REDACTED

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of coal costs for Progress Energy Florida's Crystal River Units 4 and 5 for 2006 and 2007

Docket No. 070703-EI

Submitted for Filing: February 7, 2008

Progress Energy Florida Inc.'s Request for Confidential Classification

Exhibit B Redacted

CMP ____
COM ____
CTR ____
ECR ____
GCL ____
OPC ____
RCA ____
SCR ____
SGA ____
SEC ____
OTH ____

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Counterparty	Original Contract Date	Term	Price	Description	Process	Comment
Coal Marketing Company	2/4/2007	1/01/2007 - 3/31/2008	$ [redacted]	"D" Import Coal	Feb 2006 RFP	
Emerald International Corporation	2/28/2007	3/01/2007 - 3/31/2007	$ [redacted]	"D" Compliance River Coal	Spot Market	
Emerald International Corporation	2/7/2007	7/01/2007 - 7/31/2007	$ [redacted]	"D" Compliance River Coal	Spot Market	
Massey Utility Sales Company	10/4/2007	10/01/2007 - 12/31/2007	$ [redacted]	"D" Compliance River Coal	Spot Market	
Massey Utility Sales Company	8/15/2007	8/1/2007 - 8/31/2007	$ [redacted]	"D" Compliance River Coal	Spot Market	Test train
Oxbow Carbon & Minerals LLC	10/4/2007	11/01/2007 - 12/31/2007	$ [redacted]	"D" Compliance River Coal	Spot Market	
SSM Coal Americas, LLC	6/12/2007	7/1/2007 - 11/30/2007	$ [redacted]	"D" Compliance Rail Coal	Spot Market	

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Progress Energy

COAL PURCHASE CONFIRMATION

Confirmation #: US06-005

Buyer:	Progress Energy Florida, Inc. 410 S. Wilmington St. PEB 10 Raleigh, NC 27601 (P) 919-6002 (F) 919-546-2500	Seller:	Coal Marketing Company (USA) Inc. Address 1180 Peachtree St., Suite 2420 Address Atlanta, GA 30309 (P)678.608.2840 (F)404.815.7332

The purpose of this letter is to confirm the agreement entered into this 4th day of February, 2007, between Coal Marketing Company (USA) Inc. ("Seller") and Progress Energy Florida, Inc. ("Buyer"), individually a "Party" and collectively the "Parties", regarding the sale and purchase of Coal (the "Transaction") under the terms specified herein.

This Coal Purchase Confirmation (the "Confirmation"), and the General Terms and Conditions ("GTC") that each are attached hereto or transmitted herewith and which shall supplement and are incorporated into this Confirmation, shall be referred to herein as the "Agreement". Any capitalized term used in this Agreement and not defined in the Section in which it appears shall have the meaning set forth in Section 1 of the GTC. In the event of any conflict between this Confirmation and the GTC, the terms of this Confirmation shall prevail. Notwithstanding any other agreement between the Parties to the contrary, any terms and conditions proposed by Seller that purport to modify, supplement or amend this Agreement shall not be binding upon Buyer unless Buyer has expressly agreed to such terms and conditions in writing.

Product Description:	Physical-Colombian Coal- Vessel-Delivered to International Marine Terminal, Myrtle Grove, Louisiana, approximately mile post 57 AHP (above head passes) on the west bank of the Mississippi River ("IMT Terminal") or to TECO Bulk Terminal near Davant, Louisiana at approximately mile 55 AHP on the Mississippi River ("TECO Terminal"), as determined in Buyer's discretion.
Seller:	Coal Marketing Company (USA) Inc.
Buyer:	Progress Energy Florida, Inc.
Term (Delivery Period):	January 1, 2007 through March 31, 2008, inclusive.
Contract Quantity:	Six (6) firm Vessels* (as defined in the GTC), or approximately [redacted] Tons, ±10%, delivered approximately ratably throughout the Term. * Delivered in cargoes of approximately [redacted] Tons (as defined in the GTC) +/- 10 %
Contract Price:	The Contract Price to be paid by Buyer to Seller hereunder shall be [redacted] per Ton based on the Coal quality of 11,300 Btu/lb on an "as received" basis in accordance with ASTM standards. The Contract Price is a delivered price including all of Seller's costs to transport such Coal to the Delivery Point. The Contract Price shall remain fixed for the Term of this Agreement, subject to adjustments for premiums and penalties as provided herein and subject to the provisions of Section 13 of the GTC.
Loading Point Price:	For the purposes of calculating any quality price adjustments pursuant to the provisions of this Confirmation, the Loading Point Price is USD [redacted] per Ton.

