Risk of Loss. Subject to 718 reimbursement provided by Sections 6.04 and 6.05, MPC shall pay 719 all freight and other charges imposed by the carrier applicable 720 to the destination of the Shipment. PURCHASER shall bear the 721 risk of loss of said Shipment after each Shipment has been 722 properly loaded into railcars, but title shall not pass to 723 PURCHASER until arrival at the ultimate destination designated by 724 PURCHASER.

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6.04 Loading Costs Chargeable to Seller. If SELLER fails 729 to satisfy the loading requirements of the applicable rail 730 contract and such failure is not excused pursuant to force 731 732 majeure as provided in the applicable rail contract, SELLER shall 733 pay any resulting car detention penalties and shall pay any 734 penalties or charges for cars loaded in excess of capacity which 735 is required by such rail contract. SELLER shall pay the per Ton 736 transportation rate, required to be paid by MPC under the rail contract, for all Tons not loaded to the marked capacity per car, 737 738 provided, however, no penalty shall be imposed if such cars are 739 underloaded by five (5%) percent or less of the total marked 740 capacity.

741 6.05 Excess Freight Costs Chargeable to SELLER. If SELLER 742 fails to tender sufficient coal to satisfy the quantity 743 requirements in accordance with Section 8.01 and thereby fails to 744 satisfy the Tonnage requirements of the applicable rail contract 745 and such failure is not excused pursuant to force majeure as 746 provided in the applicable rail contract, SELLER shall pay any 747 resulting freight charges which MPC is required by such contract 748 to pay the carrier over the amount of such charges otherwise 749 payable.

750 6.06 Payment of Excess Costs. Any payments required by 751 Sections 6.04 and 6.05 above shall be paid within fourteen (14) 752 working days after receipt by SELLER of a written statement 753 itemizing such charges which are in accordance with the current

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758	applicable contract. At PURCHASER's election, such charges may
759	be credited against amounts owed by PURCHASER to SELLER
760	hereunder.
761	7.01 Shipping Notice. Promptly after loading each rail
762	Shipment SELLER shall telecopy PURCHASER a notice of Shipment
763	which shall include SELLER's name; train number; car numbers;
764	Tonnage shipped; date of Shipment; and other such information as
765	required by PURCHASER from time to time.
766	Notice shall be sent to:
768	Supervisor, Fuel Delivery and Payment
769	Mississippi Power Company
770	P. O. Box 4079
771	Gulfport, Mississippi 39501
772	and
773	Plant Manager
774	Daniel Electric Generating Plant
775	
	P. O. Box 950
776	Escatawpa, Mississippi 39552
777	end
778	Traffic Coordinator
779	Fuel Supply Department
780	Southern Company Services
781	
	P. O. Box 2625
782	BIN 852
783	Birmingham, AL 35202
784	SELLER shall determine the short proximate analysis, in
785	accordance with Annex H, of each Shipment and shall telecopy and
786	telephone such analysis, within twenty-four (24) hours, to
787	PURCHASER at locations designated by PURCHASER. Should SELLER
788	fail to provide such analysis as specified, PURCHASER may elect
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793 to delay unloading of Shipment until such time as analysis is 794 provided and SELLER is liable for any demurrage and other costs 795 occasioned by the delay.

796 8.01 Quantity Requirements. Except as otherwise provided 797 herein, SELLER shall tender coal produced from the Coal Property 798 at the Base Rate of 306,000 Tons per Contract Year during the 799 term of this Agreement which shall be delivered in railcars or Barges in approximately equal monthly quantities. Upon the 800 giving of a twelve (12) months written notice or unlass otherwise 801 802 mutually agreeable, PURCHASER shall have the right to increase or 803 decrease the Base Rate, the cumulative effect of such increases or decreases in the base rate shall be limited such that the 804 805 annual tonnage requirement, determined on a contract year basis, 806 shall be within a range of 204,000 to 408,000 tons/year. Upon 807 the giving of a twelve (12) months written notice or unless otherwise mutually agreeable, PURCHASER may increase the annual 808 tonnage requirement up to 612,000 tons/year subject to SELLER's 809 consent and to SELLER's ability to mine, process and ship coal. 810 811 In addition to the options to increase or decrease the Base Rate. 812 PURCHASER shall also have the right, upon ninety (90) days 813 written notice, to increase or decrease the quantity of coal to 814 be delivered monthly under this Agreement; provided however that PURCHASER may not increase or decrease the quantity by more than 815 8,500 Tons per month (approximately one (1) unit train per month) 816 817 above the then established Base Rate unless PURCHASER and SELLER

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822 agree otherwise. The option to increase or decrease the monthly 823 deliveries does not alter the annual tonnage requirement, unless 824 Purchaser and Seller agree otherwise.

825 In the event SELLER has available for delivery additional 826 quantities of coal, that is, in excess of the quantity 827 requirements hereunder, from the Coal Property and desires to 828 sell the same to PURCHASER under the terms of this Agreement. 829 SELLER may offer the same to PURCHASER, and upon acquiring the 830 prior written approval of PURCHASER, such additional quantities 831 shall be added to the quantities above set forth and shall be 832 governed by the terms hereunder.

9.01 Weighing. Coal provided by SELLER under this
Agreement shall be weighed by SELLER as provided in this Section
9.01. PURCHASER shall have the option at any time during the
term of this Agreement to elect to weigh the coal for governing
purposes at Daniel Electric Generating Plant, or other
destinations specified by PURCHASER.

839 Except as provided above, the weight of coal for each 840 Shipment sold and delivered hereunder shall be determined from the SELLER's scale located at the SELLER's final coal loading 841 842 facility. Said scales and method of weighing shall be acceptable 843 to the PURCHASER and the Carrier, and shall be certified in 844 accordance with the then current Association of American 845 Railroads "Scale Handbook". Seller's scales used to determine 846 the governing weight of coal shall be material tested and

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851 certified within fourteen (14) days of execution of this 852 Agreement and thereafter at least on a semi-annual basis. SELLER's scales used to determine the governing weight shall also 853 854 be calibrated and maintained in an accurate condition between material tests and certifications. Documentation of all scale 855 856 tests and maintenance performed shall be provided to PURCHASER 857 within fourteen (14) days of completion of such action. In the 858 absence of scale weights from SELLER, PURCHASER and SELLER shall 859 mutually agree by what means the weight of coal sold, delivered 860 and purchased hereunder shall be determined. Such methods as 861 mutually agreed on shall not necessarily be the same as that 862 required under the rail contract for payment of freight. SELLER 863 shall pay all costs or expenses charged to or incurred by MPC as 864 a result of the absence of scale weights from SELLER. 865 A net weight shall be determined and reported for each

866 Shipment of coal hereunder. If SELLER provides a 867 coupled-in-motion track scale, the actual empty weight of the 868 railcar rather than the empty (tare) weight stenciled on the 869 railcar shall be used for the determination of the net weight. 870 The scale shall be tested as normally used by comparing the 871 in-motion weight of a unit train with the weight of the train 872 determined statically weighing each railcar uncoupled at both 873 ends. The scale shall be calibrated statically with a certified 874 railroad test car as required during the course of the test. The 875 coupled-in-motion scale shall be tested with railcars both empty

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and loaded. SELLER shall be responsible for all test charges.
Additional tests shall be performed if requested by the
PURCHASER. PURCHASER shall be responsible for the cost of
additional tests unless the results thereof show that the scale
failed to conform to certification standards, in which event
SELLER shall be responsible for such costs.

886 PURCHASER shall have the right to have representatives 887 present at any and all times to observe the weighing of coal as 888 well as all maintenance and tests on the weighing devices. PURCHASER's representative shall have the right to delay or stop 889 890 coal loading in the event that SELLER's scale malfunctions. 891 SELLER shall pay all costs or expenses charged to or incurred by 892 PURCHASER or MPC as a result of any such scale malfunction. 893 Loading will be resumed when scale repairs are completed or when 894 mutually agreed to by PURCHASER and SELLER. PURCHASER agrees to 895 work in a reasonable and expeditious manner to facilitate 896 resumption of loading. If PURCHASER should at any time question 897 the accuracy of the weights thus determined, PURCHASER shall so 898 advise SELLER and SELLER shall permit PURCHASER's representatives 899 to test SELLER's weighing devices or methods. If such tests show 900 the weighing devices to be out of tolerance, or if the weighing 901 devices otherwise are determined to be out of tolerance, the 902 weighing devices shall be adjusted to an accurate condition. In 903 the event FURCHASER and SELLER are unable to agree upon such 904 tests and adjustments, or the devices or methods thereof, the

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909 weighing devices and methods shall be tested and adjusted to a 910 condition of accuracy by a qualified third party, mutually chosen 911 by PURCHASER and SELLER, and the cost of the testing and 912 adjusting by such third party shall be shared equally by 913 PURCHASER and SELLER.

If SELLER's weighing devices or methods are determined to be 914 915 out of tolerance, an appropriate adjustment shall be made to the 916 affected weights and related invoices and payments. Such 917 adjustments shall be made retroactively to a date midway between 918 the date on which the weighing devices were last certified and 919 the date on which the out of tolerance condition caused by 920 weighing methods or devices was first questioned and 921 prospectively until the date on which the weighing methods and 922 devices were corrected.

923 10.01 Coal Specifications. The coal sold by SELLER and 924 purchased by PURCHASER hereunder shall be uniformly blended and 925 such blend shall be consistent from railcar to railcar; shall be three inches and under in size  $(3'' \times 0'')$  as defined in the then 926 927 current ASTM Designation D-431 Standard for Designating Size of 928 Coal and shall not contain greater than fifty (50%) percent 929 particles less than (1/4) inch in size; shall have no 930 intermediate sizes added or removed; shall not contain coal 931 greater than six (6) inches in any dimension; shall be free of 932 bone, slate, shale, rock, dirt, and clay, and free of extraneous 933 material which term shall include, but not be limited to plastic,

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938 rubber, iron, wood and other waste materials, and shall conform939 to the following analysis on an "as received" basis:

Guaranteed Specifications 941 Rejection Limits (Per Train or Barge) 942 (Per Train or Barge) 943 944 Moisture (total) 9.00% or less 10.50% or greater 945 Ash 10.00% or less 11.00% or greater 0.60 lbs maximum of Greater than 946 Sulfur 947 sulfur per million Btu 0.60 lbs of sulfur per million Btu 948 Equal to or less 949 Volatile Matter Equal to or greater than 30% 950 than 33% Less than 2200 Degrees F 951 Ash Fusion Temp. Equal to or greater than 952 Softening (H=W 2300 Degrees F Reducing Atmosphere) 953

954 Calorific Value 12,800 Btu/lb

956 An example of the calculation of the pounds of sulfur per 957 million Btu is shown in Annex K.

SELLER and PURCHASER agree to establish the contractual HGI 958 specification within 12 months of execution of this purchase 959 960 agreement. The specification shall be established by performing 961 HGI analysis on a minimum of one half of the samples collected 962 from unit trains shipped under this Agreement during the first 963 Contract Year. The guaranteed specification shall be established 964 as the mean value minus 2 standard deviations of the accumulated 965 data rounded to the lowest whole number (example: 42.6 would be 966 rounded to 42, not 43). All data shall be derived from 967 calculating the HGI from the original Hardgrove Formula: HGI = 13

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11,800 Btu/lb or less

972 + (6.93 x calculated weight of test sample passing the No. 200 973 mesh sieve). The rejection specification shall be established at 974 two (2) index points below the established guaranteed 975 specification. The provisions regarding HGI specifications 976 relating to Section 4.12, 12.01, 12.02 and 12.03 will not be 977 applicable during the first contract year, provided the coal, in PURCHASER's sole judgement, does not cause operational problems 978 979 at the destination.

980 SELLER shall reimburse PURCHASER for all damage caused to
981 MPC's equipment by any extraneous material loaded with the coal
982 by SELLER.

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### 11.01 Sampling and Analysis.

984 Coal provided by SELLER under this Agreement shall initially 985 be sampled by SELLER and analyzed by MPC or PURCHASER's 986 designated laboratory as provided in this Section 11.01. MPC shall have the option at any time during the term of this 987 Agreement to elect to sample for governing purposes at Daniel 988 989 Electric Generating Plant or other destination specified by PURCHASER. MPC's sampling shall conform to specifications based 990 on the then current American Society for Testing and Materials 991 Standard D-2234 "Collection of a Gross Sample of Coal" and 992 Standard D-2013 "Preparing Coal Samples for Analysis." 993 So long as SELLER samples the coal for governing purposes, 994 SELLER shall provide at SELLER's final coal loading facility a 995 mechanical sampling system of the "cutting the full coal stream" 996

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type or other system acceptable to PURCHASER. The design and 1001 1002 operation of the sampling system shall be in accordance with the then current American Society for Testing and Materials Standard 1003 D-2234 "Collection of a Gross Sample of Coal" and Standard D-2013 1004 "Preparing Coal Samples for Analysis". The sampling system shall 1005 be enclosed to minimize moisture loss and shall be designed for 1006 1007 one stage of sample crushing to an eight (8) mesh product. 1008 SELLER shall submit design drawings and specifications for any 1009 new proposed sampling system to PURCHASER for review and comment prior to installation. PURCHASER and SELLER shall use their best 1010 efforts to agree on modification of procedures and equipment to 1011 1012 incorporate improved methods developed in the future by American 1013 Society for Testing and Materials.

1014 SELLER shall collect representative samples of each Shipment 1015 of coal sold hereunder using the mechanical sampling system as 1016 described above at the loading facility. The final sample of 1017 eight (8) mesh coal from the mechanical sampling system shall be 1018 reduced to eight (8) 1000 gram laboratory samples, at the loading 1019 facility, in accordance with the then current American Society 1020 for Testing and Materials Standard D-2013 "Preparing Coal Samples for Analysis", using an enclosed riffle to minimize moisture 1021 1022 loss. SELLER shall ship four (4) laboratory samples, within twenty-four (24) hours of sample collection, to PURCHASER's 1023 designated laboratory, and two (2) laboratory samples shall be 1024 1025 retained by the SELLER. One (1) laboratory sample shall be

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1030 retained by both PURCHASER and SELLER for thirty (30) days from 1031 date of Shipment as reserve samples. One laboratory sample shall 1032 be analyzed by SELLER to meet its requirements under Section 1033 7.01.

1034 PURCHASER or its designated representative may observe any 1035 sampling or sample preparation performed by SELLER; SELLER or its 1036 designated representative may observe any sampling or sample preparation performed by MPC or PURCHASER's designated 1037 laboratory. PURCHASER's representative shall have the right to 1038 delay or stop coal loading in the event that SELLER's sampling 1039 system malfunctions. SELLER shall pay all costs or expenses 1040 1041 charged to or incurred by PURCHASER or MPC as a result of any such sampling system malfunction. Loading will be resumed when 1042 1043 sampling system repairs are completed or when mutually agreed to 1044 by PURCHASER and SELLER. PURCHASER agrees to work in a 1045 reasonable and expeditious manner to facilitate resumption of 1046 loading.

1047 One laboratory sample sent to PURCHASER's designated 1048 laboratory shall be analyzed in accordance with Annex H and the 1049 results of such analysis shall be used for the governing purposes 1050 of this Agreement.

1051 PURCHASER's designated laboratory may be MPC's fuel 1052 laboratory or an independent qualified, commercial, coal testing 1053 laboratory which shall analyze the laboratory samples sent by 1054 SELLER in accordance with Annex H. In the event PURCHASER elects

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1059 to employ such a commercial laboratory, SELLER shall not be 1060 liable for any costs incurred by PURCHASER except as herein 1061 provided.

1062 Annex H delineates laboratory sampling preparation and 1063 analytical procedures which are in accord with ASTM and industry 1064 standards and which are to be used by SELLER and PURCHASER as 1065 provided in this Section 11.01.

1066 If a dispute arises between PURCHASER and SELLER over the 1067 results of such analyses, one of the laboratory samples reserved 1068 for settlement of disputes shall be sent to a qualified 1069 independent laboratory (selected jointly by PURCHASER and SELLER) 1070 which shall conduct a referee analysis in accordance with Annex 1071 H. The referee sample to be sent to the independent laboratory 1072 by the PURCHASER or SELLER shall be selected on a random basis. 1073 The cost of any such referee analysis shall be borne equally by 1074 PURCHASER and SELLER.

1075 With respect to disputes involving items of the analysis, 1076 the analysis of MPC or PURCHASER's designated laboratory shall be 1077 deemed to have been confirmed if the difference between the 1078 analysis of such independent laboratory and analysis of MPC or 1079 PURCHASER's designated laboratory is within the tolerances 1080 specified in the then current American Society of Testing and 1081 Materials Standards.

1082 In the event that a difference in any disputed item of MPC's 1083 or PURCHASER's designated laboratory analysis and the independent

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1088 laboratory's analysis of the referee sample exceeds tolerances 1089 specified in the then current ASTM Standards, the complete 1090 analysis of the referee sample shall govern.

12.01 Suspension of Shipments for Coal Quality 1091 Deficiencies. Should the coal quality of any Shipment fail to 1092 comply with any of the guaranteed specifications stated in 1093 Section 10.01 of this Agreement, PURCHASER shall have the right 1094 to suspend immediately all Shipments by giving notice of the 1095 suspension to SELLER. After receipt of such notice, SELLER shall 1096 immediately commence appropriate action and use its best efforts 1097 to correct the deficiency. SELLER shall furnish PURCHASER with 1098 such documentation as PURCHASER may reasonably require to assure 1099 FURCHASER of SELLER's ability to perform. If PURCHASER is 1100 reasonably assured that SELLER can deliver coal which complies 1101 with the guaranteed specifications of Section 10.01, then a test 1102 Shipment shall be scheduled. If analysis by MPC shows the test 1103 1104 Shipment to be in compliance with the guaranteed specifications 1105 of Section 10.01, deliveries shall be permitted to resume. PURCHASER shall have the sole right to determine if SELLER shall 1106 be allowed to make up any Tonnage not delivered during the 1107 suspension. 1108

1109 If PURCHASER does not receive adequate assurance of SELLER's ability to deliver coal which complies with the guaranteed 1111 specifications, within thirty (30) days of suspension notice, or 1112 if the test delivery fails to comply with the guaranteed

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1117 specifications, PURCHASER shall so notify SELLER of such failure, 1118 and this Agreement may be immediately terminated, at PURCHASER's 1119 option.

12.02 Termination of Agreement for Coal Quality 1120 1121 Deficiencies. In addition to and not as a limitation upon other 1122 rights of PURCHASER, if during a sixty (60) consecutive day period following notice to SELLER of failure to comply with 1123 Section 10.01, forty (40%) percent of the coal unloaded fails to 1124 comply with any of the guaranteed specifications set forth in 1125 1126 Section 10.01, SELLER shall be in material breach of this entire 1127 Agreement and PURCHASER shall have the right to immediately terminate this Agreement. 1128

In the event PURCHASER terminates this Agreement under this 1129 1130 Section 12.02 or Section 13.01, or suspends delivery pursuant to 1131 the provisions of Section 12.01, and in addition to other remedies provided by this Agreement or by law, SELLER shall be 1132 liable to PURCHASER for breach of the entire Agreement and shall 1133 1134 be responsible and shall pay PURCHASER for any and all costs incurred by PURCHASER or MPC under this Agreement and other 1135 contracts with transportation companies which result from such 1136 1137 termination or suspension of Shipments hereunder.

1138 12.03 <u>Rejection of Coal for Coal Quality Deficiencies</u>. In 1139 addition to and not a limitation upon its suspension or 1140 termination rights, PURCHASER shall have the right to reject any 1141 unit train or Barge, should the quality of coal of that unit

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1146 train or Barge show, by analysis, failure to comply with the 1147 rejection limits as set forth in Section 10.01. PURCHASER shall give prompt notice to SELLER of any rejection of unit trains or 1148 Barges hereunder. After notification by PURCHASER of a rejected 1149 unit train or Barge, SELLER shall not resume Shipments until coal 1150 quality has been corrected to PURCHASER's satisfaction. In the 1151 event that PURCHASER rejects any coal, SELLER shall immediately 1152 remove said coal from MPC's facilities or from transportation 1153 1154 equipment at SELLER's expense and shall reimburse MPC and 1155 PURCHASER all its costs and expenses, including transportation 1156 cost, incurred in connection with the coal, all of which costs 1157 PURCHASER may deduct from any sum owed by PURCHASER to SELLER. 1158 In the event that PURCHASER, at its sole discretion, accepts coal in which the "as received" analysis exceeds any rejection 1159 1160 limit as set forth in Section 10.01, the following price 1161 adjustments shall apply:

1163<br/>1164Moisture Adjustment- \$3.00 per Ton for each one (1)<br/>percent or any fraction thereof1165<br/>1166Ash Adjustment- \$3.00 per Ton for each one (1)<br/>percent or any fraction thereof1167<br/>1168Btu Adjustment- \$2.00 per Ton for each 100 Btu's<br/>or fraction thereof

1170 PURCHASER's election to accept coal that exceeds the rejection 1171 limits and receive an adjustment will not affect any other remedy 1172 under the Agreement, including PURCHASER's right to reject coal

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1177 shipped thereafter which exceeds the rejection limits as set 1178 forth in Section 10.01. Examples of the application of these 1179 quality adjustments are listed in Annex G.

12.04 Suspension and Termination of Agreement for 1180 1181 Operational Considerations. PURCHASER shall have the right to 1182 suspend deliveries hereunder if it determines through its sole 1183 judgement that coal does not perform satisfactorily in MPC's 1184 generating plant because of operational considerations. Should 1185 such determination be made by PURCHASER, PURCHASER shall give SELLER written notice of such determination and suspension. 1186 1187 SELLER may, upon a suspension, propose means to overcome the 1188 problem giving rise to such adverse effect. If within ninety 1189 (90) days after suspension of deliveries under this Section 1190 SELLER has been unable to propose an acceptable means to overcome 1191 the problem to PURCHASER's satisfaction, PURCHASER shall have the 1192 exclusive right to immediately terminate this Agreement.

1193 13.01 Termination for Unremedied Default. In the event of 1194 the failure of either party to comply with any or all of their 1195 respective obligations in good faith as herein set forth, the 1196 party not in default shall have the right to terminate this 1197 Agreemont at any time by giving to the other ninety (90) days 1198 notice in writing of its intention to do so and specifying the 1199 default. At the expiration of said ninety (90) days, unless the 1200 party in default shall have made good such default, the party not 1201 in default shall have the right at its election to terminate this

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1206 Agreement forthwith. This right shall be in addition to the 1207 rights provided to either party in other portions of this 1208 Agreement and by law.

1209 13.02 Unilateral Termination Right. In addition to any 1210 other termination rights provided in this contract or at law, PURCHASER expressly reserves the right, upon sixty (60) days' 1211 1212 prior written notice to SELLER, to unilaterally terminate this 1213 Agreement; provided, however, that PURCHASER shall pay to SELLER 1214 an amount equal to \$5.00 per Ton, multiplied by the remaining number of Tons scheduled for delivery from the effective 1215 1216 termination date herein through the then current date for termination. Said payment by PURCHASER to SELLER shall 1217 1218 constitute SELLER's sole remedy against PURCHASER for any loss, 1219 cost, or damage incurred by SELLER as a result of PURCHASER's 1220 termination under this Agreement. PURCHASER shall have no further obligation or liability under this Agreement or at law 1221 1222 except with respect to coal delivered prior to said termination date or as otherwise provided. 1223

1224 14.01 Force Majeure. "SELLER's Force Majeure" as used 1225 herein shall mean a cause reasonably beyond the control of SELLER 1226 which wholly or in substantial part prevents the mining or 1227 delivery of coal. "PURCHASER's Force Majeure" as used herein 1228 shall mean a cause reasonably beyond the control of PURCHASER or 1229 MPC which wholly or in substantial part prevents the unloading, 1230 storing or burning of coal by MPC at its destination. Examples

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(without limitations) of force majeure are the following: acts of 1235 1236 God; acts of the public enemy; insurrections; riots; strikes; 1237 labor disputes; work stoppages; fires; explosions; floods: 1238 electric power failures; breakdowns of or damage to generating or preparation plants; interruptions to or contingencies of 1239 transportation; embargoes; and orders or acts of civil authority 1240 1241 (including, without limitation, a city or county ordinance, an 1242 act of a state legislature, an act of the United States Congress) or military authority; provided, however, for the purposes of 1243 1244 this Agreement, force majeure shall not include, and SELLER shall 1245 not be excused from performance because of the development or 1246 existence of economic conditions which may adversely affect the 1247 anticipated profitability of the mining activities of SELLER 1248 hereunder, acts or omissions of SELLER which constitute 1249 mismanagement on the part of SELLER, or reduced productivity of 1250 labor employed by SELLER in its mining activity hereunder. 1251 If because of PURCHASER's Force Majeure PURCHASER is unable 1252 to carry out its obligations under this Agreement, and if 1253 PURCHASER gives SELLER written notice of such force majeure, the 1254 obligations and liabilities of PURCHASER and the corresponding 1255 obligations of SELLER shall be suspended to the extent made 1256 necessary by and during the continuance of such PURCHASER's Force Majeure; provided, however, that the disabling effects of such 1257 1258 force majeure shall be eliminated as soon as and to the extent 1259 possible (except that either party may settle any of its own

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1264 labor disputes, strikes, or terminate any of its own lockouts in 1265 its sole discretion).

If because of SELLER's Force Majeure SELLER is unable to 1266 carry out its obligations under this Agreement, and if SELLER 1267 1268 gives PURCHASER written notice of such force majeure, the obligations and liabilities of SELLER and the corresponding 1269 1270 obligations of PURCHASER shall be suspended to the extent made 1271 necessary by and during the continuance of such SELLER's Force Majeure; provided, however, that the disabling effects of such 1272 1273 force majeure shall be eliminated as soon as and to the extent 1274 possible (except that either party may settle any of its own labor disputes, strikes, or terminate any of its own lockouts in 1275 1276 its own sole discretion).

1277 Upon elimination of any force majeure condition, PURCHASER 1278 may, at its sole option, elect to receive Tonnage not shipped 1279 during the force majeure period at a shipping rate to be 1280 determined by PURCHASER, but subject to SELLER's ability to 1281 perform. In the alternative, PURCHASER may, at its sole option, 1282 elect to have any Tonnage not delivered during the force majeure 1283 period reduce the total tonnage to be shipped, as provided for in 1284 this Agreement.

1285 It is agreed that in the event that any valid act, law, 1286 ordinance, rule or regulation of a municipality, county, state or 1287 the United States government, or final judicial decision, 1288 judgement or order, is adopted or passed after the date of this

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Agreement, which (a) directly prohibits the mining contemplated 1293 1294 hereunder, or (b) imposes significant burdens or restrictions 1295 upon the burning or use of such coal by MPC to the extent that 1296 MPC is unable or would not be allowed to utilize such coal at 1297 Daniel Electric Generating Plant or would be allowed to utilize such coal only after the installation or substantial renovation 1298 of plant equipment, then the existence and implementation of such 1299 1300 act, law, ordinance, rule, regulation, judgement or order shall 1301 constitute an instance of permanent force majeure whereupon this 1302 Agreement may be terminated by the party so affected.

1303 Notwithstanding the provisions of this Section 14.01, if (a) 1304 a condition of force majeure occurs which causes the mutual 1305 obligations to be suspended as provided above with respect to the 1306 total quantity of coel to be supplied, and (b) such condition 1307 (alone or extended by other conditions of force majeure) 1308 continues so that the mutual obligations remain suspended for a 1309 period of six (6) months, and (c) at the end of sid six (6) 1310 months or at any time thereafter, the party not claiming force 1311 majeure, in the exercise of reasonable judgement, concludes that 1312 there is little likelihood of ending the condition(s) in the 1313 immediate future, then the party not claiming force majeure may 1314 terminate this Agreement without liability to the other party by 1315 giving to the other ninety (90) days notice in writing of its 1316 intention to terminate.

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The term "environmental related requirements," as used in 1323 1324 this Agreement, means (i) any prohibition, restriction, or limitation related to the quality of coal which MPC may burn, 1325 1326 including any constituent specification, at any or all of its 1327 electric generating plants, or to the type or amount of emissions 1328 from any or all such plants; (ii) any rule or requirements 1329 affecting the permissible means for complying with any such 1330 prohibition, restriction or limitation; and, (iii) any imposition 1331 of a cost, fee, tax or other economic burden on PURCHASER or MPC 1332 relating to any constituent specification of coal purchased by 1333 it, or to the type or amount of emissions from its electric 1334 generating plants. A "change" in environmental related 1335 requirements shall be deemed to have occurred if there is any 1336 increase or decrease in an environmental related requirement or 1337 imposition of a new environmental related requirement on 1338 PURCHASER or MPC as a result of any federal or state statute, 1339 local ordinance, administrative regulation or ruling, court 1340 order, or any revision in any interpretation or implementation 1341 thereof. It is recognized that a change in environmental related 1342 requirements upon PURCHASER or MPC may occur even though stated 1343 as a restriction or limitation on, or requirement of, MPC and its 1344 affiliates or some other group of utilities. It is further 1345 recognized that any change in environmental related requirements 1346 may affect MPC in a general way and may not be directed at

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15.01 Changes in Environmental Related Requirements.

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1351 specific plants, fuels, fuel supplies or other operating 1352 conditions. In this event, PURCHASER or MPC shall, in their sole 1353 discretion, determine their strategy for compliance, and whether 1354 MPC's use of the coal to be supplied hereunder has been adversely 1355 impacted.

1356 The price, specifications, quantity and destination of coal 1357 purchased hereunder is predicated on environmental related 1358 requirements in effect as of July 1, 1987. In the event and 1359 whenever after July 1, 1987, there is a change in environmental 1360 related requirements, PURCHASER shall determine whether such change has had or may have an adverse impact on MPC's use of the 1361 coal purchased hereunder. It is agreed that any change in 1362 1363 environmental related requirements which imposes a fee, tax or 1364 other economic burden on PURCHASER or MPC relating to the 1365 constitutent specifications of coal purchased by it or on the 1366 type or amount of emissions from MPC's electric generating 1367 plants, or prevents MPC from utilizing the coal purchased 1368 hereunder in its electric generating plants, or requires MPC to 1369 install equipment (such as flue gas desulfurization equipment or 1370 particulate removal equipment) at one or more of its electric 1371 generating plants in order to comply with such change, or 1372 requires or permits MPC to utilize coal of a quality (including 1373 sulfur content) different from that specified in Section 10.01, 1374 shall be deemed to have an adverse impact on MPC's use of the 1375 coal purchased hereunder, even though the statute regulation,

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1380 ruling or ordinance may allow MPC a choice of options for 1381 complying with such changed environmental related requirements 1382 (which choice may include the payment of a fee or tax in lieu of 1383 the installation of equipment or utilization of coal of different 1384 constituent specifications).

If PURCHASER determines that a change in environmental 1385 1386 related requirements has had or may have an adverse impact on PURCHASER's or MPC's use of the coal purchased hereunder, 1387 1388 PURCHASER shall so notify SELLER, and SELLER shall have the right, at its option, to propose any steps available to it, 1389 within thirty (30) days of PURCHASER's notification to SELLER, in 1390 1391 its mining and processing of the coal, or in the supply of 1392 substitute coal, or in the reduction in the price of the coal, or other measure which would result in as low a delivered cost of 1393 1394 fuel at MPC's electric generating plant as PURCHASER could 1395 achieve by purchasing reasonably available substitute fuel. In 1396 the event PURCHASER, in its sole discretion, determines that 1397 SELLER cannot achieve this result, then PURCHASER may terminate this Agreement upon ninety (90) days' written notice. PURCHASER 1398 1399 shall have the right to give such notice either before or after 1400 the effect of a change in environmental related requirements. 1401 16.01 Independent Contractor. This is an Agreement for the 1402 Sale and Purchase of coal. The parties recognize and agree that

1403 SELLER is not an agent or employee of PURCHASER but is

1404 independent of any managerial or other control or direction by

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1409 PURCHASER in its work hereunder, and is free to perform, by such 1410 means and in such manner as SELLER may choose, all work in 1411 pursuance of commitments hereunder.

1412 17.01 <u>Binding Effect</u>. This Agreement shall bind and inure
1413 to the benefit of the parties and their successors and assigns
1414 under Section 18.01.

1415 18.01 Assignments. Neither party may assign this Agreement or any rights or obligations hereunder without the prior written 1416 1417 consent of the other party (which consent shall not be unreasonably withheld), which consent shall not be required for 1418 1419 SELLER to assign, pledge or hypothecate this Agreement purely for 1420 financing purposes and without relinquishing or in any way 1421 transferring its own performance obligations under this 1422 Agreement. Without assigning this Agreement or any rights or 1423 obligations hereunder and without relieving PURCHASER of any of 1424 its performance obligations hereunder, PURCHASER shall have the 1425 right to sell all or any portion of the coal under this Agreement 1426 at any time during the primary term or one or both extended 1427 terms. PURCHASER may, without consent of SELLER, assign all or 1428 any portion of this Agreement to any company within The Southern 1429 Electric System and may exercise its right to divert coal 1430 Shipments to other destinations under Section 6.01 without 1431 consent of SELLER.

1432 19.01 <u>Right of Inspection: Accounting</u>. SELLER shall keep 1433 accurate books and records relating to the sale of coal to

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PURCHASER hereunder in accordance with sound and accepted 1438 accounting principles and shall make such reports as have been 1439 1440 specified or reasonably requested by PURCHASER. SELLER shall 1441 also preserve in an orderly manner the records supporting all 1442 charges and adjustments to the billing price hereunder and shall 1443 make such records available to PURCHASER, its accountants, 1444 auditor or other authorized representatives, who shall at all 1445 reasonable times be given access to and be permitted to examine 1446 such books and records after reasonable notification of its 1447 intent to inspect. In the event, upon audit, it is determined 1448 that claims made by SELLER for adjustments in price which were allowed to go into effect by PURCHASER were not properly 1449 calculated, adjustments shall be made promptly in billings 1450 1451 hereunder for current coal deliveries to reflect proper amounts 1452 of such adjustments or if no billings are then due, payments 1453 reflecting the difference between the proper amounts determined 1454 by audit and the amounts paid shall be made, however, no such 1455 adjustment shall be made for coal delivered in excess of 1456 twenty-four (24) months prior to such audit.

1457 19.02 <u>Right of Inspection: Coal Property</u>. PURCHASER or its 1458 designated agent, at its sole risk and expense, shall have the 1459 right at all times to enter upon the Coal Property, and/or other 1460 appropriate locations, announced or unannounced and to inspect 1461 and examine the method, equipment and manner of mining, 1462 producing, storing, washing, blending, crushing, loading,

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1467 unloading, transporting, sampling, weighing, analyzing, and other 1468 handling of coal to be sold and delivered under the Agreement, 1469 and to take samples of coal for PURCHASER's analyses. No 1470 inspection by PURCHASER shall be deemed as a waiver of any of 1471 PURCHASER's rights or relieve SELLER of any obligation of this 1472 Agreement.

1473 20.01 Arbitration. In the event of any dispute, difference 1474 of opinion or controversy between the parties as to any question 1475 of fact, as opposed to any question of law, which may arise under 1476 this Agreement with respect to any of the following matters only: 1477 physical measurements involving the quantity, quality, weights. 1478 sampling and analysis of coal delivered, and also adjustments 1479 pursuant to Sections 4.02 through 4.06 and 4.09 through 4.11. 1480 either party shall have the right to request arbitration by 1481 giving written notice thereof to the other party. In such event 1482 each party agrees to appoint a competent and reasonable person 1483 skilled in the subject matter of the issue in dispute as an 1484 arbitrator. Should either party fail to appoint an arbitrator 1485 within ten (10) days after giving or receiving such written 1486 notice, an arbitrator for such party shall be appointed by the 1487 American Arbitration Association in accordance with the rules of 1488 the American Arbitration Association. If, within ten (10) days, 1489 the two arbitrators are unable to agree as to the determination 1490 of the questions submitted to them, they, within ten (10) days 1491 after such inability to agree becomes apparent, shall appoint a

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1496 third arbitrator and the decision of the majority shall be final and binding on the parties hereto as to such matters that are 1497 1498 submitted and determined by the arbitrators. Should the two arbitrators be unable to agree within such ten (10) day period 1499 1500 upon a third arbitrator, then upon the election of either SELLER or PURCHASER, such appointment shall be by the American 1501 Arbitration Association in accordance with the rules of the 1502 1503 American Arbitration Association; such arbitrator or arbitrators 1504 to be competent persons skilled in the subject matter of the 1505 issue in dispute to make such determination. Five (5) days written notice of the application to the American Arbitration 1506 Association shall be given to the other party by the party making 1507 1508 such application. The reasonable compensation of any arbitrators not in the employ of or designated by the respective parties and 1509 the cost of the arbitration shall be shared equally by the 1510 1511 parties to this Agreement. In each instance the decision of a 1512 majority of the arbitrators shall be final and binding as to such 1513 matters as are submitted to and determined by them. During 1514 arbitration, and as a condition to such arbitration, the parties 1515 shall have full discovery rights as provided in the Federal Rules 1516 of Civil Procedure and as would be available to the parties if 1517 the matter were before a United States District Court. Any award 1518 or determination made by the arbitrators may, upon application of 1519 either party to the Federal District Court for the Southern

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1525 District of Mississippi, Southern Division, be reduced to 1526 judgement by such Court.

1527 21.01 Waiver. The failure of either party to insist on 1528 strict performance of any provision of this Agreement, or to take 1529 advantage of any right hereunder, shall not be construed as a 1530 waiver of such provision or right.

1531 22.01 Remedies Cumulative. Except as otherwise provided herein, remedies provided under this Agreement shall be 1532 1533 cumulative and in addition to other remedies provided by law. 1534 23.01 Notices. With the exception of SELLER's invoices or 1535 shipping notices as required by Section 7.01, any notice, 1536 request, protest, consent, demand, report or statement given by 1537 one party to the other shall be in writing and deemed duly 1538 received seventy-two (72) hours after it is deposited in the 1539 United States mail, by certified mail, postage prepaid, and properly addressed as follows: 1540

1541 (1) If the notice is to PURCHASER, to: 1542 Vice President, Fuel Services 1543 Southern Company Services, Inc. 1544 P. O. Box 2625 1545 **BIN 852** 1546 Birmingham, AL 35202 1547 with copy to: 1548 Mississippi Power Company 1549 Attention: Vice President - Bulk Power Resources 1550 P. O. Box 4079 1551 Gulfport, Mississippi 39502 1552 (or to such other person or addresses as PURCHASER shall have 1553 designated in writing to SELLER).

1558	(2) If the notice is to SELLER, to:
1559	Howell Corporation
1560	1010 Lamar Building
1561	Suite 1800
1562	Houston, Texas 77002
1563	Attn: President
1564	with copy to:
1565	Lake Coal Co. of Kentucky, Inc.
1566	P. O. Box 129
1567	Roxana, Kentucky 41848
1568	Attn: President
1569	(or to such other person or address as SELLER shall have
1570	designated in writing to PURCHASER).
1571	24.01 Agent for PURCHASER. Southern Company Services,
1572	Inc., an Alabama corporation, is hereby designated by PURCHASER
1573	as agent for PURCHASER to act for and on behalf of PURCHASER for
1574	the purpose of giving or receiving any notice, demand or request
1575	required or authorized by this Agreement, for the purpose of
1576	designating the quantity, size, destination and routing of
1577	Shipments to be made from time to time to PURCHASER hereunder,
1578	and for such other purposes as may from time to time be
1579	designated by PURCHASER.
1580	25.01 Captions. The captions to sections hereof are for
1581	convenience only and shall not be considered in construing the
1582	intent of the parties.
1583	26.01 Applicable Law. All questions concerning the
1584	execution, construction, performance, breach or enforcement of
1585	this Agreement shall be construed under the substantive laws of
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1590 the State of Mississippi and not just the Mississippi laws 1591 regarding conflicts of laws.

1592 26.02 <u>Compliance with Laws and Regulations</u>. In connection 1593 with the performance of this Agreement, PURCHASER and SELLER 1594 agrees to comply in all material respects with governmental laws 1595 and regulations including those set forth in Annex J, attached 1596 hereto.

1597 27.01 Entire Agreement. This instrument contains the 1598 entire Agreement between the parties, and there are no 1599 representations, understandings or agreements, oral or written, 1600 which are not included herein. This Agreement cannot be changed 1601 except by duly authorized representatives of both parties in 1602 writing.

1603 28.01 Confidential and Proprietary Information. The terms 1604 and conditions (including prices) set forth in this Agreement are 1605 considered by both PURCHASER and SELLER to be confidential and proprietary information and neither party shall disclose any such 1606 1607 information to any third party without advance written consent of 1608 the other (which consent shall not be unreasonably withheld) 1609 except where such disclosure may be required by law, regulation 1610 or regulatory agencies having jurisdiction over SELLER or 1611 PURCHASER or in connection with assertion of a claim or defense 1612 in judicial or administrative proceedings involving the parties 1613 hereto, in which event the party to make such disclosure shall

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advise the other in advance and cooperate to the extent
practicable to minimize the disclosure of any such information.
IN WITNESS WHEREOF, the parties hereto have caused this
Agreement to be executed by their respective officers duly
authorized thereunto, on the date indicated by their signatures.

1624 ATTEST 1626

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PURCHASER Nov. 11, 1957 Date Executed

1630 ATTEST:

SELLER

1632 1633

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President

Date Executed Nov. 5

#### ANNEX A (Reference to Section 2.01,

#### COAL PROPERTY

# GENERAL LOCATION AND DESCRIPTION

The offices of Lake Coal Co., Inc. and the area of general operations is located at Roxana, Kentucky in the south-western portion of Letcher County. This area lies within the Cumberland Plateau section of the Appalachian Coal Province and is distinguished by the Pine Mountain fault. This fault forms the southern boundary for the reserve base controlled by Lake Coal Co.

The operations area and reserve base have been divided into six (6) areas, with the preparation plant being located within Area I. A summary of each operations area, as well as the preparation plant follows:

## Preparation Plant and Loadout Facilities:

The preparation plant is a heavy media facility designed and constructed by Roberts and Schaefer in 1982. The plant has a raw feed of three hundred (300) tons per hour, with a total daily input of four thousand and eight hundred tons (4,800) tons. The refuse fill associated with the prep plant is located immediately east of the plant in Oldhouse Branch. The life expectancy of the refuse fill was designed for thirty (30) years of production, and at this time, has been approximately fifteen (15%) percent completed.

Both the preparation plant and the refuse fill are located on properties owned by Lake Coal Co., Inc.

#### Area It

This area includes the preparation plant and refuse fill, as well as coal properties in the area north of the company office. The reserves within this area are primarily controlled by leases from Kentucky River Coal Corp. of Lexington, Kentucky and contains a total acreage of 2,420.15 acres. A small tract within this area is owned by Mr. Jim Hogg and is under lease to Lake Coal Co. Also included are the properties owned by Lake Coal (377.42 acres).

Active operations are being conducted in this area at the Oldhouse Branch No.4 mine. This underground operation began in July of 1987 and is located in the Hazard No.4 (FireClay) Coal Seam.

Additionally, there is surface mineable coal in the Hazard No. 4 and Hazard No. 4 Rider seams.

### Area II:

Area II is situated to the northeast of the company office and is controlled through leases from K.R.C.C. The leased acreage is 866.15 acres.

A contract miner, Jaybird Energy, Inc., has been mining the Hazard No.4 (FireClay) Coal Seam since 1984.

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# Area III:

Area III lies east of the company office and is bounded by Kentucky Highway 15 on the eastern edge of the property. Surface and underground mining of the Hazard No.4 and No.4 Rider (Fireclay and Fireclay Rider, respectively) coal seams has occured, though there are no active mines within this area at this time.

This property, as Areas I and II, is controlled through leases from Kentucky River Coal Corp for a total of 2,631.82 acres.

## Area IV:

Area IV is located east/southeast of the company office in the Kingdom Come area. Currently there are three (3) active underground mines in this area. Two of these mines are located in the Hazard No.4 Rider (Fireclay Rider) coal seam, while the third is in the Hazard No.4 (Fireclay) coal seam. The mines in the Rider coal seam are company owned mines which began production in August, 1987. The No. 4 mine is operated by a contractor and began production in March, 1987.

The bulk of the properties contained in this area are owned by K.R.C.C., with small tracts being owned by Virginia Iron Coal & Coke, the Boyd Banks Heirs, and the Ruby Collins Heirs. All of these properties are controlled by Lake Coal Co. through leases totaling 2,716.55 acres.

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#### Area VI

The location of Area V is southeast of the company office along King's Creek. Lucky Branch Coal Co., a contract miner, is producing coal from a Hazard No.4 (FireClay) underground mine. Production from this mine started in 1977. Additionally, two other mines in the area are permitted and can begin production on one months notice.

Ownership of the leased properties is by K.R.C.C. and V.I.C.C., with 5,739.35 acres being controlled.

Area VI:

Area VI lies south and southwest of the company office roughly bounded by Line Fork and the North Fork of the Kentucky River. A contract miner, Roxana Coal Co., is currently mining the Hazard No.4 (Fireclay) coal seam. This operation began in May, 1984. Additionally, three other mine sites are available. Two of these sites are inactive though production can be resumed on short notice. The third site has been prepared and will require approximately one month for start up.

Additionally, surface mineable coal exists in the Hazard No. 4 and Hazard No. 4 Rider seams.

The primary mineral ownership of this area is by K.R.C.C. and V.I.C.C., though individual tracts are owned by the Cornetts Vernon Ison, and the Burkich family. The leased acreage is 9,303.61.

Following this page are exhibits showing by area the lease tract number, tract ownership, and leased acreage. Maps showing specific locations of the leases follow these tables.

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	LEASES - AREA I					
TRACT TRACT		LEASE	ACREAGE			
OWNER NUMBER	R DESCRIPTION	TYPE				
		Fee.	141.25			
K.R.C.C. 337A	M. Frazier J. Frazier	Min.	202.71			
K.R.C.C. 340	J. Frazier	Min.	8.29			
K.R.C.C. 341 K.R.C.C. 341	J. Frazier	Min.	312.20			
	G. Hogg	Min.	509.06			
K.R.C.C. 360 K.R.C.C. 362	J. Lewis	Min.	75.33			
K.R.C.C. 362	J. Lewis	Fee.	64.25			
K.R.C.C. 362	J. Lewis	Min.	367.88			
K.R.C.C. 363	H. Caudill	Min.	8.46			
K.R.C.C. 366-1	J. Eldridge	Min.	15.48			
K.R.C.C. 366-1	L. Day	Min.	7.17			
K.R.C.C. 366-1	J. Dixon	Min.	8.60			
K.R.C.C. 366-1	Callahan& Whit.	Min.	22.10			
K.R.C.C. 537	J. Eldridge	Min.	242.32			
Lake Coal 341	J. Frazier	Sur.	312.20			
Lake Coal 341	J. Frazier	Sur.	8.29			
Lake Coal	J. Hogg	Sur.	56.93			
V.I.C.C. LT-52	M. Ison	Min.	41.27			
PLM 06	J. Hogg	Min.	16.36			
Total K.R.C.C. Leases 1,985.10						
Total V.I.C.C. Leases 41.27						
Total Lake (Surface) 377.42						
Total Private Leases 16.36						
I GOULE GOILD GEEGG						

LEASES - AREA I

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		LEASES -	AREA 1	I I	
8 # # # # # # # # # # # # # # # # # # #			422301		
TRACT	TRACT	COMPA	NY	LEASE	ACREAGE
CWNER	NUMBER	DESCRIP	TION	TYPE	
K.R.C.C.	425	J. Is	ion	Min.	25.61
K.R.C.C.	425	J. Is	on	Min.	111.39
K.R.C.C.	426	J. Ba	nks	Fee.	101.24
K.R.C.C.	427	J. Ad	ams	Min.	602.88
K.R.C.C.	428	S. Ad	ans	Min.	25.03
Total K.R	.C.C. Lea	505			866.15
•					
Total Con	trolled A	creage			866.15

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LEASES	- AREA	III
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TRACT	TRACT		COMPANY	LEASE	ACREAGE
OWNER	NUMBER	1	DESCRIPTION	TYPE	
******		194181			**********
K.R.C.C.	202	н.	Cornett	Min.	173.00
K.R.C.C.	202	D.	Mellins	Min.	239.00
K.R.C.C.	313-314	J.	Brown	Min.	165.45
K.R.C.C.	321A	м.	Marlow	Min.	80.03
K.R.C.C.	321A	м.	Marlow	Min.	175.65
K.R.C.C.	335	J.	Frazier	Min.	94.34
K.R.C.C.	337	J.	Frazier	Fee.	78.31
K.R.C.C.	337	J.	Frazier	Min.	246.28
K.R.C.C.	228	н.	Frazier	Min.	179.21
K.R.C.C.	343	R.	Combs	Min.	47.20
K.R.C.C.	343-1	J.	Frazier	Min.	28.80
K.R.C.C.	345-1	ω.	Combs	Min.	47.00
K.R.C.C.	351	Α.	Webb	Min.	166.98
K.R.C.C.	352	J.	Caudill	Min.	74.96
K.R.C.C.	353	J.	Ison '	Min.	58.14
K.R.C.C.	322	J.	Ison	Fee.	29.67
K.R.C.C.	354	z.	Ison	Fee.	35.39
K.R.C.C.	354	z.	Ison	Min.	136.63
K.R.C.C.	355	L.	Akeman	Min.	157.56
K.R.C.C.	356	Α.	Frazier	Fee.	71.87
K.R.C.C.	356	A.	Frazier	Min.	62.92
K.R.C.C.	356A	м.	Eldridge	Min.	25.19
K.R.C.C.	359	н.	Ison	Min.	248.04
K.R.C.C.	538	s.	Frazier	Min.	10.20
Total K.F	R.C.C. Le	ase1			2,631.82
Total Cor	ntrolled	Acro	sage		2,631.82

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Total	K.R.C.C. Leases	2,631.82
		12 単語 22 単名 22 単
Total	Controlled Acreage	2,631.82

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LEASES - AREA IV

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#後後時時時時時期時間時間時間時間時間時間時間時間時間時間時間時間時間時間時間時間						
TRACT TRACT	COMPANY	LEASE	ACREAGE			
OWNER NUMBER	DESCRIPTION	TYPE	HUNCHUE			
		10. COLUMN D. 1708				
K.R.C.C. 223	K.R.C.C	Min.	3.74			
K.R.C.C. N01	W. Brown	Min.	263.85			
	L. Ison	Min.				
			310.26			
K.R.C.C. N03	Noble Coal Co.	Min.	215.03			
K.R.C.C. N04	L. Collins J.H. Frazier #6	Min.	61.45			
K.R.C.C. N05		Min.	2.66			
K.R.C.C. N06	J. Caudill	Min.	94.56			
K.R.C.C. N07	W. Hampton	Min.	60.27			
K.R.C.C. NOS	Hampton #1	Min.	28.79			
K.R.C.C. N09	S. Hampton	Min.	19.22			
K.R.C.C. N10	Boggs	Min.	4.04			
K.R.C.C. N14	Mclure & Lewis	Min.	6.16			
K.R.C.C. 5221	K.R.C.C.	Min.	66.50			
K.R.C.C. 5224	M. Ison	Min.	149.23			
K.R.C.C. 5240	L. Akeman	Min.	97.56			
K.R.C.C. 5244	W. Caudill	Min.	25.46			
K.R.C.C. 5245	W. Caudill II	Min.	7.22			
K.R.C.C. 5246	W. & J. Caudill	Fee.	20.58			
K.R.C.C. \$247	K.R.C.C.	Min.	35.53			
K.R.C.C. 5248	K.R.C.C.	Min.	59.67			
K.R.C.C. \$250	E. Isom 1A	Fee.	116.02			
K.R.C.C. 5250	E. Isom 1A	Min.	12.00			
K.R.C.C. 5250A	M. Young	Fee.	5.24			
K.R.C.C. 5250A	M. Young	Min.	1.68			
K.R.C.C. 5251	E. Isom #1B	Min.	17.11			
K.R.C.C. 5251	E. Isom #18	Fee.	24.04			
K.R.C.C. 9252	E. Isom #3	Fee.	29.95			
K.R.C.C. 9252	E. Isom #3	Min.	42.42			
K.R.C.C. 5253	E. Isom #4	Fee.	21.93			
K.R.C.C. 5253	E. Isom #4	Min.	3.87			
K.R.C.C. 5254	M.D.Co. #8	Fee.	75.55			
K.R.C.C. \$255	M.D.Co. #9	Fee.	43.96			
K.R.C.C. S256	E. Blair	Min.	107.23			
K.R.C.C. 5257	J. Lewis #40	Min.	54.14			
K.R.C.C. 5258	W. Adams #1	Min.	52.56			
K.R.C.C. 9259	W. Adams #2		38.19			
		Min.	35.05			
K.R.C.C. 5260	J. Adams #1	Min.				
K.R.C.C. 5261	J.P. Adams #2	Min.	111.22			
	W. Adams #5	Min.	106.82			
V.I.C.C. LT-08	D. Caudill	Min.	53.96			
V.I.C.C. LT-51	J. Isom	Min.	97.33			
PLM 07	B. Banks	Min.	89.67			
PLM 08	R. Collins	Min.	44.83			
Total K.R.C.C. Lea	565		2,430.76			
Total V.I.C.C. Lea	1565		151.29			
Total Private Leas	les		134.50			
Tabal Castanillad						
Total Controlled A	icreade		2,716.55			
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		LEASES - AREA V		
TRACT	TRACT	COMPANY DESCRIPTION	LEASE	ACREAGE
K.R.C.C.		V. Frazier Heir	Fee.	34.68
K.R.C.C.		Noble coal	Min.	75.73
K.R.C.C.		Noble Coal	Min.	99.41
K.R.C.C.		Noble Coal	Min.	11.00
K.R.C.C.		Noble Coal	Min.	37.04
K.R.C.C.		J. Lewis	Min.	74.73
K.R.C.C.	S176	J. Lewis	Fee.	57.85
K.R.C.C.	S177	J. Fields	Sur.	7.75
K.R.C.C.	S178	M.D.Co.	Sur.	0.06
K.R.C.C.	S178	M.D.Co.	Fee.	5.79
K.R.C.C.	S179	M. Fields	Fee.	49.27
K.R.C.C.	S180	J. Lewis #28	Min.	15.14
K.R.C.C.		A. Fields	Min.	309.44
K.R.C.C.		B. Frazier	Min.	12.97
K.R.C.C.		J. Lewis	Min.	32.7
K.R.C.C.		S. Caudill	Min.	1.22
K.R.C.C.		S. Caudill	Fe2.	152.83
K.R.C.C.		S. Caudill	Sur.	89.63
K.R.C.C.		J. Lewis	Fee.	28.76
K.R.C.C.		J. Lewis #15	Fee.	78.94
K.R.C.C.		J. Lewis #16	Min.	113.73
K.R.C.C.		J. Lewis #17	Fee.	1.46
K.R.C.C.		J. Lewis #17	Min.	56.30
K.R.C.C.		J. Lewis #18	Fee.	104.05
K.R.C.C.		S. Gilley	Min.	87.35 83.35
K.R.C.C.		S. Gilley	Fee. Sur.	6.39
K.R.C.C. K.R.C.C.		J. Lewis #19 J. Lewis #19	Fee.	137.59
K.R.C.C.		M.D.Co.	Fee.	15.29
K.R.C.C.	5198	Swift Coal	Min.	9.47
K.R.C.C.		Swift Coal	Min.	2.27
K.R.C.C.		J. Lewis #21-25	Fee.	85.50
K.R.C.C.		J. Lewis	Sur.	22.26
K.R.C.C.		J. Lewis #25	Sur.	1.39
K.R.C.C.	\$203	J. Lewis #22	Min.	44.66
K.R.C.C.	S205	I. Boggs	Min.	15.59
K.R.C.C.	S205	I. Boggs	Fee.	30.69
K.R.C.C.	5206	M.D.Co.	Fee.	25.71
K.R.C.C.	S207	M.D.Co.	Fee.	19.43
K.R.C.C.	S208	J. Lewis #23	Sur.	3.78
K.R.C.C.	S209	J. Lewis #24	Min.	59.01
K.R.C.C.	5210	J. Lewis #26	Sur.	90.94
K.R.C.C.	S211	J. Lewis #27	Min.	129.36

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TRACT	TRACT		COMPANY	LEASE	ACREAGE		
OWNER	NUMBER		DESCRIPTION	TYPE	HUNCHUE		
K.R.C.C.	5219	м.	D.Co. #6-7	Fee.	33.75		
K.R.C.C.	5220	J.		Min.	233.80		
K.R.C.C.	S221	н.	Ison	Min.	164.06		
K.R.C.C.	S225	E.	Ison #2	Min.	321.75		
K.R.C.C.		J.	Lewis #39A	Min.	71.05		
K.R.C.C.	S227	J.	Lewis	Min.	45.11		
K.R.C.C.	S228	J.	Frazier	Min.	82.00		
K.R.C.C.	S229	J.	Frazier	Min.	71.81		
K.R.C.C.	S230	G.	Grazier	Min.	84.48		
K.R.C.C.	\$231	J.	Frazier	Min.	2.22		
K.R.C.C.	S232	J.	Frazier #1	Min.	241.31		
K.R.C.C.	8233	c.	Jones	Min.	25.45		
K.R.C.C.	S234	н.	Frazier	Min.	55.83		
K.R.C.C.	8235	в.	Frazier #2	Min.	437.43		
V. I.C.C.	LT-03	c.	Burton	Min.	173.85		
V.I.C.C.	LT-19	D.	Fields	Min.	23.42		
V.I.C.C.	LT-20	D.	Fields	Min.	112.00		
V.I.C.C.	LT-21	D.	Fields	Min.	111.50		
V.I.C.C.	LT-22	D.	Fields	Min.	35.69		
V.I.C.C.	LT-23	L.	Fields	Min.	146.68		
V.I.C.C.	LT-26	м.	Fields	Min.	35.11		
V.I.C.C.	LT-31	к.	Hogg	Min.	230.66		
V.I.C.C.	LT-32	s.	Hogg	Min.	446.08		
Lake		J.	Frazier	Sur.	233.80		
Total K.	R.C.C. Le	ase	5		4,190.56		
Total V.	I.C.C. Le	ase	5		1,314.99		
Total La	e Surfac				233.80		
Total Con	ntrolled	Acr	eage		5,739.35		

LEASES - AREA Y

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TRACT TRACT OWNER NUMBER	COMPANY	LEACI	ACREAGE				
K.R.C.C. 5089	D. Ison	Min.	145.87				
K.R.C.C. 5134	J. Akeman	Min.	5.46				
K.R.C.C. \$135	J. Lewis	Fee.	18.95				
K.R.C.C. 5138	J. Lewis	Min.	16.42				
K.R.C.C. 5139	J. Lewis	Fee.	54.58				
K.R.C.C. 5141	Whitaker&Lewis	Fee.	24.74				
K.R.C.C. \$142	Whitaker	Min.	22.96				
K.R.C.C. 5143	J. Ison (2)	Fee.	160.92				
K.R.C.C. 5143	J. Ison (2)	Min.	0.83				
K.R.C.C. 5144A	J. Ison	Min.	33.63				
K.R.C.C. 5145	Altoona	Fee.	19.50				
K.R.C.C. 5146A	Altoona	Fee.	1.31				
K.R.C.C. 5147	J. Lewis	Min.	28.10				
K.R.C.C. 5168	Altoona	Fee.	102.24				
V.I.C.C. LT-02	J. Ackeman	Min.	197.12				
V.I.C.C. LT-04	J. Boggs	Min.	58.30				
V.I.C.C. LT-05	H. Branson	Min.	103.99				
V.I.C.C. LT-06	J. Brashear	Min.	753.00				
V.I.C.C. LT-07	C. Caudill	Fee.	59.00				
V.I.C.C. LT-09	W. Caudill	Min.	667.94				
V.I.C.C. LT-10	W. Caudill	Min.	157.79				
V.I.C.C. LT-13	F. Cornett	Min.	90.98				
V.I.C.C. LT-14	J. Cornett	Min.	185.60				
V. I.C.C. LT-18	D. Fields	Min.	78.21				
V.I.C.C. LT-19	D. Fields	Min.	47.68				
V.I.C.C. LT-27	J. Godsey	Min.	75.43				
V. I.C.C. LT-28	S. Griffy	Min.	42.28				
V.I.C.C. LT-29	G. Hogg	Min.	100.00				
V.I.C.C. LT-32	S. Hogg	Min.	112.44				
V.I.C.C. LT-36	D. Ingram	Min.	340.24				
V. I.C.C. LT-37	H. Ingram	Min.	46.41				
V. I.C.C. LT-38	G. Ingram	Min.	75.67				
V.I.C.C. LT-39	C. Isom	Min.	408.91				
V.I.C.C. LT-40	G. Isom	Min.	256.12				
V.I.C.C. LT-42	G. Isom	Min.	73.34				
V.I.C.C. LT-44	I. Isom	Fee.	133.12				
V.I.C.C. LT-45	I. Isom	Min.	137.67				
V.I.C.C. LT-46	J. Isom	Min.	178.02				
V.I.C.C. LT-47	J. Isom	Min.	25.09				
V.I.C.C. LT-48	J. Isom	Min.	14.26				
V.I.C.C. LT-49	J. Isom	Min.	198.61				
V.I.C.C. LT-50	J. Isom	Min.	183.46				
V.I.C.C. LT-52	M. Isom	Min.	1,013.83				
V.I.C.C. LT-54	J. Lewis	Min.	51.65				
V.I.C.C. LT-55	J. Lusk	Fee.	3.78				
V.I.C.C. LT-55	J. Lusk	Min.	3.61				

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	TRACT	TRACT		COMPANY	LEASE	ACREAGE
	OWNER	NUMBER	1	DESCRIPTION	TYPE	
	12 (2 (2 (2 (2 (2 (2 (2 (2 (2 (2 (2 (2 (2	****				*********
	V. I. C. C.	LT-56	G.	Mitchell	Min.	106.61
	V. I. C. C.	LT-57	н.	Mitchell	Min.	90.58
	V.I.C.C.	LT-58	н.	Mitchell	Min.	331.64
	V. I. C. C.	LT-62	J.	Roark	Min.	140.91
	V.I.C.C.	LT-63	A.	Stamper	Min.	22.85
	V.I.C.C.	LT-64	A.	Stamper	Min.	341.80
	V.I.C.C.	LT-65	s.	Standifer	Min.	78.15
	V.I.C.C.	LT-66	в.	Isom	Min.	19.05
	V.I.C.C.		J.	Watts	Min.	162.63
	V.I.C.C.	LT-68	J.	Watts	Min.	76.90
	V.I.C.C.	LT-69	т.	Watts	Min.	378.82
	V.I.C.C.	LT-70	т.	Watts	Min.	97.33
•	V.I.C.C.	LT-74	G.	Whitaker	Min.	30.34
	V.I.C.C.	LT-75	G.	Whitaker	Min.	149.78
	V.I.C.C.	LT-76	₩.	Whitaker	Min.	255.47
	PML	01	Bur	kick .	Fee.	68.32
	PML	02	٧.	Ison	Fee.	22.77
	PML	0.3	в.	Isom	Fee.	183.61
	PML	04	в.	Roark	Fee.	124.54
	PML	05	J.		Fee.	112.45

LEASES - AREA VI

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	Total	K.R.C.C. Leases		635.51
:	Total	V.I.C.C. Leases		8,156.41
	Total	Private Leases		511.69
	Total	Controlled Acreage		9,303.61
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	CONTRO	LLED ACREA	GE SUMMARY	
*******	*********	*********	****	*******
AREA	K.R.C.C.	V.I.C.C.	LAKE COAL	PRIVATE
******	******	****	*********	******
I	1,985.10	41.27	377.42	16.36
II	866.15	0.00	0.00	0.00
III	2,631.82	0.00	0.00	0.00
IV	2,430.76	151.29	0.00	134.50
v	4,190.56	1,314.99	233.80	0.00
VI	635.51	8,156.41	0.00	511.69
				*********
Totals	12,739.90	9,663.96	611.22	662.55
TOTAL CO	NTROLLED ACR	EAGE		23.677.63

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# OUTSIDE SOURCES OF COAL

We have the following coal producers available that can be utilized on an as-needed basis.

Company	Seam (U-underground S-surface)	
W % P Coal Co.	Upper Taggert (U)	
Coal Mole	Hazard No. 4 (U)	
J & J Coal	Hazard No. 4 (1)	
No. 8 LTD of VA.	Hazard No. 4 % 4 Fider (S)	
Big Dak	Hazard No. 4 % 4 Rider	

(U)

Big Oak

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# ANNEX B (REFERENCE TO SECTION 4.01) BASE PRICE COMPONENT VALUES AS OF OCTOBER 1, 1988

Contract Section	Description	Per Ton
4.03	Labor Cost	\$ 5.55
4.04	Materials & Supplies	\$ 9.09
4.05	Other Cost	\$ 4.80
4.07*	Unescalated Portion	\$ 5.81
	Total Base Price Per Ton	\$25.25

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\*All costs of government imposition are included in the unescalated portion of the base price.

# ANNEX C (REFERENCE TO SECTION 4.03)

# LABOR

# COMPUTATION OF ADJUSTMENT FOR CHANGES IN LABOR COSTS COMPONENT

NOTE: Figures used are hypothetical and for illustration purposes only and are not meant to predict actual changes in the SIC Code 11, 12 Coal Mining, Average Hourly Earnings.

	HYPOTHETICAL BASE INDEX	HYPOTHETICAL INDEX
DESCRIPTION	July 1988	
SIC Code 11, 12 Coal Mining,		
Average Hourly Earnings	\$15.33	\$15.58
\$15.58 - \$15.33		
Percentage Increase: \$15.33	1.6%	
Increase in labor component of base pr	ice:	
1.6 x \$5.55 = \$0.09		
Adjustment to be added to the Billing	Price effective	January 1, 1989:
Cumulative Adjustment \$.09 Less Previous Adjustment .00		
Adjustment Effective 1/1/89 \$.09	per ton	

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HYPOTHETICAL HYPOTHETICAL BASE INDEX INDEX May 1989 July 1988 DESCRIPTION -------------SIC Code 11, 12 Coal Mining, Average Hourly Earnings \$15.33 \$15.70 \$15.70 - \$15.33 Percentage Increase: ----- = 2.4% \$15.33 Increase in Labor Costs of base price:  $2.48 \times $5.55 = $0.13$ Adjustment to be added to the Billing Price effective July 1, 1989: Cumulative Adjustment \$.13 Less Previous Adjustment .09 ---Adjustment Effective 7/1/89 \$.04 per ton

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NOTE: The index values to be used are those first published.

# General CReference Turner (1994)

#### Computation of Adjustment for Change in Naterials and Supplies Component

NDIE: Figures used are for hypothetical and illustration purposes only and one not meant to predict actual changes in the composite index values.

BLS Code	Classification	lades Vezaht	Nypothetical Base Index July 1990	Hypothetical Base Weighted Index	Hypothetical Index For November 1989	Hypothetical Usi-hitid Index For November 1988
0543	Industrial Power - Regional	7.00	431.0	33.7	487.0	34.1
05/	Petroleum Products - Refined	13.0	407.1	53.2	411.3	53.5
0679-02	Explosives	4.0	312.3	12.5	310.1	12.4
1081-02	Externally Threaded Fastemers - (Excluding Aircraft)	44.0	241.0	123.6	280.0	123.2
081	Lunber	16.0	355.9	64.1	353.1	63.6
1192	Nining Machinery and Equipment	14.0	375.6	57.6	3/7.1	52.8
7	Composite Index Numbers	100%		339.1		339.6

339.6 - 339.7 Percentage Increases

= 0.0X

339.7

Increase in Materials and Supplies Component of Ba-e Price:

0.0X # \$9.09 = \$.00

Adjustment to be added to the Billing Price effective January 1, 1989:

Cumulative Adjustment	\$ .00
Previous Adjustment	00
	2
	\$ .00
Adjustment Effective 1/01/87	

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AN SECOND	Glassification	tudes 901-jul	Hepotherized Base findes John 1993	tha particular an Rain co Mongraha bash Finologi	Harathetrest Tadestar Televistar	Bagachich i cait Beaghlach Indeachai Eichanaig 1992
steril.	ludvatrial Power - Resignat	1.64	50.44 J. 53	•1*	*****.**	
uta -	Patrulian Pruducts - Referend	10	464.1	201.2	40V. /	54.1
Un/Y-1-1	Explantare.	4.0	04.250	1.525	301.2	12.24
1941-02	Externally Threaded Factories Gooludine executio	44.0	.541.6	1 1.6	1997, M	127.5
	L madover	111.0		1-1-1	e.1.0	w.t'
1135	rkining maxihinsty and kaya pansat	14.0	1.26.76	·	1-16.9	24.0
2	Compositor Lades Humbers	1005				144.5

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Increase in Natorialy and Supplies Companent of Base Prince

1.45 + \$7.07 - \$.13

didge famil to be added to the bitting Price effective operation in 222.

tumstatave felse twent	6.14
Frevious fidgestment	

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# ANNEX E (REFERENCE TO SECTION 4.05 OTHER COSTS)

# COMPUTATION OF ADJUSTMENT FOR CHANGE IN OTHER COSTS

NOTE: Figures used are hypothetical and for illustration purposes only and are not meant to predict actual changes in the GNP Implicit Price Deflator Index.

	HYPOTHETICAL BASE INDEX	HYPOTHETICAL INDEX
DESCRIPTION	2ND QTR. 1988	3RD QTR. 1988
		********
Gross National Product Implicit Price Deflator	114.2	115.0
Percentage Increase: 115.0 - 114.2 =	.78	
Increase (decrease) in Other Costs:		

.7% x \$4.80 = \$.03

Adjustment to be added to the Billing Price effective January 1, 1989:

Cumulative Adjustment Previous Adjustment	\$ .03
Adjustment Effective 1/1/89	\$.03

NOTE: The preliminary index values are to be used.

	HYPOTHETICAL BASE INDEX	HYPOTHETICAL INDEX
DESCRIPTION	2ND QTR. 1988	4TH QTR. 1988
Gross National Product Implicit Price Deflator	114.2	116.0
Percentage Increase: $\frac{116.0 - 114.2}{114.2} = 1$	6%	
Increase (decrease) in Other Costs:		
1.6% x \$4.80 = \$.08		
Adjustment to be added to the Billing	Price effective	April 1, 1989:
Cumulative Adjustment Previous Adjustment	\$.08 .03	
Adjustment effective 04/1/89	\$.05	

NOTE: The preliminary index values are to be used.

# ANNEX F (REFERENCE TO SECTION 4.09) COMPUTATION OF CALORIFIC VALUE ADJUSTMENT

The adjustment to the amount per ton to be paid by PURCHASER for coal unloaded in each month for which the calorific value of such coal is greater than or is less than 12,800 Btu per pound is calculated as follows:

# Assume:

- The monthly weighted average "as received" calorific value equals (a) 13,000 Btu per pound and (b) 12,500 Btu per pound.
- The Base Price as stated in Section 4.01 as adjusted pursuant to Sections 4.03 through 4.07 = \$30.00 per ton.
- 3. The total Government Imposition Cost in effect on the date of shipment pursuant to Section 4.06 = \$1.25 per ton (base amount) + \$.30 per ton (adjustments) = \$1.55 per ton.

# Example of Calculation

- (a) 13,000 Btu per pound
  - 13,000 (\$30.00 -\$1.55)
  - 1. ----- = \$28.89 12,800
  - 2. \$28.89 (\$30.00 \$1.55) =
     \$.44 Per Ton Calorific Value Adjustment

(b) 12,500 Btu per pound

.

12,500 (\$30.00 - \$1.55) 1. \_\_\_\_\_ = \$27.78 12,800

2. \$27.78 - (\$30.00 - \$1.55) =
 (\$.67) Per Ton Calorific Value Adjustment

Therefore, in case (a) 13,000 Btu per pound, the Calorific Value Adjustment would be \$.44 per ton for the subject month, and in case (b) 12,500 Btu per pound, such Calorific Value Adjustment would be (\$.67) per ton for the subject month.

#### ANNEX G (REFERENCE TO SECTION 12.03) COMPUTATION OF REJECTION ADJUSTMENTS

This is to adjust the amount per ton to be paid by Purchaser for coal unloaded which exceeds the rejection limits as set forth in Section 10.01.

# Rejection Adjustment Provisions

Moisture	Moisture	Ash	Ash
Content (%)	Adjustment	Content (%)	Adjustment
10.50 - 11.49	\$ 3.00/ton	11.00 - 11.99	<pre>\$ 3.00/ton \$ 6.00/ton \$ 9.00/ton \$12.00/ton</pre>
11.50 - 12.49	\$ 6.00/ton	12.00 - 12.99	
12.50 - 13.49	\$ 9.00/ton	13.00 - 13.99	
13.50 - 14.49	\$12.00/ton	14.00 - 14.99	
etc.	etc.	etc.	etc:

Btu (	Cos	ntent	Btu Adjustmen	nt
				-
11,800	-	11,701	\$2.00/ton	
11,700	-	11,601	\$4.00/ton	
11,600	-	11,501	\$6.00/ton	
11,500	-	11.401	\$8.00/ton	
e	tc.		etc.	

Example of rejection adjustments

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# For Illustration Only

Assume an "as received" analysis of the following:

12.17% Moisture
11.56% Ash
11,758 Btu
\$ 6.00/ton Moisture rejection adjustment
\$ 3.00/ton Ash rejection adjustment
\$ 2.00/ton Btu
-----\$11.00/ton Total rejection adjustment

# ANNEX H (REFERENCE TO SECTION 11.01) COAL SAMPLE PREPARATION AND ANALYSIS LABORATORY PROCEDURES

#### A. AIR DRYING - LABORATORY SAMPLE:

An empty non-corroding pan with sides not more than 1.5 inches high shall be weighed to the nearest 0.1 gram and the weight recorded as W1. The entire U.S. No. 8 coal sample (including polyethylene bag and pan) shall be weighed on a laboratory balance to the nearest 0.1 gram and the weight recorded as W2. The coal shall be spread out to a depth of not more than one inch in the pan. The pan with the coal and the polyethylene sample bag shall be placed in an air-drying oven at no more than 15 degrees C (27 degrees F) above room temperature, not to exceed 40 degrees C (104 degrees F). The polyethylene bag shall be placed next to the pan containing the coal. Air drying shall be continued for a predetermined time necessary to achieve a loss in weight of no more than 0.1 percent per hour. Air shall be circulated through the oven for at least two hours with the heat turned off to insure that the coal sample is in equilibrium with the air in the room where further weighing and sample preparation shall be done. The air-dried coal plus polyethylene bag and pan shall be weighed to the nearest 0.1 gram and the weight recorded as W3. Any coal remaining in the sample bag shall be removed and added to the sample in the pan. The pan plus the air-dried coal shall be weighed to the nearest 0.1 gram and the weight recorded as W4. The percent air-drying loss is calculated as follows:

Where: W1 = Weight of empty pan

- W2 = Weight of the wet coal sample plus bag plus pan
- W3 = Weight of the air-dried coal sample plus bag plus pan

#### W4 = Weight of the air-dried coal sample plus pan only

#### B. RESIDUAL MOISTURE

Immediately after obtaining the final air-dried weight, the sample shall be mixed thoroughly by stirring. A residual moisture sample of 75 plus or minus 25 grams shall be obtained by taking a sufficient number (20 to 30) of small increments in a matrix pattern from the air-dried U.S. No. 8 coal spread out over the pan. This sample shall be placed in a clean, dry, airtight bottle of such size that the sample occupies 1/2 to 2/3 the volume of the bottle. The bottle shall then be placed on a mixing wheel and mixed for approximately 20 minutes. After mixing, the residual moisture in the air-dried U.S. No. 8 coal shall be promptly determined. An aluminum pan (approximately 75 mm in diameter and 19mm in height) with a tight fitting cover, both of which have been previously dried and cooled in a desiccator, shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W1. Approximately 10 grams of coal shall be placed in the tared aluminum pan. The sample and pan (including the cover) shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W2. The pan (with cover removed) containing the sample along with the cover shall be dried in a box type, forced-air oven maintained at a temperature of 107 plus or minus 3 degrees C for a period of one and one-half hours. After heating, the cover shall be placed on the sample pan, the covered pan with sample shall be removed from the oven and placed in a desiccator containing indicating grade activated alumina or equivalent for approximately 20 minutes. The pan containing the sample shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W3. The percent residual moisture in the U.S. No. 8 coal is calculated as follows:

W2 - W3 Percent Residual Moisture in U.S. No. 8 Coal = ----- x 100 W2 - W1

Where: W1 = Tare weight of aluminum pan and cover

W2 = Weight of the wet coal sample plus pan and cover

W3 = Weight of dried coal sample plus pan and cover

C. TOTAL MOISTURE CALCULATION

Percent Total Moisture =

(100-% Air Drying Loss)x(% Resid. Moisture)+Air Drying Loss 100 D. PULVERIZING - SIZE REDUCTION U.S. NO. 8 TO U.S. NO. 60

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

#### E. QUANTITY REDUCTION - LABORATORY ANALYSIS SAMPLE

Immediately after pulverizing, the sample shall be divided to not less than 50 grams by riffling, using a totally enclosed riffle with 24 three-eights inch divisions. The sample weighing not less than 50 grams shall be passed through on a U.S. No. 60 sieve; any oversize ratained on the sieve shall be reduced with a agate mortar and pestle to pass the 60 mesh sieve and added to the sample. The sample shall be quickly placed in a clean, dry, air-tight bottle of such size that the sample occupies 1/2 to 2/3 the volume of the bottle. The bottle shall also contain several jack rocks to facilitate mixing. The bottle shall then be placed on a mixing wheel and mixed for approximately 20 minutes. This is the <u>laboratory analysis sample</u> and is ready for the laboratory determinations.

#### F. MOISTURE - LABORATORY ANALYSIS SAMPLE

A porcelain capsule 7/8" in depth an 1 3/4" in diameter which has been previously dried and cooled in a desiccator, shall be weighed on an analytical balance to the nearest 0.1 milligram and the weight recorded as W . A well-fitting aluminum cover shall be provided for covering the capsule when not being weighed or dried in the oven. Approximately one gram of coal shall be placed in the tared porcelain capsule. The sample and porcelain capsule shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W2. The capsule containing the sample shall be dried in a box-type oven with forced-air circulation maintained at a temperature of 107 plus or minus 3 degrees C for on hour. After heating, place the aluminum cover on the capsule, remove from the oven, and place in a desiccator containing indicating grade activated alumina or equivalent for approximately 20 minutes and weigh on an analytical balance to the nearest 0.1 milligram. Record this weight as W3. The percent moisture in the U.S. No. 60 coal is calculated as follows:

		W2 - W3 Percent
Moisture in	U.S.	No. 60 Coal = x 100
		W2 - W1
Where	: W1	= Weight of empty porcelain capsule
	W2	= Initial weight of coal sample plus porcelain capsule
	672	- Final weight of coal sample after drui

W3 = Final weight of coal sample after drying plus porcelain capsule

G. ASH

Ash shall be determined by the method in ASTM Designation D 3174.

#### H. VOLATILE MATTER

Volatile matter, shall be determined by the method in ASTM Designation D 3175.

#### I. CALORIFIC VALUE

The gross calorific value (gross heat of combustion) in British thermal units (Btu) shall be determined by the method in ASTM D 2015.

#### J. SULFUR

Sulfur shall be determined by Method "C" ASTM Designation D-4239. ASTM Designation D 31.77 shall be used as an alternate method in case of equipment failure.

#### K. ASH FUSION TEMPERATURE

The ash fusion temperatures shall be determined by the method in ASTM Designation D 1857. An electric furnace with a reducing atmosphere shall be used.

#### L. GRINDABILITY

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Grindability shall be determined by using the original formula developed by Mr. Hardgrove:

HGI = 13 + (6.93 x calculated weight of test sample passing the No. 200 mesh sieve)

# Apparatus

- <u>Balance</u> A balance with a sensitivity of 10 mg. and a capacity of 5000 g. will be required. The accuracy of the balance should be checked periodically.
- <u>Riffle</u> Should be a fully enclosed type with 24, three-eights inch riffle divisions, feed chute built into the totally enclosed cabinet, and the slope of feed chutes and riffles greater than 60 degrees.
- 3. <u>Sieves</u> A set of circular sieves which are eight inches in diameter and which conform with ASTM Specification E-11, for Wire-Cloth Sieves for Testing Purposes, is required in the following sizes, together with cover and receiver:

#### Sieve Designation

#### Standard Alternate

4.75 mm.	No. 4
2.36 mm.	No. 8
1.18 mm.	No. 16
600 um.	No. 30
75 um.	No. 200

- 4. Crusher A laboratory plate mill capable of reducing No. 4 sieve size coal particles to less than No. 16 sieve with production of a minimum of minus No. 30 sieve size material. The plates shall be serrated and about four inches (102 mm.) in diameter. The distance between the plates shall be adjustable and the relative speed of rotation of the plates shall not exceed 200 rpm.
- 5. Mechanical Sieving Machine The mechanical sieving machine shall accept an assembly of vertically-nested circular sieves of eight inches (302 mm.) in diameter together with cover and receiver. The machine shall simulate the motions given testing sieves during hand sieving by imparting a horizontal oscillatory motion of approximately 1.1 inches (28 mm.) amplitude at a rate of approximately 150 blows per minute by a weight of 4.2 pounds (1.9 kg.) moving through a vertical distance of approximately 1.1 inches under the influence of gravity.

 Grindability Machine Hardgrove grindability machine, as described in ASTM D-409, will be used.

#### Gross Samples

A representative gross sample of coal shall be collected in accordance with ASTM Methods D-2234, Collection of a Gross Sample of Coal, and prepared in accordance with Method D-2013.

#### Preparation

- A No. 16 by No. 30 test sample is to be prepared for either calibration or for routine determination of Grindability Index.
- Air dry a 1000 gram mesh coal sample for 12 hours. Divide the air dried sample in half by means of a riffle to yield approximately 500 grams. The HGI determination will be made on this sample.
- Stage crush the air dried sample to yield maximum amount of material passing No. 16 sieve, but being retained on No. 30 sieve. Perform stage crushing as follows:

(a) Divide the sample in lots of approximately 200 grams (not exceeding 250 grams) and sieve each lot for 2 minutes in the mechanical sieving machine (RO-TAP). Use a set of nested sieves consisting of a No. 16 sieve on top of a No. 30 sieve.

(b) Crush the material retained on the No. 16 sieve with the crusher adjusted so that only the largest particles are crushed. Mechanically sieve the crushed material for 2 minutes, discard the minus 30 mesh material, and return the oversize to the crusher. Repeat this procedure adjusting the crusher at each stage so that only the largest particles are crushed. Continue crushing and sieving until all the material passes the No. 16 sieve. Make a minimum of five passes for each lot of material to ensure no over crushing occurs. Retain the No. 16 by No. 30 material.

(c) Mix well all of the No. 16 by No. 30 material accumulated from the stage crushing and sieving and divide the quantity using a riffle to obtain approximately 120 grams.

(d) As a final step in preparation of the test sample, dedust the 120 gram sample from step C (above) by sieving on No. 30 sieve for 5 minutes using the mechanical sieving machine.

#### Procedure

- Clean grindability machine and associated apparatus before each run.
- Weight out 50 grams +/-0.01 g. of 16 x 30 dedusted sample and transfer into the grinding bowl making sure all the sample is evenly distributed, and balls are evenly spaced.
- Align the counter strike on the grindability machine to the proper starting point and fasten the bowl into position, making sure the load is fully applied to the driving spindle.
- Operate machine to obtain 60 +/- 0.25 revolutions.
- 5. Remove the bowl from the machine, lift out the upper grinding ring and carefully brush adhering dust onto a No. 8 sieve nested on a No. 200 sieve and a closely fitting receiving pan. Empty the grinding balls and ground coal onto the No. 8 sieve and carefully brush material adhering to the bowl, the balls, and the No. 8 sieve into the No. 200 sieve. Replace the No. 8 sieve with a close fitting cover and shake the No. 200 sieve, cover, and pan assembly for 10 minutes in the mechanical sieving machine. Carefully brush coal dust from the underside of the sieve into the receiving pan, using a soft brush which will not damage the No. 200 sieve. Repeat the shaking and underside of the sieve brushing for 2 more periods of 5 minutes each.

- Weigh separately to the nearest 0.01 g. the coal retained on the No. 200 sieve and the coal passing the No. 200 sieve. If the sum of these weights differs by more than 0.75 g. from the initial weight of 50 +/- 0.01 g., reject the test and repeat.
- Determine the calculated weight of test sample passing the No. 200 sieve by subtracting the weight of coal retained on the No. 200 sieve from the test sample weight (50 - coal retained on No. 200 sieve).

#### Calculation

 Calculate the grindability index using the original formula developed by Mr. Hardgrove. The grindability shall be reported as an HGI index rounded to a whole number.