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Delivery Point(s): The Delivery Point shall be as specified in the Delivery Specifications attached hereto as Exhibit 1.

Production Source(s): Carbones del Cerrejon, La Guajira District, Colombia South America 100% surface mine

Loading Point: Puerto Bolivar Republic of Colombia, South America

Destination Plant(s): Buyer's Crystal River Units No. 4 and No. 5 near Red Level, Citrus County, Florida.

Delivery Schedule: The annual tonnage will be delivered ratably over each calendar year or portion thereof.

Delivery Specifications: The Parties agree to comply with the Delivery Specifications attached hereto as Exhibit 1. In the event of any conflict between the Delivery Specifications and the GTC, the terms of the Delivery Specifications shall prevail.

Quality Specifications: All Coal delivered hereunder shall meet the Quality Specifications specified in the following table for each of the listed criteria. The Rejection Limits shall be as specified in the following table for each of the listed criteria. All amounts are as measured on an as-received basis in accordance with ASTM standards.

	Quality Specification	Rejection Limit
BTU:	11,300 Btu/lb. per Vessel	Less than 11,100 Btu/lb. per Vessel
SO_2 lbs./MMBtu:	1.2 lbs. MMBtu. per Vessel	Greater than 1.20 lb/MMBtu per Sublot
Moisture:	13.9 % per Vessel	greater than 15 % per Vessel
Ash:	9.0% per Vessel	greater than 11.0 % per Vessel
Volatile Matter:	31.7 % per Vessel	less than 30 % per Vessel
HGI:	46 per Vessel	less than 44 per Vessel
Pyritic Sulfur	0.20% per Vessel	Greater than.23% per Vessel
Ash Fusion	2250	Less than 2100
Sizing:	2" x 0"	greater than 55% by weight fines passing ¼" screen

Quality Price Adjustments:

(1) **BTU Price Adjustment Calculation.** If the as tested per Shipment BTU content for Coal delivered hereunder is either above or below the Quality Specification for BTU content specified above, an adjustment to the Contract Price (either an increase or decrease, as the case may be), shall be made with respect to such Coal in an amount as determined in accordance with the following formula:

$$\text{Loading Point Price} \times \frac{\text{(Actual Btu/lb. – Quality Specification Btu/lb.)}}{\text{Quality Specification Btu/lb.}}$$

The Contract Price applicable to such Coal shall be adjusted upward if the Actual Btu/lb. exceeds the Quality Specification for Btu/lb. and the Contract Price applicable to such Coal shall be adjusted downward if the Actual Btu/lb. is less than the Quality Specification for Btu/lb.

(2) **Pyritic Sulfur Price Adjustment**. If the as tested per Vessel Pyritic Sulfur content for any Shipment of Coal is tested to exceed 0.20% (but in any event shall be less than or equal to 0.23% per Vessel), then the Contract Price applicable to such Shipment shall be adjusted by subtracting $0.50 per Ton for all Coal contained in such Shipment.

Non-Conforming Cargoes: In the event that any Shipment of Coal is above or below, as applicable, any of the Rejection Limits set forth in this Confirmation, Buyer agrees to enter into good faith

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discussions with Seller regarding the costs to Buyer to accept such Non-conforming Shipment (as defined in Section 6(b) of the GTC) Shipment and a mutually agreeable solution with respect thereto in the event that Buyer is able to accept such Non-conforming Shipment at all, as determined in Buyer's sole and absolute discretion; provided, however, nothing whatsoever in this provision shall limit or be interpreted in any way, shape or form to limit in any way any of Buyer's rights of rejection and suspension as set forth in the GTC or otherwise in this Agreement and Buyer shall be entitled to exercise any rights of rejection and/or suspension as determined in Buyer's sole and absolute discretion.