HGI = 13 + (6.93 x calculated weight of test sample passing the No. 200 mesh sieve)

# Precision

- <u>Repeatability</u> Results of consecutive determinations carried out on the same sample in the same laboratory by the same operator using the same apparatus should not differ by more than two (2) index points.
- <u>Reproducibility</u> The means of results of duplicate determinations carried out by different laboratories on riffled splits of the analysis sample should not differ by more than three (3) index points.

## M. CALCULATIONS

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

Dry Basis = Uncorrected (As-Determined U.S. No. 60 Sample) Results x 100 100 - (% Moisture in U.S. No. 60 Sample) As Received Basis = (100 - % Total Moisture) x (% Dry Basis) 100

# N. STATE-OF-THE-ART INSTRUMENTAL ANALYSIS

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

O. The most current revised ASTM Standard Test Method shall be used.

ANNEX I NOT USED

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# ANNEX J (REFERENCE TO SECTION 27.02)

#### LAWS AND REGULATIONS

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

- SELLER shall not discriminate against any employee or a) applicant for employment because of race, color, religion, sex or national origin. SELLER shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SELLER agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination.
- b) SELLER shall, in all solicitations or advertisement for employees, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, sex or national origin.
- c) SELLER shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, advising the labor unions of workers representative of SELLER's commitments under Section 202 of Executive Order No. 11246 of September 24, 1986, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- d) SELLER shall comply with all provisions of Executive Order No. 11246 of September 24, 1986, and of the rules, regulations, and relevant orders of the Secretary of Labor.

### ANNEX J

- e) SELLER shall furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, an by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and shall permit access to its books, records, and accounts by PURCHASER and the Secretary of Labor for purpose of investigation to ascertain compliance with such rules, regulations, and order.
- f) In the event of SELLER's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this Agreement may be cancelled, terminated or suspended in whole or in part and SELLER may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulations, or order by the Secretary of Labor, or as otherwise provided by law.
- SELLER shall include the provisions of Paragraphs (a) g) through (h) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions shall be binding upon each subcontract or vendor. SELLER shall take such action with respect to any subcontract or purchase order as PURCHASER may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event SELLER becomes involved in, or are threatened with, litigation with a subcontractor or vendor as a result of such direction by us, SELLER may request the United States to enter into such litigation to protect the interests of the United States.

ANNEX J

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

h)

## ANNEX K (REFERENCE TO SECTION 10.01) COMPUTATION OF POUNDS OF SULFUR PER MILLION BTU

An example of the calculation of the pounds of sulfur per million Btu for an assumed "as received" sulfur value of 0.75 percent by weight and an "as received" heating value of 12,800 Btu per pound is as follows:

Pounds of sulfur per million Btu = heating value

.75 x 10,000 12,800 Btu per pound

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

TES MC( 210-13.3 Southern Company Services the southern electric system

DATE: June 20, 1990

RE: Webster County Coal Corporation/Dotiki Mine Belt Scale Material Test

FROM: R. W. Fraser

TO: M. L. Kerr

On June 4-6, 1990, two belt scale materials tests were observed at Mapco's Dotiki Mine at Clay, Kentucky. Following the second test, the scale was left in service by Mr. Joe T. Hatch, CSX Railroad Scale Inspector. The first test indicated very good repeatability, but the scale was out of tolerance. Mr. Alan Boswell reported that the scale could not be accurately adjusted after the first material test. The problem appeared to be a broken return idler at the scale.

A number of problems were encountered during the second test on June 5, 6, 1990, including air hose problems which eliminated one of the 30 test cars. Then, the doors came open on one of the loaded test cars, which nullified that portion of the test.

A third material test would have been requested, but this is a short-term supplier whose contract will end in the very near future. So, the railroad's decision to accept the scale following an adjustment based on the test chain weight was acceptable.

Attending the scale test were the following:

J. T. Hatch - CSX Scale Inspector Alan Boswell - Webster County Coal Company Jeff Throgmorton- Webster County Coal Company

Attached are the two material tests and the chain tests used to establish the new chain weight.

If you have any questions, please call.

RW Frank /n

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Memo to M. L. Kurr
June 20, 1990
Page 2
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Attachment

cc: Gulf Power Company M. L. Gilchrist

> Southern Company Services J. F. Billingsley W. D. Brasher D. C. Cole E. V. Gunter J. N. Hester S. K. Howard K. Zachar FNS 1-6

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# CSX TRANSPORTAT ... N INC.

# BELL BOALE TEST REPORT COVER

	TREPORT COVER BLIEET
101	ER BREET
F. J. LUYD, JR. ENDINEER BOALES & WEIGHING CSX TRANSPORTATION INC. P. U. BUX 43052 JACKSUNVILLE, FL. 32232-5052	UNIE: 6. 4-5/40 CHARGES:
A belt converse	YEB NU
A belt conveyor scale material to Firm Name : <u>WEBSTER Coun</u> Address : <u>Roure</u> 3	TY COAL CORD
Address ROUTE 3	
City, St., Zip: CLAY, KY 42. Station	Mark.
OTIKI KV	+04
Check Weigh Scale Type : UIM	
Check Weigh Scale Location: MaDISowy	v / .
Belt Scale was left In Toler	ance ( ) Out of Tolerance ( ) ance ( ) Out of Tolerance ( ) ance ( ) Out of Tolerance ( ) ance ( ) Out of Service ( )
CHIN ADVERSE CONDITION	
REMARKS SCALEWILL BE ADJ AND REFESTED TOMORROOM	
CUPY: GENERAL SCALE INSP.	SCALE INSPECTOR

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# CSX TRANSPORTATION INC.



## SCALE DEPARTMENT BELT SCALE MATERIAL TEST REPORT

NAME: WEB	STER COUNTY COAL CORP.	DATE:	6/4+5/90
LOCATION:	OTIKI, KY	TEST NO:_	/
MANUFACTURER :	MERRICK	MODEL:	E 310
SERIAL NO:	7983	TPH:	4000

	CAR IN	IT/NO.	%	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT
1	MELX	29		264480	63040	201440
2	"	74		245940	62180	203760
3	"	70		266800	6+540	202260
4	"	9		263920	62220	201700
5	"	45		264200	61740	202460
6	"	58		265720	61640	204080
7	11	12		263740	62800	200940
8	"	33		261040	63320	197720
9		42		264400	62280	202320
10	"	24		233940	63000	170940
		TOTA	LS:			1987620
					NET TONS.	04- 04

NET TONS:

993.81

 BELT SCALE READINGS

 ENDING:
 080829.43

 STARTING:
 079829.43

 NET TONS:
 1000,00

 PRINTER:
 1000.1

TEST RESULTS

CHECK SCALE:	943.81	NET	TONS
BELT SCALE:	1000.0	NET	TONS
DIFFERENCE:	6.19	NET	TONS
ERROR	+,623	%	

de INSPECTOR

COPY: GENERAL SCALE INSP.

# CSX TRANSPORTATION INC.



## SCALE DEPARTMENT BELT SCALE MATERIAL TEST REPORT

NAME: WE	BSTER COUNTY COAL CORP.	DATE	6/++5/90
	DOTIKI, KY		_ 2
MANUFACTURER	MERRICK	MODEL	E310
SERIAL NO:	7983	TPH	4000

	CAR IN	IT/NO.	z	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT
1	MECX	79		264920	62060	202860
2	"	53		266180	62160	204020
3	"	71		261740	61220	200520
4	"	21		264340	62040	202300
5		30		264640	61580	203060
6	"	18		266320	64600	201720
7	11	15		266140	64360	201780
8	"	49		265020	62320	202700
9		64		266420	62420	204000
10	"	63		224300	62100	162200
		TOT	ALS:			1985160
					NET TONS:	401 10

11421

992.58

BELT SCALE READINGS 081829.12 ENDING: STARTING .. 080829.46 999.66 NET TONS: 999.7 PRINTER:

TEST RESULTS

CHECK SCALE:	992.58	NET	TONS
BELT SCALE: _	949.66	NET	TONS
DIFFERENCE:	7.08	NET	TONS
ERROR :	+. 713	%	

INSPECTOR SCALE

COPY: GENERAL SCALE INSP.

# **SX TRANSPORTATION INC.**



SCALE DEPARTMENT BELT SCALE MATERIAL TEST REPORT

NAME: WEBSTER COUNTY COAL CORP.	DATE: 6/4-	5/90
LOCATION: DOTIKI, KY	TEST NO:	?
MANUFACTURER: MERRICK	MODEL: E3	10
SERIAL NO: 7983	TPH: 400	0

	CAR IN	IT/ND.	%	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT
1	MECX	11		261040	61100	199940
2		34		266380	62400	203980
3	"	22		264020	62240	201780
4	"	73		265260	62060	203200
5	"	67	14	264160	62060	202100
6	11	56		264120	62720	201400
7	"	20		263060	62300	200760
8	"	38		265920	64260	201660
9	"	7		263140	62100	201040
10	"	32		229120	62620	166500
	4	TOT	ALS:			1982360
				3	NET TONS:	941.18

BELT SCALE	READINGS
ENDING:	082827.56
STARTING:	081829.15
NET TONS:_	998.41
PRINTER:	998.7

TEST RESULTS

CHECK SCALE:	991.18	NET	TONS
BELT SCALE: _	998.41	NET	TONS
DIFFERENCE:	7.23	NET	TONS
ERROR:	+.729	x	

INSPECTOR SCALE

COPY: GENERAL SCALE INSP.

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# **3X TRANSPORTATION INC.**

SCALE DEPARTMENT BELT SCALE MATERIAL TEST REPORT

+ CORP. DATE:	6/5+6/90
TEST NO:	3
MODEL	E 310
TPH:	4000
	MODEL:

	CAR INI	T/NO.	%	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT
1	Meex	11		264240	61120	203120
2	11	34		264180	62440	201740
3	a	22		265900	62280	203620
4	11	73		264300	62120	202180
5		67		263020	62100	200920
6	"	20		261840	62320	199520
7	"	38		267000	64300	202700
8	"	7		264260	62120	202140
9	"	32		240020	62660	177360
10	"					
		TOT	ALS:			1793300

NET TONS:

896.65

 BELT SCALE READINGS

 ENDING:
 /03727.06

 STARTING:
 /02828.76

 NET TONS:
 898.90

 PRINTER:
 899.0

TEST RESULTS			
CHECK SCALE:	896.65	NET	TONS
BELT SCALE:	898.90	NET	TONS
DIFFERENCE:	2.25	NET	TONS
ERROR	+,251	%	×
	· · · ·		

SCALE INSPECTOR

COPY: GENERAL SCALE INSP.

# **3X TRANSPORTATION INC.**



## SCALE DEPARTMENT BELT SCALE MATERIAL TEST REPORT

NAME: WEBS	FERCOUNTY COAL COR	P. DATE	6/5+6/90
LOCATION:	TIKI, KY	TEST NO:	2
MANUFACTURER :	MERRICK	MODEL	E 310
SERIAL NO:	7983	TPH:	4000

	CAR INIT/NO.	%	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT
1	MEEX 79		264360	162120	202560
2	" 53		265680	62200	203480
3	" -71		262180	61300	200880
4	" 21		264940	62100	202840
5	" 30		265760	61620	204140
6	" 18		265660	64660	201000
7	" 15		265360	64340	201020
8	11 49		154900	62320	94580 × 1000
9	11 64		264580	62460	202120
100	" 63		237500	62120	175380
-	TOTAL	S:		_	1888000

NET TONS:

944.00

BELT SCALE READINGS 102828.34 ENDING: 101828.83 STARTING: , 999.51 NET TONS: 1000.0 PRINTER:

\* THIS TEST HOORTED REET. LOSING 1/2 CAR DECORL. COPY: GENERAL SCALE INSP.

1

TEST RESULTS 944.00 NET TONS CHECK SCALE: 949.51 BELT SCALE: NET TONS 55.51 NET TONS DIFFERENCE: +5.88 ERROR: %

SCALE INSPECTOR

# **"SX TRANSPORTATION INC.**



## SCALE DEPARTMENT BELT SCALE MATERIAL TEST REPORT

NAME: WEB:	STER COUNTY COAL CORP.	DATE	6/5+6/90
LOCATION: Do	TIKI, KY	TEST NO:_	1
MANUFACTURER :	MERRICK	MODEL:	E310
SERIAL NO:	7983	TPH: _	4000

	CAR IN	IT/ND.	%	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT
1	MCCX	29		245680	' 43/20	202560
2	11	14		246040	62240	203800
3	11	70		267100	64580	202520
4	11	9	U.	264020	62280	201740
5	11	45		245720	61820	203900
6	"(	58		265200	614.80	203520
7	"	12		266180	62840	203340
8	"	33		267160	63380	203720
9	(1	42		244900	62360	202540
10	"	24		227720	63060	164660
		TOTA	LS:			1992360
					NET TONS:	996.18

BELT SCALE READINGS 101828.04 ENDING: STARTING: 100 829.20 NET TONS: 998.84 999.6 PRINTER:

TEST RESULTS 996.18 NET TONS CHECK SCALE: 948.84 NET TONS BELT SCALE: 2.66 DIFFERENCE: NET TONS 267 % ERROR:

INSPECTOR SCALE

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COPY: GENERAL SCALE INSP. .1

72

# **CSX TRANSPORTATION INC**



	10:
	F. J. LUYD, JR.     DATE: 4/5+6/90       ENGINEER SCALES & WEIGHING     CHARGES:       CSX TRANSPORTATION INC.     CHARGES:       P. U. BUX 45052     YES       JACKSUNVILLE, FL. 32232-5052     YES
	A belt conveyor scale material test was conducted as follows:
	Firm Name & WEBSTER COUNTY CORE CORP.
	Address Roure 3
	City, St., Zip: CLAY, KY 42404
	Station BOTIKI, KY
•	Check Weigh Scale Type : UIM
	Check Weigh Scale Location: MADISONVILLE, KY (ATKINSON YARD)
	Belt Scale was found ' In Tolerance ( ) Out of Tolerance (/)
	Beit Scale was left In Tolerance (/) Out of Tolerance ( )
	Beit Scale was left In Service (/) Out of Service ( )
	EXPLAIN ADVERSE CONDITIONS IN REMARKS SECTION.
	REMARKS: SCALE ACCEPTED BASEDON RESULTS DE TESTS
	#1 AND #3. CHAINS RUN, SCALE ADJUSTED, CHAINS
	RUN TO VERIEY AD JUSTMENT. SEALE LEFT WEIGHING
	IN TOLERANCE.

CUPY: GENERAL SCALE INSP.

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INSPECTOR SCALE

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## WEBSTER COUNTY COAL CORPORATION

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TEST	REPORT

USER: Webster County Coal Corport Route 3 Clay, Kentucky 42404	ation			WEIGHTOMETER	# E-7983
INSPECTOR'S TEST	•••••••	••••••	••••••	••••••	
	As Found	TEST 1	TEST 2	FINAL	TESTS
NO. OF CIRCUITS	3	3	3	3	3
OVER-UNDER TRAVEL	0.8	-1.6	2.1	0.6	5.1
READING AFTER	10845.345	10866.080	10886.832	10902.386	10923.104
READING BEFORE	10829.789	10845.345	10871.268	10886.832	10907.543
REGISTERED WEIGHT	15.556	20.735	15.564	15.554	15.561
CORRECTION	-0.005	0.010	-0.016	-0.004	-0.031
CORRECTED WGT.	15.551	20.745	15.548	15.550	15.530
TRUE WGT.	15.569	20.759	15.569	15.569	15,569
DIFF.	-0.018	-0.014	-0.021	-0.019	-0.039
ERROR IN %	-0.116	-0.067	-0.135	-0.122	-0.251
ADJUSTED (FACES)		adj out 1/4 Face		adj out 1/2 Face	
1207223888252388832888888888888888888888888	*****************				*************
<ol> <li>LENGTH CONVEYOR BELT</li> <li>UGT. TEST CHAIN PER FT.</li> <li>LBS. FOR 1 CIRCUIT OF CONVEYOR</li> <li>UGT. FOR 1 CIRCUITE IN SAME UM</li> <li>REGISTRATION IN UNITS OF</li> </ol>	IT AS COUNTER	121.056 103,795.80 5.1898	<ul> <li>(6) ONE REV. OF DI</li> <li>(7) WGT. FOR 1 FT.</li> <li>(SAME UNIT AS</li> <li>(8) WGT. FOR .1 FT</li> </ul>	TRAVEL COUNTER)	20,000 0.006 0.0006
CONVEYOR SPEED	784.6	*			
PEAK CAPACITY RATING					
DOES OVERLOAD OCCUR					
MINIMUM LOAD PER FOOT OR TONNAGE					
NORMAL OPERATING LOAD OR TONNAGE					
MEIGHT REGISTRATION) TO BE DEDUCTED ) FROM PRODUCTION ) 06-Jun-90 B	READING AS STAR		109,541.40 108,297.89 1,243.51		
00-041-90	INFUNITED BT	724	unen	_	
		$\left  \right\rangle$			

## WEBSTER COUNTY COAL CORPORATION

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TEST	REPORT

USER: Webster County Coal Corpora				WEIGHTOMETER	# E-7983
Route 3 Clay, Kentucky 42404					••••••
INSPECTOR'S TEST	••••••		••••••		
INGREGION & IESI	As Found	TEST 1	TEST 2		AL TESTS
NO. OF CIRCUITS	3	3		•	
OVER-UNDER TRAVEL	0.4	-2.1			
READING AFTER	10938.628	10954.140			
READING BEFORE	10923.104	10938.628			
REGISTERED WEIGHT	15.526	15.512			1
CORRECTION	-0.002	0.013			
CORRECTED WGT.	15.522	15.525			
TRUE WGT.	15.569	15.569			
DIFF.	-0.047	-0.044			
ERROR IN %	-0.303	-0.283			
ADJUSTED (FACES)					
, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			 		
<ol> <li>LENGTH CONVEYOR BELT</li> <li>WGT. TEST CHAIN PER FT.</li> <li>LBS. FOR 1 CIRCUIT OF CONVEYOR</li> <li>WGT. FOR 1 CIRCUITE IN SAME UNIT</li> <li>REGISTRATION IN UNITS OF</li> </ol>	T AS COUNTER	121.056 103,795.80 5.1898	<ul> <li>(6) ONE REV. OF D</li> <li>(7) WGT. FOR 1 FT</li> <li>(SAME UNIT AS</li> <li>(8) WGT. FOR .1 F</li> </ul>	COUNTER)	20,000 0.006 0.0006
CONVEYOR SPEED	784.6			****************	*******
PEAK CAPACITY RATING	704.0				
DOES OVERLOAD OCCUR	1. Jan	anker annound			
HININUM LOAD PER FOOT OR TONNAGE	Kun		weight avg/test ci 0/belt length = no be 120 716		
NORMAL OPERATING LOAD OR TOWNAGE					
WEIGHT REGISTRATION) TO BE DEDUCTED ) FROM PRODUCTION )	READING AS LEFT READING AS START DEDUCT	Δ	109,541.40 108,297.89 1,243.51		
06-Jun-90 Rt	EPORTED BY ale	n25	swell		
		735			

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



DATE: June 19, 1990

RE: Island Creek Coal - Hamilton 2 - #C-89-9465 Weighing and Sampling Visit

FROM: G. T. Henshaw

TO: D. C. Cole

Attached hereto are the Quality Control and Mechanical Sampler/Belt Scale Performance Reports covering recent inspections. Our normal practice is to increase the frequency of inspections to those suppliers which are experiencing the most serious problems. Additional actions taken by us and/or recommendations to resolve the serious problems, if any, identified in the attached reports will be provided by separate correspondence.

Attachments

cc/att: Gulf Power Company M. L. Gilchrist

> Southern Company Services, Inc. M. L. Kerr W. N. Thurman, III K. Zachar FNS 1-6 GU

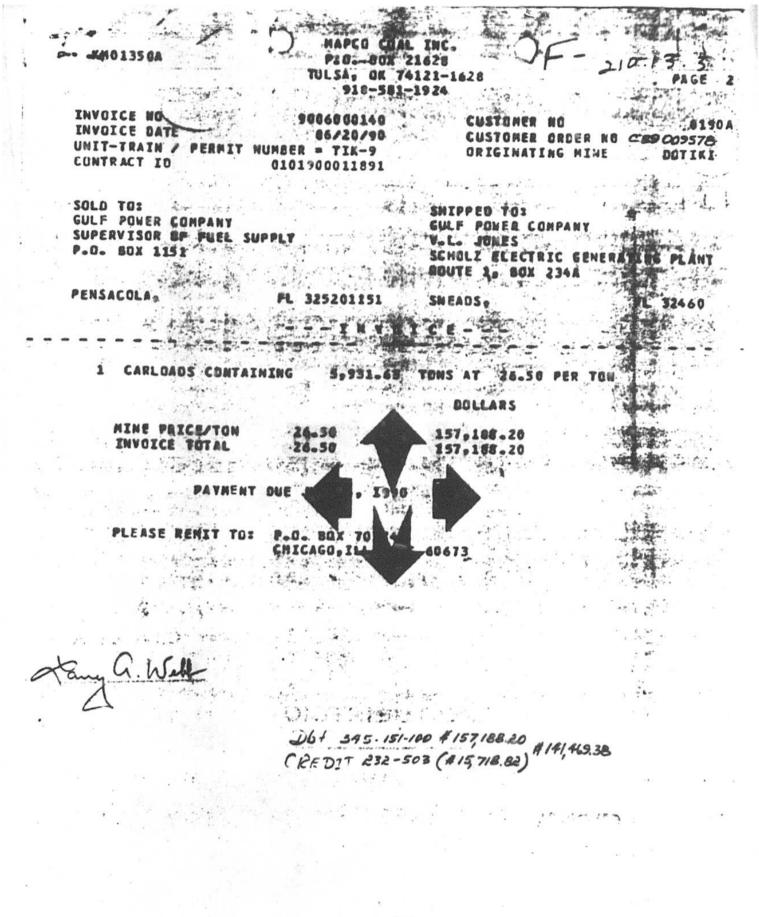
FUEL TECHNICAL SERVICES

Sampling Performance Report

\_\_\_\_\_\_ Sheet \_\_\_\_

2

	G	ULF		
Supplier ISLAND CREE	EK COAL.	Producer/Mine	HAMILTON	12
Shipping point HAMILTON	2		Shipment date	6-19-90
Sample Number PEN-134	1	(-89-9465	Estimated Top Size	2"
Washed 100% Raw	Size of Shipmer		Actual Loading Time	30 MIN BARGE
Calculated Primary Increments Collected 22	Primary Increm Required	ents 18	Meets Specifications	X Yes No
Primary increment spacing (min.,	sec.)	MIN 20SEC	Cutter speed (in	
Secondary increment spacing (sec)		10sec	Cutter speed (in	la l
Tertiary increment spacing (sec)		5sec	Cutter speed (in/	
Average number of secondary incre per primary increment	ements	6		
Estimated Total Weight of final sar	nole before riffli		the	
Was final sample preparation proce	16			
	NRC		No	ivot Observed
Type of visit Controlled	Abbr	eviated		
Comments SAMPLING : ALSO OBSERVED : WTN-245 + DRAFTING PROLED	THE LOAD TCB-	ING OF BI	A <i>RGES</i> ;	
SATISFACTORY.	F			
SEPULES	14			
SOS				
60:1d 62 MT	06.	Spiller and a strate of the second		
CANADA				, 1
a far har an			An	y Larthe
			17	6-25-90
rm No. 9-2144	٣	137		analities a second of difference and an and a second second of the second second second second second second se



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aK#01:	35 OA	0	HAPCO COAL P.O. BOX 21 JLSA, OK 741	628 21-1628	JF-,	10.13.3 PAGE .1
UNIT-TT CONTRAC	E GATE	NUMBER -	918-581-1 16000140 16/20/90 • TIK-9 10011891	CUSTON	ER NO ER CRDER NI Ating Mine	C 89 CO 99780 A DOTIKI
SHIP DATE 86-19-90	CAR ATRAIN NUMBER TIR DOCCO		NORED WEIGH			ILE COST ICE COST I-S0 157188-1
		A TAL		\$* <b>. \$</b> ,93	1.63	157,188.2
	<b>藩</b> 王帝政 二 二		a se <b>en s</b> a se			

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\$ 141,469.38

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P. 0.	ERVICES by Services, Inc.
Firm:	Power Company:
Webster County Coal Corp.	Gulf Power Company
1509 Johnson Ferry Road	Change Order Number:
Marietta, GA 30062	002
	Purchase Order Number: C-89-009578

Make the following changes to the above requisition or purchase order 

Extend this purchase order until July 31, 1990. The time extension is to allow full shipment of the 60,000 tons of coal anticipated under the purchase order. No additional tonnage is to

be added by this change order.

All other conditions of su	ubject order will continue to apply
Prepared by	Approxichal Sim
Date 6 120190	Approx Aline
	740

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Reguisition Number:

65138  210.13.3

Guif Power Company 500 Bayfront Parkway Post Office Box 1151 Pensacola. FL 32520-0328 Telephone 904 444-6236

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210.13

M. L. Gilchrist Manager of Fuel and Environmental Affairs

June 13, 1990

Mapco Coal, Inc. P.O. Box 21628 Tulsa, Oklahoma 74121-1628

Dear Sir:

The enclosed check for \$34,249.86 is for the settlement of calorific adjustment on weights of coal as invoiced and received under our P.O. C-89-009578 for Plant Scholz. This is for rail shipments for the month of May, 1990 at \$13.84 per ton freight rate.

Sincerely,

M. L. Gilchrist Manager, Fuel and Environmental Affairs

LAW:dr

Enclosure

cc: Southern Company Services Mr. Ken Jenkins Mr. John Hester Gulf Power Company Accounts Payable

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and some of the local division of the	No. of Concession, Name of Con Name of Concession, Name of Concess	A PROPERTY OF A

Man

ELECTRIC GENERATING PLAN'

SPOT COAL PAYMENT ADJUSTMENT FORM

19 90

31,405,58

VENDOR Mapio

P.O. No. C89009578

	security in the second s				
SHIPMENT NOTICE DATE	SHIPMENT NUMBER	TONS SHIPPED	PAYMENTS		
5-16-90	TIKON	5999,78	143 004 7		
5-23-90	TIR 007	5851,38	143.094.75 139.555.11		
		1			
DTALS		11.851.16	282 650.16		

\$/Ton <u>26.50</u> F.O.B. Mine 13.84 40.34 Freight Total MONTHLY WEIGHTED AVERAGE CALORIFIC ADJUSTMENT Btu/Lb 12576 Actual = 1.006 12500 Guarantee Rat10 A03 x \_ 1.006 40.58 \$/Ton for Calorific Ratio Adjusted \$/Ton .24 11,851.16 Tons Received х 2.844.28 -\$/Ton Difference Calorific vs Adjusted

Retainage \$

Penalty Cost

(11,851.16-11,851.16)

х Tons plus or minus \$/Ton Rec'd vs Shipped F.O.B. Mine

TOTAL DUE VENDOR = # 34,249.86 DEBIT 345-151-100 # 2,844.28 DEBIT 232-503 # 31,405.58

		LANT 904 444 6826		F	P.2 2
11.7 Fribotix1 当日相	•	.7-90 12:35PM ;	5826647	7+9165822	:# 2
WC NUMBER WAYS	NUMBER				
CETLATION		-	O 1	ILL OF LADING	
BOYKTH, FLA		1	(++).	1- IT	-
ROUTE	and the second	Prodes STATION/MID 6	[]][.]	UNIT TRAIN MUMBER	VOLUME BOURS
LAN DIRECT		DOTIKI MINE - DO	****		V68 0 400
DELIVER TO COMMONEE:	na internet an			TRAIN #TIK-06	
GIR F POWER - SCHOL	Z PLANT	ACTUAL BUMPER WEBSTER COUNTY CO	OL CORPORATIO	NILOADED FULL	TOTA
		BHIPPED ADGOLINY OF (BROKEAI:		VES KINO MERA	
GAR INITIALA D ALIMER RE	TAR6 WEIGHT	CAR INITIALE	TARE	CAR INITIALS	TARE MELOWIT
1 HELX - 36695		25 CO - 191537			HERENT
2 CSXT - 811555	State of the	26 CSXT - 351454		49 CSXT - 814355	
3 SBD - 343576		27 BO - 161742	Contractor of the State of the	013033	
4 LN - 194129	An an air an	28 HELX - 36500		51 <u>345802</u> 52 <u>346779</u>	
5 80 - 161930		29 80 - 161291			
6 IN 551540			International Statements	<b>53</b> 350878	
CSXT - 819645		30 CSXT - 809532	The second s	64 814380	
	1000	000100	Collinson and the second second	65 826732	
8 SBD - 341393 9 CSXT - 344514		32 LN - 194232	T	56 LN - 620563	
10 MM - 188325		33 CSXT - 346791	The second s	67 CSXT - 342830	Contraction of Contra
10		34 HELX - 10028		56 343027	
FIL - 49 5000		SS CSXT - 346483		50 HELX - 36466	
12 HELX - 36274	Statement and a statement of the local division of the local divis	36 BO - 162806		BO LN - 550963	
13 CRR - 56921		37 CSXT - 830998	1	81	
14 80 - 186400		38 820006		2	
18 CSXT - 829354		0 - 160879		2	
18 00 - 192646		89510		16	
17 CSXT - 629152	and the second se	1 CSXT - 807935		THE DEBCENTION AND	WEIGHT INDIGATES
18 823773		2 804863		EUGLICET TO VERSEN	ARE COMPECT,
19 LN -, 195744		350834	6	SEGUTHERN WEISHING	
20 sap = 343974		4 00 - 191105	6	8	CONT.
21 1527 - 313365	1	CSXT - 344731	0	9	
22 HELX - 580031	4	6 HELX - 580269	7	3	
BO - 185282		7 CSXT - 809126	7	1	
EGTION 7: THE CARRIER B	HALL MAR IN	8 SBD - 349057	7:		
THOUT PAYMENT OF FRE	IGHT AND	05-16-90 UNLOAD		And the second	)Spm
ACOSTER COUNTY COAL		000000000000000000000000000000000000000	I AN YOA	CT LOWEST THRU RA	T ANC BUILT
TULSA. OK 74101-0645	11 -	29300-01TLAINOUS COAL	iall (	CAL 2 XO MASHED	TAT
< E. thoenen		ICC-CSXT	-C-50713		1113

BOYKIN, FLA	•	 	41:K	m	
L & N DINECT		FROM STATION/MINE	- JE	UNIT TRAIN NUMBER	VOLUME SH
L & N DIRECT		DOTIKI MINE - DOT	TIKI, KY		
PENNAJP.	ما الأراب <del>الكركار و الخرج مع معالم ا</del>	Constanting of the second	and the second sec	TRAIN STIK-07	
GULF POWER - SCHOL	Z PLANT	WEBSTER COUNTY CO	AL CORPORATIO	TILDADED FULL	
FOR THE ADCOUNT OF		BRIPPED ACCOUNT OF IDROKERI:		V88 000 PR	•
CAR INITIALS	TARS WEIGHT	GAR INITIALS	TARE	CAP INITIALS	TAR
1 00 - 159182		25 CO - 158938		40 CO - 157068	
2 80 - 199428	4.8	20 CSXT - 822055		<b>60 80 - 1869</b> 09	
3 DRGW - 14682		27 ; CO - 89616	1	51 CSXT - 803201	
4 14580	a nan tig tig tig tag tag tag tag tag tag tag tag tag ta	28 ' CSXT - 804925		82 HELX - 580950	
5 CSXT - 344820		29 580 - 347247		63 CSXT - 825007	
6 80 - 185436	and the state of the	30 MM - 188302		64 80 - 805483	1
7 WM - 179	digital and a second	31 580 - 340339		85 199345	
a 1860		32 344880	an an findige and an	56 CC - 811691	
-	and the second	33 343868		57 CEAT - 826958	1
	and the second sec	34 00 - 89668-		158 811734	T
14032		36 CSXT - 346071		50 CO - 183224	I
- 158017	100	38 83(599	and the second distance of the	OL CSXT - 346170	
JAT - 19809		37 CO + 191391	an <u>allen allen an allen an a</u> g	61	
14 CSXT - 830318	and the second	38 CSXT - 813325		62	1
	na dila nya sa ang dila ang		ana digmakisina - Gadadii paala	63	
15 HELX - 36005		39 CO - 159343 40 LN - 552277		lea	1
16 CSXT - 822228				AND HOTTOM AND	SELENCE THUR
17 832672		41 MM - 189595 42 CO - 157951	ار است این کردون <del>سروی است.</del> ا	CONTRACTOR AND CONTRA	ATION TY
18 CO - 313536		43 CSXT - 345232		CO CH THIS BLE OF YEAR	A ADDE THE RT
19 BO - 153430	and the second	004944		67 ADDITHERN WEIGHT	-
20 00 - 809642	S. Drawner Date State			89	1
21 BO - 161565		45 CO - 157915		70	1
22 CSXT - 200924		48 80 - 185611 47 CSXT - 611244	and - and Chains Alanda - the	71	1
23 = 14213		and income '		72	1
24 CRR - 56775	SHALL NOT		EINE ETARTES		
THEIT PAYMENI OF	ALIGHT AND	05-23-90 5 um	CADING 4	:30pm 0	:31pm
SUNTY CUA	L CORPORATIO	N COMMENTY COLA	1 30.0	TTERFELOWEST THRU	RATE
៍ ្លឹះវិលេះ ឆ្នាំ	45 A	I tostato-n URGIEAL	MI AL	L COAL 2 X O WASHE	
XE I sen	end	ATRIICTIONSI TRAIN	TIK-07		

MANUU.13	190 15126, SCS FUEL, SER	YICES	,		FR . 232
AY-51-9	8 THU 11 28	HESSTEI	R CO PR	I PLT	P.01
		AT TUN:	5 horon	miller	
2 2 3	Coy & MoCoy Laborstories, A subsidiery of McCoy & McCoy Inc O Box 907 5 Bail Noel Avenue ladiecrivite, Kenucky 42431 plephone 908/831-7876		5-31-90	Louington 609/830-7 Louteville 608/681-7 608/881-7	Ky. Pilopvillo, Ky. 777 608/438-3104 6, Ky. Evonovillo, Ib.
	A	NALYSIS P	REPORT		
WED384 WED311 ATTN: ROUTE CLAY	SR COUNTY COAL COM	PANY		DATE:	5/31/90 900529004M
	nala manan ari kalar na ang sa sa sang na ang na ang na	nadamene û dek anne ûnterstaat distaat di	1		an a
	SHORT PR		TE ANA	LYWIW	·
IDENTIFICAT: DESCRIPTION	ION: TIK-07 / WAS	HED TRAIN FO	r Gulf Pow Coal Corf	er Oration	
,					
SAMPLED BY: Date:	and And In a disc.	er en e	1 48	EATHER: N/A	N/A
as received Dry Babis Maf	PERCENT PERCEN MOISTURE ASH 6.89 8.0 N/A 8.6 N/A 8.6	9 12643 9 13578	PERCENT SULFUR 2.77 2.97 N/A	PERCENT VOLATILE ! N/A N/A N/A	PERCENT IXED CARBON N/A N/A N/A
remarke i	LOCATION: DO P.D. #DOG013			4) 11 - 12 11 - 12 111 - 12 11 - 12 11 11 - 12 11 11 - 12 11 11 11 11 11 11 11 11 11 11 11 11 1	.8 2
		MIL	5		, t

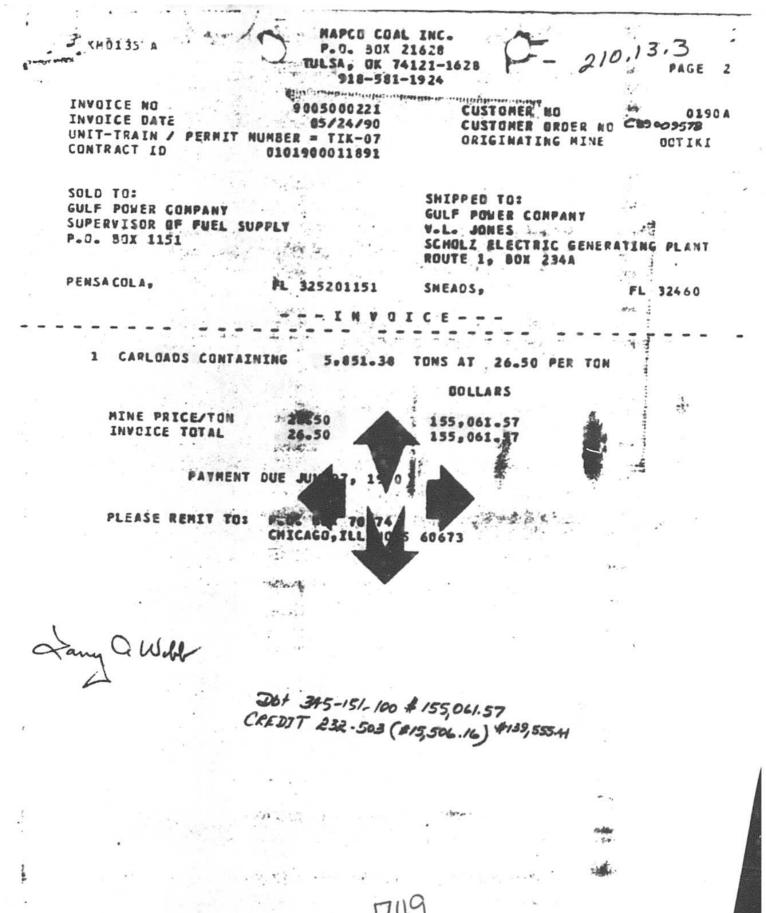
Submitted by King aller

AA 170 131080 12:58 BOB EAEH BERARGESOME PAGE. 222 21 9 01 MON 0 1 ATTEN: Shoron Miller (C MoCoy & MoCoy Laboratories, Inc. a subsciery of MoCoy & MoCoy inc. Lexington, Ky. 606/#38-7774 Fa, \$ 5-21-90 Pedutah, Ky 602/444 4647 P O. Box 807 85 East Noel Avenue Louieville, Ky. Disastila, Ky. 802/429-5777 608/438-8104 adiaonville, Ky. Evenwille, In. Madisonville, Kentucky 42431 Telephone 502/821-7376 502/821-7375 812/425-9088 ANALYSIS REPORT WE030425 WEBSTER COUNTY COAL COMPANY DATEL 5/18/90 ATTN: JERRY BATES FOUTE E CLAY KY 48404 REPORT NO: 900518006M SALA PARTY SYORI RO E ۵ N 0 3 ĩ p × 1 MA T . 🗸 IDENTIFICATION: TIK-US / BULF POWER CHOER DESCRIPTION . PRODUCERI WEBSTER COUNTY COAL CORPORATION SAMPLED BY: CLIENT WEATHER : . 'A DATE : 5/16/9: SAMPLE TYPEI MECHANICAL PERCENT PERCENT PERCENT PERCENT FIXED CARBON MOISTLIRE ASH BTU VOLATILE S RECEIVED 7,69 8.24 12510 NIA N/A' RY BASIS N/A 8.95 13552 N/A N/A: AF N/A N/A 14884 NIE N/A NIA REMARKS LOCATION: DOTIKI MINE P.O. #008813 intering 2 Submitted by

210,13.3 CO CUAL INC. 0135 4 P.O. 80% 21628 TUL SA . OK 74121-1628 PAGE 2 918-581-1924 INVOICE NO 9086808058 CUSTONER NO 0190A INVOICE CATS 06/08/90 CUSTCHER DROER NO UNIT-TRAIN / PERMIT NUMBER = TIK-GS ORIGINATING MINE DGTIKI CONTRACT ID. 6101900011891 SOLD TO: SHIPPED TO: GULF POWER COMPANY GULF POWER COMPANY SUPERVISOR OF FUEL SUPPLY V.L. JONES P.O. 20X 1151 SCHOLZ ELECTRIC GENERATING PLANT 13 A R ROUTE 1. SON 234A \* PENSACOLA FL 325201151 SNEADS, 1 4 . FL 32460 ICE---1 CARLOADS CONTAINING 5,981 .90 TONS AT 26.50 PER TON DOLLARS MINE PRICE/TON 26.50 138,520.35 INVOICE TOTAL 26.50 158,520.35 YNENT DUE JU PLEASE CHICAGO, ILL 60673 Fany a Welt D6+ 345-151-100 \$ 158,520.35 CREDIT 232-503 (\$ 15,852.04) \$42,442.31 1 .i .... in Company as when the sector is a sector

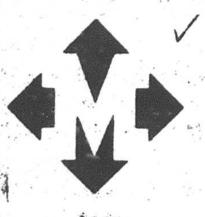
1	KH013	50A	TULSA	CO CUAL THC. BOX 21628 OK 74121-16 18-581-1924	28 OF-	210,13.3 PAGE 1
	CONTRAC	DATE AIN / PERMIT	0101900011	-08	CUSTOMER NO Customer Order Originating Mi	
	SHIP DATE 06-05-90	CAR /TRAIN NUMBER TIR COCCOS	GROSS 1	ARE NET		TON TOTAL PRICE, COST 26-30 158520-
			RUTAL		5,981.90	258,520
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INVOIC	F DAY:	TULSA	CO COAL INC. • BOX 21628 • OK 74121-1 16-581-1924	628 P-	210,13.3 PAGE
CONTRAC	DATM A DOD	NUMBER = TTE	190	CUSTOMER NO CUSTOMER ORD DRIGINATING	ER NO MINE DOTIKI
SHIP DATE 05-23-90	CAR /TRAIN NUNGER TIK 000007	HUNDRE	D WEIGHT	1083	TONE TOT
		TOTAL	0 117028	5851.38 5,851.38	26.30 15506
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TULSA, DK 74121-10 918-581-1924	62* -	PAGE 1
TRYSICE BATE 05/17/90	CUSTOMER NO CUSTOMER CREEK	NC
CONTRACT ID NO DEBRIT NUMBER = TIK-6 CONTRACT ID N 0101900011891 SOLD TO BULF DEWER COMPANY	ORIGINATING MI	INE OCTINI
SHIP CAR ZTRAIN HUNDRED WEIGHT DATE WUMBER GROSS TARE NET 05-16-90 TIK 000006 0 0, 119990		TON TGTAL FRICE COST 26.300 158994
TOTAL	5,999.78	158,994.
	F	



-151-100 159, 994,17 Candit 232-503 \$15, 899.42 \$143,094.25

pd

NAPCO COAL 15 210.13 1 0135 P-0- BOX 21628 \* JULSA, OK 74121-1628 918-581-1924 INVOICE NO. 9005000152 INVCICE CATE 05/17/90 EUSTONER ad ADELO 05/17/90 CUSTOPER CROSS NO UNIT-TRAIN / PERMIT NUPBER = TIK-6 ORIGINATING MINE BOTIKI CONTRACT ID .0101900011891 10,10 Carlos Marian Statis SOLD TO: SHIPPED TO: GULF POWER CORPANY GULF POWER COPPANY SUPERVISCA OF FUEL SUPPLY V.L. JONES X 1151 u. . P.O. BOX 1151 SCHOLZ BLECTRIC BENERATENG ROUTE 1, BOX 2044 - speed and a state bear TE 32460 SNEADS. 612 20 OTCE 1.4.16 8484 ele e e z CARLEADS CONTAINING 5,999.78 TONS AT 26.50 PER TON ANA & A .... Dette Star . S. . . GOLLARS 6.4. Se MINE PRICE/TON 26.50 158.884. INVCICE TOTAL 26.50 158, 994.17 With States America PARRENT DUE NAME 1 elline - C. A. 12.11 PLEASE REALT TOS TO. 10 CHICAGO, ILL 60673 1. 18 2. 11 1.4.17 Q.L.I 154 3413 1111 100 with 232-503 \$15, 11.42 \$14.05 2. 1971年1月1日,1991年1月1日,1991年1月1日,1991年1月1日,1991年1月1日,1991年1月1日,1991年1月1日,1991年1月1日,1991年1月1日,1991年1月1日,1991年1月1日,1991年1月1日,1991年1月1日,1991年1月1日,1991年1月1日,1991年1月1日,1991年1月1日日,1991年1月1日日,1991年1月1日日,1991年1月1日日,1991年1月1日日,1991年1月1日日,1991年1月1日日,1991年1月1日日,1991年1月1日日,1991年1月1日日,1991年1月1日,19

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

1



DATE: May 23, 1990

RE: Mapco Coal Corporation - Dotiki Mine - #C-89-0009264 Weighing and Sampling Visit

FROM: R. W. Fraser

TO: D. C. Cole

Attached hereto are the Quality Control and Mechanical Sampler/Belt Scale Performance Reports covering recent inspections. Our normal practice is to increase the frequency of inspections to those suppliers which are experiencing the most serious problems. Additional actions taken by us and/or recommendations to resolve the serious problems, if any, identified in the attached reports will be provided by separate correspondence.

ec

Attachments

cc/att: Gulf Power Company M. L. Gilchrist

> Southern Company Services, Inc. M. L. Kerr W. N. Thurman, III K. Zachar FNS 1-6 GU

## FUEL TECHNICAL SERVICES

Sampling Performance Report

Sheet \_\_\_\_\_ of \_\_\_\_\_

RECEVED

	20 22:5:		
Supplier MARCO COAL	CORP F	roducer/Mine	DOTIKI MINE
Shipping point DorFHA	SCS		Shipment date 5-23-90 Estimated
Sample Number TIK-007	Sample Number TIK-007 P.O. Number C-89-0009264		
Washed 100 90 Raw	Size of Shipment	5851.38	Actual Loading Time   HR 50 min.
Calculated Primary Increments Collected 30	Primary Increment Required	36	Meets SpecificationsYesNo
Primary increment spacing (min.,	sec.) 3 min.	35 SEC.	Cutter speed (in/sec) 18
Secondary increment spacing (sec)		SEC	Cutter speed (in/sec) RoTARY
Tertiary increment spacing (sec)	MA		Cutter speed (in/sec) NA
Average number of secondary incre per primary increment	ements 4-5		
Estimated Total Weight of final sar	mple before riffling	(lbs) 85	LBS
Was final sample preparation proce			No Not Observed
Type of visit Controlled	Abbrevi		O ALL OF THE LODOING
EXCEPT BECT LARMAP A			
			AS LOADED SLIGHTLY
FASTLE THAN PREMOL			
INCREMENTS BEING			
			SUGGESTIO THAT
		-	NEVE GULF POLICE
	ALCTINE MICH		i de l'enterinance d'Annienne de la companye de la
	1.00		
FINAL SAMPLE PRIPARA	FION 15 LSC	ALLY PERI	Remois BETLIEISA 6:00 Am
Ano 2:00 Pm. THIS			
6:00 Am OUT DID M			
SAMPLE PROPARATION 1			
	7.	54	R-W. Jum
orm No. 9-2144			5-24-30

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	FUEL TECHNICAL SERVICES Weighing Performance Report Belt Scales	
SITE	CONDITIONS	ibeet _2_ of _2_
EXXXXEEXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	Belt condition Gravity take-up (Free movement, no material build-up) Preventive maintenance records checked Conveyor idlers lubricated Conveyor frames and stringers don't have excessive rust (All) No evidence of alignment change in scale area Rubber infeed skirts not binding conveyor belt Check links free of binds Weighbridge, gooseneck, belt, idlers, and pulleys free of coal build-up Positive air pressure on mechanical scale cabinet No apparent mercury spills in base of cabinet Pivots in place (Inside scale cabinet and weighbridge) Interior of scale cabinet free of air line oil Integrator drive belt in good condition Belt warm-up time; 30 minutes normal (45-60 minutes below 42 degrees F.) Zero drift (Should not exceed + or - one scale division) Belt tracking (Should be the same unloaded and loaded) Vibration Remote printer, totalizer, recorder, and flow indicator working and reset before Regulatory seales in place and not broken	each loading
MA	Electronic scales: Record span number (Should not change	e until tested)
	Record zero number (Sabud not change	e unui tested)
LOAD	DING	
X X X X X X X X X X X X X X X X X X X	Coal flow (50%-100% mechanical; 35%-100% electronic) Belt Tracking (Belt does not extend above wing rolls) Consistent depth of coal Coal spillage after weighing High and low alarms working (55%-100% mechanical; 40%-100% electronic) Master integrator start reading recorded before loading (By vendor)	
POST-	LOADING	
X X X	Master integrator stop reading recorded (By vendor) Integrator readings recorded on printer ticket and compared to printer total Loading bin empty Integrator stop reading 990023.82 Start reading 984172.44	Net 5851.38
		reading 5851.50
	Difference (should not exceed 6 scale d	
NO	Zero drift	in too minutes)
	(Totalizer indication shall not change more than + or - one scale division	In test mittings/
Comme	ents:	
N/A no	t applicable N/O not observed X observed and satisfactory *	Problem found see comments
	·	

Suit Power Company 50 Baytront Parkway 51st Office Box 1151 59nsacola, FL 32520-1151 59ephone 904 444-6111





he southern electric system

T

May 10, 1990

Mapco Coal, Inc. P.O. Box 21628 Tulsa, Oklahoma 74121-1628

Dear Sir:

The enclosed check for \$51,756.82 is for the settlement of calorific adjustment on weights of coal as invoiced and received under our P.O. C-89-009578 for Plant Scholz. This is for rail shipments for the month of April, 1990 at \$13.84 per ton freight rate.

Sincerely,

M. L. Gilchrist Manager, Fuel and Environmental Affairs

LAW:dr

Enclosure

cc: Southern Company Services Mr. Ken Jenkins Mr. John Hester Gulf Power Company Accounts Payable

Schol		ELECT	RIC	JENERAT	ING	PLANT
SPOT	COAL	PAYMENT	ADJ	USTMENT	FOR	м

VENDOR Webster County P.O. No. C89009578

SHIPMENT NOTICE DATE	SHIPMENT NUMBER	TONS SHIPPED	PAYMENTS
4-02-90	TIK 003	5,947.84 : 14.18	141,855,98
4-09-90	TIR004	5,960.54 ,795.43	142,158,88
4-16-90	TIKOOS	5,518.16 4,623.2	131,608.12
OTALS		17,426.54	415,622.98

\$/Ton 26.50 F.O.B. Mine 40.34 Total 13.84 Freight

MONTHLY WEIGHTED AVERAGE CALORIFIC ADJUSTMENT Btu/Lb		12602	Actual	- 1.008	
		12500	Guarantee	Ratio	-
40.34	х	1.008		40.66	
\$/Ton for Calorific	-	Ratio		Adjusted \$/Ton	
.32	х	17,426.54		5 576.49	
<pre>\$/Ton Difference Calorific vs Adjusted</pre>		Tons Received			
Retainage \$				46,180.33	
Penalty Cost			=	-	
( 17, 426, 54 Shipped Wes					
-0-	x	-			
Tons plus or minus Rec'd vs Shipped	-	\$/Ton F.O.B. Mine			
TOTAL DUE VEN	IDOR	= \$51,756.	82		
457	D6+ D6+	345-151-100 232-503 # 46	\$ 5,576.	49	I

McCoy & McCoy Laboratories, Inc.		
a subsidiary of McCoy & McCoy Inc.	Lexington, Ky.	Paducah, Ky
P. O. Box 907	608/233-7774	502/444-854
85 East Noel Avenue	Louisville, Ky.	Plkeville, Kr
Madisonville, Kentucky 42431	502/429-5777	606/432-310
Telephone 502/821-7375	Medinonville, Ky.	Evansville, I
10100010110 DU2/021-/3/5	502/821-7375	812/425-928

11612	ANALYSIS REPORT	
COLFER COMPLETING	COMPANY	
CONTRACTOR CONTRACTOR		12451:

FEFORT 10. PO040-004M

+ 111 Mar

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SHURI PROXIMATE ANALYSIS LATIFICATION: TIK-03 / WASHED GULF POWER TRAIN SECRIPTION : PRODUCER: DOTIKI MINE ANFLED BY: CLIENT WEATHER: N/A ATE: 4/02/90 SAMPLE TYPE: MECHANICAL ..... 7:21 7 PERCENT PERCENT PERCENT PERCENT PERCENT MOISTURE ASH BTU SULFUR VOLATILE FIXED CARBON . RECEIVED 6.86 8.31 12636 N/A 2.99 N/A CY TASIS N/A 8.92 13567 3.21 N/A ·N/A .17

A111 N/A 14896 N/A TN/A N/A -----..... CLARK C: LOCATION: DOTIKI MINE, THIS IS A GOVERNING SAMPLE. DESERVED AND MAILED BY BOB FRASIER

P.D. #D 08813

143177 1.1.1

Submitted by had Beumgulance 3

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	 - Sector Proper	
McCoy & McCoy Laboratories, inc.	Laxington, Ky.	Paducah, Ky
a subsidiary of McCoy & McCoy Inc.	608/233-7774	502/444-6547
P O. Box 907	Loulevillo, Ky.	Pilaville, Ky
85 East Noel Avenue	502/429-5777	608/432-3104
Madisonvile. Kentucky 42431	Madisonvillo, Ky.	Evensville, In
Telephone 502/821-7375	502/821-7375	812/425-9288

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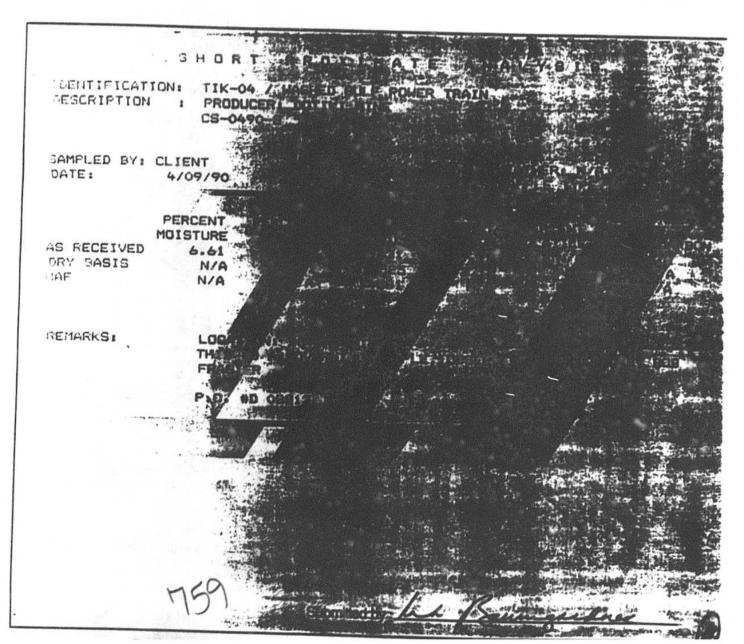
## ANALYSIS REPORT

ADDERED COUNTY COAL COMPANY ADDED COUNTY COAL COMPANY ADDITE CORRY BATES ADDITE COMPANY ADDITE COMPANY

411

#### DATE: 4/11/90

REPORT ND: 900411011M



Faped 5-10-90 ATTEN: SHARON MILLER McCoy & McCoy Laboratories, Inc. e autoidary of McCoy & McCoy Inc. P. O. Box 907 extington, Ky. 000/444.4647 ville, Ky. I. Ku. 85 Enet Noel Avenue Marilsonville, Kantucky 42431 BOB/409-5777 06/438-310/ sonville, Ky. Telephone 602/821-7378 802/821-7376 819/494 ANALYSIS REPORT WE030425 WEBSTER COUNTY COAL COMPANY 1 1.1 ATTN: JURRY BATES DATE 4/18/90 ROUTE 8 CLAY KY 42404 REPORT NO: 900418010M ۴. . . # # N ATT ALLAS . 4 A. 5. 80 SHOR 4 IDENTIFICATION: GULF POWER WASHED TRAIN TIK-08 DECCRIPTION PRODUCER: HEDGTER COUNTY COAL CORPORATION . CS-0490-14 SAMPLED BY: CLIENT WEATHER: N/A DATES 4/16/90 SAMPLE TYPE: MECHANICAL ATVA C PERCENT PERCI MOISTURE BTU BON AS RECEIVED 7.71 12535 61:3 DRY BASIS N/A 12562 .07 MAF N/A 14947 N/A LOCATION: DOTIKI REMARKS 100001 25.1 MUC Submitted b



McCoy & McCoy Laboratories, Inc. Lexington, Ky. Paducah, Ky. a subsidiary of McCoy & McCoy Inc. 608/233-7774 502/444-6547 P. O. Box 907 Pikeville, Ky. Louisville, Ky. 85 East Noel Avenue 502/429-5777 608/432-3104 Madisonville, Kentucky 42431 Madisonville, Ky. Evaneville, In. Telephone 502/821-7375 502/821-7375 812/425-9288

## **ANALYSIS REPORT**

WE038425 WEBSTER COUNTY COAL COMPANY ATTN: JERRY BATES ROUTE 2 CLAY KY 42404

DATE: 4/11/90

REPORT NO: 900411011M

The state of the second second HAPPER THE DATE AT LEFE A ..... SHORI ROXIM ATE ANALYS I 14.97 **IDENTIFICATION:** TIK-04 / WASHED GULF POWER TRAIN DESCRIPTION PRODUCER: DOTIKI MINE 2 - THE WALK SH - -----CS-0490 Sperit. SAMPLED BY: CLIENT WEATHER: 10. 11 N/A æ., DATE 4/09/90 PF n/a 151 4413 ERCENT 14.2.5 ËNT PERCEN RCENT DISTURE FUR BTU VOLATIL CARBON AS RECEIVED 5.61 TN/A DATH 2.91 DRY BASIS N/A 1352 3.12 N/A MAF N/A 1488 N/A N/A State .... REMARKS : LOCATION: DOTIKI MINE IS A BOVERNING SAMPLE. MAILED BY BOB OBSERVI IER #D 08813 THE REAL PROPERTY. and the dame. X 1.10 die, \*L?\* · + # # # # / 3-27-1 pmitted h idnes

THIS DOCUMENT HAS BEEN PRINTED ON TAMPERBROOF PARES FOR YOUR PROTECTION

AFA .	'70 07:04 SCHOLZ PL	ANT 904 444 1723			P.2 3
BY:DOTIKI	MINE 3 2	3-90 10153AH :	026d4	~185828421	1# 2
and the second	RAYBILL MUNIDER		ÓBIO(NA)		ท
Distriminion		-		BILL OF LADING	ii ii
BOYKIN, FLA		· A	HN:K	in	2
ROUTE		FROM STATIONNEINE		UNIT TRAIN MUMOR	Volume stifferent
DELIVER TO		DOTTKI MINE -	DOTIKI, KY	EHIPPERS HUMBER	VES 0000
GULF POWER - St	HOLZ PLAT	WEBSTER COUNTY	COAL CORPORATI	ON TRAIN OTIK-03	957B
FOR THE ACCOUNT OF:		SHIPPED ACCOUNT			
water and the second second second			the Alternative contents of	VSS AND MERA	10 60
GAR INITIALS	. JARAT	CAR INITIALS	TARE	SAR MITIALS	TABE
1 000	1	S CSXT - 81379		40 CO - 806187	1
2	12	18 SED - 341613		50 CRR - 56869	1
\$ 101704	1	7 LN - 550142		51 CO - 811650	
4 CO - 808643	2	B HELX - 10084		52 80 - 162475	1
5 SBD - 340746	2	9 CSXT - 827270	1	53 SBD - 344728	
6 CSXT - 819594	3	0 821038	1	54 80 - 184763	dig to an
7 822337	3	1 341546		BB CSXT - 347756	
8 825199	3	2 80 - 187257	1	86 809112	
9 80 - 163375	3	and a second state of the second s		87 815139	
10 CO - 809927	2			68 50 - 131836	
11 CSXT - 802321	. 3	s SBD - 346780		<b>S9</b> C0 - 191046	
12 802481	3	\$41853		60 CSXT - 803424	
13 80 - 161194	30	Statement of the statem	·	61	
14 CSXT - 346643	3		Statement of the local division of the local	62	
15 HELX - 18977	30	CO - 814558		63	
18 80 - 162316	40	192604	The second se	64	
17 CSXT - 801798	61	the second s	Contraction of the local division of the loc	65	
18 SEO - 341399	42	949191	and the second s	66	
18 CO - 157180	43	Constraints of the second s	Contraction of the local division of the loc	THE DESCEIPTION AND SH	NEW PERATE
20 CSXT - 829184	44	806262		B BUCHERT TO VERIFICAT	NOME BY THE
21 \$80 - 343960	46	CO - 160064		ALGORINA DEVENTION	THEP, BUIL
22 345617	40	WM - 83031:	1	70	
23 80 - 196574	67	80 - 184668	1	71	
24 186506	48	CSXT - 821536	Contractory of the local division of the loc	12	
SECTION 7: THE CARRI MARE DELIVERY OF T	PREIGHT AND		DING STARTED	50pm \$1000 410	Opm
WEBSTER COUNTY O	DAL CORPORATION TO	TAL NET WEIGHT	Statement of the second s		
P.O. BOX 645 TULSA, OK 74101-	0645	BABOITY CODE 1-213-00- OF BEINGLE COAL 8-213-10-METALUKSICAL	and the second of the second o	COAL 2 X O MASHED	ATEY INPUT
28 Amer	en upid iner	NUTIONN TRAIL	CSXT=C-50713	762	1 -

UBOS.		- 642 (- , 200-) - ↓ ● ● ● ● ● ● ● ●	SE .	42067+9185028421	
LIT HATION.	the second s	-	QRIGINAL	BILL OF LADING	
a and i shifts I short.					
BOY IN, FLA		L Atta	J: Kin	<b>)</b> .	
ROUTE		PROM STATIONAMINS	, ,	UNIT TRAIN NUMBER	VOLU
ANDIGTT		DOTIKI MENE -	DOTIKI, KY	LIT .	YES
GULF POWER - SCHOLZ	PLANT	WEBSTER COUNTY	COAL CORPORATE	ON TRAIN STIK-04	2 20 40
FOR THE ACCEUTIT OF.		SHIPPED ADCOUNT	nandifikiti amaadali jagaanaan	Older a challer	er X
				YES	
CAR INITIALS E NUMBER OF	TANE WEIGHT	CAR INITIALS B HUDBERS	TE1-**	CAP INITIALS	T
CSXT - 811295	2	5 CSXT - 804038		40 LN - 193692	1
4 00 - 192723	2	6 CO - 812803		50 CO - 158487	
3 80 - 161551	2	7 80 - 185377		51 CSXT - 810256	1
4 162333	2	CO - 183729		52 CO - 358438	1
5 HELX - 37026	2	CSXT - 809187		53 DRGM - 14856	1
s CO - 812182	3	808459	1	64 LN'- 193479	1
7 CSXT - 810529	3	CO - 161748		66 580 - 346744	+
8 00 - 198064	3			56 341776	-
9 358398	33	and the second se	1	57 CRR - 58631	
10 80 - 161792	84	and the second se	Statement in succession in which the succession of the	BO LN - 195764	
11 SBD - 344415	3	and the second			-
12 CSXT - 811505	31	and the second		80 CSXT - 346788	
15 814585	37	A REAL PROPERTY AND A REAL		61	
14 00 - 192267	1	Trace to another the		62	
15 580 - 340336	20	80 - 824609		63	
18 80 - 818028	1 40	the selection monthly government		64	
17 CRR - 58500 :	41	CSXT - 814474		Admentation and any other	Alter Arter
18 CSXT - 806772	42	the second s		SO CH THE BILL OF LADING	
18 CO - 159224	43	829107		SUBJECT YO VERIFIE	ATTON T
20 ( - 804298	44	LN - 550727		ACCONTINEAN VEIGNIA	ANCEMER
21 SBD - 341594	46	CRR - 58685		60	
22 34359P	40	CSXT - 801340		70	
23 CSXT - 814536	47	605832	and all the same of the same o	71	
24 309028	48	CO - #1.573		72	
BECTION 7: THE CARRIER I WARE DELIVERY OF THIS WITHOUT PAYMENT OF PR ALL OTHER LAWFUL CHAR WEBSTER COUNTY COAL 1	BHPMEHT EIGHT AND GES. DRPORATION	- 4-09-50 E UNIC	And Annual States		12am
P.O. 30X 545 TULSA, OK 1 01 5645	1		-0-50713	COAL 2 X O MASHED	Allar.

AT NIMITE	n en	P.2.2
(ing as ; =		:67→9155828421 :# 2
HINC NUMBER	ORIGINAL	BILL OF LADING
DESTWAT:CH		U
BOYKI FLA	Attw: Kim	
AOVIT	FROM STATION/MINE	UNIT TRAIN NUMBE
L & N DIRECT	DOTIKI MINE - DOTIKI, KY	VES [] HOD []
DELIVER TO	ACTUAL BRIPPER	TRAIN #TIK-05
GLE F POWER - SCHOLZ PLANT	MEBSTER COUNTY COAL CORPORATI	UN LOADED FULL
	OF (UNOKER):	Ves King Maraig 60
CAR INITIALS TARE & NUMBERS WEIGHT	CARE INTYPALS TARE WEIGHT	
1 LN - 500053	25 CSXT - 312050	49 LN - 184326
2 522263	26 00 - 142040	50 CO - 142094
3 CD - 139906	27 550 - 323200	61 142422
4 LN - 522597	28 CSXT - 310691	52 SBD - 350107
5 CSXT - 812079	29 SBD - 310702	53 341779
8 345404	30 311935	84 HM - 189785
7 00 - 157225	31 CO - 142191	85 SED - 341577
8 SBD - 309707	32 LN - 521892	56 LN - 193422
9 340699	33 PLE - 62223	67 WM - 830273
10 CSXT - 806302	54 580 - 323292	56 CSXT - 348938
11 LN - 185487	35 CRR - 56797	69 830626
12 CRR - 55615	36 CO - 158985	60 BO - 189013
13 580 - 522738	37 158885	61
14 HELX - 581 583	30 LN - 521864	62
18 580/53	30 522017	63
16 CSXT - 829875	40 .521604	64
17 00 - 189965	41 CSXT - 311450	65
18 80 - 185509	42 LN - 521672	THE BEDGHATION AND RESENT INCREATED
163269	48 520690	OP ON THIS BILL OF LAND AND THE ST THE
20 CSXT - 806121	44 \$80 -	AN ABUTHERN WEIGHING & INGP. BURG
1 025868	45 CSXT - 364477	HOLDRAM TO AMOUNT
2 LN - 521298	46 358347	10
3 522620	Construction of the Association	71 /
4 CO - 142796		72
ECTION 7: THE CARAIER SHALL NOT THE DELIVERY OF THIS SHIPMENT THOUT PAYMENT OF PREIGHT AND L OTHER LAWFUL CHARGES.	And the substitution of th	1:30am Andreo 1:25pm
EBSTER COUNTY COAL CORPORATION P.O. BOX 645	TOTAL NET WEIGHT - 50 CARS - 5	LONEST THRU RATENT
TULSA, OK 74101-0645	DECAL DETTINGTIONS TU CSXI-C-50713	DAL 2 Y D WASHED

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	SCHY " ELEC	TRIC GENERATING			
	CUAL	RECEIVING REPORT			
COAL VENDOR MAPCO C	OALS, INC.		DISTRIBUTION OF	COPIES:	
VESSEL NAME (SMITH C			ORIGINAL: ACC		
SAMPLE NO. (SCHOLZ O				FILE/VENDOR	
PURCHASE ORDER NO.	174 - St. 4			FILES	
DISTRIBUTION 151 - 1	0 53 .			SERVICES/SCS	
		Construction of the second		UEL ANALYST	
BARGE OR RAIL D	ATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)	-
SBD 343494 AP	RIL 4, 1990	261,480	62,100	199,380	-
C&O 191355	DITTO	252,000	59,900	192,100	-
CSXT 831934	DITTO	252,440	58,300	194,140	_
B&O 185241	DITTO	249,000	54,500	194,500	-
CSXT 811787	DITTO	258,420	57,500	200,920	
HELX 580811	DITTO	255,320	61,900	193,420	-
B&O 162405	DITTO	255,000		198,500	
SBD 349687	DITTO	266,040	62,900	203,140	-
L&N 193578	DITTO	265,600	61,000	204,600	-
_&N 193531	DITTO	262,180	64,500	197,680	_
_&N 193400	DITTO	265,000	61,600	203,400	_
&N 193737	DITTO	264,240	64,000	200,240	_
1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 - 1999 -				Man and a start of the start of the start of the	
A ANT THE SHORE					
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Ale in the second	44 48	and the second			
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			x x		
TAL LBS. IF IN LBS	· • •	3,108,720	724,700	2,382,020	
h h h			TOTAL TONS	1,191.01	
-00140		/ Prepared I	- 2	July 1	
	-A	Date:	4/5/90	•	-
AGE 1 OF 1	D.	C Approved E	y: Ad Parl	n.	1
	lle	Date:	4/5190		L

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\*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\*

	AS RECEIVED MAPCO FOR 4/ 4/89		
	SAMPLE NO 153 TONNAGE - 1191.01		
AIR DRY	MOISTURE DETERMINATION PAN WEIGHT965.9PAN & WET SAMPLE WEIGHT1965.9PAN & DRY SAMPLE WEIGHT1896.9AIR DRY MOISTURE WEIGHT69.0AIR DRY MOISTURE =69.0 / 1000 GRAMS =ISTURE DETERMINATION		s.
***	CRUCIBLE NO. 10 BALANCED WEIGHT18.3902NET WET SAMPLE WEIGHT3.0017CRUCIBLE & WET SAMPLE WEIGHT21.3919CRUCIBLE & DRY SAMPLE WEIGHT21.350060 MESH OVEN MOISTURE WEIGHT0.0419OVEN MOISTURE OF A SAMPLE = 0.0419GRAME (3.0 GRAME)	: 1.4	0 %
~ ~ ~ ~	TOTAL MOISTURE = (100 - 6.9 )/100 X 1.4 % + 6.9 % =	8 2	0 9
ASH DETI *** ***	SRMINATIONWEIGHT OF THE CRUCIBLE AND ASH18.6590CRUCIBLE NO. 10 BALANCED WEIGHT18.3902BALANCED WEIGHT OF RESIDUAL ASH0.2688DRY BASIS ASH =0.2688/ (3.0 - 0.0419 ) =AS RECEIVED ASH = 9.08 X (100.00 - 8.2 ) =	9.0	8 %
SULFUR I	ETERMINATION		
***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) = AS RECEIVED SULFUR = 3.07 X (100 - 6.9 )/100 =	3.0	7 % 6 %
BTU VALU ***	JE DETERMINATION GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) = AS RECEIVED BTU = 13261 V (100 00 - 6 0 )(100 -	2.8	6 % BTU/LE
BTU VALU	AS RECEIVED SULFUR = 3.07 X (100 - 6.9 )/100 = JE DETERMINATION GROSS BTU VALUE (AS INDICATED ON PRINTOUT BELOW) = AS RECEIVED BTU = 13261 X (100.00 - 6.9 )/100 = MOISTURE AND ASH FREE BTU HEAT VALUE = BY	2.8	6 % BTU/LE
BTU VALU	AS RECEIVED SULFUR = 3.07 X (100 - 6.9)/100 = JE DETERMINATION GROSS BTU VALUE (AS INDICATED ON PRINTOUT BELOW) = AS RECEIVED BTU = 13261 X (100.00 - 6.9)/100 = MOISTURE AND ASH FREE BTU HEAT VALUE = BY	2.8	6 % BTU/LE
BTU VALU *** *** PREPARED DAT	BY Market Wellen BY Market Wellen By Market Wellen By Market Wellen Button -	2.8	6 % BTU/LE
BTU VALU *** *** PREPARED DAT APPROVED - DISTRI ORIGINAL	AS RECEIVED SULFUR = 3.07 X (100 - 6.9)/100 = JE DETERMINATION GROSS BTU VALUE (AS INDICATED ON PRINTOUT BELOW) = AS RECEIVED BTU = 13261 X (100.00 - 6.9)/100 = MOISTURE AND ASH FREE BTU HEAT VALUE = BY	2.8	6 % BTU/LE
BTU VALU *** *** PREPARED DAT APPROVED - DISTRI ORIGINAL	AS RECEIVED SULFUR = 3.07 X (100 - 6.9)/100 = JE DETERMINATION GROSS BTU VALUE (AS INDICATED ON PRINTOUT BELOW) = AS RECEIVED BTU = 13261 X (100.00 - 6.9)/100 = MOISTURE AND ASH FREE BTU HEAT VALUE = BY	2.8	6 % BTU/LE

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### SCHULZ ELECTRIC GENERATIN LANT COAL RECEIVING REPORT

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COAL VENDOR MAPCO	COALS, INC.		DISTRIBUTION C	OF COPIES:
VESSEL NAME (SMITH	ONLY)	and the state of the	ORIGINAL: ACC	COUNTS PAYABLE
SAMPLE NO. (SCHOLZ	ONLY) MP 154		COPIES: LAN	B FILE/VENDOR
PURCHASE ORDER NO.			COA	AL FILES
DISTRIBUTION 151 -	10 53		FUI	EL SERVICES/SCS
			PS	FUEL ANALYST
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
C&O 192604	APRIL 5, 1990	254,780	59,700	195.080
C&O 814558	DITTO	252,640	57,100	195.540
L&N 193720	DITTO	263,340	63,000	200,340
CSXT 806262	DITTO	256,180	58,500	197,680
SBD 346757	DITTO	266,600	61,100	205,500
CSXT 810807	DITTO	252,560	58,000	194,560
B&O 184935	DITTO	257.080	57,600	199,480
CSXT 808329	DITTO	253,640	57.800	195,840
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TOTAL LBS. IF IN LBS		2,056,820	472.800	1,584,020
		TC	TAL TONS	792.01
3-00140		Frepared By	1: Juni Of	as
DACE 1 OF 1	71.7	Date:	4/6/90	1
PAGE 1 OF 1	1001	Approved By Date:	4/10/00	

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	*** COAL ANALYSIS CAL	CULATION REPORT ***	
	AS RECEIVED MAPCO	FOR 4/ 5/89	
	SAMPLE NO 154	TONNAGE - 792.01	
AIR DRY	MOISTURE DETERMINATION PAN WEIGHT		
		1017.7	
	PAN & WET SAMPLE WEIGHT PAN & DRY SAMPLE WEIGHT AIR DRY MOISTURE WEIGHT	2017.7 1970.3	
	AIR DRY MOISTURE WEIGHT	47.4	
***	AIR DRY MOISTURE = 47.4 / 10	000 GRAMS =	4.74 %
OVEN MOI	STURE DETERMINATION		
	CRUCIBLE NO. 31 BALANCED WEIGHT	18,2993	
	NET WET SAMPLE WEIGHT	2.9993	
	CRUCIBLE & WET SAMPLE WEIGHT	21.2986	
	CRUCIBLE NO. 31 BALANCED WEIGHT NET WET SAMPLE WEIGHT CRUCIBLE & WET SAMPLE WEIGHT CRUCIBLE & DRY SAMPLE WEIGHT 60 MESH OVEN MOISTURE WEIGHT OVEN MOISTURE OF A SAMPLE OF	21.2516	
			- 1 52 6
	TOTAL MOISTURE = (100 - 4.74 )/1	$00 Y 1 57 S \perp 474 S$	
***	WEIGHT OF THE CRUCIBLE AND ASH CRUCIBLE NO. 31 BALANCED WEIGHT BALANCED WEIGHT OF RESIDUAL ASH DRY BASIS ASH =0.2683 / (3. AS RECEIVED ASH = 9.09 X (100.0 ETERMINATION	(0 - 6.04/0) =	9.09 % 8.52 %
***	AS DETERMINED SULFUR(AS INDICATE AS RECEIVED SULFUR = 3.2 X (10	D ON PRINTOUT BELOW) = 00 - 4.74 )/100 =	3.20 % 3.05 %
***	GROSS BTU VALUE (AS INDICATED ON AS RECEIVED BTU = 13287 X (100 MOISTURE AND ASH FREE BTU HEAT V	PRINTOUT BELOW) =	13287 BTU/LI
PREPARED	BY am Good	Films, Kar v.	
APPROVED	Raymond Wolden	ುಕ್ತಾರೆ. ನಿನ್ನುಗಳು ವಿಶೇಷ ವಿಶೇಷ ಗಳು	
		· ···. 1D 101	
- DISTRI	BUTION -	544041E 10 10 104 54466 117 100014	
		ANN. TENP - 04.052	
COPY - P	- LAB FILES S. FUEL ANALYST	FILE TEN: 27.164	
COFI - P.	S. FUEL ANALYST	7Fi@ klSE 5.112 HCID (01) 41.1	
		-+CTB (C13 +1.1 -1470# (C23 +1.5	
FORM 300	176-A	FLS (3) 13	
		F WLUE 2407.7	

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# SCHOLZAELECEBECIGENEEAGING PLAT

COAL VENDOR MAI VESSEL NAME (SMI SAMPLE NO. (SCHO PURCHASE ORDER N DISTRIBUTION 151	TH ONLY) DLZ ONLY) MP 156 NO.		COAL	
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMFTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 825199	APRIL 6, 1990	254.700	58,100	196.600
SBD 344728	DITTO	264.600	63,100	201.500
C&O 809927	DITTO	256.700	57.100	199,600
B&O 163375	DITTO	254.220	55,000	199.220
CSXT 809112	DITTO	258.740	58,200	200.540
CSXT 347756	DITTO	263.000	63,900	199.100
B&O 184763	DITTO	253.100	55,500	197,600
B&O 162475	DITTO	253,840	54,500	199.340
C&O 811650	DITTO	256.760	57,300	199.460
CRR 56869	DITTO	262.520	61.200	201.320
C&O 806187	DITTO	257.440	58,400	199.040
CSXT 821536	DITTO	256.740	59,700	197.040
B&O 184668	DITTO	255,820	57,800	198,020
WM 830315	DITTO	256.000	57,900	198.100
C&O 160064	DITTO	254,180	56,800	197,380
CSXT 802321	DITTO	252.080	58,100	193,980
B&O 186506	DITTO	254.340	67,800	186.540
CSXT 346643	DITTO	269.820	63,900	205.920
B&O 161194	DITTO	254,060	58,000	196,060
CSXT 802481	DITTO	257,600	57.700	199,900

TOTAL LBS. IF, IN LBS5.146.2601.180.0003.966.2603-00140TOTAL TONS1.983.13PAGE 1 OF 1OF 1Approved By:4/9/90TGAL TONS4/9/904/9/90Date:4/9/90TGAL TONS4/9/90

		SCHOLZ ELECT	RIC GENE	RATING	PLANT			
		COAL ANALYSIS						
	As	RECEIVED MAP						
	SAMPLE NO	156	TON	NAGE -	1983.	13		
AIR DRY	MOISTURE DETER PAN WEIGHT PAN & WET SAMP PAN & DRY SAMP AIR DRY MOISTU	MINATION LE WEIGHT LE WEIGHT RE WEIGHT		1	1023.9 2023.9 1971.5 52.4			
	ALA DEL MOISIO	AL = 32.9	/ 1000	GRAMS	=		5.24	26
***	STURE DETERMIN CRUCIBLE NO. 1 NET WET SAMPLE CRUCIBLE & WET CRUCIBLE & DRY 60 MESH OVEN M OVEN MOISTURE TOTAL MOISTURE	0 BALANCED WE: WEIGHT SAMPLE WEIGHT SAMPLE WEIGHT OISTURE WEIGHT OF A SAMPLE = = (100 - 5.24	0.0305	GRAMS	/ 3.0	GRAMS :	= 1.0	02 % 1 %
ASH DETE *** ***	RMINATION WEIGHT OF THE CRUCIBLE NO. 1 BALANCED WEIGH DRY BASIS ASH AS RECEIVED ASI	CRUCIBLE AND A 0 BALANCED WEI T OF RESIDUAL =0.2809 H = 9.46 X (1	ASH IGHT ASH / (3.0 - 100.00 -	1 1 0.0305 6.21	8.6710 8.3901 0.2809 ) =	=	9.4	6 %
SULFUR D	ETERMINATION AS DETERMINED : AS RECEIVED SU	SULFUR(AS INDI LFUR = 3.07	CATED O	N PRINT	OUT BE	LOW) =	3.0	7 %
BTU VALU	E DETERMINATION GROSS BTU VALUN AS RECEIVED BT MOISTURE AND AS	N B(AS INDICATED U = 13272 X	ON PRI	TOUT B	ELOW)	= 0 =	13272	BTU/LI BTU/LI
PREPARED DAT		r			inc kërti-t			
APPROVED	Raymond u	Jelden		inte inte ID	1 1 1 1	inis Vž		
- DISTRI	BUTION -			TALE TALE TALE	10.001 17.001 EMP (5.0			
	- LAB FILES S. FUEL ANALYS	T	£	FTIME TO TRAP AT HOTO HOTO		é.		
		ν		i valiti Skins ne	1406ء 1111 - 1414 - 1414 - 1414 - 1414 - 1414 - 1414 - 1414 - 1414 - 1414 - 1414 - 1414 - 1414 - 1414 - 1414			

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#### COAL RECEIVING REPORT

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COAL VENDOR MAPCO	the second second by president the second		DISTRIBUTIO	N OF COPIES:
VESSEL NAME (SMITH	and the lot of the particular to the second of the		ORIGINAL:	ACCOUNTS PAYABLE
SAMPLE NO. (SCHOL	STREET, SALE PROFILE AND ADDRESS OF THE OWNER		COPIES:	LAB FILE/VENDOR
PURCHASE ORDER NO.				COAL FILES
DISTRIBUTION 151 -	- 10 53			FUEL SERVICES/SCS
				PS FUEL ANALYST
BARGE OR RAIL' CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIG (LBS)	HT NET WEIGHT (LBS)
C&O 191046	APRIL 7. 1990	260,920	62.700	198,220
CSXT 803424	DITTO	259,260	58,200	A REAL PROPERTY AND A REAL
B&O 198737	DITTO	272.680	57,800	a set of the second
B&O 163400	DITTO	255,960	56,000	
CSXT 807461	DITTO	260,460	57,900	and the second of the second second second second second
C&O 806072	DITTO	255.860	58,200	
HELX 581281	DITTO	259,960	59,200	
B&O 161836	DITTO	251,600	61.300	
CSXT 815139	DITTO	236.940	57.900	
SBD 341853	DITTO	261,980	60.800	and the second se
SBD 346780	DITTO	263,900	62,500	
B&O 187966	DITTO	252,480	58,000	
L&N 195394	DITTO	261,000	59.500	
B&O 187257	DITTO	254.260	57,400	
CSXT 341546	DITTO	263,260	63,800	
CSXT 821038	DITTO	256.100	57.400	198,700
CSXT 827270	DITTO	254.560	55.300	199,260
HELX 10084	DITTO	263.900	60,500	203.400
L&N 550142	DITTO	264.520	63,900	200.620
SBD 341613	DITTO	264.200	63.400	200,800
CSXT 813794	DITTO	251.380	57.800	193,580

t		
TOTAL LBS. IF IN LBS	5,425,180 1,249,500	4,175,680
3-00140	TOTAL TONS Prepared By:	2.087.84
PAGE 1 OF 1	Date: 4/9/ Approved By: 4/9/ Date:	4/90 J

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		COAL ANALYS			)RT ***		
		RECEIVED M	APCO FOR	4/ 7/89			
	SAMPLE NO	157	TON	NAGE - 2	087.84		
AIR DRY	MOISTURE DETER PAN WEIGHT PAN & WET SAMP PAN & DRY SAMP AIR DRY MOISTU AIR DRY MOISTU	MINATION LE WEIGHT LE WEIGHT RE WEIGHT		102 202 197	8.5	5.29	
***	CRUCIBLE NO. 1 NET WET SAMPLE CRUCIBLE & WET CRUCIBLE & DRY 60 MESH OVEN M OVEN MOISTURE TOTAL MOISTURE	1 BALANCED W WEIGHT SAMPLE WEIG SAMPLE WEIG OISTURE WEIG OF A SAMPLE = (100 - 5.	= 0.0337 29 )/100 3	GRAMS /	3.0 GRAMS	- 63	6 9.
*** ***	RMINATION WEIGHT OF THE CRUCIBLE NO. 1 BALANCED WEIGH DRY BASIS ASH AS RECEIVED ASI	CRUCIBLE AND 1 BALANCED W T OF RESIDUA =0.2733 H = 9.21 X	ASH EIGHT L ASH / (3.0 - (100.00 -	18. 18. 0.1 0.0337 6.35	4203 1470 2733 ) =		
SULFUR D	ETERMINATION AS DETERMINED : AS RECEIVED SU	SULFUR(AS IN	DICATED ON	PRINTOU	T BELOW) =	3.1	4 %
BTU VALU	E DETERMINATION GROSS BTU VALUE AS RECEIVED BTE MOISTURE AND AS	N S(AS INDICAT U = 13310	ED ON PRIN	TOUT BEL	DW) =	13310	BTU/L
PREPARED DAT APPROVED - DISTRI	BY Im 234 B 04-20-1990 <u>Raymond L</u> BUTION -			Filter /	64 10/50 0646 hits 101 157 1.0002 24.405		
	- LAB FILES .S. FUEL ANALYS 0176-A	Υ		TENP RISE HOTE (CL) ANUEUR (CL) FILSE (CL) FILSE (CL) FILSE (CL) FILSE (CL)	5.1134 41.1 40.5 13 1407.7		
					13310 5111.Lb		

### SCHOLZ ELECTRIC GENERATING PLANT COAL RECEIVING REPORT

COAL VENDOR MAPCO	COALS. INC.		DISTRIBUTI	ON OF COPIES:
VESSEL NAME (SMITH			ORIGINAL:	
SAMPLE NO. (SCHOLZ	Name of Concession, Name of Street or other other Design of the Owner, or the Owner, o			
PURCHASE ORDER NO.	CONTRACTOR OF THE OWNER		COPIES:	LAB FILE/VENDOR
DISTRIBUTION 151 -	and the later of the second			COAL FILES
STOLING OF THE ST	10 55			FUEL SERVICES/SCS
				PS FUEL ANALYST
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEI (LBS)	GHT NET WEIGHT (LBS)
CSXT 822337	APRIL 8, 1990	254.000	57,90	196.100
, CSXT 819594	DITTO	238.560	56.50	182.060
- B&O 161786	DITTO	247.120	58,90	188.220
B&O 161984	DITTO	219,040	57,20	161,840
SBD 340746	DITTO	260.220	64.30	and the second sec
<u>C&amp;O 808643</u>	DITTO	240.020	57,70	
SBD 347096	DITTO	265.240	62.60	
V CRR 58664	DITTO	254.360	64.00	190.360
, <u>C&amp;O 191711</u>	DITTO	268,240	59,90	208.340
		-		
TOTAL LBS. IF IN LBS		2.246.800	539.000	1,707,800
3-00140		Prepared B Date:	otal tons	853.9 Dave 190
PAGE 1 OF 1	773	Approved B Date:	y: Af	4/0/00

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\*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\*

	AS RECEIVED	D MAPCO FOR	4/ 8/89		
	SAMPLE NO 159	TO	NAGE - 853.9		
AIR DRY	MOISTURE DETERMINATION PAN WEIGHT PAN & WET SAMPLE WEIGHT PAN & DRY SAMPLE WEIGHT AIR DRY MOISTURE WEIGHT	r r	996.6 1996.6 1940.4		
***	AIR DRY MOISTURE =	56.2 / 1000	GRAMS =	5.63	2 %
***	STURE DETERMINATION CRUCIBLE NO. 20 BALANCE NET WET SAMPLE WEIGHT CRUCIBLE & WET SAMPLE W CRUCIBLE & DRY SAMPLE W 60 MESH OVEN MOISTURE W OVEN MOISTURE OF A SAMP	VEIGHT VEIGHT VEIGHT PLE = 0.0351	3.0001 22.2581 22.2230 0.0351 GRAMS / 3.0 GRAMS	= 1.1	17 %
	TOTAL MOISTURE = (100 -	5.62 )/100	X 1.17 % + 5.62 %	= 6.7	2 %
1 *** j *** j	WEIGHT OF THE CRUCIBLE CRUCIBLE NO. 20 BALANCE BALANCED WEIGHT OF RESI DRY BASIS ASH =0.2697 AS RECEIVED ASH = 9.10	/ (3.0 - X (100.00 -	0.0351 ) =	9.1 8.4	.0 % 9 %
SULFUR DI	STERMINATION AS DETERMINED SULFUR(AS AS. RECEIVED SULFUR = 3	THDICATED O	N BRINNOIM BRIOK	2 1	
BTU VALUI	DETERMINATION SROSS BTU VALUE(AS INDI AS RECEIVED BTU = 1332 HOISTURE AND ASH FREE B	CATED ON PRI	NTOUT BELOW) =	13323	BTU/L
PREPARED	" VN		Filine Fershi Thate 04/10/90		
APPROVED	Raymond Walden		TTHE 8727 HRS THE 101 101 SHUPLE 10- 159		
- DISTRIE	BUTION -		HAMPLE IT. 1.0000 MIT. TEMP: - 24.662		
	- LAB FILES S. FUEL ANALYST		FTNAL TEMP 27.979 TEMP RISE 3.1109 ACID (C1) 41.7 ADLEUR (C2) 40.8		
FORM 300	176-A		7715E (C3) 18 7 VALUE : 1407-7		
		/	ARINS HEAT 13323 MAITS STULLS		
	٢	174			1

### SCHOLZ ELECTRIC GENERATING PLANT COAL RECEIVING REPORT

CUAL VENDOR MAPC	O COALS, INC.		DISTRIBUTIO	N OF COPIES:
VESSEL NAME (SMIT				ACCOUNTS PAYABLE
	Z ONLY) MP 162			LAB FILE/VENDOR
PURCHASE ORDER NO	•			COAL FILES
DISTRIBUTION 151	- 10 53			FUEL SERVICES/SCS
* <sup>1</sup> 4 1				PS FUEL ANALYST
BARGE OR RAIL	5100 A 614 65		30	
CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIG (LBS)	HT NET WEIGHT (LBS)
B&O 185479	APRIL 9, 1990	255,660	56,200	0 199,460
C&O 806408	DITTO	257,280	58,000	0 199,280
CSXT 804587	DITTO	257,000	58,600	A REAL PROPERTY AND A REAL
CSXT 806858	DITTO	255,280	57,900	197,380
CSXT 346305	DITTO	262,960	62,800	the second se
	A REAL PROPERTY AND A REAL			
1997				
a figure				
4.15				
1996	anna an			
the second s				
		and the second	and the second	
	,			4
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	8			
OTAL LBS. IF IN LE	1	1,288,180	293,500	
		20	293.500 TOTAL TONS	) 994.680 497.34
	is Prepared By	20		
0TAL LBS. IF IN LB -00140		20		
	Prepared By	200 Dec		

Sec. 2 Martine .