Billing and Payment: In accordance with the provisions of Section 7 of the GTC

Other: This Agreement shall not be deemed to be an agreement of exclusivity on the party of either Party, nor shall it be construed so as to confer any right to Seller to match any current and/or future offers for coal sales made to Buyer by any other venders of such coal.

This Confirmation shall supersede any broker confirmation concerning this Transaction.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed (including by means of facsimile signatures), by their respective duly authorized representatives as of the first date mentioned herein.

Sincerely,

Progress Energy Florida, Inc.

By: _____ PEF

Name: Alexander Weintraub

Title: Executive Director - Renewable Fuels

Date: 7/17/2007

AGREED TO AND ACCEPTED BY:

Coal Marketing Company (USA) Inc.

By: _____

Name: H C. GATTIS

Title: PRESIDENT

Date: 05 JULY 07

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GENERAL TERMS AND CONDITIONS
TO COAL PURCHASE CONFIRMATION #US06-005 (dated February 4, 2007)

These General Terms and Conditions ("GTC") shall supplement and be incorporated into the confirmation to which they are attached or with which they are transmitted (the "Confirmation").

1. Definitions.

"ASTM" means ASTM International, originally the American Society for Testing and Material.

"Bankruptcy Proceeding" means with respect to a Party or entity, such Party or entity (a) makes an assignment or any general arrangement for the benefit of creditors, (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors, or has such a petition filed against it, (c) otherwise becomes bankrupt or insolvent (however evidenced) or (d) is unable to pay its debts as they fall due.

"Business Day" means any day on which the Federal Reserve member banks in New York City are open for business. A Business Day shall run from 8:00 a.m. to 5:00 p.m. Eastern Prevailing Time.

"Buyer" means the entity specified as such on the Confirmation.

"Coal" means crushed bituminous coal, containing no synthetic fuels, and reasonably free from any extraneous material (including, but not limited to, mining debris, bone, slate, iron, steel, petroleum coke, earth, rock, pyrite, wood and blasting wire), with no intermediate sizes added or removed and otherwise meeting the Quality Specifications set forth in the Confirmation to be sold by Seller and purchased by Buyer hereunder.

"Contract Price" means the price in $U.S. per Ton, as set forth in the Confirmation, to be paid by Buyer to Seller for Coal delivered hereunder.

"Costs" means any brokerage fees, commissions and other transactional costs and expenses reasonably incurred by the Non-Defaulting Party as a result of entering into new purchase or sale (as applicable) arrangement(s) with one or more third parties in order to replace the quantity of Coal not delivered or received hereunder as a result of the early termination of this Agreement. In no event shall such costs include any penalties or similar charges.

"Defaulting Party" shall have the meaning set forth in Section 11.

"Delivery Point" means the agreed un-loading point facility(ies) for the delivery and receipt of the Coal as specified in the Confirmation.

"Delivery Specifications" means the delivery specifications attached hereto as Exhibit 1.

"Destination Plant" means one of Buyer's electric generating plants, as specified in the Confirmation (if applicable).

"Eastern Prevailing Time" means Eastern Standard Time or Eastern Daylight Time, whichever is applicable.

"FOB" shall have the meaning given to such term under the UCC.

"Force Majeure" means an event or circumstance which prevents one Party (the "Claiming Party") from performing its obligations under this Agreement, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. With respect to Buyer, Force Majeure shall include, without limitation, the occurrence of any one or more of the following: acts of God; acts of terrorists or of the public enemy (whether threatened or actual); declared or undeclared wars (and whether or not the United States is a party); blockades, revolution, insurrections, and other violent civil disturbances; strikes, lockouts and other disabling labor disturbances; fires, floods, storms and explosions; order or acts of any court, regulatory agency, legislative body or other governmental or military