	SEMENTING FLANT
*** COAL ANALYSIS CALC	CULATION REPORT ***
AS RECEIVED MAPCO	FOR 4/ 9/89
SAMPLE NO 162	TONNAGE - 497.34
AIR DRY MOISTURE DETERMINATION	***************************************
PAN WEIGHT PAN & WET SAMPLE WEIGHT PAN & DRY SAMPLE WEIGHT AIR DRY MOISTURE WEIGHT	996.3
PAN & WET SAMPLE WEIGHT	1996.3
AIR DRY MOISTURE WEIGHT	1923.4
*** AIR DRY MOISTURE = 72.9 / 10	72.9
	000 GRAMS = 7.29 %
OVEN MOISTURE DETERMINATION	
CRUCIBLE NO. 30 BALANCED WEIGHT NET WET SAMPLE WEIGHT CRUCIBLE & WET SAMPLE WEIGHT CRUCIBLE & DRY SAMPLE WEIGHT 60 MESH OVEN MOISTURE WEIGHT	17.5057
CRUCIBLE & WET SAMPLE WETCHT	3.0012
CRUCIBLE & DRY SAMPLE WEIGHT	20.4672
60 MESH OVEN MOISTURE WEIGHT	0.0397
*** TOTAL MOISTURE = (100 - 7.29 )/1	$00 \times 1.32 \times 7.29 \times - 0.51 \times$
ASH DETERMINATION	
WEIGHT OF THE CRUCIBLE AND ASH CRUCIBLE NO. 30 BALANCED WEIGHT BALANCED WEIGHT OF RESIDUAL ASH	17.7814
CRUCIBLE NO. 30 BALANCED WEIGHT	17.5057
*** DRY BASIS ASH =0.2757 / /3	0.2757
*** DRY BASIS ASH =0.2757 / (3. *** AS RECEIVED ASH = 9.31 X (100.0	0 = 8.51 $) = 9.31$ $%$
SULFUR DETERMINATION	
*** AS DETERMINED SULFUR(AS INDICATE) *** AS RECEIVED SULFUR = 3.07 X (1)	$D = 7.29 \ 1/100 = 2.95 $
*** AS RECEIVED SULFUR = 3.07 X (1)	
BTU VALUE DETERMINATION	
*** GROSS BTU VALUE (AS INDICATED ON ) *** AS RECEIVED BTU = 13199 X (100	00 - 7 20 1/100 - 10007 -
*** MOISTURE AND ASH FREE BTU HEAT VI	ALUE = $14749$ BTU/L
*** MOISTURE AND ASH FREE BTU HEAT VI	
PREPARED BY Jun Chang	Film For Th
DATE 04-20-1990	TINTE 04/10/90
APPROVED & A (1) (A	171/16 105/02 Mis
APPROVED Kaymond Wellen	. HL. ID 101
	omitle 10 102
- DISTRIBUTION -	
	FTIGE TEP - 18:037
ORIGINAL - LAB FILES COPY - P.S. FUEL ANALYST	TFINE RISE
ORIGINAL - LAB FILES COPY - P.S. FUEL ANALYST	HCID (U1) 41.7
COPY - P.S. FUEL ANALYST	HCID (U1) 41.7 SULFUR (U2) 59.9
FORM 300176-A	HCID (U1) 41.7
COPY - P.S. FUEL ANALYST	HARID (U1)* 41.7 HULFUR (U2)* 59.9 HUSE (U3)* 19* F VALUE (* 2407.7
COPY - P.S. FUEL ANALYST	HCID (U1)* 41.7 HULFUR (U2)* 55.5 HUSE (U3)* 19*

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COAL RECEIVING REPORT

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COAL VENDOR MAPCO VESSEL NAME (SMITH SAMPLE NO. (SCHOLZ PURCHASE ORDER NO. DISTRIBUTION 151 -	ONLY) <u>MP 165</u>		COPIES: LA CO FU	OF COPIES: COUNTS PAYABLE B FILE/VENDOR AL FILES EL SERVICES/SCS FUEL ANALYST
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 801798	APRIL 11, 1990	259,220	57,700	201,520
SBD 343960	DITTO	261,780	59,000	202,780
CSXT 829184	DITTO	253,440	56,600	196,840
<u>C&amp;C 157180</u>	DITTO	253,040	56,200	196,840
SBD 341399	DITTO	253,320	58,200	195,120
B&O 162316	DITTO	257,520	58,100	199,420
HELX 18977	DITTO	267,100	61,200	205,900
TOTAL LBS. IF IN LB	S	1,805,420	407,000	1,398,420
3-00140	Prepared By: Date:	Xum 60 4/16/90	TOTAL TONS	
PAGE 1 OF 1	Approved By: Date:	4/16/90		[7]

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\*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\*

	AS RECEIVI	ED MAPCO FOR	A/ 11/90	
	SAMPLE NO 165	TO	NNAGE - 699.21	
AIR DRY	MOISTURE DETERMINATION	4		
	PAN WEIGHT		978.8	
	PAN & WET SAMPLE WEIGH	fT	1978.8	
	PAN WEIGHT PAN & WET SAMPLE WEIGH PAN & DRY SAMPLE WEIGH AIR DRY MOISTURE WEIGH	fT m	1917.7	
***	AIR DRY MOISTURE =	61.1 / 1000	GRAMS =	6.11 %
				0.11 8
OVEN MO	ISTURE DETERMINATION	100 (D. 1 100 40 cms som		
	CRUCIBLE NO. 30 BALANC NET WET SAMPLE WEIGHT	ED WEIGHT	17.5062	
	NET WET SAMPLE WEIGHT CRUCIBLE & WET SAMPLE	WEIGHT	20.5063	
	CRUCIBLE & DRY SAMPLE	WEIGHT	20.4692	
	CRUCIBLE & DRY SAMPLE 60 MESH OVEN MOISTURE	WEIGHT	0.0371	
***	OVEN MOISTURE OF A SAM	IPLE = 0.0371	GRAMS / 3.0 GRAMS	= 1.24 %
	TOTAL MOISTURE = (100	- 6.11 )/100	X 1.24 % + 6.11 %	= 7.27 %
ASH DET	ERMINATION			
	WEIGHT OF THE CRUCIBLE CRUCIBLE NO. 30 BALANCE BALANCED WEIGHT OF RES	AND ASH	17.7694	
	CRUCIBLE NO. 30 BALANC	ED WEIGHT	17.5062	
***	DRY BASIS ASH =0 2632	LDUAL ASH	0.2632	0 00 %
***	DRY BASIS ASH =0.2632 AS RECEIVED ASH = 8.8	8 X (100.00 -	-7.27 ) =	8.23 %
	S DETERMINATION	C THOTOLOGO		
***	AS DETERMINED SULFUR (A AS RECEIVED SULFUR =	2.87 X (100	-6.11 )/100 =	2.87 %
	AS RECEIVED SULFUR =			
BTU VAL	JE DETERMINATION GROSS BTU VALUE(AS IND	TOLERO ON DOL		10000 00000
***	AS RECEIVED BTU = 133	37 X (100.00	(1007  BELOW) = (1007  BE	13337 BTU/1
***	MOISTURE AND ASH FREE	BTU HEAT VALU	E =	14821 BTU/1
	-///			
PREPARED	BY Sim Chus		FINAL REF OF	
DAT	TE 04-20-1990		147E 04/12/90	
APPROVED	Ruman & la Jala		TTAE OFEL HAS	
	Raymund Malaun		ing . ID 103	
			SHIFLE 10 165	
- DISTRI	BUTION -		ARTHE MT. 1.0009 11:11, TENP _4.995	
ORTCINAL	- LAB FILES		27. TEM 129.23.115	
COPY - P	.S. FUEL ANALYST		TF.SF \$155 3.12%	
			-CID (11) [41.7	
-		L	511,000 (12) - 57.0 27:52 (13) 18	
FORM 30	0176-A		7 VALUE : 1407-7	
			และเรื่อง ศษณ์ (1950) เป็นเป็ร (1951)	
		778	- 104 LO - 5107 LO	
	**	110		1
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SCHOLZ ELECTRIC GEN 'TING PLANT COAL RECEIVING REPORT

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COAL VENDOR MAN	CO COALS, INC.		DISTRIBUTION OF	COPIES:
VESSEL NAME (SMI	TH ONLY)		ORIGINAL: ACCO	UNTS PAYABLE
SAMPLE NO. (SCHO	DLZ ONLY) MP 167		COPIES: LAB	FILE/VENDOR
PURCHASE ORDER	NO.		COAL	. FILES
DISTRIBUTION 151	1 - 10 53		FUEI	. SERVICES/SCS
			PS I	UEL ANALYST
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 830877	APRIL 12, 1990	257,840	58,300	199,540
HELX 36995	DITTO	262,320	61,100	201,220
CSXT 812385	DITTO	255,380	58,200	197,180
CSXT 814011	DITTO	260,000	57,800	202,200
HELX 36910	DITTO	263,660	61,300	202,360
CSXT 809240	DITTO	254,840	58,000	196,840
CSXT 823371	DITTO	256,280	57,400	198,880
B&O 198574	DITTO	272,880	54,600	218,280
SBD 345617	DITTO	265,120	63,700	201,420
CSXT 813262	DITTO	257,460	57,600	199,860
C&O 358198	DITTO	288,000	64,700	223,300
B&O 186279	DITTO	256,760	57,300	199,460
HELX 580212	DITTO	257,760	60,000	197,760
B&O 162323	DITTO	254,760	57,300	197,460
CSXT 804263	DITTO	251,380	58,400	192,980
B&O 161088	DITTO	256,800	57,000	199,800
SBD 340723	DITTO	247,720	58,400	189,320
SBD 348983	DITTO	267,680	63,700	203,980
CSXT 811943	DITTO	258,360	57,800	200,560
TOTAL LBS. IF I	N LBS	4,945,000	1,122,600	3,822,400
3-00140	779 Prepared By Date:	: X	TOTAL TONS	1,911.2
PAGE 1 OF 1	Approved By	1: Vat Parker	- KJR	•
	Date:	4/17/90		-

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	Canadar Ing 1 man		
*** COAL ANALYSIS CAL	LCULATION REPORT ***		
AS RECEIVED MAPCO	FOR 4/ 12/89		
SAMPLE NO 167 AIR DRY MOISTURE DETERMINATION	TONNAGE - 1911.2		
SATE SATENTINE TON			
PAN & WET CAMPLE WETCHE	978.5		
PAN WEIGHT PAN & WET SAMPLE WEIGHT PAN & DRY SAMPLE WEIGHT AIR DRY MOISTURE WEIGHT *** AIR DRY MOISTURE = 61 4 ( )	1978.5		
AIR DRY MOISTURE WEIGHT	1917.1		
*** AIR DRY MOISTURE = 61.4 / 1	61.4	1	
	COO GRADES =	6.1	4 %
OVEN MOISTURE DETERMINATION CRUCIBLE NO. 31 BALANCED WEIGHT NET WET SAMPLE WEIGHT CRUCIBLE & WET SAMPLE WEIGHT CRUCIBLE & DRY SAMPLE WEIGHT 60 MESH OVEN MOISTURE WEIGHT *** OVEN MOISTURE OF & SAMPLE = 0.0	18.2985 3.0003 21.2988 21.2622		
*** OVEN MOISTURE OF A SAMPLE - 0.0	0.0366		
*** OVEN MOISTURE OF A SAMPLE = 0.0 *** TOTAL MOISTURE = (100 - 6.14 )/	100 V 1 22	1.2	22 %
ASH DETERMINATION	100 A 1.22 5 + 0.14 % =	7.2	29 %
WEIGHT OF THE CRUCIBLE AND ASH CRUCIBLE NO. 31 BALANCED WEIGHT BALANCED WEIGHT OF RESIDUAL ASH *** DRY BASIS ASH =0.2677	18.5662		
CRUCIBLE NO. 31 BALANCED WEIGHT	18.2985		
BALANCED WEIGHT OF RESIDUAL ASH	0.2677		
DRY BASIS ASH =0.2677 / (3	.0 - 0.0366 ) =	9.0	3 8
*** DRY BASIS ASH =0.2677 / (3 *** AS RECEIVED ASH = 9.03 X (100.0	00 - 7.29 ) =	8.3	7 %
SULFUR DETERMINATION			
TAX AS DEMEDIATION OFF THE CAR			
*** AS DETERMINED SULFUR (AS INDICATE *** AS RECEIVED SULFUR = 2 9 Y /1/	ED ON PRINTOUT BELOW) =	2.8	0 %
*** AS RECEIVED SULFUR (AS INDICATE BTU VALUE DETERMINATION	00 - 6.14 )/100 =	2.6	3 %
*** GROSS BOW WATURAS			
*** AS RECEIVED DET - 12207 W (AN	PRINTOUT BELOW) =	13287	BTU/LE
*** GROSS BTU VALUE(AS INDICATED ON *** AS RECEIVED BTU = 13287 X (100 *** MOISTURE AND ASH FREE BTU HEAT V	0.00 - 6.14 )/100 =	12471	BTU/LI
*** MOISTURE AND ASH FREE BTU HEAT V	ALUE =	14786	BTU/LE
PREPARED BY Sum Change	Filine REPORT		
DATE 04-20-1990			
APPROVED Remain 1 11 July	TIMTE 04.11. 50		
Turmend Walden	TINE 1813 HRS		
	Servicia ID 101		
- DISTRIBUTION -	AHOPLE HT 1.0002		
	INIT. TEP 124.7.2		
ORIGINAL - LAB FILES	FTIML TENP 27.537		
COPY - P.S. FUEL ANALYST	THE RISE 5.105		
	-10 (C1) 40,0		
	SHAFER COLD CO.4		
FORM 300176-A	Fine (637-13 FiveJE 11/2408.4		
	F VAUE 112408.4		
	ATTAS HEAT 20287		
M20	waits all 1.5		

### COAL RECEIVING REPORT

ALC: NO

VESSEL NAME (SMITH SAMPLE NO. (SCHOLZ PURCHASE ORDER NO.	We set the set of the		ORIGINAL: ACCO	OUNTS PAYABLE
	ONLY) MP 169			
PURCHASE ORDER NO.			COPIES: LAB	FILE/VENDOR
			COA	L FILES
DISTRIBUTION 151 -	10 53		FUE	L SERVICES/SCS
				FUEL AMALYST
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 827723	APRIL 13, 1990	250,260	56,300	192,960
/CSXT 804351	DITTO	251,680	58,500	193,180
C&O 157058	DITTO	254,920	56,400	198,520
CSXT 810668	DITTO	257,880	57,900	199,980
CSXT 811260	DITTO	257,920	57,500	200,420
, CSXT 808801	DITTO	258,720	58,300	200,420
-SBD 351005	DITTO	234,220	64,000	170,220
CSXT 345908	DITTO	263,260	63,200	200,060
C&O 157952	DITTO	254,020	56,000	198,020
CSXT 814274 .	DITTO	253,480	57,200	196,280
B&O 185642	DITTO	249,100	56,100	193,000
SED 340419	DITTO	266,240	59,600	206,640
B&O 185735	DITTO	213,040	57,500	155,540
CSXT 812498	DITTO	252,000	58,500	193,500
CSXT 801025	DITTO	252,640	58,000	194,640
L&N 552266	DITTO	266,320	63,900	202,420
HELX 36539	DITTO	266,540	63,000	203,540
WM 199967	DITTO	273,120	57,300	215,820
CSXT 825639	DITTO	258,580	56,500	202,080
· · · · · · · · · · · · · · · · · · ·				
TOTAL LES. IF IN LB	S	4,833,940	1,115,700	3,718,240
			TOTAL TONS	1,059.12
3-00140		Prepared	By: Juic	Reve
D. 05	Sec. 1	Date:	4/19/80	>
PAGE 1 OF 1	MQI	Approved Date:	By: patrich	

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\*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\*

		APCO FOR 4/ 13/89		
Sampi	LE NO 169	TONNAGE - 1859.12		
	and a menseries 7 7014			
PAN &	WET SAMPLE WETCHT	1028.5		
PAN &	DRY SAMPLE WEIGHT	2028.5		
AIR D	RY MOISTURE WEIGHT	1028.5 2028.5 1961.8 66.7		
*** AIR L	DRY MOISTURE = 66.	.7 / 1000 GRAMS =	6.6	7 %
CRUCI NET W CRUCI CRUCI 60 ME	BLE & WET SAMPLE WEIG BLE & DRY SAMPLE WEIG SH OVEN MOISTURE WEIG	EIGHT         19.2584           3.0001         3.0001           HT         22.2585           HT         22.2190           HT         0.0395           = 0.0395         GRAMS / 3.0         GRAMS	= 1.	32 %
		= 0.0395 GRAMS / 3.0 GRAMS 67 )/100 ¥ 1.32 % + 6.67 %		
ASH DETERMINA WEIGH CRUCI BALAN *** DRY BJ *** AS REC	TION F OF THE CRUCIBLE AND BLE NO. 20 BALANCED W CED WEIGHT OF RESIDUAL ASIS ASH =0.2732 CEIVED ASH = 9.23 ¥	ASH 19.5316 EIGHT 19.2584 L ASH 0.2732 / (3.0 - 0.0395 ) =	9.	23 %
		(100.00 - 7.9 ) =	8.5	50 %
*** AS DET	TERMINED SHIPTING TH	X (100 - 6.67 )/100 =		
*** GROSS	BTU VALUE (AS INDICATE	D ON PRINTOUT BELOW) =	13255	BTU/L
		K (100.00 - 6.67 )/100 = HEAT VALUE =	14798	BTU/L
PREPARED BY DATE 04-	23-1990	Film Action		
APPROVED Rain	would Wolden	04/16/30 TINE 1221 MAS TAL: 10 1.01		
- DISTRIBUTION	-	SANALE ID 169 SANALE AF. 1.0444		
ORIGINAL - LAB		1411. TEr# 25.450		
COPY - P.S. FUI	EL ANALYST	Trial TENP 03.55% TENP RISE 0.0977 HOLD (01) 40		
FORM 300176-A		-BLFUR (C2) - 56.4		
2010 3001/6-A		20156 (C32) 15 20 V-608 (10 )2405-4		
	J	175.54b (		
	MQ	→RUSS mEAT 1.125% 04113 - 370.118		
	10	6		

#### COAL RECEIVING REPORT

COAL VENDOR MAPC	O COALS, INC.		DISTRIBUTI	ON OF COPIES:
VESSEL NAME (SMIT	HONLY)		ORIGINAL:	ACCOUNTS PAYABLE
SAMPLE NO. (SCHOL	Z ONLY) MP 171		COPIES:	LAB FILE/VENDOR
PURCHASE ORDER NO				COAL FILES
DISTRIBUTION 151	- 10 53			FUEL SERVICES/003
				PS FUEL ANALYST
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEI (LBS)	
C3XT 811295	APRIL 14, 1990	256,380	58,0	00 198,380
CSXT 346788	DITTO	207,620	62,5	
C&O 191150	DITTO	261,840	59,3	and the second se
L&N 195764	DITTO	258,740	62,9	
CRR 58631	DITTO	257.780	61,8	the second s
SBD 341776	DITTO	266,630	62,9	the second s
SBD 346744	DITTO	267,920	61,5	
L&N 193479	DITTO	264,880	61,6	
CRGW 14856	DITTO	212,560	54,6	
C&O 353438	DITTO	281,660	61,80	
	· · · · · · · · · · · · · · · · · · ·			
OTAL LBS. IF IN LE	IS	2,530,060	606,90	0 1,929,160
			TOTAL TONS_	964.58
-00140		Prepared Date:		Row
AGE _ 1 _ OF _ 1	78:	Approved I Date.	(7)	au
	10-		1111	and the second data and the se

			SIS CALCULA		***		
		S RECEIVED	MAPCO FOR	4/ 14/89			
	SAMPLE NO	171	TON	NAGE - 964	.58		
nan om	PAN WEIGHT PAN & WET SAM PAN & DRY SAM AIR DRY MOTOR	PLE WEIGHT PLE WEIGHT		1017. 2017. 1959.	6 6 2		
	AIR DRY MOIST	URE = 5	8.4 / 1000	GRAMS =		5.8	4 %
***	CRUCIBLE NO. NET WET SAMPL CRUCIBLE & WE CRUCIBLE & WE 60 MESH OVEN I OVEN MOISTURE TOTAL MOISTURI	25 BALANCED E WEIGHT F SAMPLE WE: Y SAMPLE WE: HOISTURE WE: OF A SAMPLI E (100 - 1	6 84 1/100 s	GRAMS / 3.	GRAMS :		
ASH DETE	RMINATION WEIGHT OF THE CRUCIBLE NO. : BALANCED WEIGH DRY BASIS ASH AS RECEIVED AS	CRUCIBLE AN 25 BALANCED ET OF RESIDU =0.2749 EH = 9.30 X	ID ASH WEIGHT WAL ASH / (3.0 -	18.790 18.519 0.274 0.0456 ) 7.27 )	)2 53 19 	9.:	30 %
SULFUR D	ETERMINATION AS DETERMINED AS RECEIVED SU	SIIT. FTIP / AG T	NDT CAMPD ON				
***	E DETERMINATIO GROSS BTU VALU AS RECEIVED BT MOISTURE AND A	N E(AS INDICA	TED ON PRIN	FOUT BELOW)	=	13261	BTU/L
PREPARED	> 1. 61	9		Filme R	eriai )4: 16: 50		
APPROVED	Raymond U	Jaiken		THE	152 mil 101 171		
- DISTRIE	BUTION -			APLE UT.	15.150		
DRIGINAL COPY - P.	- LAB FILES S. FUEL ANALYS	IT	1	270m 120P 770P M 5월 국가대 (CL) 기대(CL) 711년 (CD)	5.19997 441 10.4		
FORM 300	176-A	MO	4	a Value a Rússi Heari	-+00.+		
		10	1				-6

#### COAL RECEIVING REPORT

VESSEL NAME (SMITH	COALS, INC.		DISTRIBUTION OF	COPIES:	
CAMOLE NO. ( DOLLES -	ONLY)		ORIGINAL: ACCO	COUNTS PAYABLE	
SAMPLE NO. (SCHOLZ ONLY) MP 172			COPIES: LAB	FILE/VENDOR	
PURCHASE ORDER NO.	and the second s		COAL	FILES	
DISTRIBUTION 151 -	10 53		FUEL	SERVICES/SCS	
(1953) 			PS F	UEL ANALYST	
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)	
C&O 192723	APRIL 15, 1990	257,280	59,400	197,000	
B&O 161551	DITTO	254,560	58,500	196,060	
B&O 162333	DITTO	251,860	59,400	192,460	
HELX 37026	DITTO	263,700	52,100	201,600	
C&O 812182	DITTO	256,740	56,900	199,840	
CSXT 810529	DITTO	264,480	58,900	205,580	
B&O 198064	DITTO	266,940	54,400	212,540	
C&O 358398	DITTO	274,680	62,100	212,580	
840 161792	DITTO	258,440	55,200	203,240	
SBD 344415	DITTO	268,140	60,700	207,440	
CSXT 811505	DITTO	260,080	57,900	202,180	
CSXT 814585	DITTO	263,380	58,500	204,880	
C&O 192247	DITTO	260,920	59,300	201,620	
SBD 340336	DITTO	269,640	60,400	209,240	
B&O 818029	DITTO	277,330	55,800	222,080	
CRR 58500	DITTO	265,160	62,900	202,260	
CSXT 806772	DITTO	259,640	55,700	203,940	
C&O 159224	DITTO	253,720	55,800	197,920	
SED 341594	DITTO	265,040	59,700	205,340	
CSXT 804298	DITTO	223,600	57,700	165,900	

PAGE 1 OF 1

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Approved By: ++++

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	*** C	OAL ANALYSIS	CALCULATIO	N REPORT **	**		
	AS	RECEIVED MAPCO		15/89			
	SAMPLE NO 1	72	TONNAG	E - 2022.29			
AIR DRY	MOISTURE DETERM			tin tin all all an an an an an an an a			
	PAN WEIGHT Pan & Wet Sampli			1004.4			
	PAN & WET SAMPLI PAN & DRY SAMPLI	B WEIGHT		2004.4			
	AIR DRY MOISTUR	WEIGHT		1952.8			
***	AIR DRY MOISTUR	E = 51.6 /	1000 GRA	48 =		5.16	5 %
OVEN MO	ISTURE DETERMINAT	TION					
	CRUCIBLE NO. 26 NET WET SAMPLE W CRUCIBLE & WET S CRUCIBLE & DRY S 60 MESH OVEN MOI	BALANCED WEIG	HT	17.7563			
	NET WET SAMPLE W	EIGHT		3.0003			
	CRUCIBLE & DRV S	SAMPLE WEIGHT		20.7566			
	60 MESH OVEN MOI	STURE WEIGHT		0.0421			
	OAFM WOTSLOKE OF	A SAMPLE = O	.0421 GR/	MS / 3.0 GRA	MS =	1.4	0 %
	TOTAL MOISTURE =	(100 - 5.16	)/100 X 1.	4 % + 5.16	% =	6.4	9 %
ASH DET.	ERMINATION WEIGHT OF THE CR CRUCIBLE NO. 26 BALANCED WEIGHT DRY BASIS ASH =0 AS RECEIVED ASH	UCIBLE AND AS BALANCED WEIG OF RESIDUAL A .2698 / = 9.12 X (10)	H HT SH (3.0 - 0.0	18.0261 17.7563 0.2698 421 ) =		9.1	2 %
	DETERMINATION						
***	AS DETERMINED SU	LFUR (AS INDIC	ATED ON PR	INTOUT BELOW	) =	2.8	0 %
	AS RECEIVED SULF	UR = 2.8 X	(100 - 5.1	.6 )/100 =		2.6	6 %
BTU VAL	JE DETERMINATION						
	GROSS BTU VALUE ( AS RECEIVED BTU MOISTURE AND ASH	= 13773 ¥ /	100 00 - 5	16 1/100 -	1	.2588	BTU/LI BTU/LI BTU/LI
PREPAREI				Filine het of ?			
DAT	TE 04=23-1990			LATE 34/16/30			
	//			THE . 1307 HE			
APPROVEL	Kaymend Walk	m		AL. 15 157			
	V			mirite 10 17			
- DISTRI	BUTION -						
OBTOTUT		1. A.		The TEP 18.146			
	- LAB FILES .S. FUEL ANALYST			The RISE 1.1044			
	mmulor			HATTER ALEST AN ALEFUR ALEST SHIA			
BODU OF	0126 .	2		115E (13) 13			
FORM 30	0176-A			- MUE - ADA.T			
				SRONS HEAT 1 10073			
		MCM		- dallS 5-10.12			
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#### COAL RECEIVING REPORT

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OF COPIES:	DISTRIBUTION OF		CO COALS, INC.	COAL VENDOR MAPC
	ORIGINAL: ACCO			VESSEL NAME (SMIT
AB FILE/VENDOR			And the second	SAMPLE NO. (SCHOL
OAL FILES				PURCHASE ORDER NO
UEL SERVICES/SCS			- 10 53	DISTRIBUTION 151
S FUEL ANALYST				
				04005 05 04T
T NET WEIGHT (LBS)	EMPTY WEIGHT (LBS)	FULL WEIGHT (LBS)	DATE SCALED OR WEIGHED	BARGE OR RAIL CAR NUMBER
202,740	58,000	260,740	APRIL 16, 1990	CSXT 809028
190,720	57,700	256,420	DITTO	CSXT 804038
201,100	58,200	259,300	DITTO	C&O 812803
199.340	57,600	256,940	DITTO	B&C 185377
198,880	57,500	256,380	DITTO	C&O 183729
195,420	58,600	254,020	DITTO	CSXT 809187
202,020	58,100	260,120	DITTO	CSXT 808459
201,360	57,900	259,260	DITTO	B&O 161748
208,720	59,400	268,120	DITTO	SBD 340567
204,380	57,400	261,780	DITTO	CSXT 314474
192,620	58,200	250,820	DITTO	C&O 183540
203,520	57,800	261,320	DITTO	CSXT 803223
201,560	58,300	259,860	DITTO	CSXT 803540
201,800	57,600	259,400	DITTO	C&O 157283
204,280	64,100	268,380	OITTO	CED 349220
205,360	62,300	267,660	DITTO	HELX 18969
198,980	61,000	259,980	DITTO	HELX 581026
199,580	57,100	256,680	DITTO	3&0 824609
201,100	57,900	259,000	DITTO	CSXT 814636
204,080	59,400	263,480	DITTO	ED 343598
4,025,560	1,174,100	5,199,660	LBS	OTAL LBS. IF IN L
2,012.78	TOTAL TONS			
fas	By: Jun Ope	Frepared		-00140
90	4/14/90	Date:		
	By: Africa	Approved	TSL	PAGE 1 OF 1

1.11.11.11.1

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	*** COAL ANALYSIS	CALCULATION REPORT ***	
	AS RECEIVED MAP	CO FOR 4/ 16/89	
	SAMPLE NO 173	TONNAGE - 2012.78	
AIR DRY	MOISTURE DETERMINATION PAN WEIGHT PAN & WET SAMPLE WEIGHT PAN & DRY SAMPLE WEIGHT AIR DRY MOISTURE WEIGHT	996.6 1996.6 1933.9 62.7	
***	AIR DRY MOISTURE = 62.7	/ 1000 GRAMS =	6.27 %
***	STURE DETERMINATION CRUCIBLE NO. 30 BALANCED WE NET WET SAMPLE WEIGHT CRUCIBLE & WET SAMPLE WEIGH CRUCIBLE & DRY SAMPLE WEIGH 60 MESH OVEN MOISTURE WEIGH OVEN MOISTURE OF A SAMPLE = TOTAL MOISTURE = (100 - 6.2)	0.0328 GRAMS / 3.0 GRAMS 7 )/100 X 1.09 & + 6.27 &	= 7 20 %
ASH DETE *** ***	RMINATION WEIGHT OF THE CRUCIBLE AND A CRUCIBLE NO. 30 BALANCED WE BALANCED WEIGHT OF RESIDUAL DRY BASIS ASH =0.2726 AS RECEIVED ASH = 9.19 X (2000)	ASH 17.7787 IGHT 17.5061 ASH 0.2726 /(3.0 - 0.0328) = 100.00 - 7.29) =	9.19 % 8 52 %
SULFUR D	ETERMINATION AS DETERMINED SULFUR(AS IND) AS RECEIVED SULFUR = 2.87	ICATED ON PRINTOUT BELOW) =	2.87 %
BTU VALU	E DETERMINATION GROSS BTU VALUE(AS INDICATEN AS RECEIVED BTU = 13263 X MOISTURE AND ASH FREE BTU HE	O ON PRINTOUT BELOW) =	13263 BTU/LI
PREPARED	BY Simi Joss	Film REPORT	
APPROVED	Laymond Wolden	764775 644717,93 7768 8853 665 -41,10 102 -9761E 10 173	
- DISTRI	BUTION -		
ORIGINAL COPY - P.	- LAB FILES .S. FUEL ANALYST	- 1940 TEMP 1 03,005 TEMP RISE 3,1033 016 (01) 38.5 016 (02) 07.0	
FORM 300	0176-A	F1056	
	785	19143 HEAT 19263 19113 1910-12	5

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### COAL RECEIVING REPORT

COAL VENDOR MAPCO	COALS, INC.		DISTRIBUTION OF	F COPIES:	
VESSEL NAME (SMITH ONLY)			ORIGINAL: ACCO		
SAMPLE NO. (SCHOLZ	ONLY) MP 174	and compared with the second		LAB FILE/VENDOR	
PURCHASE ORDER NO.					
DISTRIBUTION 151 -	10 53			SERVICES/SCS	
				UEL ANALYST	
BARGE OR RAIL	DATE SCALED	FULL WEIGHT	EMPTY WEIGHT	NET WEIGHT	
CAR NUMBER	OR WEIGHED	(LBS)	(LES)	(LBC)	
CSXT 801340	APRIL 17, 1990	257,680	57,600	200,080	
L&N 550727	DITTO	264,700	63,200	201,500	
CSXT 829107	DITTO	256,780	59,100	197,680	
CSXT 806357	DITTO	254,700	57,600	197,100	
CRR 58685	DITTO	266,600	63,800	202,800	
CSXT 805832	DITTO	252,860	58,100	194,760	
OTAL LBS. IF IN LBS		1,553,320	359,400	1,193,920	
			TOTAL TONS	596.96	
-00140		Prepared E		bes	
AGE 1 OF 1	789	Date: Approved E Date:	4/19/90 4/19/90		
			//		

	TTHO FILMI		
*** COAL ANALYSIS CALCULATI	ON REPORT ***		
AS RECEIVED MAPCO FOR 4			
SAMPLE NO 174 TONNAG	GE - 596.96		
PAN WEIGHT	1024.9		
PAN & WET SAMPLE WEIGHT PAN & DRY SAMPLE WEIGHT	2024.9		
PAN & DRY SAMPLE WEIGHT AIR DRY MOISTURE WEIGHT	1969.3		
AIR DRY MOISTURE = 55.6 / 1000 GRA		5.56	5 %
OVEN MOISTURE DETERMINATION		0.00	
CRUCIBLE NO. 1 BALANCED WEIGHT NET WET SAMPLE WEIGHT CRUCIBLE & WET SAMPLE WEIGHT CRUCIBLE & DRY SAMPLE WEIGHT 60 MESH OVEN MOISTURE WEIGHT *** OVEN MOISTURE OF & SAMPLE - 0.0440	19 7490		
NET WET SAMPLE WEIGHT	3.0005		
CRUCIBLE & WET SAMPLE WEIGHT	21.7485		
60 MESH OVEN MOISTURE WEIGHT	21.7036		
*** OVEN MOISTURE OF A SAMPLE = 0.0449 GR	AMS / 3 0 CDAMS	- 16	0.0
ASH DETERMINATION			
WEIGHT OF THE CRUCIBLE AND ASH CRUCIBLE NO. 1 BALANCED WEIGHT BALANCED WEIGHT OF RESIDUAL ASH DRY BASIS ASH TO 2641	19.0121		
CRUCIBLE NO. 1 BALANCED WEIGHT	18.7480		
*** DRY BASIS ASH =0.2641 (12.0 - 0	0.2641		
*** DRY BASIS ASH =0.2641 / (3.0 - 0. *** AS RECEIVED ASH = 8.94 X (100.00 - 6	.98 ) =	8.9	4 %
SULFUR DETERMINATION			
*** AS DETERMINED SHIP FID ( AS THD TO MET ON T			
BTU VALUE DETERMINATION			
*** GROSS BTU VALUE/AS INDICASED ON DETERM	M DRIOU		
*** AS RECEIVED BTU = 13206 X (100.00 - 1)	5.56 )/100 =	13206	BTU/LB
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	//100 =	14723	BTU/LE
	**********		
PREPARED BY Sum And	rime hervei		
DATE 04-23-1990/	unte du Schil		
APPROVED Raymond Walden	710E 1427 HAS Call 10 107		
1	CHIPLE ID 174		
- DISTRIBUTION -			
	TTINE TENP 25.018		
ORIGINAL - LAB FILES	TFIP RISE 5.1031		
COPY - P.S. FUEL ANALYST	ACID ((1) 39.4		
	34.FUR (12), 36.2 34.55 (13) 13		
FORM 300176-A			
¥			
	HILLS HEAT 11200		
	- 14(13) - 3114 12		

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#### COAL RECEIVING REPORT

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	ONLY) ONLY) MP 175	FULL WEIGHT (LBS)		CON OF COPIES: ACCOUNTS PAYABLE LAB FILE/VENDOR COAL FILES FUEL SERVICES/SCS PS FUEL ANALYST GHT NET WEIGHT (LBS)
CSXT 810256	APPTI 19 1000	054 000		
C&O 158487	APRIL 18, 1990 DITTO	251,000	57,6	
_&N 193692	DITTO	261,060	57,9	
C&O 811573	DITTO	258,640	63,3 57,3	
	1			
OTAL LBS. IF IN LBS		1,037,060	236,10	0 800,960
			TOTAL TONS	400.48
-00140		Prepared Date:	_ /-	Pose
AGE 1. OF 1.	791	Approved E Date:	34: 24/10/92	trike

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	Contracting Finds	
	LCULATION REPORT ***	
NO RECEIVED MAPCO	FOR 4/ 18/89	
SAMPLE NO 175 AIR DRY MOISTURE DETERMINATION	TONNAGE - 400.48	
PAN WEIGHT	996.6	
AIR DRY MOISTURE WEIGHT	1939.1	
57.57	1000 GRAMS =	5.75 %
OVEN MOISTURE DETERMINATION CRUCIBLE NO. 31 BALANCED WEIGHT NET WET SAMPLE WEIGHT CRUCIBLE & WET SAMPLE WEIGHT CRUCIBLE & DRY SAMPLE WEIGHT 60 MESH OVEN MOISTURE WEIGHT *** OVEN MOISTURE OF A SAMPLE = 0.00	18.2988 3.0005 21.2993 21.2514 0.0479	
*** OVEN MOISTURE OF A SAMPLE = 0.0 *** TOTAL MOISTURE = (100 - 5.75 )/	479 GRAMS / 3.0 GRAMS :	1 60 %
	100 X 1.6 % + 5.75 % =	7.26 %
WEIGHT OF THE CRUCIBLE AND ASH CRUCIBLE NO. 31 BALANCED WEIGHT BALANCED WEIGHT OF RESIDUAL ASH DRY BASIS ASH =0.2666 / (3 *** AS RECEIVED ASH = 9.03 V (100)	18.5654 18.2988 0.2666 .0 - 0.0479 } =	9.03 %
SULFUR DETERMINATION		
*** AS DETERMINED SULFUR (AS INDICATI *** AS RECEIVED SULFUR = 2.87 X () BTU VALUE DETERMINATION	ED ON PRINTOUT BELOW) = 100 - 5.75 )/100 =	2.87 %
BTU VALUE DETERMINATION *** GROSS BTU VALUE(AS INDICATED ON *** AS RECEIVED BTU = 13282 X (100 *** MOISTURE AND ASH FREE BTU HEAT V	PRINTOUT BELOW) =	13282 BTU/LE
DATE 04-23-1990	FINAL REPLAT	
APPROVED Raymond Wolden	THATE 04/20/57 TIME 1216 HAS CHL, 10 - 107	
- DISTRIBUTION -	HAMPLE 10 175 HAMPLE 11, 1.0007	
ORIGINAL - LAB FILES	1411. TEMP	
COPY - P.S. FUEL ANALYST	7 THAL TEAP: 128.132 TEAP RISE - 3.1078 HCID (01) 40	
FORM 300176-1	ATTLER (12) - 37.3 77158 (13) 18 774088 2406.7	
792	HARDING HEAT 11202 WITS MILLIN	. *

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### COAL RECEIVING REPORT

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COAL VENDOR MAPC VESSEL NAME (SMIT SAMPLE NO. (SCHOL PURCHASE ORDER NO DISTRIBUTION 151 BARGE OR RAIL CAR NUMBER	H ONLY) Z ONLY) <u>MP 176</u>		COPIES: LAB COAL	DUNTS PAYABLE FILE/VENDOR L FILES
PURCHASE ORDER NO DISTRIBUTION 151 BARGE OR RAIL			COPIES: LAB COAL	FILE/VENDOR
PURCHASE ORDER NO DISTRIBUTION 151 BARGE OR RAIL			COAL	
BARGE OR RAIL	- 10 53			
		and the second se	FUET	SERVICES/SCS
				UEL ANALYST
	D.1			ODL ANALISI
and the same of th	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
B&O 189013	APRIL 21, 1990	194.820	58,700	136,120
L&N 184326	DITTO	224,620	48,500	176,120
SBD 325593	DITTO	229,160	50,300	178,860
L&N 522263	DITTO	216,000	52,600	163,400
C&O 142094	DITTO	226,940	52,800	174,140
CSXT 346404	DITTO	264,500	64,000	200.500
CSXT 812079	DITTO	251,460	58,600	192,860
L&N 522697	DITTO	211,540	54,100	157,440
C&O 139906	DITTO	221,760	54,800	166,960
1&n 500053	DITTO	236,560	51,100	185,460
CSXT 830626	DITTO	258,860	56,700	202,160
CSXT 348938	DITTO	265,540	63,000	202,540
WM 830273	DITTO	255.000	57,300	197,700
L&N 193422	DITTO	255.760	59,700	196,060
WM 189785	DITTO	256,880	58,500	198.380
SBD 341577	DITTO	267,320	61,100	206,220
C&O 142422	DITTO	218.080	52,900	165.180
SBD 350107	DITTO	262.800	64,500	198,300
SBD 341779	DITTO	260,380	61,700	198,680
COTAL LBS. IF IN LB	S	4,577,980	1,080,900	3,497,080
8-00140		Prepared 1 Date:	By: Um 20	1.748.54
	.0.0			1

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*** COAL ANALYSIS CALCULATION REPORT ***
AS RECEIVED MAPCO FOR 4/ 21/90
SAMPLE NO 176 TONNAGE - 1748.54
NTO ODV VATORING DEBERVIEWSON
AIR DRY HOISTORE DETERMINATION PAN WEIGHT 1004.3 PAN & WET SAMPLE WEIGHT 2004.3 PAN & DRY SAMPLE WEIGHT 1954.4 AIR DRY MOISTURE WEIGHT 49.9
PAN & WET SAMPLE WEIGHT 2004.3
PAN & DRY SAMPLE WEIGHT 1954.4
*** AIR DRY MOISTURE = 49.9 / 1000 GRAMS = 4.99 %
OVEN MOISTURE DETERMINATION
NET WET SAMPLE WEIGHT 3,0001
CRUCIBLE NO. 15 BALANCED WEIGHT17.3199NET WET SAMPLE WEIGHT3.0001CRUCIBLE & WET SAMPLE WEIGHT20.3200CRUCIBLE & DRY SAMPLE WEIGHT20.276560 MESH OVEN MOISTURE WEIGHT0.0435
CRUCIBLE & DRY SAMPLE WEIGHT 20.2765
*** OVEN MOISTURE OF A SAMPLE = 0.0435 GRAMS / 3.0 GRAMS = 1.45 %
*** TOTAL MOISTURE = (100 - 4.99 )/100 X 1.45 % + 4.99 % = 6.37 %
ASH DETERMINATION
WEIGHT OF THE CRUCIBLE AND ASH 17.5933 CRUCIBLE NO. 15 BALANCED WEIGHT 17.3199
BALANCED WEIGHT OF RESIDUAL ASH 0.2734
*** DRY BASIS ASH =0.2734 / (3.0 - 0.0435 ) = 9.25 % *** AS RECEIVED ASH = 9.25 X (100.00 - 6.37 ) = 8.66 %
SULFUR DETERMINATION *** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) = 2.94 %
*** AS RECEIVED SULFUR = 2.94 X (100 - 4.99 )/100 = 2.79 %
BTU VALUE DETERMINATION *** GROSS BTU VALUE (AS INDICATED CN PRINTOUT BELOW) = 13227 BTU/L
*** GROSS BTU VALUE(AS INDICATED CN PRINTOUT BELOW) = 13227 BTU/L *** AS RECEIVED BTU = 13227 X (100.00 - 4.99 )/100 = 12567 BTU/L
*** MOISTURE AND ASH FREE BTU HEAT VALUE = 14790 BTU/L
DATE 04=30-1990
11 June 1 P. 1997 6 197 20
APPROVED Reinmand Walden Tive 1105 mil
The ID 176
- DISTRIBUTION
ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

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-1.15 (1) 40 SEAR (2) 312 MAR (3) 18 MAR (3) 18 MAR (3) 18 FILS HENT ..... atts STALE

## SELECTAL GENERATING PLANT COAL RECEIVING REPORT

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COAL VENDOR MAPC	U COALS, INC.			
VESSEL NAME (SMIT	H ONLY)			ION OF COPIES:
SAMPLE NO. (SCHOL:	ONLY) MP 177		ORIGINAL:	ACCOUNTS PAYABLE
PURCHASE ORDER NO.			COPIES:	LAB FILE/VENDOR
DISTRIBUTION 151 -	10 53			COAL FILES
				FUEL SERVICES/SCS
BARGE OR RAIL				PS FUEL ANALYST
CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIG (LBS)	
040 137223	APRIL 22, 1990	259.020		
SBD 340699	DITTO	269,420	58,70	200,320
SBD 309707	DITTO		59.600	0 209,820
	19.2	217,880	51.100	166,780
L LBS. IF IN LBS		746.320		
			169.400 L TONS7	576.920
L LBS. IF IN LBS		the second s	the second se	<u>576.920</u> 288.46
L LBS. IF IN LBS	MQ 5	TOTA	the second se	

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Suma Buscial	C GENERATING PLANT	
*** COAL ANALYSIS C	ALCULATION REPORT ***	
AS RECEIVED MAPCO	FOR 4/ 22/90	
SAMPLE NO 177	TONNAGE - 288.46	
PAN WEIGHT PAN & WET SAMPLE WEIGHT PAN & DRY SAMPLE WEIGHT AIR DRY MOISTURE WEIGHT *** AIR DRY MOISTURE = 53.8 / OVEN MOISTURE DETERMINATION CRUCIBLE NO. 31 BALANCED WEIGHT	1017.8 2017.8 1964.0 53.8 1000 GRAMS =	5.38 %
CRUCIBLE & WET SAMPLE WEIGHT CRUCIBLE & DRY SAMPLE WEIGHT 60 MESH OVEN MOISTURE WEIGHT *** OVEN MOISTURE OF A SAMPLE = 0.	3.0012 21.3005 21.2551 0.0454 0454 GRAMS / 3.0 GRAMS	
ASH DETERMINATION WEIGHT OF THE CRUCIBLE AND ASH CRUCIBLE NO. 31 BALANCED WEIGHT BALANCED WEIGHT OF RESIDUAL ASH *** DRY BASIS ASH =0.2743 / (3 *** AS RECEIVED ASH = 9.28 X (100. SULFUR DETERMINATION	18.5736 T 18.2993 H 0.2743	
SULFUR DETERMINATION *** AS DETERMINED SULFUR(AS INDICAT *** AS RECEIVED SULFUR = 3 X (100 BTU VALUE DETERMINATION		
BTU VALUE DETERMINATION *** GROSS BTU VALUE(AS INDICATED ON *** AS RECEIVED BTU = 13209 X (10 *** MOISTURE AND ASH FREE BTU HEAT	PRINTOUT BELOW) = 00.00 - 5.38 )/100 =	13209 BTU/LE 12498 BTU/LE
DATE 04-30-1990	FILM FEFURT	
APPROVED Raymond Welken	1477 04/24/90 TINE 1404 HRS CHU, ID 102	
- DISTRIBUTION -	Sample 10 177 Sample 11, 1,0003	
ORIGINAL - LAB FILES COPY - P.S. FUEL ANALYST	(NIT, YENP 24.714 7 (mail TENP 27.305 7700 RISE 3.8911 math (C1) 41.7 Sulfur (C2) 39	
FORM 300176-A	2015E (C31 18 27 VALUE - 2406.7	
796	analis ment 19209 analis Silate	(7)

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COAL RECEIVING REPORT

COAL VENDOR MAP VESSEL NAME (SMT SAMPLE NO. (SCHO PURCHASE ORDER NO DISTRIBUTION 151	TH ONLY) LZ ONLY) MP 178 D.		COPIES: LAB COA FUE	OF COPIES: COUNTS PAYABLE FILE/VENDOR L FILES L SERVICES/SCS FUEL ANALYST
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 806302	APRIL 23. 1990	252,000	58,200	193,800
LEN 185487	DITTO	235,340	49,500	185.840
- <u>C&amp;O 142191</u>	DITTO	235,340	50,900	184,440
V L&N 521892	DITTO	217,480	50,800	166,680
v PLE 62223	DITTO	225.180	53,200	171,980
SBD 323292	DITTO	234,900	50,000	184,900
V CRR 55797	DITTO	221,440	51,500	169,940
C&O 158985	DITTO	259,100	56,100	203,000
C&O 158889	DITTO	259,500	56.900	202,600
L&N 521864	DITTO	217,800	50.400	167,400
L&N 522017	DITTO	218,040	51,600	166,440
L&N 521604	DITTO	220,040	51,100	168,940
CSXT 311450	DITTO	219,240	52,200	167,040
L&N 521572	DITTO	220,300	52,500	167.800
L&N 520690	DITTO	216,340	53,600	162,740
SBD 347275	DITTO	268,720	61,400	207,320
CSXT 350477	DITTO	269,960	63,400	206,560
WM 189595	DITTO	260,260	57,500	202,760
CSXT 358347	DITTO	275,480	61,300	214,180
TOTAL LES. IF IN LE	S	4,526,460	1,032,100	3,494,360
3-00140			OTAL TONS	1,747.18
1		Prepared B		
PAGE 1 OF 1		Date:	423(97)	·
	MAI	Approved By	" fat faile	t
	. 17	Date:	4/24 (90	

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*** COAL ANALYSIS (	CALCULATION REPORT ***	
AS RECEIVED MAPCO	FOR 4/ 23/90	
SAMPLE NO 178 AIR DRY MOISTURE DETERMINATION	TONNAGE - 1747 19	
PAN WEIGHT PAN & WET SAMPLE WEIGHT PAN & DRY SAMPLE WEIGHT AIR DRY MOISTURE WEIGHT *** AIR DRY MOISTURE = 56.7 /	976.3	
PAN & DRY SAMPLE WEIGHT	1976.3	
AIR DRY MOISTURE WEIGHT	1919.6	
50.77	1000 GRAMS =	5.67 %
OVEN MOTSTTIPE DEPERDATION		
CRUCIBLE NO. 22 BALANCED WEIGH NET WET SAMPLE WEIGHT CRUCIBLE & WET SAMPLE WEIGHT CRUCIBLE & DRY SAMPLE WEIGHT 60 MESH OVEN MOISTURE WEIGHT *** OVEN MOISTURE OF A SAMPLE = 0	HT 17.5184	
CRUCIBLE & WET SAMPLE WEIGHT	3.0002	
CRUCIBLE & DRY SAMPLE WEIGHT	20.4751	
*** OVEN MOISTURE OF A SAMPLE = 0. *** TOTAL MOISTURE = (100 - 5.67)	0.0435	
*** TOTAL MOISTURE = (100 - 5.67 ) ASH DETERMINATION	/100 X 1.45 % + 5.67 %	= 1.45 % = 7.04 %
WEIGHT OF THE CRUCIBLE AND ASH CRUCIBLE NO. 22 BALANCED WEIGH BALANCED WEIGHT OF RESIDUAL AS *** DRY BASIS ASH =0.2745 / ( *** AS RECEIVED ASH = 0.20 % (100	17.7929 TT 17.5184 H 0.2745 3.0 - 0.0435 ) =	9.28 %
SULFUR DETERMINATION		
*** AS DETERMINED SULFUR (AS INDICA *** AS RECEIVED SULFUR = 2.8 X ( BTU VALUE DETERMINATION	TED ON PRINTOUT BELOW) = 100 - 5.67 )/100 =	2.80 %
BTU VALUE DETERMINATION		2.04 3
THE GROSS BUT UNTITE (S.C. THE STATE	N PRINTOUT BELOW) =	13236 BMILIT
*** MOISTURE AND ASH FREE BTU HEAT	00.00 - 5.67 )/100 = VALUE =	12485 BTU/LI 14805 BTU/LI
PREPARED BY Zim Date 04-30-1990	FINAL REPORT	
APPROVED Raymond Walken	THATE 04/25/50 TIME 1005 HRS CAL. ID 102	
- DISTRIBUTION -	HAMPLE ID 178	
ORIGINAL - LAB FILES	1417. TEMP 24.333 77164 TEMP 27.329	
COPY - P.S. FUEL ANALYST	771440 TENP 27.929 TENP RISE 5.0942 40.10 (CL) 40.6	
FORM 300176-A	SILFUR (02) 56.4	
	77456 (L3) 18 7 VHLUE (1496.7	
•	-Riss HEAT 13235	
m98	HALLS STATE	1000
110		117

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#### JOHULE ELECTRIC GENERALING FLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO	COALS, INC.		DISTRIBUT	ON OF CODIES	
VESSEL NAME (SMITH ONLY)			DISTRIBUTION OF COPIES:		
SAMPLE NO. (SCHOLZ	and a standard sector that the sector standard sector sect		ORIGINAL:		
PURCHASE ORDER NO.			COPIES:	LAB FILE/VENDOR	
DISTRIBUTION 151 -	10 53			COAL FILES	
				FUEL SERVICES/SCS	
				PS FUEL ANALYST	
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEI (LBS)	GHT NET WEIGHT (LBS)	
SBD 322738	APRIL 24, 1990	233,580	50,10	183,480	
CRR 55615	DITTO	257.770	52,00	Contraction of the second s	
HELX 581383	DITTO	265,960	58,30		
C&O 189965	DITTO	253,620	57,80		
CSXT 829875	DITTO	249,580	57.20		
HELX 580753	DITTO	261,920	61,10		
OTAL LBS. IF IN LBS		1,522,430	336,500 TOTAL TONS	592.965	
-00140		Prepared Date:	24-	Rose 90	
AGE 1 OF 1	1799	Approved 1 Date:	By: - for 1	- Raing	

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	*** COAL ANALYSIS CALCULA	TION REPORT ***		
	AS RECEIVED MAPCO FOR			
	SAMPLE NO 179 TON	INAGE - 592.965		
AIR DRY	MOISTURE DETERMINATION PAN WEIGHT PAN & WET SAMPLE WEIGHT PAN & DRY SAMPLE WEIGHT AIR DRY MOISTURE WEIGHT	1024.2 2024.2 1945.3 78.9		
***	AIR DRY MOISTURE = 78.9 / 1000	GRAMS =	7.89	e,
***	CRUCIBLE NO. 11 BALANCED WEIGHT NET WET SAMPLE WEIGHT CRUCIBLE & WET SAMPLE WEIGHT CRUCIBLE & DRY SAMPLE WEIGHT 60 MESH OVEN MOISTURE WEIGHT OVEN MOISTURE OF A SAMPLE = 0.0492 TOTAL MOISTURE = (100 - 7.89 )/100	3.0004 21.1472 21.0980 0.0492 GRAMS / 3.0 GRAMS X 1.64 % + 7.89 %	= 9.40	2
ASH DETI	ERMINATION WEIGHT OF THE CRUCIBLE AND ASH CRUCIBLE NO. 11 BALANCED WEIGHT BALANCED WEIGHT OF RESIDUAL ASH DRY BASIS ASH =0.2737 / (3.0 - AS RECEIVED ASH = 9.27 X (100.00 -	18.4205 18.1468 0.2737	9.27	<b>4</b> 0
***	DETERMINATION AS DETERMINED SULFUR(AS INDICATED O AS RECEIVED SULFUR = 2.8 X (100 -	N PRINTOUT BELOW) =	2.80	****
BTU VALU *** ***	JE DETERMINATION GROSS BTU VALUE(AS INDICATED ON PRI AS RECEIVED BTU = 13242 X (100.00 MOISTURE AND ASH FREE BTU HEAT VALU	NTOUT BELOW) = - 7.89 )/100 =	13242 B 12197 B	TU/LI TU/LI
PREPAREI DAT APPROVEI	BY 2 2000 TE 05-01-1990	Film, FEF, FT UmfE 04-22 Unit 1342 min Unit 10 007 Unit 10 007		
- DISTRI	BUTION -	HARRING WILL Mille A.M.S.		
	- LAB FILES .S. FUEL ANALYST	12:00 76:00 11:00 17:00 81:55 11:00 11:10 11:00 10:00 12:00 10:00 12:00 10:00 13:00 10:00 10:00		
2011 30	500	ಸರ್ವತಿ ಡಾಕ್ಸ್ ಸ್ಥಾನ ಸಂಗತಿ ಸಂಗ್ರಾ	Ч	ζ

#### SUBULE ELECTATE GENERALING FLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO VESSEL NAME (SMITH SAMPLE NO. (SCHOLZ PURCHASE ORDER NO. DISTRIBUTION 151 - BARGE OR RAIL CAR NUMBER	ONLY) ONLY) MP 180	FULL WEIGHT (LBS)	ORIGINAL: COPIES: EMPTY WEI	
		(100)	(LBS)	(LBS)
CSXT 825868	APRIL 25, 1990	257,920	56,30	201,620
CSXT 806121	DITTO	262,180	58,30	203,880
B&O 163289	DITTO	255,840	58.60	197,240
B&O 185509	DITTO	254.040	58,30	195,740
TAL LBS. IF IN LBS 00140 GE 1 OF 1		Prepared 1 Date:	4/30/	399.24
	501	Approved E	9/ 30/20	- Kanney

### \*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\*

	AS RECEIVED MAPCO	FOR 4/ 25/90	
	SAMPLE NO 180	TONNAGE - 309.24	
AIR DRY	MOISTURE DETERMINATION		
	DAN UPTOUR	975.9	
	PAN & WET SAMPLE WEIGHT	1975.9	
	PAN & WET SAMPLE WEIGHT PAN & DRY SAMPLE WEIGHT AIR DRY MOISTURE WEIGHT	1921.8	
***	AIR DRY MOISTURE = 54.1 /	54.1 1000 GRAMS =	5.41 %
	ISTURE DETERMINATION		
	CRUCIBLE NO. 15 BALANCED WETC	HT 17 3193	
	NET WET SAMPLE WEIGHT	3,0005	
	CRUCIBLE & WET SAMPLE WEIGHT	20.3198	
	CRUCIBLE & DRY SAMPLE WEIGHT	20.2889	
***	NET WET SAMPLE WEIGHT CRUCIBLE & WET SAMPLE WEIGHT CRUCIBLE & DRY SAMPLE WEIGHT 60 MESH OVEN MOISTURE WEIGHT	0.0309	
***	OVEN MOISTURE OF A SAMPLE = 0 TOTAL MOISTURE = (100 - 5.41	0300 (05540 / 5 0 05540	= 1.03 %
Construction of the construction of the second s		//100 X 1.03 % + 5.41 %	= 6.38 %
ASH DET	ERMINATION		
	WEIGHT OF THE CRUCIBLE AND ASS CRUCIBLE NO. 15 BALANCED WEIG BALANCED WEIGHT OF RESIDUAL AS	H 17.5822	
	CRUCIBLE NO. 15 BALANCED WEIG	HT 17.3193	
***	DRY BASIS ASH =0.2629	SH 0.2629	0.05.4
***	DRY BASIS ASH =0.2629 / AS RECEIVED ASH = 8.85 X (100	(3.0 - 6.38) =	8.85 %
SOLFOR I	AS DETERMINED SULFUR (AS INDIC)		
***	AS RECEIVED SULFUR = 2.87 X	(100 - 5.41)/100 =	2.87 %
	AS RECEIVED SULFUR = 2.87 X		6./1 3
***	JE DETERMINATION GROSS BTIL VALUE (AS INDICASES)		
	GROSS BTU VALUE (AS INDICATED O AS RECEIVED BTU = 13332 X (1)		
***	MOISTURE AND ASH FREE BTU HEAT	VALUE =	14779 BTU/LB
	1		
PREPARED		FINAL REPORT	
DAT	TE 05-01-1990		
APPROVED	la 1121	THATE 04/27/341	
AFFROVED	Kaymand Walden	TINE 1145 HRS	
		Cal. ID 1977 Canade ID 1977	
- DISTRI	BUTION -	CHARLE LT. 1. DUNI	
		INIT. TEPP 25.100	
COPY - P	- LAB FILES .S. FUEL ANALYST	TIN TEP 3.22	
COLI - L	.S. FOLL ANALIST	77502 RTSE 3.117 HCTD - (21) - 53.9	
		LILEAR (C2) ST.5	
FORM 30	0176-A	770SE (C3) 13	
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	And the second se	arus neal	
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COAL RECEIVING REPORT

COAL VENDOR MAPCO	COALS, INC.		DISTRIBUTI	ON OF COPIES:
VESSEL NAME (SMITH	the second s	54	ORIGINAL:	
SAMPLE NO. (SCHOLZ	And a state of the second		COPIES:	ACCOUNTS PAYABLE
PURCHASE ORDER NO.			COPIES:	LAB FILE/VENDOR
DISTRIBUTION 151 -	And the second			COAL FILES
	20 00			FUEL SERVICES/SCS
				PS FUEL ANALYST
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEI (LBS)	GHT NET WEIGHT (LBS)
C&O 142040	APRIL 26, 1990	220,800	53,50	167,300
C&O 142796	DITTO	222.420	52,10	170,320
L&N 522620	DITTO	215,700	53,20	162,500
CSXT 312050	DITTO	208,880	53.80	A REAL PROPERTY OF THE OWNER OF T
L&N 521298	DITTO	218,000	54,10	the second se
		10		
			· · · · · · · · · · · · · · · · · · ·	
	in the second se			
OTAL LBS. IF IN LBS	1	1,085,800	066 704	
	100		266.700 TOTAL TONS,	
-00140		Prepared 1	-	62.4
				Idu
		Dote		
AGE 1 OF 1	10	Date:	4/30 AV: PA	2
AGE 1 OF 1	803	Approved I Date:	~ ~ ~	pinnen

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### \*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\*

	AS RECEIVED	MAPCO FOR 4,	/ 26/90		
S	AMPLE NO 181	TONNAC	GE - 409.55		
AIR DRY M	OISTURE DETERMINATION				
P	AN WEIGHT		1028.9		
P	AN & WET SAMPLE WEIGHT		2028.9		
P	AN WEIGHT AN & WET SAMPLE WEIGHT AN & DRY SAMPLE WEIGHT IR DRY MOISTURE WEIGHT		1977.3		
A	IR DRY MOISTURE WEIGHT		51.6		
*** A	IR DRY MOISTURE = 5	1.6 / 1000 GRJ	UMS =	5.10	5%
OVEN MOIS	TURE DETERMINATION				
C	RUCIBLE NO. 18 BALANCED	WEIGHT	17.6601		
N	ET WET SAMPLE WEIGHT		3.0003		
C	RUCIBLE NO. 18 BALANCED ET WET SAMPLE WEIGHT RUCIBLE & WET SAMPLE WE RUCIBLE & DRY SAMPLE WE 0 MESH OVEN MOISTURE WE	IGHT	20.6664		
	RUCIBLE & DRY SAMPLE WE	IGHT	20.6213		
*** 0	VEN MOTOWING OF A CAMPA	IGHT	0.0391		
*** 7	VEN MOISTURE OF A SAMPLE DTAL MOISTURE = (100 - 1	E = 0.0391  GR	LAMS / 3.0 GRAMS =	: 1.3	30 %
	THE HOLSTORE = (100 - ;	5.16 )/100 X 1	.3 % + 5.16 % =	6.3	39 % 
ASH DETER	AINATION				
W	SIGHT OF THE CRUCIBLE AN RUCIBLE NO. 18 BALANCED	ND ASH	17.9329		
C	RUCIBLE NO. 18 BALANCED	WEIGHT	17.6601		
134	ALANCED WEIGHT OF RESIDE	IAL ASH	0.2728		
*** 3	RY BASIS ASH =0.2728 S RECEIVED ASH = 9.21 1	/ (3.0 - 0.	0391 ) =	9.2	21 %
		L (100.00 - 6	.39) =	8.6	2 %
	<b>TERMINATION</b>				
*** A	B DETERMINED SULFUR (AS )	INDICATED ON P	RINTOUT BELOW) =	2.9	4 %
ARA A	S RECEIVED SULFUR = 2.9	94 X (100 - 5	.16 )/100 =	2.7	19 %
BTU VALUE	DETERMINATION COSS BTU VALUE(AS INDICA RECEIVED BTU = 13272 DISTURE AND ASH FREE BTU	TED ON PRINTO	UT BELOW) = 5.16 1/100 = 1000000000000000000000000000000	13272	BTU/L
PREPARED E	14 2 Pros		FILL REF AT		
	Raymond Walden		inter in Line als		
APPROVED _	Raymond Walden		1716 1233 him		
	/		1. 10 1 Lee		
- DISTRIBU	WTON -		Let Let		
DISIKID	TION -		HINE HI. LOOM		
ORIGINAL -	LAB FILES	•	The Tell States		
	. FUEL ANALYST		THE RISE LUIS		
			-atta (11) (21)		
		1	Aller ( Las - Som		
FORM 3001	76-A	./	1150 Wash 20		
÷		Y	Section Street		
A 2	10	1)	Stand Half 1 1		

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### COAL RECEIVING REPORT

COAL VENDOR MAPCO VESSEL NAME (SMITH SAMPLE NO. (SCHOLZ PURCHASE ORDER NO. DISTRIBUTION 151 -	ONLY) ONLY) MP 182			ON OF COPIES: ACCOUNTS PAYABLE LAB FILE/VENDOR COAL FILES FUEL SERVICES/SCS
	6			PS FUEL ANALYST
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEI (LBS)	
SBD 323200	APRIL 27, 1990	232,920	51.3	00 181.620
SBD 310702	DITTO	206,960	52,90	
SBD 311935	DITTO	217,960	53,80	
CSXT 310691	DITTO	216 ,360	52,80	
TOTAL LBS. IF IN LBS	5	874,200	210,80	663,400
3-00140		Prepared 1	By:	331.7 0/90

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\*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\*

	AS RECEIVED MAPCO		
	SAMPLE NO 182 MOISTURE DETERMINATION	TONNAGE - 331.7	
AIR DRY			
	PAN WEIGHT	1017.9	
	PAN & WET SAMPLE WEIGHT	2017.9	
	PAN & DRY SAMPLE WEIGHT AIR DRY MOISTURE WEIGHT AIR DRY MOISTURE WEIGHT	1951.3	
***	AIR DRY MOISTURE = 66.6 /	66.6	
OVEN MO	ISTURE DETERMINATION CRUCIBLE NO. 20 BALANCED WEIGHT NET WET SAMPLE WEIGHT CRUCIBLE & WET SAMPLE WEIGHT CRUCIBLE & DRY SAMPLE WEIGHT 60 MESH OURN WOOTGOT	T 19.2583 3.0000 22.2583 22.2100	6.66 %
***	OVEN MOISTURE OF A SAMPLE = 0.( TOTAL MOISTURE = (100 - 6.66 )/	0483 GRAMS / 3.0 GRAMS	= 1.61 %
	SRMINATION	100 X 1.61 % + 6.66 %	= 8.16 %
***	WEIGHT OF THE CRUCIBLE AND ASH CRUCIBLE NO. 20 BALANCED WEIGHT BALANCED WEIGHT OF RESIDUAL ASH DRY BASIS ASH =0.2795 / (3 AS RECEIVED ASH = 9.47 X (100.	.0 - 0.0483 ) =	9.47 %
CIIII PIIID D			8.70 %
SULFUR D	STERMINATION		
SULFUR D	DETERMINATION AS DETERMINED SULFUR(AS INDICAT AS RECEIVED SULFUR = 2.8 X (1 DE DETERMINATION GROSS BTU VALUE (AS INDICATED ON AS RECEIVED DETERMINATION	ED ON PRINTOUT BELOW) = 00 - 6.66 )/100 = PRINTOUT BELOW) =	2.80 % 2.61 %
SULFUR D *** BTU VALU *** ***	DETERMINATION AS DETERMINED SULFUR(AS INDICAT AS RECEIVED SULFUR = 2.8 X (1 VE DETERMINATION GROSS BTU VALUE(AS INDICATED ON AS RECEIVED BTU = 13173 X (10 MOISTURE AND ASH FREE BTU HEAT (1)	ED ON PRINTOUT BELOW) = 00 - 6.66 )/100 = PRINTOUT BELOW) =	2.80 % 2.61 %
SULFUR D	DETERMINATION AS DETERMINED SULFUR(AS INDICAT AS RECEIVED SULFUR = 2.8 X (1 DE DETERMINATION GROSS BTU VALUE (AS INDICATED ON AS RECEIVED DETERMINATION	ED ON PRINTOUT BELOW) = 00 - 6.66 )/100 = PRINTOUT BELOW) =	2.80 % 2.61 %
SULFUR D	BY	ED ON PRINTOUT BELOW) = 00 - 6.66 )/100 = PRINTOUT BELOW) = 0.00 - 6.66 )/100 = VALUE = FINAL REFOR7 IMTE 04/30/90 TIME 1155 HRS	2.80 % 2.61 %
SULFUR D *** BTU VALU *** *** PREPARED DATI	BY Ches By Welle	ED ON PRINTOUT BELOW) = 00 - 6.66 )/100 = PRINTOUT BELOW) = 0.00 - 6.66 )/100 = VALUE = FINAL REFORT NATE 04/30/90 TINE 1155 HRS NAL. 10 102 SAMPLE 10 132	2.80 % 2.61 %
SULFUR D *** BTU VALU *** *** PREPARED DATI	DETERMINATION AS DETERMINED SULFUR (AS INDICAT AS RECEIVED SULFUR = 2.8 X (1) WE DETERMINATION GROSS BTU VALUE (AS INDICATED ON AS RECEIVED BTU = 13173 X (10) MOISTURE AND ASH FREE BTU HEAT BY BY BY BY Content BY BY BY BY BY BY BY BY BY BY BY BY BY	ED ON PRINTOUT BELOW) = 00 - 6.66 )/100 = PRINTOUT BELOW) = 0.00 - 6.66 )/100 = VALUE = FINAL REFOR7 NATE 04/30/90 TINE 1155 HRS CAL. 10 102	2.80 % 2.61 %
SULFUR D *** BTU VALU *** *** PREPARED DATI	BY Ches By Welle	ED ON PRINTOUT BELOW) = 00 - 6.66 )/100 = PRINTOUT BELOW) = 0.00 - 6.66 )/100 = VALUE = FINAL REFORT TATE 04/30/90 TINE 1155 HRS TAL. 10 102 SAMPLE 10 102 SAMPLE 10 102 SAMPLE 10 102 SAMPLE 11 1 THIT. TEMP 24.787 FINAL TEMP 27.347 TEMP RISE 3.0796	2.80 % 2.61 %
SULFUR D *** BTU VALU *** *** PREPARED DATI PROVED DISTRIE RIGINAL OPY - P.	DETERMINATION AS DETERMINED SULFUR (AS INDICAT AS RECEIVED SULFUR = 2.8 X (1 WE DETERMINATION GROSS BTU VALUE (AS INDICATED ON AS RECEIVED BTU = 13173 X (10 MOISTURE AND ASH FREE BTU HEAT Y BY BY CHUY E 05-01-1990 Auymond Welle BUTION - - LAB FILES S. FUEL ANALYST	ED ON PRINTOUT BELOW) = 00 - 6.66 )/100 = PRINTOUT BELOW) = 0.00 - 6.66 )/100 = VALUE = FINAL REFORT NATE 04/30/90 TINE 1155 HRS NAL. 10 102 SAMPLE	2.80 % 2.61 %
SULFUR D *** BTU VALU *** *** PREPARED DATI	DETERMINATION AS DETERMINED SULFUR (AS INDICAT AS RECEIVED SULFUR = 2.8 X (1 WE DETERMINATION GROSS BTU VALUE (AS INDICATED ON AS RECEIVED BTU = 13173 X (10 MOISTURE AND ASH FREE BTU HEAT Y BY BY CHUY E 05-01-1990 Auymond Welle BUTION - - LAB FILES S. FUEL ANALYST	ED ON PRINTOUT BELOW) = 00 - 6.66 )/100 = PRINTOUT BELOW) = 0.00 - 6.66 )/100 = VALUE = FINAL REFORT TATE 04/30/90 TINE 1155 HRS TAL. 10 102 SAMPLE 10 102 SAMPLE 10 102 SAMPLE 10 102 SAMPLE 11 1 THIT. TEMP 24.787 FINAL TEMP 27.347 TEMP RISE 3.0796	2.80 % 2.61 %
SULFUR D *** BTU VALU *** *** PREPARED DATI PROVED DISTRIE RIGINAL OPY - P.	DETERMINATION AS DETERMINED SULFUR (AS INDICAT AS RECEIVED SULFUR = 2.8 X (1 WE DETERMINATION GROSS BTU VALUE (AS INDICATED ON AS RECEIVED BTU = 13173 X (10 MOISTURE AND ASH FREE BTU HEAT Y BY BY CHUY E 05-01-1990 Auymond Weller BUTION - - LAB FILES S. FUEL ANALYST	ED ON PRINTOUT BELOW) = 00 - 6.66 )/100 = PRINTOUT BELOW) = 0.00 - 6.66 )/100 = VALUE = FINAL REFORT NATE 04/30/90 TINE 1155 HES NAL. 1D 102 SAMPLE ID 102 SAMPLE	2.80 % 2.61 %

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\*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\*

		AS RECEI	VED MAPCO	FOR	4/ 27/	90		
	SAMPLE NO.	- 182		TON	AGE -	331.7		
AIR DRY	MOISTURE D	BTERMINATT	ON					
	PAN & WEIGHT	SAMPLE WEIG			10	017.9		
	PAN & DPV	SAMPLE WEIG	JHT		20	017.9		
	AIR DRY MO	ISTURE WEIG	JHT .			951.3		
***	AIR DRY MO	ISTURE =	66.6 /	1000 G	RAMS =	66.6	6.6	i6 %
OVEN MOI	STURE DETE	DUTUDOTON						
	CRUCIBLE N	0. 20 BALAN MPLE WEIGHT WET SAMPLE DRY SAMPLE EN MOISTURE URE OF A SA	CED HETCH	m				
	NET WET SA	MPLE WEIGHT	P HILLON	4	19	.2583		
	CRUCIBLE &	WET SAMPLE	WEIGHT		22	2503		
	CRUCIBLE &	DRY SAMPLE	WEIGHT		22	.2383		
***	60 MESH OV	EN MOISTURE	WEIGHT		0	.0483		
***	OVEN MOIST	URE OF A SA FURE = (100	MPLE = 0.	0483	GRAMS /	3.0 GRAM	S = 1	61 4
	TOTAL MOIS	FURE = (100	- 6.66 ),	/100 X	1.61 %	+ 6.66	\$ = 8.	16 %
***	WEIGHT OF T CRUCIBLE NO BALANCED WE DRY BASIS J AS RECEIVED	THE CRUCIBL D. 20 BALAN SIGHT OF RE ASH = 0.2795	E AND ASH CED WEIGH SIDUAL ASH / (3	r 1 3.0 - (	19 19 0 0.0483	.5378 .2583 .2795 ) =	9.	
					8.10	) =	8.7	70 %
	D T T T T T T T T T T T T T T T T T T T	1 PM						
***	AS DETERMIN	ED SULFUR () SULFUR =	AS INDICAT	ED ON	PRINTO	JT BELOW)	= 2.8	30 %
	NO RECEIVED	SULFUR =	2.8 X (1	.00 - 6	.66 )/:	100 =	2.0	51 %
*** 0	ROSS BTU V	ALUE (AS INI	ICATED ON	PRINT	OUT BEI	-OW) =		
*** 1	OISTURE AN	BTU = 131 D ASH FREE	ETTI HEAT	0.00 -	6.66	)/100 =	12296	BTU/LB
			BIU ABAT					
PREPARED	BY XG							
DATE	05-01-19	Nollen			711a	L REFORT		
APPPOURD	1	1.1.						
	paymond	Nellen			10416	04/38/96 1255 HRS		
	·				1 find	The second second		

- DISTRIBUTION -

ORIGINAL - LAB FILES COPY - P.S. FUEL ANALYST

FORM 300176-A

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 DATE
 04/30/90

 TIME
 1255 HRS

 IAL. ID
 102

 SAMPLE ID
 182

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 SAMPLE IAT.
 1

 THIT. TEMP
 24.767

 FIG. TEMP
 27.347

 TEMP RISE
 3.0798

 ACID
 (01)

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 (33.18)

 F WALUE
 2406.7

PLOL BOX 21 21-1628 924 The manual and the 14 2 4 K INVOICE 9004000125 CUSTOMER NO C 89009578 INVOICE DATE **新教社**中的 Tah 04/18/90 CUSTOMER ORDER NO UNIT-TRAIN / PERMIT NUMBER = FIK-05 ; ORIGINATING MINE OTIKI CONTRACT ID 0101900011891 ENT. Maria SOLD TO: SWIPPED TO: GULF POWER 60 SUPERVISOR OF FUEL SUI We La JONES Teller P.O. BOX 1151 SCHOLZ ELECTRIC GENERATI ROUTE I's BOX 234A PENSACOLAS 325201151 SHEADS Sec. 1.1.1 1 CARLOADS CONTAINING PER TON 2 Barro Stan MINE PRICE/TON 26.50 INVOICE TOTAL 26-50 146,231 AL L. PAYNENT OUE R . 1990 The states and the PLEASE REMIT TO: CHICAGO, IL 60673 · ser · ··· A. A. A. Sany a Welt D6+ 345-151-100 # 146,231,24 CREDIT 232-503 (# 14,623.12) # 131,400.12 化热力 计模 Barris Brits of the State of Land Brown & Browned - 120

ENO 35	0A	P.O. 80		F	and a start
UNIT-TRA CONTRACT	NO DATE	918-5 9004000125 04/18/90 WMBER = FIK-05 0101900011891	CUST CUST ORIG	OMER NO OMER ORDER NC INATING MINE	0190A
DATE	CAR /TRAIN NUMBER TIK 000005	HUNDRED H GROSS TARE Q Q	SAL NET -		TOTAL CCE COST 50 146231.
		TOTAL	5. 5.	518,16	146,231
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1	1999 - 1999 -	1		fu	
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				# 131,6CB.14	2
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		adan managarah aliya isin	6.8 Carton Carto	and the second second	1. AV -

Guit Power Company 100 Baytront Parkway Post Office Box 1151 Pensacola, FL 32520-1161 Pensacola, FL 32520-1161 Pensacola, FL 32520-1161

t,



April 17, 1990

Mapco Coal, Inc. P.O. Box 21628 Tulsa, Oklahoma 74121-1628

Dear Sir:

The enclosed check for \$18,105.32 is for the settlement of calorific adjustment and balances on coal as invoiced and received under our P.O. C-89-009578 for Plant Scholz. This is for rail shipments for the month of March, 1990 at \$13.72 per ton freight rate.

Sincerely,

un christ

Manager, Fuel and Environmental Affairs

LAW:dr

Enclosure

cc: Southern Company Services Mr. Ken Jenkins Mr. John Hester Gulf Power Company Accounts Payable

Scholz	ELEC	CTRIC GENER	ATTNG BLANT
SPOI	COAL PAYMEN	T ADJUSTMEN	T FORM
		, 19 <u>_</u>	
		, 19 <u>_</u> /	
VENDOR Webster	- County P.O.	No C 8900957	78
SHIPMENT NOTICE DATE	SHIPMENT NUMBER	TONS SHIPPED	PAYMENTS
3-27-90	TIKOOZ	5,936.17	141, 577, 66
			,
1.4			
		1	
TOTALS			
\$/Ton	+ <u>/3.72</u> Freight	= <u>40.2</u>	2 Ital
MONTHLY WEIGHTED AV	ERAGE		
	T Btu/Lb 12620 12500		Ratio
40.22 \$/Ton for Calor:	ific X /. O.	and the second se	40.62 usted \$/Ton
.40	x5,936		374.47
\$/Ton Differen Calorific vs Adj	nce Tons Re	ceived	,0.7.77
Retainage \$		= 15	730.85
		=	
( 5,936.17 - 5,936.1	7 )		
Tons plus or minu	X 0		<b>₽</b>
Rec'd vs Shipped			
TOTA	L DUE VENDOR = $\frac{\#}{345-151-100}$ 100 + 232 - 503	B, 105.32	
Ð	6+ 232-503 #	15,730.85	4

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a su P. C 85 I Mad	A MoCoy Labor backer: of McCoy & N 0 Box 37 East Voel Avenue technike. Kentucky 42 phone 502/821-737	AcCoy Inc.			Lexington, ( 906/253-77 Louisville, I 02/428-57 Medicenvillo, 502/821-73	74 502/444-6547 Ky. IPReville, Ky. 77 608/432-5104 Ky. Eveneville, In.
		ANAL	SIS REI	PORT		
ATTN:	JERRY BAT	DAL COMPANY ES			DATE	3154140
CLAY		KY 42404		F	REPORT NO:	900 <b>329010M</b>
÷						
	SHOR	TPROX	IMAT	EANA	LYSI	
ENTIFICATI ESCRIPTION	: GOVER	D GULF POWE NING SAMPLE VED AND MAI 390-20			EP. BOB FR/	TER
AMPLED BY: ATE:	CLIENT 3/27/90				ATHER: N/A	
RECEIVED RY BASIS	PERCENT MDISTURE 7.12 N/A	PERCENT ASH 8.41 9.05 N/A	BTU 12620 13588 14942	PERCENT SULFUR 2.93 3.15 N/A	PERCEN VOLATILE N/A N/A N/A	PERCENT FIXED CARBON N/A N/A N/A
EMARKS	LOCAT	10N; DOTIKI ₩D08813	MINE		( State of the second	2
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- PROOF PATT - TE YOUR PROTECTION.