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authority having jurisdiction; embargoes or any prohibition, sanctions or other restriction on purchases or imports from the country or place of origin of the Coal to be purchased hereunder; breakdowns or damage to the Destination Plant and/or its equipment or facilities, the existence of general conditions in the market which cause a partial or total curtailment of either (i) electrical generation from electrical generating capacity at the applicable Destination Plant(s) where the Coal was to be used or (ii) transmission or distribution of electricity from such Destination Plant(s),and any other events or conditions whether similar or dissimilar to the foregoing which would render Buyer's performance hereunder impracticable, impossible or unlawful. With respect to Seller, Force Majeure shall include, without limitation, the occurrence of any one or more of the following: acts of God; acts of terrorists or of the public enemy (whether threatened or actual); declared or undeclared wars (and whether or not Colombia is a party); blockades, revolution, insurrections, and other violent civil disturbances; strikes, lockouts and other disabling labor disturbances; fires, floods, storms and explosions; order or acts of any court, regulatory agency, legislative body or other governmental or military authority having jurisdiction; embargoes or any prohibition, sanctions or other restriction on sales or exports from the country or place of origin of the Coal to be sold hereunder; breakdowns or damage of main equipment at coal property facilities preventing coal producer from producing, handling, transporting or loading coal at the Loading point (hereinafter "Seller Breakdown Event" and subject to the proviso set forth below), and any other events or conditions whether similar or dissimilar to the foregoing which would render Seller's performance hereunder impracticable, impossible or unlawful; provided, however, that no Seller Breakdown Event shall constitute an event of Force Majeure unless and until such (i) event shall be last for a continuous period in excess of thirty(30) days in spite of Seller's commercially reasonable efforts to mitigate or remedy such event as soon as practicable and (ii) Buyer shall first have the opportunity, at Buyer's discretion and upon notice from Seller that such Seller Breakdown Event has occurred to verify the existence and cause(s) of such event and whether or not such event was beyond the reasonable control of Seller . Notwithstanding the foregoing, Force Majeure shall not include (i) the Buyer's ability to purchase replacement coal at a price lower than the price set forth in this Agreement; or (ii) the loss of Seller's supply or Seller's ability to sell the Coal at a more advantageous price.
Neither Buyer nor Seller shall be required to avoid or settle strikes, slowdowns, or other labor disputes by acceding to any demands when at the sole discretion of that Party it would be inadvisable to do so.

"Gains" means, with respect to a Party, an amount equal to the present value of the economic benefit, if any, (exclusive of Costs) to it resulting from the termination of this Agreement, determined in a commercially reasonable manner.

"Guarantee" means a guarantee from a Party's corporate parent or other affiliate that is issued to the other Party to this Agreement (as beneficiary thereof), to support the obligations of such first Party.

"Guarantor" means with respect to either Party, the entity that has provided a Guarantee to support the obligations of such Party under this Agreement.

"Independent Analysis" shall have the meaning set forth in Section 6.

"Independent Surveyor" shall mean an independent, licensed marine surveyor who is not employed by either Party and who does not have an interest in either Party or the subject matter hereof, and, in any case, who shall be mutually chosen by the Parties unless otherwise agreed by the Parties.

"Interest Rate" means the Federal Funds (Effective) rate for that day opposite the caption in the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

"Letter of Credit" means one or more irrevocable, transferable, standby letters of credit from a major U.S. commercial bank or a U.S. branch office of a major commercial foreign bank, with such bank having a credit rating of at least "A-" from the Standard and Poor's Rating Group (a division of McGraw-Hill, Inc.) or "A3" from Moody's Investor Services, Inc. and capital surplus of at least $1,000,000,000.00. Such letter of credit shall be in substance, tenor and format reasonably acceptable to the Party requesting the letter of credit.

"Losses" means, with respect to a Party, an amount equal to the present value of the economic loss, if any, (exclusive of Costs) to it resulting from the termination of this Agreement, determined in a commercially reasonable manner.

"New Tax" shall have the meaning set forth in Section 5.

"Non-conforming Shipment" shall have the meaning set forth in Section 6(b).

"Non-Defaulting Party" shall have the meaning set forth in Section 11.

"Party" or "Parties" means either or both Buyer and Seller, as applicable.

"Performance Assurance" means collateral in the form of cash, Letter(s) of Credit, or other security reasonably acceptable to the requesting Party.

"Production Source(s)" shall mean the source or sources from which the Coal to be delivered pursuant to this Agreement will be produced as specified in the Confirmation.

"Quality Certificates" shall have the meaning set forth in Section 6(a) hereof.

"Quality Specifications" means the specifications for the Coal as set forth in the Confirmation.

"Rejection Limits" means the rejection limits for the Coal as set forth in the Confirmation.