#### GULF POWER COMPANY RAIL SHIPMENTS FOR PLANT SCHOLZ SHIPPED BETWEEN 03/27/90 AND 03/27/90 APRIL, 19 1990

 $\tilde{n}_{c}$ 

SHIP DATE	RAIL NO	LBS	TONS	DATE RECV	LBS	RECD	SAMPLE	SHIP NO
SHIP DHIE	RAIL NU	3911	3H1P	DATE RELV	RELV		NUMBER	5HTL MIT
03/27/90	00161088	N/A	N/A	NZA	199800	79.90	MP167	11K005
	80162323	N/A	N/A	N/A	197460	98.73	MP167	1 I KO05
	80162405	N/A	N/A	N/A	198500	79.25	MP153	11K005
	80163400	N/A	N/A	N/A	199960	77.98	MP157	11K005
	80185241	N/A	N/A	N/A	194500	97.25	MP153	11K005
	80185479	N/A	N/A	N/A	199460	97.73	MP162	11K005
	80185642	N/A	N/A	N/A	N/A	N/A	N/A	T1K002
	80185785	N/A	N/A	N/A	N/A	N/A	N/A	11K005
	80186279	N/A	N/A	N/A	199460	99.73	MP167	T1K002
	80198737	N/A	N/A	N/A	214880	107.44	MP157	11K005
	C0157058	N/A	N/A	N/A	N/A	N/A	NIA	T1K002
	C0157952	N/A	N/A	N/A	N/A	N/A	N/A	11K005
	CD191355	N/A	N/A	N/A	192100	76.05	MP153	11K005
	C0191711	N/A	N/A	N/A	208340	104.17	MP159	T1K002
	C0358198	N/A	N/A	N/A	223300	111.65	mP167	TIK002
	00806072	N/A	N/A	N/A	197660	98.83	MP157	LIK005
	CD806408	N/A	N/A	N/A	179280	79.64	MP162	TIK002
	C0814274	N/A	N/A	N/A	N/A	N/A	N/A	11K005
	CSXT345708	N/A	N/A	N/A	N/A	N/A	N/A	11K005
	CSXT346305	N/A	N/A	N/A	200160	100.08	MP162	T1K002
	CSXT801025	N/A	N/A	N/A	N/A	N/A	N/A	11K005
	CSX1804263	N/A	N/A	N/A	192980	96.49	MP167	11K005
	CSXT804351	N/A	N/A	N/A	N/A	N/A	N/A	TIK005
	CSXT804587	N/A	N/A	N/A	198400	77.20	MP162	11K005
	CSX1806858	N/A	N/A	N/A	197380	78.69	MP162	L1K005
	CSXT807461	N/A	N/A	N/A	202560	101.28	MP157	11K005
	CSXT808801	N/A	N/A	N/A	N/A	N/A	N/A	T1K005
	CSX1809240	N/A	N/A	N/A	196840	98.42	MP167	11K005
	CSXT810668	N/A	N/A	N/A	N/A	N/A	N/A	11K005
	CSXT811260	N/A	N/A	N/A	N/A	N/A	N/A	11K005
	CSXT811787	N/A	N/A	N/A	200920	100.46	MP153	T1K005
	CSXT811943	N/A	N/A	N/A	200560	100.28	MP167	11K005
	CSXT812385	N/A	N/A	N/A	197180	98.59	MP167	11K005
	CSXT812498	N/A	N/A	N/A	N/A	N/A	NIA	11K005
	CSXT013262	N/A	N/A	N/A	179860	79.93	MP167	LIK005
	CSXT814011	N/A	N/A	N/A	202200	101.10	MP167	11K005
	CSXT023371	N/A	N/A	N/A	198880	79.44	MP167	TIKOOS
	CSXT825639	N/A	N/A	N/A	N/A	N/A	NZA	L1K005
	CSXT827723	N/A	N/A	N/A	N/A	N/A	N/A	LIK005
	CSXT830877	N/A	N/A	N/A	199540	99.77	MP167	LIK005
	CSXT831934	N/A	N/A	N/0	194140	97.07	MP153	<b>LIK005</b>
	HEL X36539	N/A	N/A	N/A	N/A	N/A	N/A	11K005
	HEL X36910	N/A	NIA	N/A	202360	101.18	MP167	11K005
	HELX36995	N/A	N/A	N/A	201220	100.61	MP167	LIK005
	HELX580212	N/A	N/A	N/A	197760	99.98	MP167	1K005
	IELX580811	N/A	N/A	N/A	193420	76.71	MP155	11K005
	HEL X581281	N/A	N/A	NIA	200760	100.38	MP157	LIK005
		1.1.0		12	2001			
	CN173531	N/A	11/0	N/ag12	197680	98.84	MP150	11K005
				4				

#### GULF POWER COMPANY RAIL SHIPMENTS FOR PLANT SCHOLZ SHIPPED BETWEEN 03/27/90 AND 03/27/90 APRIL, 19 1990

		LBS	TONS		LBS	TONS	SAMPLE	
SHIP DATE	RAIL NO	SHIP	SHIP	DATE RECV	RECV	RECD	NUMBER	SHIP N
						11		
03/27/90	LN193578	N/A	N/A	N/A	204600	102.30	MP153	LIK005
	LN193737	N/A	N/A	N/A	200240	100.12	MP153	11K005
	LN552266	N/A	N/A	N/A	N/A	N/A	N/A	11K005
	SBD340419	N/A	N/A	N/A	N/A	N/A	N/A	LIKOOS
	SBD340723	N/A	N/A	N/A	189320	94.66	MP167	11K005
	SBD343494	N/A	N/A	N/A	199380	99.69	MP153	11K005
	SBD347096	N/A	N/A	N/A	202640	101.32	MP159	11K005
	5BD348983	N/A	N/A	N/A	203980	101.99	MP167	LIK005
	SBD349687	N/A	N/A	N/A	203140	101.57	MP153	11K005
	SBD351005	N/A	N/A	N/A	N/A	N/A	N/A	LIK005
	WM199967	N/A	N/A	N/A	N/A	N/A	N/A	LIK005
					8206200	4103.10		
					16 KM 16 KM 14 KM 16 KM 16 KM 16			
		0	0.00		8509500	4103.10		

	7:	TO-40 LEEPN :	5026641 WWWW WWWW		6616;# 2 MAGE /# 100 MAGE /# 100
THE NUMBER MAYBILL NU	MBSA		and the second se		
DEST NAT		-	ORIGINAL I	ILL OF LADING	
BOYKIN, FLA					
ROUTE		PROM STATION/MINS	19719: Louistic Ager Decision and the G of	UNIT TRAIN NUMBER	VOLUME SHE
L & N DIRECT		DOTIKI MINE -	DOTTKT KY	689009578	785 0 MD
DELIVER TO COMBIONEE:	Contraction of the owner owner owner owner own	ACTUAL SHIPPER		TRATH ATTYON	
GULF POWER "HOLZ PLAN	T	SHIPPED ACCOUNTY	DAL CORPORATIO	IN LOADED FULL	
FOR THE ACCOUNT :		OF (BROKER):		VLIELE CAPACITY COLLES	
CAR INITIALS & NUMBERS	TARE	CAR INITIALS & NUMBERS	TARE WEIGHT	CAR INITIALS	TARE
1 SBD - 13491		26 SBD 348983		48 (SXT 345908	
21,N - 193531		26 NELX 580811		60 812498	
3 193578		27 CSXT 811787		51 HO 185785	1
4SBD 349687		28 80 185241		52 CSXT 801025	
5 <sub>80 162405</sub>		29 CSXT 831934		53 LN 552266	1
6LN 193737		100		54 (:0 814274	1
7 193400		30 CO 191355 31 191711		56 157952	1.
<sup>7</sup> 80 198737		32 SBD 347096		56 ESXT 808901	1
9 163400		60			1
19-SXT 607461					1
11 co 806072				Contraction of the later way in the Delation of the second s	
12 HELX 581281		36 CSXT 811943 36 804263		59 <u>EO 185642</u>	1
	Section Section			60 ( gn 351005	
13 CSXT 346305		37 BO 162323		statements and an end of the second s	
14 <u>806858</u> 16 804587		38 HELX 580212		62	
18		38 80 5279		63	
		40 CO 28198	and the second s	BUT - OF LADING ARC	Car T.
17 BO 126479		41 ··· 81326? 42 811250			T. T.A.
10 BC 9240		43 810668		87 ACCORDING TO ASRIEH	
20		44 804351		48	
21		45 827723		139	
22,		48 WM 199967		70	
23 :2385		47 CSXT 825679			
24 8, 2	1.1	40 HELX 36539			
MAKE DELIVERY OF THIS SHAL WAKE DELIVERY OF THIS SHIP WITHOUT PAYMENT OF FREIGH ALL OTHER LAWFUL CHARGES.	AENT TANU	03 27-90 5 UNLO	DADING STARTE.	6NOED 2:02	am jõ
WEDGTOR COUNTY COAL GO		COMPOSITE C.	60 CAPS	TONE	Datiene inc.
P. 0. 50x 045 TULSA, 0K 74101-0645		B 10312.	Print Personal Address of the second se	WASHED	
X & Marcula		na stant	larkÇ+ji Lt∵		1
		815	513 (KA41)	Υ	

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McCoy & McCoy Laboratories, Inc.	Lexington, Ky.	Paducah, Ky.
a subsidiary of McCoy & McCoy Inc.	606/233-7774	502/444-6547
P O. Box 907	Louisville, Ky.	Pllaville, Ky.
85 East Noel Avenue	502/429-5777	608/432-3104
Madisonville, Kentucky 42431	Madisonville, Ky.	Eveneville, In.
Telephone 502/821-7375	502/821-7375	812/425-9288

### ANALYSIS REPORT

WE038425			
WEBSTER COUNTY COAL	- COMPANY		
ATTN: JERRY BATES		DATE:	4/11/90
ROUTE 2			
CLAY KY	42404		
		REPORT NO:	900411011M

and the second sec 1.16 SHORT PROXIEMATE ANALYSIS 14.1 9 00 1 3 trat Po IDENTIFICATION: TIK-04 WASHED GULE POWER TRAIN PRODUCER: DOTIKI MINE DESCRIPTION いいらい、丁湯・・・水平 CS-0490-SAMPLED BY: CLIENT ATHER: N/A 4/09/90 DATE: TYPE: ERCENT PERCEN INT DISTURE FUR VOLATI RON AS RECEIVED .61 2.91 2.44 12 DRY BASIS N/A 3.12 MAF N/A NZA 口情况 REMARK DON: DOTIKI M IS A GOVERNI 1P Ε, OBSER ER Sec. als 08813 11.8 # R . Ŧ, W. M. A. Carlo Star. + 35 m THE THE LOOK OF A BREAK BERGUNS

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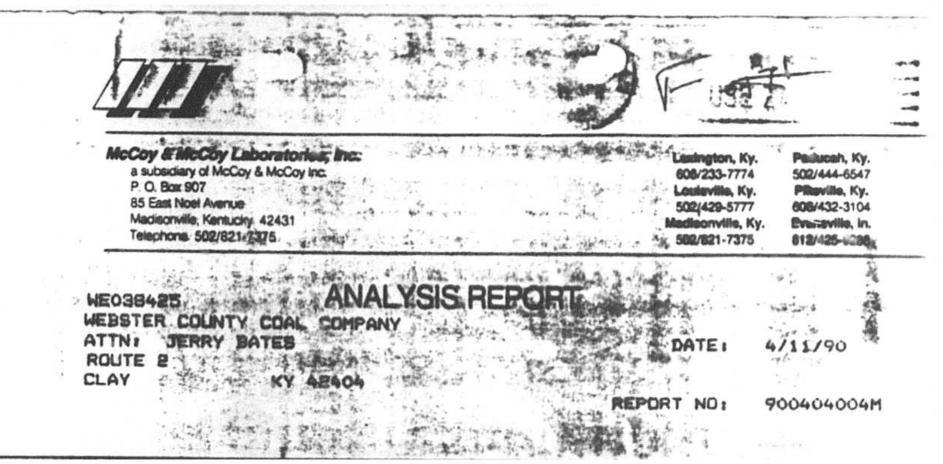
IcCoy & McCoy Laboratories, Inc.	Lexington, Ky.	Paducah, Ky.
a subsidiary of McCoy & McCoy Inc.	606/233-7774	502/444-6547
P O Box 907	Louisville, Ky.	Pflooville, Ky.
85 East Noel Avenue	502/429-5777	608/432-3104
Madisonville, Kentucky 42431	Medisonville, Ky.	Evanaville, in.
Telephone 502/821-7375	502/821-7375	812/425-9288

# ANALYSIS REPORT

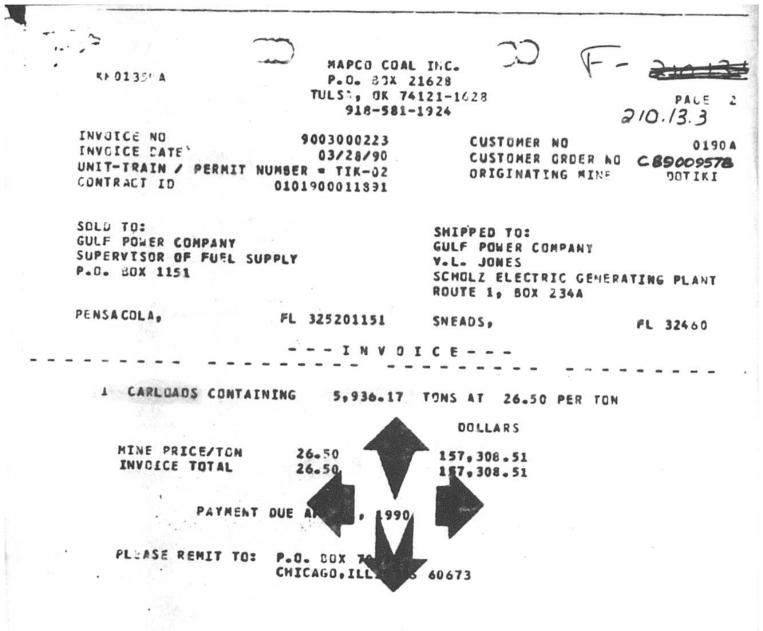
WE038425	•	
WEBSTER COUNTY COAL COMPANY		
ATTN: JERRY BATES	DATE:	3/29/90
ROUTE 2		
CLAY KY 42404		
	REPORT NO:	900329010M
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• 一方面出 的复数人口主要求的行为	Rof Land	2
SHORT PROXIMATE A	NALYSIS	ik × − − − −
and the second sec	54 June 1911	1 × 4 1
IDENTIFICATION: WASHED GULF POWER TRAIN / TIK-C	25	
OBSERVED AND MAILED BY SCS FIEL		TEP T. C
E CB-0390-20	En la state	A DA
	State of the second	the second second
SAMPLED BY: CLIENT	WEATHER: N/A	10 A 11 A
DATE: 3/27/90	SAMPLE TYPE:	N/A
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the state of the second of the second s	and the second sec	Burg Barner, Ariner
PERCENT PERCENT	AT PERCENT	
	FUR VOLATILE	RBON
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REMARKS: LO INION: DOTIKI MI	and the second second second	7
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Landard and a state of the stat	1.00	
Submitted by A-4s 4	Janace	A

Lexington, Ky. -McCoy & McCoy Laboratories, Inc. 1 Paducah, Ky. a subsidiary of McCoy & McCoy Inc. 502/444-6547 608/233-7774 P. O. Box 907 Planville, Ky. Louisville, Ky. 85 East Noel Avenue ... 602/429-5777 608/432-3104 Madisonville, Kentucky 42431 Madisonville, Ky. Eteneville, in. Telephone 502/821-7375 te 502/821-7375 812/425-9288 一次之子、"家、影、家族的新 REPO WEO3842 3.2 WEBSTER, COUNTY, COAL COMPANY na. ATTN: JERRY BATES DATES 4/11/90 ROUTE & ÷ .-1.4 KY 42404 CLAY 36. REPORT NO: 900404003M 22 E. 2021 AS RECE DRY 818

THIS DOCIMENT HAS BEEN PRINTED COMPANYED BODGOOF PADER FOR YOUR DRIVECTION



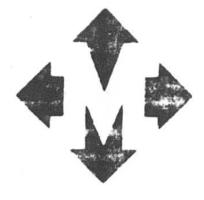
Latington, Ky Marker Stranger 5 MARTE. McCoy & McCoy Laboratories, Inc. Plicksceh, Ky. a subsidiary of McCoy & McCoy Inc. 608/233-7774 502/444-6547 P.O. Box 907 Louisville, Ky. Planville, Ky. 85 East Noel Avenue 502/429-5777 606/432-3104 Madisonville, Kentucky 42431 Madieonville, Ky. Eveneville, In. Telephone 502/821 7375 502/821-7378 813/425-928 ANALYSIS REP WE038425 WEBSTER COUNT COMPANY COAL ATTN: JERRY BATES DATE ROUTE CLAY KY 42404 REPORT 101 900411011M



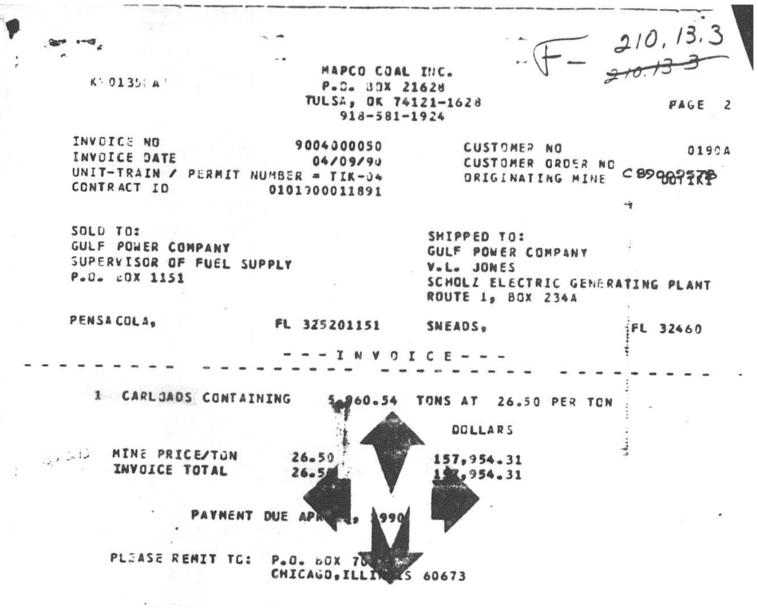
1

D6+ 345-151-100 \$ 157,308.51 CREIT P32-503 (\$ 15,730.85) \$141,577.66

K 0135 0A	P.C. 50 TULSA, 98	GAL INC. x 21623 74121-1628 81-1924	PAUE 1 210.13.3
INVOICE NO INVOICE DATE UNIT-TRAIN / PERMIT CONTRACT ID SOLD TO GULF POWER	9003000223 03/28/90 NUMBER = TIK-02 0101900011891 COMPANY	CUSTOMER	ND 0190A ORDER NO
SHIP CAR /TRAIN DATE NUMBER 03-27-90 TIK 000002	HUNDRED W GROSS TARE O O TOTAL		7 26.50 157308.



\$111 = 77 .:



Jany G Webb

Q6: 315-151-100 # 157,954.31 CREDIT 237-503 (# 15,795.43)

)				OT
	MAPCO	COAL	INC.	~

X" 013504

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- 210, 13, 3 PAGE 1

# P.J. BOX 21628 TULSA, DK 74121-1625 918-581-1924

INVUICE INVCICE UNIT-TR CONTRAC	DATE AIN / PERMIT	NUMBER =	4000050 4/09/90 TIK-04 0011891	0	USTOMER NO USTOMER ORD DRIGINATING		01904 DCTIKI
SULC TO	GULF POWER	COMPANY				-1	
SHIP DATE 04-09-90	CAR /TRAIN Number Tik 000004	GROSS 0	NDRED WEI TARE 0	GHT NET 119211	TONS 5960.54	TON Priĉe 26.50	TOTAL Cost 157954.

TOTAL

5,960.54

157,954 ..

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\$142,158 68



v . · ·

Guil Power Company 500 Bayfront Parkway Post Office Box 1151 Pensacola, FL 32520-1151 Telephone 904 444-8111

\$

F-210.13.3



February 9, 1990

Mapco Coal, Inc. P.O. Box 21628 Tulsa, Oklahoma 74121-1628

Dear Sir:

The enclosed check for \$19,926.13 is for the settlement of calorific adjustment and balances on coal as invoiced and received under our P.O. C-89-009578 for Plant Scholz. This is for rail shipments for the month of December, 1989 at \$13.59 per ton freight rate.

Sincerely,

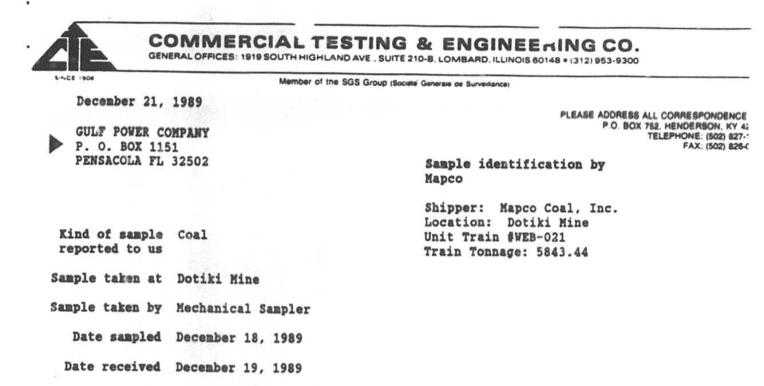
M. /L. /Gilchrist Manager, Fuel and Environmental Affairs

LAW:dr

Enclosure

cc: Southern Company Services Mr. Ken Jenkins Mr. John Hester Gulf Power Company Accounts Payable

Scholz	ELEO	CTRIC GENERAL	TING PLANT
SPOT	COAL PAYMEN	T ADJUSTMENT	FORM
	December	, 19 <u>8</u> 5	<b>&gt;</b>
VENDOR Mapco Co	pals Inc. P.O.	NO. <u>C 8900957</u>	18
SHIPMENT NOTICE DATE	SHIPMENT NUMBER	TONS SHIPPED	PAYMENTS
12-18-89	WEBORI	5,843,44	139,366.04
and the second sec			
		,	
-(h - () ,2%			
TALS		5, 843.44	139,366.04
	+ /3,59 Freight	= <u>40.09</u> Total	,
MONTHLY WEIGHTED AVE CALORIFIC ADJUSTMENT	RAGE Btu/Lb 12.740	1 minut	1019
i.	12500	Actual = Guarantee	Ratio
\$/Ton for Calorif	x	The Diff Contractor of the Difference of the Dif	STATUTE OF THE OWNER WATER OF THE OWNER OWNE
.76			ed \$/Ton
\$/Ton Differenc Calorific vs Adju	sted Based on Shi	cained	1.01
Retainage \$	Per Ro.	- 15.48	35,12
Penalty Cost			-
(	)		
	x <del>o</del>		_
Tons plus or minus Rec'd vs Shipped	\$26 F.O.B. M		
Db	DUE VENDOR = _ # /3 + 345-151-100#1 + 232-503 #15	926.13	



Analysis report no. 63-77759

#### SHORT PROXIMATE AMALYSIS

	As Received	Dry Basis		
\$ Moisture	6.56	XXXXXX		
\$Ash	8.40	8.99		
Btu/1b	12740	13634	MAF	14981
\$ Sulfur	2.93	3.14		

%Air-dry less = 5.28
%8 Mesh residual moisture = 1.34

Respectfully submitted.

-l'esta-

Manager, Henderson Laboratory

OVER 40 BRANCH LABORATORIES STRATEGICALLY LOCATED IN PRINCIPAL COAL MINING AREAS. TIDEWATER AND GREAT LAKES PORTS, AND RIVER LOADING FACILITIES Original Copy Watermarked For Your Protection

	'89 11:27 SCHOLZ	PLANT 304 -14 242			.3/3		
B(inclust		12 )	24200	46Ve 135828421	:# 2		
1-89	WAYBILL NUMBER				1		
			ORIGINAL I	BLL OF LADING	0		
KIN, FLA		F.	Atta: Kim				
U		FROM STATION/UNKS		LINIT TRAIN NUMBER	VOLUME ENDINENT		
N DIRECT		DOTIKI MINE - DO	TIKI, KY	SHIPPERS NUMBER	Course Course		
F POWER - SI	CUCI 7 DI LAT	MEBSTER COUNTY (	CAL CORPORAT	IONCADED FULL	TOTAL		
HE ACCOUNT OF	COULS POINT	SHIPPED ACCOUNT OP IGROKERII		VISIBLE CAPACITY COLLEC			
GAR INITIALS	TARE	CAR INITIALS	TARE WEIGHT	CAR INITIALS	TAGA,		
ST - 80635	9	28 CST - 341835		49 LN - 193847			
0 - 197081		20 SBD - 341887		50 SBD - 341687			
M - 63809		27 361933	and the second	61 CSXT - 341952			
BD - 350362		28 CSXT - 341955		82 SBD - 341523			
SXT - 81415		29 SBD - 341556		<b>53</b> 341360			
81348	2	30 CSXT - 341808		54 34.276			
80940	8	31 341558		66 LN - 193813			
81059	4	22 LN - 193733		Se CSXT - 813107			
5		33 SBD - 341769		57 CO - 191550			
158842		34 LN - 550124		58 SBD - 341671			
SXT - 80908	7	36 SBD - 347815		<b>SO 30 - 185043</b>			
81339	5	36 LN - 193456		80 CO - 67436			
81036	3	37 SBD - 341676		61			
31363	5	38 LN - 193526		62			
3 - 159670		39 SBD - 341830		63			
810845		40 CSXT - 341673		64	1		
BD - 341677		41 580 - 341595		66			
341725		42 CSXT - 341875		86			
\$1620		43 SED - 341640		07 ON THIS BILL OF LAD			
		44 LN - 193587	Pog	SUBJEST TO VER	TEATION BY THE		
		46 193547	470	60 ACCORDING TO			
510		48 193844		70			
MAAAAA	1000	47 193833		191			

#### 

183 - 20

MARCO	COALS. INC.	DISTR	LIBUTION OF CO	TS PAYABLE
COAL VENDOR MAPCO	( CORDO )	ORIG	INAL: ACCOUN	E WENDOR
VESSEL NAME (SMITH	ONLY)	COPI		LE/VENDOR
SAMPLE NO. (SCHOLZ	ONLY) 141		COAL F	ILES
FURCHASE ORDER NO.			FUEL S	ERVICES/SCS
DISTRIBUTION 151 -	10 53		PS FUI	EL ANALYST
DISTRIBUTION 13			1	NET WEIGHT
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT EMI (LBS)	PTY WEIGHT (LBS)	(LBS)
COISESRA BO		272,780	58,300	214,480
B&O 198453	January 2, 1990	NAMES OF TAXABLE PARTY OF TAXABLE PARTY.	56,400	202,200
	ditto	258,600	59,900	204,500
V B&O 187230	ditto	264,400	60,000	204,520
V CRR 56953	ditto	264,520	and the second	200,160
CSXT 351338	ditto	258,360	58,200	207,740
CEO 157130		267,240	59,500	193,980
CSXT 358485	ditto	250,880	56,900	Contraction of the local division of the loc
V CLO 808479	ditto	255,340	62,600	192,740
CSXT 343329	ditto	261,720	58,200	203,520
CSXT 808786	ditto	270,140	58,300	211,840
	ditto	the second s	55,300	199,480
CSXT 814447	ditto	254,780	58,500	196,380
VB60 83621	ditto	254,880	59,000	199,140
V WM 189447	ditto	258,140	58,400	193,460
	UTPPA		30.400	
V HELX 581440	Stor where an apply the second se	251,860		
	ditto	251,860		
V HELX 581440	Stor where an apply the second se	251,860		
V HELX 581440	Stor where an apply the second se	251,860		
V HELX 581440	Stor where an apply the second se	251,860		
V HELX 581440	Stor where an apply the second se	251,860		
V HELX 581440	Stor where an apply the second se			
V HELX 581440 V C&O 808151	ditto	251,860	819,50	
V HELX 581440	ditto	3,643,640	819,50 TOTAL TONS	
V HELX 581440 V C&O 808151 	ditto		819,50 TOTAL TONS, d By:	C (1,412.0
V HELX 581440 V C&O 808151	ditto	3,643,640 Prepare Date:	819,50 TOTAL TONS, d By:	C (1,412.0
V HELX 581440 V C&O 808151 	ditto	3,643,640 Prepare	819,50 TOTAL TONS, d By:	C Gen
V HELX 581440 V C&O 808151 	ditto	3,643,640 Prepare Date:	819,50 TOTAL TONS, d By:	- 1,412.0

### SCHOL ELECTRIC GENERATING PLANT

#### \*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\*

# AS RECEIVED MAPCO FOR 1/ 2/89 SAMPLE NO. - 141 TONNAGE - 1412.07

AIR DRY MOISTURE DETERMINATION	
PAN WEIGHT 995.7	
PAN & WET SAMPLE WEIGHT 1995.7	
PAN & DRY SAMPLE WEIGHT 1924.3	
AIR DRY MOISTURE WEIGHT 71.4	
*** AIR DRY MOISTURE = 71.4 / 1000 GRAMS =	7.14 %
	7.14 %
OVEN MOISTURE DETERMINATION	
CRUCIBLE NO. 27 BALANCED WEIGHT 17.4757	
NET WET SAMPLE WETCHT 17.4/5/	
NET WET SAMPLE WEIGHT 3.0005 CRUCIBLE & WET SAMPLE WEIGHT 20.4762	
CRUCIPLE & WEI SAMPLE WEIGHI 20.4762	
CRUCIBLE & DRY SAMPLE WEIGHT 20.4377	
60 MESH OVEN MOISTURE WEIGHT 0.0385	
*** OVEN MOISTURE OF A SAMPLE = 0.0385 GRAMS / 3.0 G	RAMS = 1.28 %
*** TOTAL MOISTURE = (100 - 7.14 )/100 X 1.28 % + 7.1	14 % = 8.33 %
ASH DETERMINATION WEIGHT OF THE CRUCIBLE AND ASH 17.7548 CRUCIBLE NO. 27 BALANCED WEIGHT 17.4757 BALANCED WEIGHT OF RESIDUAL ASH 0.2791 *** DRY BASIS ASH =0.2791 / (3.0 - 0.0385 ) *	9.42 %
*** AS RECEIVED ASH = 9.42 X (100.00 - 8.33 ) =	8.64 %
SULFUR DETERMINATION	
*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BEL	OW) = 2.74 %
*** AS RECEIVED SULFUR = 2.74 X (100 - 7.14 )/100 =	2.54 %
BTU VALUE DETERMINATION	
*** GROSS BTU VALUE (AS INDICATED ON PRINTOUT BELOW) =	13279 BTU/LB
*** AS RECEIVED BTU = 13279 X (100.00 - 7.14 )/100	12331 BTU/IB
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14950 011/19
PREPARED BY BONN, FITTLE FETT	

DATE 01-16-1990 APPROVED Kummond Weller

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ORIGINAL - LAB FILES COPY - P.S. FUEL ANALYST

FORM 300176-A

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 DATE
 01.05.90

 TIME
 1313 H89

 CAU. 10
 181

 SAMPLE 10
 141

 SAMPLE 10
 141

 SAMPLE 10
 141

 SAMPLE 11
 1.8006

 INIT. TEMP
 25.377

 FIME TEMP
 28.481

 TEMP RISE
 3.1047

 ACTU
 (C1)

 SIM FUR (C2)
 35.6

 FINF
 (C3)
 138

 F VALUE
 1407.7

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 13279

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# SCHOLZ ELECTRIC GENERATING PLANA

COAL RECEIVING REPORT

COAL VENDOR MAI	CO COALS, INC.		DISTRIBUTI	ION OF COPIES:
SAMPLE NO. (SCHOL			ORIGINAL:	ACCOUNTS PAYABLE
PURCHASE, ORDER NO	Z ONLY) 142		COPIES:	LAB FILE/VENDOR
DISTRIBUTION 151				COAL FILES
	- 10 53			FUEL SERVICES/SCS
BADON 44	Total Contraction of the second			PS FUEL ANALYST
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIG (LBS)	and the second second
/ WM 188246	January 3, 1990	258,360		
CSXT 813107	ditto	263,420	56,70	201,000
L6N 193813	ditto		58,10	203,320
SBD 341876	ditto	267,000	64,60	5551400
SBD 341860	ditto	267,300	63,80	2031300
SBD 341523	ditto	255,700	63,200	
CSXT 341952	ditto	264,560	61,000	
CSXT 341558	ditto	235,600	63,800	171,800
C&O 16338	ditto	266,640	62,400	204,240
HELX 580527	ditto	264,440	59,000	205,440
CSXT 348694	ditto	260,060	60,000	200,060
CSXT 346052	and successful and an address of the party of the second sec	265,260	63,000	202,260
SBD 341106	ditto	268,340	68,800	199,540
CSXT 808723	ditto	262,340	58,400	203,940
C&O 157171	ditto	259,340	55,100	204,240
CSXT 342218	ditto	260,400	59,200	201,200
CSXT 814580	ditto	267,440	63,900	203,540
HELX 581532	ditto	260,500	58,100	202,400
SBD 349791	ditto	263,640	57,900	205,740
CSXT 351279	ditto	271,340	63,800	207,540
5512/7	ditto	261,760	60,000	201,760
		. 0		
		20		
OTAL LBS. IF IN LBS		5,243,440	1 220 800	
			1,220,800 AL TONS	4,022,640 /
-00140		Prepared By:	and the second se	2,011.32
	121	Date:		
<u>IGE 1</u> OF <u>1</u>	5	Approved By:	Robin L	Rund
		Deter d	· · · · · · · · · · · · · · · · · · ·	and the second se

Date:

1.9.90

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#### SCHG . ELECTRIC GENERATING PLAN. \*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\* AS RECEIVED MAPCO FOR 1/ 3/89 SAMPLE NO. - 142 TONNAGE - 2011.32 AIR DRY MOISTURE DETERMINATION PAN WEIGHT 1027.6 PAN & WET SAMPLE WEIGHT 2027.6 AIR DRY MOISTURE WEIGHT PAN & DRY SAMPLE WEIGHT 1952.4 75.2 \*\*\* AIR DRY MOISTURE = 75.2 / 1000 GRAMS = 7.52 % OVEN MOISTURE DETERMINATION CRUCIBLE NO. 8 BALANCED WEIGHT 17.9561 NET WET SAMPLE WEIGHT 3.0007 CRUCIBLE & WET SAMPLE WEIGHT 20.9568 CRUCIBLE & DRY SAMPLE WEIGHT 20.9206 60 MESH OVEN MOISTURE WEIGHT 0.0362 \*\*\* OVEN MOISTURE OF A SAMPLE = 0.0362 GRAMS / 3.0 GRAMS = 1.21 % \*\*\* TOTAL MOISTURE = (100 - 7.52 )/100 X 1.21 % + 7.52 % = 8.64 % ASH DETERMINATION WEIGHT OF THE CRUCIBLE AND ASH 18.2295 WEIGHT OF THE CRUCIBLE AND ASH18.2295CRUCIBLE NO. 8 BALANCED WEIGHT17.9561BALANCED WEIGHT OF RESIDUAL ASH0.2734 \*\*\* DRY BASIS ASH =0.2734 / (3.0 - 0.0362 ) = 9.22 % \*\*\* AS RECEIVED ASH = 9.22 X (100.00 - 8.640001 ) = 8.42 % SULFUR DETERMINATION \*\*\* AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) = 2.94 % \*\*\* AS RECEIVED SULFUR = 2.94 X (100 - 7.52 )/100 = 2.72 % -----BTU VALUE DETERMINATION \*\*\* GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) = 13280 ETU/LE \*\*\* AS RECEIVED BTU = 13280 X (100.00 - 7.52)/100 = 12281 BTU/LE \*\*\* MOISTURE AND ASH FREE BTU HEAT VALUE = 14803 ETU/LE \*\*\* MOISTURE AND ASH FREE BTU HEAT VALUE = FINGE REFUNE PREPARED BY DATE 01-16-1990 Raymond Walken NATE 01/04/90 TTMF 1149 HRS AL, 10 101 SAMPLE 10 142 APPROVED SAMPLE WT. 1.0007 - DISTRIBUTION -INIT. TEMP 25.893 FTHAL TENP \* 29 ORIGINAL - LAB FILES TEMP RISE 13.1058 COPY - P.S. FUEL ANALYST W:10 (C1) #0.6 SILFUR (C27 33.2 FISE (C3) 18 FORM 300176-A F VALUE !! E 2407.7 AROSS HEAT LOOSE INITS BULLE

## SCHOLZ ELECTRIC GENERATING PLANT COAL RECEIVING REPORT

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COAL VENDOR MA	PCO COALS. INC.			
VESSEL NAME (SMI	TH ONLY)	•	DISTRIBUTION	OF COPIES:
SAMPLE NO. (SCHOI	LZ ONLY) 143		ORIGINAL: AG	COUNTS PAYABLE
PURCHASE ORDER NO	).			B FILE/VENDOR
DISTRIBUTION 151	- 10 53			AL FILES
			FU	EL SERVICES/SCS
BARGE OR RAIL				FUEL ANALYST
CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	
/ SBD 341749	January 4, 1990	260 200		(120)
V SBD 341782	ditto	269,380	61,400	207,980
₩ <u>B&amp;O 189216</u>	ditto	268,000	63,100	204,900
CSXT 348473	ditto	259,020	58,100	200,920
LEN 193872	ditto	267,860	60,900	206,960
L&N 193724	ditto	205,740	62,400	143,340
CSXT 341932	ditto	268,400	64,000	204,400
B&O 199260	ditto	270,780	62,900	207,880
CSXT 804486	ditto	279,360	56,400	222,960
V C&O 142371	and the second sec	262,860	57,400	205,460
	ditto	222,820	51,100	171,720
		·		
TOTAL LEG TE SU				
TOTAL LBS. IF IN LBS	022	2,574,220 TOTA Prepared By:	597,700 L TONS	1,976,520 V 988.26

#### SCHOI ELECTRIC GENERATING PLANT

\*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\* -----AS RECEIVED MAPCO FOR 1/ 4/89 SAMPLE NO. - 143 TONNAGE - 988.26 AIR DRY MOISTURE DETERMINATION PAN WEIGHT 995.6 PAN & WET SAMPLE WEIGHT 1995.6 PAN & DRY SAMPLE WEIGHT 1932.0 AIR DRY MOISTURE WEIGHT \*\*\* AIR DRY MOISTURE = 62.8 / 1000 GRAMS = 62.8 6.28 %

OVEN MOISTURE DETERMINATION CRUCIBLE NO. 27 BALANCED WEIGHT 17.4755 NET WET SAMPLE WEIGHT 3.0008 CRUCIBLE & WET SAMPLE WEIGHT 20.4763 CRUCIBLE & DRY SAMPLE WEIGHT 20.4363 60 MESH OVEN MOISTURE WEIGHT 0.0400 \*\*\* OVEN MOISTURE OF A SAMPLE = 0.0400 GRAMS / 3.0 GRAMS = 1.33 % \*\*\* TOTAL MOISTURE = (100 - 6.28 )/100 X 1.33 % + 6.28 % = 7.53 % ..... ASH DETERMINATION WEIGHT OF THE CRUCIBLE AND ASH 17.7504 CRUCIBLE NO. 27 BALANCED WEIGHT BALANCED WEIGHT OF RESIDUAL ASH 17.4755 0.2749 \*\*\* DRY BASIS ASH =0.2749 / (3.0 - 0.0400 ) = 3.28 % \*\*\* AS RECEIVED ASH = 9.28 X (100.00 - 7.53 ) = 3.59 % ..... SULFUR DETERMINATION \*\*\* AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) = 2.87 % \*\*\* AS RECEIVED SULFUR = 2.87 X (100 - 6.28 )/100 = 2.69 % ..... BTU VALUE DETERMINATION ###GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =132563TU/LB###AS RECEIVED BTU =13256X (100.00 - 6.28 )/100 =12423BTU/LB###MOISTURE AND ASH FREE BTU HEAT VALUE =14809BTU/LE 

PREPARED BY DATE 01-16-1090 Kaymond Welden APPROVED

1 4.130

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FORM 300176-A

FILME REPORT

 MATE
 61/05/90

 TIME
 1050 HRS

 CAL. ID
 101

 SAMPLE ID
 143

 SAMPLE ID
 1.0007

 INIT. TEMP
 15.025

 FTHAL TEMP
 28.425

 IFMP RISE
 3.0990

 ACID
 (C1)

 SULFUR (C2)
 37.5

 FIRE
 (C3)

 F VALUE
 2407.7

 AROSS HEAT
 1.0256

 IMITS
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A CONTRACTOR OF THE OWNER OF THE

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SCHOLZ ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAP	CO COALS, INC.		DISTRIBUTION	0.000000
VESSEL NAME (SMITH		and the second second second second	DISTRIBUTION ORIGINAL: ACC	
SAMPLE NO. (SCHOLZ	CONLY) 144			COUNTS PAYABLE
PURCHASE ORDER NO.				FILE/VENDOR
DISTRIBUTION 151 -	10 53			L FILES
				L SERVICES/SCS
BARGE OR RAIL			PS	FUEL ANALYST
CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
	January 5, 1990	258,280	58,300	199,980
V SED 370007	ditto	266,060	61,000	205,060
₩ <u>B&amp;O 187667</u>	ditto	257,340	56,600	
ノ <u>C&amp;O 160258 20</u>	ditto	255,440	55,100	200,740
LAN 193893	ditto	262,780	62,400	200,340
/CRR 58330	ditto	265,000		200,380
CRR 57940	ditto	271,080	60,900	204,100
CSXT 370071	dítto	261,600	63,400	207,680
SBD 347612	ditto	265,420	60,800	200,800
CSXT 347192 18	ditto	262,100	63,400	202,020
HELX 581078	ditto	264,400	60,900	201,200
SBD 350844	ditto	270,700	59,900	204,500
CSXT 828794	ditto	257,160	64,300	206,400
CSXT 825799	ditto	259,100	56,500	200,660
WM 85082	ditto	212,400	56,300	202,800
CSXT 348221	ditto	266,400	56,700	155,700
C&O 69636	ditto	258,520	61,600	204,800
C&O 77569	ditto	260,280	55,900	202,620
L&N 551170	ditto	270,440	56,400	203,880
C&O 142934	ditto	210,020	50,400	206,740
CSXT 370397	ditto	267,220	60,000	159,620
SBD 370103	ditto	267,640	60,900	207,220
				2001/40
			, 1	
TOTAL LBS. IF IN LES		5,689,380	1,305,400	4,383,980
		TO	TAL TONS	2,191.99
3-00140	225	Prepared By	A COMPANY OF A DESCRIPTION OF A DESCRIPT	
	82	Date:		2
PAGE 1 OF 1	-	Approved By	· Rowini Z. 1	11-1-

#### SCHOL ELECTRIC GENERATING PLANT

#### \*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\*

# AS RECEIVED MAPCO FOR 1/ 5/89

		· · · · · · · · · · · · · · · · · · ·			
	SAMPLE NO 144	TONNAGE - 2191.9	9		
AIR DRY	MOISTURE DETERMINATION	• • • • • • • • • • • • • • • • • • • •			
	PAN WEIGHT				
	PAN & WET SAMPLE WEIGH	1027.8			
	PAN & DRY SAMPLE WEIGH				
	AIR DRY MOISTURE WEIGH	1962.4 65.4			
***	AIR DRY MOTSTURE	65.4 / 1000 GRAMS =			
	ALK DELT HOISTORE	65.4 / 1000 GRAMS =		6.54	2
OVEN MO	ISTURE DETERMINATION				
	CRUCIBLE NO. 8 BALANCED	WEIGHT 17,9571			
	NET WET SAMPLE WEIGHT	3.0019			
	CRUCIBLE & WET SAMPLE V	WEIGHT       17.9571         3.0019         VEIGHT       20.9590         VEIGHT       20.9170         VEIGHT       0.0420			
	CRUCIBLE & DRY SANPLE V	EIGHT 20.9170			
	60 MESH OVEN MOISTURE W	/EIGHT 0.0420			
			AMS =	1.40	7.
	1014F MOTSIOKE = (100 -	5.54 )/100 X 1.4 4 + 6 54	4 -	7 06	*
ASH DETE	RMINATION		• • • • • •		
	WEIGHT OF THE CRUCIBLE	AND ASH 18.2239			
	CRUCIBLE NO. 8 BALANCED	WEIGHT 17.9571			
	BALANCED WEIGHT OF RESI	DUAL ASH 0.2668			
***	DRY BASIS ASH =0.2668	/ (3.0 - 0.0420 ) =		9.01	2
***	AS RECEIVED ASH = 9.01	X (100.00 - 7.85 ) =		3.30	
30LF0R D	ETERMINATION				
***	AS RECEIVED SULFUR (AS	INDICATED ON PRINTOUT BELC	(W) =	2.80	*
	AC RECEIVED SOLFOR = 2	.8 X (100 - 6.54 )/100 =		2.62	2
BIU VALU	E DETERMINATION				
非非主	GROSS BTU VALUE (AS TNOT	CATED ON PRINTOUT BELOW) =		11110	PTU/IP
	AS RECEIVED BID = 1441	$0 \times (100 00 - 6 5) \times (100$	-	12120 1	CTU/IC
<b>家 本 本</b>	MOISTURE AND ASH FREE B	TU HEAT VALUE =	A BOTH	14836 8	BTU/LE
		TU HEAT VALUE =			
	2///	<b>E1</b>			

DATE 01-16-1890 APPROVED Kumoud Walken

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FORM 300176-A

FINAL REPORT THATE 01 09/90 THATE 0324 HRS THATE 10 101 THATE 10 144 THATE 10 144 THATE 10 15,205 THATE 197 13,32 THATE 197 13,32 THATE 197 13,32 THATE 197 13,32 THATE 1027 35,4 THATE (C27 35,4 THA

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JAL RECEIVING REPORT

COAL VENDOR MA			DISTRIBUTION OF	COPIES:
VESSEL NAME (SMI	AND INCOMENDATION OF A DESCRIPTION OF A		ORIGINAL: ACCO	OUNTS PAYABLE
SAMPLE NO. (SCHO	strating the second		COPIES: LAB	FILE/VENDOR
PURCHASE ORDER N	and a subscription of the		COAL	. FILES
DISTRIBUTION 151	- 10 53		FUEI	SERVICES/SCS
				UEL ANALYST
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
94	January 6, 1990	268,440	57,400	211,040
<u>C&amp;O 183633</u>	ditto	266,040	56,500	209,540
C&O 358454	ditto	292,740	62,900	229,840
L&N 197579	ditto	275,240	62,100	213,140
SBD 344776 '8	ditto	261,400	61,700	199,700
L&N 193374 /8	ditto	253,400	58,300	195,100
SBD 346446	ditto	275,740	61,600	214,140
CRR 58567	ditto	272,820	63,200	209,620
CSXT 347409	ditto	271,400	62,800	208,600
L&N 551481	ditto	272,020	63,500	208,520
CSXT 830323	ditto	260,680	58,000	202,680
SBD 347579	ditto	272,460	61,800	210,660
CSXT 828447	ditto	256,400	57,900	198,500
WM 188189	ditto	264,520	58,300	206,220
CSXT 820217	ditto	252,600	56,900	195,700
CSXT 349437	ditto	265,740	63,100	202,640
CSXT 160243 22	ditto	257,040	56,700	200,340
SBD 345479	ditto	265,340	62,800	202,540
C&O 61630	ditto	243,320	55,800	187,520
C&O 77899	ditto	252,480	56,200	196,280
CSXT 802009	ditto	250,480	57,400	193,080
CSXT 807180	ditto	254,620	57,700	196,920

TOTAL LBS. IF IN LBS	5,804,920	1,312,600	4,492,320 v
3-00140	Prepared	By: 2mi	2,246.16
PAGE 1 OF 1	837 Date: Approved Date:	Ца190 Ву: Давий Z 1-9-90	Buil

#### SCHO. ELECTRIC GENERATING PLAN.

\*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\* AS RECEIVED MAPCO FOR 1/ 6/89 SAMPLE NO. - 145 TONNAGE - 2246.16 AIR DRY MOISTURE DETERMINATION PAN WEIGHT 365.6 PAN & WET SAMPLE WEIGHT 1965.6 PAN & DRY SAMPLE WEIGHT 1873.5 AIR DRY MOISTURE WEIGHT 92.1 \*\*\* AIR DRY MOISTURE = 92.1 / 1000 GRAMS = 9.21 % OVEN MOISTURE DETERMINATION CRUCIBLE NO. 1 BALANCED WEIGHT 18.7475 NET WET SAMPLE WEIGHT 3.0002 CRUCIBLE & WET SAMPLE WEIGHT CRUCIBLE & DRY SAMPLE WEIGHT 60 MESH OVEN MOISTURE WEIGHT 21.7477 21.7062 0.0415 \*\*\* OVEN MOISTURE OF A SAMPLE = 0.0415 GRAMS / 3.0 GRAMS = 1.38 % \*\*\* TOTAL MOISTURE = (100 - 9.21 )/100 X 1.38 % + 9.21 % = 10.46 % ASH DETERMINATION WEIGHT OF THE CRUCIBLE AND ASH CRUCIBLE NO. 1 BALANCED WEIGHT 18.7475 BALANCED WEIGHT OF RESIDUAL ASH 0.2801 19.0276 \*\*\* DRY BASIS ASH =0.2801 / (3.0 - 0.0415 ) = 3.47 % \*\*\* AS RECEIVED ASH = 9.47 X (100.00 - 10.46 ) = 3.40 % SULFUR DETERMINATION \*\*\* AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) = 2.87 % \*\*\* AS RECEIVED SULFUR = 2.87 X (100 - 9.21 )/100 = 2.61 % . . . . . . . . . . . . . . . BTU VALUE DETERMINATION \*\*\* GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) = 13264 ETU/LE \*\*\* AS RECEIVED BTU = 13264 X (100.0G - 9.21 )/100 = 12043 ETU/LE \*\*\* MOISTURE AND ASH EREE BTU HEAT VALUE = 14857 BTU/LE \*\*\* MOISTURE AND ASH FREE BTU HEAT VALUE = 14857 BTU/LE 

PREPARED BY DATE 01-16-1490 Kaymoul Walden APPROVED

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FORM 300176-A

FINING RETURT

 DATE
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 TTHE
 0347 HRS

 CALL ID
 102

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 145

 CARPE 10
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 CARPE 11
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 COL 13
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 T VALUE
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 CAROSS MEAT
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COAL RECEIVING REPORT

ESSEL NAME (SMI	and the second s			DUNTS PAYABLE
SAMPLE NO. (SCHO			COPIES: LAB	FILE/VENDOR
PURCHASE ORDER N	Contraction of the second s		COAL	. FILES
ISTRIBUTION 151	- 10 53		FUEI	. SERVICES/SCS
			PS I	FUEL ANALYST
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
SXT 814791	January 7, 1990	260,120	58,600	201,520
60 192114	ditto	249,440	59,400	190,040
SXT 811787	ditto	256,340	57,500	198,840
SXT 815968 22	ditto	253,520	59,100	194,420
&0 806475	ditto	257,760	58,600	199,160
&0 358554	ditto	262,780	62,800	199,980
SXT 803968	ditto	252,040	57,900	194,140
SXT 830650	ditto	256,560	57,600	198,960
ELX 18918	ditto	261,440	62,200	199,240
LO 192358	ditto	265,500	59,500	206,000
&O 808639	ditto	263,500	57,800	205,700
M 189757	ditto	265,120	57,400	207.720
60 807725	ditto	264,180	57,900	206,280
&O 807676	ditto	264,000	57,300	206,700
ELX 581284	ditto	259,020	58,100	200,920
£0 162002	ditto	265,960	57,200	208,760
SXT 346686	ditto	275,500	61,600	213,900
60 358418	ditto	278,680	60,400	218,280
60 802894	ditto	268,120	57,900	210,220
BD 347480	ditto	260,060	63,500	196,560

TOTAL LBS. IF IN LBS		5,239,640	1,182,300	4,057,340 /
3-00140		Prepared	By: 2 int	2,028.67
PAGE 1 OF 1	839	Date: Approved Date:	ј 9 90 Ву: <u>Пови У</u> <i>I-9-9</i> 0	Ruci

SCHOL ELECTRIC GENERATING PLANT \*\*\* COAL ANALYSIS CALCULATION REPORT \*\*\* AS RECEIVED MAPCO FOR 1/ 7/89 SAMPLE NO. - 146 TONNAGE - 2028.67 . . . . . . . . . . . . . . AIR DRY MOISTURE DETERMINATION PAN WEIGHT 1017.5 PAN & WET SAMPLE WEIGHT 2017.5 PAN & DRY SAMPLE WEIGHT 1925.8 AIR DRY MOISTURE WEIGHT 91.7 \*\*\* AIR DRY MOISTURE = 91.7 / 1000 GRAMS = 9.17 % OVEN MOISTURE DETERMINATION CRUCIBLE NO. 3 BALANCED WEIGHT 17.2731 NET WET SAMPLE WEIGHT 3.0002 CRUCIBLE & WET SAMPLE WEIGHT 20.2733 CRUCIBLE & DRY SAMPLE WEIGHT 20.2298 60 MESH OVEN MOISTURE WEIGHT 0.0435 \*\*\* OVEN MOISTURE OF A SAMPLE = 0.0435 GRAMS / 3.0 GRAMS = 1.45 % \*\*\* TOTAL MOISTURE = (100 - 9.17 )/100 X 1.45 % + 9.17 % = 10.49 % ASH DETERMINATION WEIGHT OF THE CRUCIBLE AND ASH 17.5461 CRUCIBLE NO. 3 BALANCED WEIGHT 17.5461 BALANCED WEIGHT 0F RESIDUAL ASH 0.2730 \*\*\* DRY BASIS ASH =0.2730 / (3.0 - 0.0435 ) = 9.23 % \*\*\* AS RECEIVED ASH = 9.23 X (100.00 - 10.49 ) = 3.26 % . . . . . . . . . . . . . . . . SULFUR DETERMINATION \*\*\* AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) = 3.00 % \*\*\* AS RECEIVED SULFUR = 3 X (100 - 9.17 )/100 = 2.72 %

ETU VALUE DETERMINATION \*\*\* GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) = 13239 BTU/LB \*\*\* AS RECEIVED BTU = 13289 X (100.00 - 9.17 )/100 = 12070 BTU/LB \*\*\* MOISTURE AND ASH FREE BTU HEAT VALUE = 14856 BTU/LB

PREPARED BY DATE 01-16-1990 Raymond Walden APPROVED

- DISTRIBUTION -

ORIGINAL - LAB FILES COPY - P.S. FUEL ANALYST

FORM 300176-A

Filling KETURTI

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Inters Billing

#### COAL RECEIVING REPORT

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COAL VENDOR MA	PCO COALS, INC.		DISTRIBUTION	OF COPIES:
VESSEL NAME (SMI	TH ONLY)		ORIGINAL: AC	COUNTS PAYABLE
SAMPLE NO. (SCHO	LZ ONLY) 147			B FILE/VENDOR
PURCHASE ORDER N	0.			L FILES
DISTRIBUTION 151	- 10 53		FUI	L SERVICES/SCS
				FUEL ANALYST
BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 821370	January 8, 1990	261,300	55,500	205,800
SBD 309723	ditto	214,020	54,000	160,020
L&N 193520	ditto	268,040	61,100	206,940
SBD 341623	ditto	269,800	61,900	207,900
SBD 341747	ditto	269,660	63,600	206,060
SBD 341636	ditto	269,840	61,600	208,240
CSXT 347629	ditto	271,340	63,800	207,540
SBD 340393	ditto	268,820	60,000	208,820
SBD 340482	ditto	269,260	59,300	209,960
C&O 811320	ditto	267,060	57,800	209,260
CSXT 825721	ditto	260,840	56,300	204,540
CSXT 804138	ditto	266,740	58,300	208,440
CSXT 832762	ditto	235,900	58,400	177,500
HELX 580828	ditto	252,740	56,400	196,340
C&O 63467	ditto	258,220	56,100	202,120
SBD 341827	ditto	268,740	61,900	206,840
B&O 163503	ditto	259,020	56,600	202,420

CO GIIBO Wha 188713

CSAT BIDAGG

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4,431,340 1,002,600 3,428,740
TOTAL TONS 1,714.37 Prepared By:
Approved By: <u>Advin 2 Kind</u> Date: <u>1-9-90</u>

#### SCHOL ELECTRIC GENERATING PLANT \*\*\* COAL ANALYSIS CALCULATION REPORT ### AS RECEIVED MAPCO FOR 1/ 8/89 SAMPLE NO. - 147 TONNAGE - 1714.37 ...... AIR DRY MOISTURE DETERMINATION PAN WEIGHT 1003.8 PAN & WET SAMPLE WEIGHT 2003.8 PAN & DRY SAMPLE WEIGHT 1909.8 AIR DRY MOISTURE WEIGHT 94.0 \*\*\* AIR DRY MOISTURE = 94.0 / 1000 GRAMS = 3.399999 2 OVEN MOISTURE DETERMINATION CRUCIBLE NO. 27 BALANCED WEIGHT 17.4758 NET WET SAMPLE WEIGHT 3.0017 CRUCIBLE & WET SAMPLE WEIGHT CRUCIBLE & DRY SAMPLE WEIGHT 60 MESH OVEN MOISTURE WEIGHT 20.4775 20.4377 0.0398 \*\*\* OVEN MOISTURE OF A SAMPLE = 0.0398 GRAMS / 3.0 GRAMS = 1.33 % \*\*\* TOTAL MOISTURE = (100 - 9.399999 )/100 X 1.33 % + 9.399999 % = 10.60 % ASH DETERMINATION WEIGHT OF THE CRUCIBLE AND ASH 17.7506 CRUCIBLE NO. 27 BALANCED WEIGHT 17.4758 BALANCED WEIGHT 0F RESIDUAL ASH 0.2748 \*\*\* DRY BASIS ASH =0.2748 / (3.0 - 0.0398 ) = 9.28 % \*\*\* AS RECEIVED ASH = 9.28 X (100.00 - 10.6 ) = 8.30 % ...... SULFUR DETERMINATION \*\*\* AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) = 3.07 % \*\*\* AS RECEIVED SULFUR = 3.07 X (100 - 9.399999 )/100 = 2.78 % BTU VALUE DETERMINATION \*\*\* GROSS BTU VALUE (AS INDICATED ON PRINTOUT BELOW) = 13337 BTU/LE \*\*\* AS RECEIVED BTU = 13337 X (100.00 - 9.399999 )/100 = 12084 ETU/LE \*\*\* MOISTURE AND ASH FREE BTU HEAT VALUE = 14099 BTU/LB -------PREPARED BY Film Provid DATE 01-16-1990 041F 01/10/90 7 ME 1152 mea APPROVED Karmond Walker йні. IJ Lót HARE 15 147 MIFIE HT. 1.0004 - DISTRIBUTION -INT. TEMP 24.342 ORIGINAL - LAB FILES This TEIP 27.402 7FIP RISE 5.1158 HOIS 0.12 41.1 COPY - P.S. FUEL ANALYST WARR GLA SA.S CIEF COL LA FORM 300176-A WHUE LANT. Shin's heat and a second sec

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### SCHOLZ ELECTRIC GENERATING PLANT

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COAL RECEIVING REPORT

COAL VENDOR MAPCO COA VESSEL NAME (SMITH ONLY SAMPLE NO. (SCHOLZ ONLY PURCHASE ORDER NO. DISTRIBUTION 151 - 10	)			ON OF COPIES: ACCOUNTS PAYABLE LAB FILE/VENDOR COAL FILES FUEL SERVICES/SCS PS FUEL ANALYST
	SCALED WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIG (LBS)	
WM 188713 January	12, 1990	263,540	57,40	206,140
V CSXT 810466	ditto	260,500	57,80	and a second sec
✓ <u>C&amp;O 61180</u>	ditto	260,940	55,40	and the second se
		784,980 To Prepared By Date:	170,600 DTAL TONS	614, 380 307.19
PAGE 1 OF 1	843	Approved By Date:	1: Adri	2 Aug

#### FUEL SERVICES Southern Company Services, Inc. P. O. Box 2625 Birmingham, Alabama 35202

Firm:	Power Company:
Webster County Coal Corporation	Gulf Power Company
1509 Johnson Ferry Road	Change Order Number:
Marietta, GA 30062	001
	Purchase Order Number: C-89-009578
	Requisition Number: 65138

Amend this order to delete CT&E as the governing lab for payment purposes and add McCoy and McCoy, Madisonville, Kentucky as the governing lab for payment purposes effective 12/19/89.

A11	other conditions of	subject order will	continue to apply
Prepared	by A.H. Waller	Approved	Filehurk
Date	ĺ –	Approved	
		844	



Charles R. Reason Append Seas Merage Man 275 2001 Manager (1914) 97 5040

P.1 -----

October 31, 1989

Post-it " brand fax transmittel memo 7671 / of pages >

Mr. Larry A. Washington Fuel Procurement Department P. O. Box 2625 Birmingham, AL 35202

TOMM V STALLEY	JOHN HESTER
GULF	Co. SCS
Dept. FUEL	Phone \$77-7866
Fax #	Fax #

Dear Larry:

In reference to your recent spot coal solicitation for Plants Smith, Scholz and Crist, Mapco Coal would like to propose for your consideration production from our Detiki Mine.

> to production constraints, we will have only 10,000 tons pe: ver the six month term requested.

We ald like to request that the coal be weighted and serp of at the mine. Our belt scales and sampling systems meet SCTM approval and an independent lab will be available for

'ysis of the coal. Our facilities have been evaluated by mercial Testing but they are available for your inspection and approval.

This proposal is submitted subject to prior sale pending actification of your intent to purchase any or all the proposed tonnage, also Mapco Board approval.

Should you have questions or need additional information, do not healtate to call.

Sincerely

Charles Reasor

Tommy:

THIS IS THE ORIGINAL MAPTE BID LETTER. MAPTO DID REQUEST MINE WEIGHTING + SHIMPLING

John Hester 89

83/26/98 18183 F-G82

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Southern Company Services, Ins. Southern Company Services

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### Purchase Requisition

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Gulf Power

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Gulf Power Company Requisition Number 65138 Webster County Coal Corp.

Barge Coal for Plants Crist and Smith

This order is based on mine governing sampling and weighing. Sample analysis will be performed at CT&E. CTO lab analysis will govern for payment purposes. In the event of dispute the parties will mutually designate the lab to be used to analyze referee samples.

The attachment entitled "Gulf Power Company Terms and Conditions for Coal Purchases delivered by Rail" is made a part of this order by reference herein. The Terms and Conditions must be signed by the coal vendor in the space provided and returned promptly to Gulf Power Company.

Rail Coal for Plant Scholz

This order is based on Plant governing sampling and weighing. Sample analysis will be performed by Gulf Power Company in Gulf's lab. Gulf's analysis will govern for payment purposes. In the event of dispute, the parties will mutually designate the lab to be used to analyze referee samples.

The attachment entitled "Gulf Power Company Terms and Conditions for Coal Purchases Delivered by Rail" are made a part of this order by reference herein. The Terms and Conditions must be signed by the coal vendor in the space provided and returned promptly to Gulf Power Company.

#### ATTACHMENT II

GULF POWER COMPANY TERMS AND CONDITIONS FOR COAL PURCHASES DELIVERED BY RAIL

### I. GOVERNING DOCUMENTS

The Purchase Order, the Coal Sales Proposal, and these Terms and Conditions, shall constitute the Agreement between Gulf Power Company ("Purchaser") and the vendor named in the Purchase Order ("Seller"). These Terms and Conditions shall govern unless expressly provided otherwise in the Purchase Order. Purchaser objects in advance to any additional or different terms and conditions offered by Seller. The terms and conditions appearing deleted. The Agreement constitutes the complete and exclusive statement of the agreement between the parties and supercedes all prior representations, negotiations and communications between the parties with respect to the subject matter hereof.

#### II. SELLER'S ACCEPTANCE

Acknowledgment of the Purchase Order or delivery of coal under the Agreement will constitute Seller's acknowledgment and acceptance of all provisions herein and all provisions of the Purchase Order.

#### III. BROKERS

3.1 Any seller who does not mine or produce the coal to be delivered under the Agreement shall be deemed a broker. A broker shall be responsible for providing a copy of these Terms and Conditions and the Purchase Order (with optional deletion of Statement from whom it purchases or acquires coal to be delivered hereunder. A broker shall, in its agreement with the producer, bind the producer to all of the terms of the Purchase Order and compliance therewith by such producer; provided, however, that broker from performance of all its obligations under the Agreement. 3.2 The liability of Producer and Broker shall be joint and several. Any reference herein to Seller shall be deemed to refer to both the Producer and the Broker.

#### IV. COAL SPECIFICATIONS

Coal delivered hereunder shall comply, as a minimum, with the following Coal Specifications, on an "as received" basis:

	Property	Guaranteed Values	Rejection
1.	Ash, maximum	9%	14
2.	Moisture, maximum	7%	10
3.	Sulfur, percent	2.6 min., 3.1 max.	less than 2.5% greater than 3.2%
4.	Heat Content, Btu/lb., minimum	12,500	11,500
5.	Ash Fusion, Deg. F., Minimum (H = W) Reducing Atmosphere	2,200	2,050
6.	Volatile Matter, minimum	36%	28
7.	Grindability (HGI)	55 min./60 max.	50
8.	Size	2" x 0" not more than 40% less than 1/4"	greater than 3" more than 40% less than 1/4"

#### V. QUANTITY

Coal shall be delivered in the quantity and within the time period(s) set forth in the Purchase Order. Coal shipments shall be reasonably distributed over each calendar month. Unless Seller secures Purchaser's prior written approval, Seller shall deliver at least 80%, but not more than 120% of the quantity of coal due to be delivered in any month. Seller shall not deliver more or less than the total quantity of coal set forth in the Purchase Order during its term.

#### VI. COAL SIZE AND QUALITY

Unless otherwise specified in the Purchase Order, coal shall not exceed a maximum lump size of 2" in any dimension and shall contain no more than forty percent (40%) of particles less than 1/4" in size, and shall be the full mine product (or full washed product) with no size fractions removed. All coal shall be free

from excess quantities of moisture, bone, slate, fireclay, rock, loose clay, shale and other impurities. The impurities referred to in the foregoing sentence are those occurring geologically in the coal in its natural unwashed condition, and are not to be paragraph.

### VII. EXTRANEOUS MATERIAL

Only full mine coal product (or full washed product) shall be delivered to Purchaser. Pond fines, washer fines, washer refuse, slate, shale, rock, dirt, clay, fireclay, bone, roots, wood, water, debris, refuse or waste from a washer or coal preparation facility and other extraneous material are not acceptable, and shipments of coal shall not contain any of such extraneous material. Any shipment containing any of such extraneous material shall be completely rejected.

### VIII. UNIFORM LOADING

Shipments of coal shall be uniformly loaded by filling the railcar with coal of uniform kind, quality and character. Coal from two or more seams or from two or more sources shall not be blended or mixed for delivery under this Agreement without the prior written approval of Purchaser and under such controls or limitations as Purchaser may impose.

# IX. WEIGHTS, SAMPLES, AND ANALYSES

9.1 Weights of coal delivered hereunder shall be determined, for all purposes, by railroad static scales.

9.2 Representative samples of coal will be taken by Purchaser from each railcar upon delivery at the generating plant or other delivery point and accumulated as a composite sample for the railcar(s) unloaded during each day. Such samples will be analyzed by Purchaser in accordance with procedures equivalent to the current American Society for Testing and Materials Standards or better. Purchaser's analyses of the samples taken at the generating plant or other delivery point shall govern for price adjustments for coal quality and for compliance with for the price adjustment per ton for coal having high ash then for the purposes of this Agreement the analysis of such shipment shall be deemed to be the average of the analysis of all other shipments received under the Agreement from Seller during the preceding thirty day period.

9.3 Splits of each composite sample shall be retained for a period of thirty days for use in the event of a dispute regarding the results of analyses. In the event Seller disputes the accuracy of an analysis by giving written notice to Purchaser within thirty days from the delivery of the coal being analyzed,

that portion of the sample of such coal retained for settlement of disputes shall be sent to a qualified independent laboratory (selected jointly by Purchaser and Seller) which shall conduct an analysis in accordance with the standards set out above. The determination of such independent laboratory shall be binding on both parties. The cost for the analysis by such independent laboratory shall be shared equally by the parties.

9.4 With respect to disputes resulting from the analysis, Purchaser's analysis will be deemed confirmed and no billing adjustments made if the difference between the analysis of the independent laboratory and Purchaser's analysis is within the tolerances of percents specified in the American Society for Testing and Materials Standards.

# X. CALORIFIC VALUE ADJUSTMENT

10.1 For coal f.o.b. destination, the price to be paid shall be adjusted for the calorific heating value of the coal (expressed in Btu per pound) by multiplying the contract price per ton times the ratio of the actual calorific value to the guaranteed calorific value. The amount so determined, less any by Purchaser with respect to this transaction, shall be paid to Seller.

10.2 For coal f.o.b. shipping point, the price to be paid shall be adjusted for the calorific heating value of the coal (expressed in Btu per pound) by multiplying the contract price plus transportation costs per ton times the ratio of the actual determined, less any amount previously paid by Purchaser and less transportation costs and any other costs incurred by Purchaser with respect to this transaction, shall be paid to Seller.

#### XI. ASH ADJUSTMENT

The burning of coal having high ash content has adverse economic and physical effects on the operations of Purchaser's generating plants. It shall be the responsibility of Seller to ensure that the ash content of coal delivered hereunder does not exceed the guaranteed ash content, and failure to do so shall price to be paid for coal shall be adjusted by reducing the price for coal having an ash content in excess of twelve percent (12%). This adjustment will be based on the "as received" ash content of accordance with the following calculation: Price reduction equals

\$0.50 per ton times the percentage of ash in excess of 12%.

Example:

"As-received" ash content is 13.5 percent.

\$0.50 x (13.5 - 12) = \$0.50 x 1.5 = \$0.75 per ton reduction

The ash adjustment shall be applied to the composite sample as defined in Section 9.2. The resulting adjustment in price shall be subtracted from the price determined after calorific adjustment. No adjustment in price shall be made for coal having an ash content less than twelve percent (12%).

#### XII. BILLING AND PAYMENT

12.1 Payments for coal shall be based on the "as received" calorific heating value, expressed in Btu per pound, less deductions for ash adjustment, if applicable, and will include all costs applicable as detailed in the Purchase Order.

12.2 The price per ton of coal under the Agreement shall include all sums to be borne by Seller and/or Seller's producer for all federal, state and local taxes of every nature, reclamation costs, health benefits, black lung benefits, etc. which are assessed or may be assessed as a result of production, shipment, or sale of coal pursuant to the Agreement. Seller any claim or liability for any such taxes and other assessments. Seller further agrees promptly to repay Purchaser for any such taxes which may be refunded to Seller by any taxing authority for coal delivered under the Agreement.

12.3 Seller shall invoice Purchaser upon delivery of coal to the f.o.b. delivery point as specified in the purchase order. Within twelve (12) working days following the receipt by Purchaser of Seller's invoice, Purchaser shall remit ninety percent (90%) of the amount due Seller which amount is determined by multiplying the tons of coal as determined by Seller's loaded weights by the purchase price per ton stated in the Purchase Order. Within twelve (12) working days of the first of the succeeding month, Purchaser shall file with Seller a report of unloaded weights, analyses, Calorific Value Adjustment and Excess Ash Adjustment for all coal received and accepted by Purchaser under the Agreement during the preceding month. Based on such report, Seller shall then invoice Purchaser for any undisputed balance due and Purchaser shall pay Seller any undisputed sum within twelve (12) working days of receipt by Purchaser of the invoice. If such report indicates an overpayment, at Purchaser's Option, Seller shall either credit such overpayment to future shipments if any are due or remit same to Purchaser within twelve (12) working days of such report. Seller shall separately

invoice Purchaser for any undisputed balance claimed to be due. Purchaser and Seller shall negotiate in good faith and in accordance with the Agreement to resolve any disputed payments.

12.4 All correspondence and shipping notices under the Agreement shall be referenced by Purchase Order Number and name of Seller exactly as designated in the Purchase Order.

## XIII. WARRANTY OF COAL SUPPLY

13.1 Seller represents and warrants that it, or its producer designated in the Producer-Broker Statement, owns or and/or Purchase Order and that such coal property contains commercially recoverable coal of a quality and in quantities sufficient to satisfy the requirements of the Agreement. Seller the Producer-Broker Statement, will not use or sell coal from the the coal in the quantities, quality, and at the times provided

13.2 Seller further represents and warrants that the coal delivered hereunder will be mined or produced by Seller, or its producer designated in the Producer-Broker Statement, from the coal property as described, and that no coal from any other seam or source or from any other miner or producer shall be delivered hereunder without prior written approval of Purchaser. Seller further represents and warrants that it will not deliver to Purchaser any coal, which is mined or produced from the coal property as described, under any purchase order issued to any other party without prior written approval of Purchaser.

13.3 Seller further represents and warrants that it has good title to all coal to be delivered hereunder and that such coal is free and clear of all liens, encumbrances, and claims of third parties.

#### XIV. INSPECTION

Purchaser, through its representative or agent, shall have the right during normal business hours: (a) to enter upon the coal property of Seller, or its producer, described in the Coal sales Proposal and/or Purchase Order, where coal to be delivered under the Agreement is being or is to be mined or produced, or upon other property of Seller, or its producer, where coal to be delivered under the Agreement is being or is to be stored, washed, crushed, blended, loaded, unloaded, transported or otherwise handled; and (b) to inspect the property and the method, equipment and manner of mining, producing, storing, other handling of the coal; and (c) to take samples of such coal for analyses. No inspection by Purchaser shall be deemed a

waiver of any Purchaser's rights or relieve Seller of any obligation or agreement assumed by the Agreement.

#### XV. REJECTION

15.1 Purchaser shall have the right to refuse and reject any lot of railcars received together at the generating plant or other delivery point (a) which fails to comply with the Coal Rejection Specifications, (b) containing coal that was or is being mined or produced from a seam or source other than the coal property described in the Coal Sales Proposal and/or Purchase Order without securing prior written approval of Purchaser, (c) which fails in any manner to comply with the Coal Size and Quality (Section VI) specified herein, (d) which is delivered in equipment other than as specified herein, (e) which contains Extraneous Material (Section VII) as defined herein, or (g) which fails to comply with Uniform Loading (Section VIII) requirements as specified herein. If, however, for any reason Purchaser unloads any such receiving lot, Seller agrees to pay for all extra costs for the unloading and handling and removal thereof. If Purchaser rejects a receiving lot, Seller shall reimburse Purchaser for all transportation costs which are incurred by Purchaser that are associated with the rejected receiving lot. Seller shall dispose of all such rejected coal at Seller's

15.2 In addition to the provisions for Samples in Section 9.2, Purchaser shall have the right to take samples of coal shipments while they are in transit by rail and to analyze such reject any such coal shipments for failure to comply with the coal specifications or other conditions of the Agreement. If any and results of such analyses shall not be used for other purposes, and the provisions under Weights, Samples and Analyses

#### XVI. SUSPENSION

In addition to the Rejection rights set forth above, Purchaser shall have the right to suspend coal shipments immediately, by giving verbal or written notice, in the event (a) that coal represented by any composite sample fails to comply with any of the Guaranteed values set forth in the Coal Specifications, (b) that the coal was or is being mined or produced from a seam or source other than the coal property described in the Coal Sales Proposal and/or Purchase Order without securing prior written approval of Purchaser, (c) that the montly quantity shipped exceeds the amount stated in the Purchase Order by more than 20%, (d) that any railcar(s) of coal railcar(s) of coal fails to comply with Uniform Loading requirements as specified herein. If Seller, within thirty (30) days following any suspension, determines that it is in

compliance with the Agreement then Seller shall so notify Furchaser and a test shipment of coal or other determination of compliance will be arranged. If such determination shows to Purchaser's satisfaction that the coal to be shipped will be in compliance, then normal shipments under the agreement shall be resumed. If such determination does not show to the Purchaser's satisfaction that the coal to be shipped will be in compliance, then the Purchaser shall have the option to allow further compliance determinations or to cancel the Agreement. Seller, within thirty (30) days of any suspension, fail to Should provide adequate assurance to Purchaser that Seller can deliver coal in compliance with the Agreement. Purchaser shall have the right immediately to cancel the Agreement. In the event of rejection of shipments followed by cancellation of the Agreement, Seller shall reimburse Purchaser for any and all transportation costs associated with such rejected shipments and/or cancellation which may be incurred by Purchaser and to remove all such rejected coal at Seller's expense Purchaser's rights of rejection suspension and cancellation are in addition to any other remedies provided by the Agreement or in law or in equity for Seller's failure to deliver coal in compliance with the Agreement.

#### XVII. CANCELLATION

In addition to the Rejection and Suspension rights set forth above, Purchaser shall have the right to cancel remaining coal to be delivered under the Purchase Order, by giving written notice, in the event (a) that coal delivered by Seller fails to comply with any of the Coal Specifications averaged over a calendar month, or (b) that coal delivered by Seller in any month is less than seventy-five percent (75%) of the quantity of coal due to be delivered in such month, or (c) that any coal shipment contains or is being mined or produced from a seam or source other than the coal property described in the Coal Sales Proposal and/or Purchase Order without securing prior written approval of Uniform Loading requirements as specified herein, or (f) that Agreement.

#### XVIII. REMEDIES FOR DEFAULT

The remedies stated in the Agreement are cumulative and in addition to those provided by law or equity. Waiver of any one or more defaults shall not be deemed a waiver of any other prior or subsequent default.

#### XIX. CONTINGENCIES

19.1 Seller shall not be liable for damages for delay in delivery or non-delivery where such delay or non-delivery is caused by acts of God, acts of Purchaser, strikes, fires, floods, riots, or like cause, but only if beyond the reasonable control of Seller. Such causes shall not include Seller's failure to obtain or maintain rights in and access to the coal property necessary to properly mine coal therefrom.

19.2 Purchaser shall not be liable for damages for delay in receiving or non-receipt of coal where such delay or non-receipt is caused by acts of God, acts of Seller, strikes, fires, floods, riots, breakdown or failure of coal receiving equipment or facilities, breakdown or failure of transportation systems or rioticities of Purchaser or others, or inability of Purchaser to provide transportation equipment or facilities, or like cause, but only if beyond the reasonable control of Purchaser.

19.3 The excuse from performance shall continue during the pendency of and to the extent made necessary by the occurrence of a named contingency. In the event any such cause prevents Seller from delivering any coal hereunder, coal not delivered during the existence of such a contingency shall be delivered at a later time only by mutual agreement of Purchaser and Seller.

XX. AGENCY

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Purchaser hereby designates Southern Company Services, Inc. as its agent for all purposes hereunder.

XXI. DELIVERIES

21.1 Shipping notices on forms approved by Purchaser shall be mailed promptly when coal is shipped, to the following:

Supervisor of Fuel SupplyScholz Generating PlantElectric Operation-ServicesPlant ManagerGulf Power CompanyRoute 1, Box 234AP. O. Box 1151Sneads, Florida 32460Pensacola, Florida 32520904/265-2185

and

Traffic Coordinator Fuel Supply Department Southern Company Services, Inc. P. O. Box 2625 Birmingham, Alabama 35202 Telex No. (801)733-1338 Telecopy No. (205)877-7288

Bills of Lading shall include name of Seller, Producer, Purchase Order Number, car number and date loaded. Purchaser may direct delivery of coal to a point other than that specified therein; provided, however, any additional cost incurred by Seller as a result of such direction shall be paid by Purchaser. 21.2 Seller will arrange for the necessary railcars and will privide railcar loading facilities sufficient to load the coal properly and within the appropriate loading time. The coal shall be loaded in open top, hopper railroad cars, no greater than 12'7" in height, unless specifically provided elsewhere herein. Seller shall be liable for and shall pay Purchaser for any transportation costs or demurrage charges incurred by Purchaser which may be occasioned by the breakdown or failure of the railcar loading facilities or by the failure of Seller to furnish the proper quantities. Seller shall pay all costs of transportation of coal from the mine to the rail loading facility

21.3 For coal purchased f.o.b. shipping point, Selier shall bear all risk of loss and retain title to the coal to be delivered hereunder until the coal has been loaded into railcars for shipment to the delivery point specified in the Purchase Order. Claims for coal lost en route will be filed by Purchaser to carrier's account. For coal purchased f.o.b. destination, Seller shall bear all risk of loss and retain title to the coal until the coal has been received at the delivery point specified in the purchase order.

21.4 Seller shall fully defend and indemnify Purchaser against any claim made against Purchaser for any costs, expenses or damage (either liquidated or unliquidated) which may be asserted against Purchaser arising out of or resulting from the delivery by Seller to Purchaser of any coal under this Agreement.

#### XXII. DEMURRAGE LIABILITY

After delivery of the final shipment of each order, prior to making final settlement, Purchaser will calculate accumulated demurrage charges at the point of loading and provide this calculation to the seller. Purchaser shall have the right to withhold the calculated demurrage cost incurred at the point of loading from the final settlement until such time the demurrage report is provided by the rail carrier to Purchaser. Purchaser will then deduct and retain for payment to the carrier a sum sufficient to pay any outstanding demurrage charges incurred at the point of loading and will refund to seller any demurrage under this Purchaser Order. Monies associated with demurrage charges will not be retained by Purchaser longer than six months from the date of expiration of Purchase Order.

#### XXIII. INDEPENDENT CONTRACTOR

Seller shall be and act as an independent contractor, and not as a agent or employee of Purchaser, and shall have supervision over and responsibility for the safety and actions of his employees and representatives, and shall have control and management over and responsibility for his equipment.

# XXIV. ASSIGNMENT AND GOVERNING LAW

The Seller shall not assign or transfer this Agreement or his rights and obligations hereunder without the prior written consent of Purchaser. All disputes concerning the execution, construction, interpretation and performance of this Agreement shall be governed by the laws of the State of Florida.

COST DISCLOSURE XXV.

25.1 Seller will provide Purchaser with the following cost information as requested by the Public Service Commission of the State of Florida:

- Mine mouth cost (\$/ton)
- Short haul transportation cost to the loading point (\$/ton)
- Loading cost (\$/ton)
- Transportation cost to destination (\$/ton), if applicable

25.2 Seller will forward these costs to Purchaser within thirty (30) days from date of Purchase Order.

#### XXVI. INDEMNIFICATION

Seller agrees to defend, indemnify and hold harmless Purchaser; the Southern Company; any subsidiary of the Southern Company and any of their agents, employees and representatives from and against any and all liability of alleged liability to which any of them may be subject due to the destruction or damage to any property or due to the injury to or death of any person.

XXVII. NON-DISCRIMINATION

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

а.

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

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- b. Seller will, in all solicitions or advertisements for employees, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national orgin.
- c. Seller will send to each labor union or representative of workers with which it has a collective bargaining agreement labor unions or understanding, a notice, advising the labor unions or workers representative of Seller's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and will post copies of the notice in conspicuous places available to employees and applicants for
- d. Seller will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- e. Seller will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Purchaser and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and order.
- f. In the event of Seller's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this Agreement may be cancelled, terminated or suspended in whole or in part and Seller may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order by the Secretary of Labor, or as otherwise provided by law.
- g. Seller will include the provisions of Paragraphs (a.) through (h.) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontract or vendor. Seller will take such action with respect to any subcontract or purchase order provisions including sanctions for noncompliance; provided, however, that in the event Seller becomes involved in, or are threated with, litigation with a subcontractor or vendor as a

States to enter into such litigation to protect the interests of the United States.

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

Seller hereby certifies that it has read and does accept these standard provisions to the extent they are not specifically modified by the Purchase Order.

**BROKER:** 

PRODUCER:

Bv			
BV			

Title\_\_\_\_

Ву\_\_\_\_

Title\_\_\_\_

GURAIL July 1987

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urchase Order		INFORMATION				Gulf Pr	ower
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