"Replacement Price" means the price at which Buyer, acting in a commercially reasonable manner, purchases replacement for the Coal not delivered by Seller hereunder plus any costs reasonably incurred by Buyer in purchasing such substitute coal, including without limitation any additional transportation and/or storage charges, if any. Absent such a purchase of substitute coal, the Replacement Price shall be the market price for similar coal as determined by Buyer in a commercially reasonable manner.

"Sales Price" means the price at which Seller, acting in a commercially reasonable manner, resells all or any portion of the Coal not received by Buyer hereunder, deducting from such proceeds any costs reasonably incurred by Seller in reselling such Coal, including any additional transportation and/or storage charges, if any, reasonably incurred by Seller in delivering such coal to any third party purchasers. Absent such a re-sale, the Sales Price shall the market price for similar coal as determined by Seller in a commercially reasonable manner.

"Seller" means the entity specified as such on the Confirmation.

"Shipment" means, as applicable, one barge load or one Vessel load of Coal.

"Sublot" shall have the meaning set forth in Section 6(a) hereof.

"Taxes" shall mean any or all ad valorem, property, occupation, severance, generation, first use, conservation, Btu or energy, utility, gross receipts, privileged, sales, use, consumption, excise, lease transaction and other taxes, governmental charges, licenses, fees permits and assessments, or increases therein, other than taxes based on net income or net worth.

"Ton" means a net ton of two thousand (2,000) pounds avoirdupois weight.

"UCC" shall mean the Uniform Commercial Code of the state whose laws shall govern this Agreement.

"Vessel" means any ocean-going barge, tow (or any combination of boats or barges with the ability to function as a single unit) or other vessel that Seller nominates to deliver Coal hereunder.

2. Purchase and Sale Obligations, Inspection, Weighing and Scheduling.

(a) Seller agrees to sell and deliver to Buyer, and Buyer agrees to purchase and receive from Seller, the Contract Quantity of Coal to be delivered at the Delivery Point as provided in the Confirmation, subject to the provisions of Section 6(a) hereof. All Coal shall be of a quality which is not above or below, as applicable, any of the Rejection Limits specified in the Confirmation (unless it is otherwise accepted by Buyer). Such Coal shall (i) contain no synthetic fuels, (ii) be reasonably free from any extraneous materials, (ii) be consistent in quality throughout a Shipment, and (iv) meet the size required. Seller shall cause the Independent Surveyor to visually inspect and certify all Vessels prior to loading and ascertain that the Vessels are empty and suitable for loading. Any Vessels found unsuitable for loading or contaminated with material shall not be loaded and the applicable transporter shall be notified by Seller of such rejected Vessels. Seller shall be responsible for all costs incurred by Buyer, including the cost of any Coal lost in transit, resulting from Seller's failure to properly inspect the Vessels. If Buyer should experience (or reasonably be expected to experience) difficulties in unloading or handling of the Coal at the Delivery Point (excluding difficulties arising directly from Buyer's negligence), Buyer has the right, but not the obligation, to suspend further shipments pursuant to this Agreement until Seller provides Buyer with written assurances reasonably satisfactory to Buyer that the problems giving rise to such unloading and/or handling difficulties have been resolved. Buyer's right to suspend applies to all Shipments under this Agreement. Buyer shall notify Seller, at which time Seller may inspect such Coal. Seller shall be liable for and shall reimburse Buyer for any costs and expense, including without exclusion demurrage charges, incurred by Buyer arising out of or relating to such unloading and/or handling difficulties Buyer and Seller shall meet in an attempt to resolve the issues giving rise to the unloading and/or handling difficulties. If the Parties are unable to resolve the issues giving rise to the unloading and/or handling difficulties without unreasonable expense to either Party, then Buyer may immediately terminate this Agreement without further liability on the part of either Party (except for payment obligations arising or incurred prior to the effective date of said termination).

(b) The Independent Surveyor shall perform a draft survey of the loaded Vessel at the Loading Point. Notwithstanding the foregoing, the weights of the Coal as determined in accordance with the Delivery Specifications attached hereto as Exhibit 1 shall govern in all respects for payment purposes.

(c) All deliveries under this Agreement shall be scheduled in accordance with the provisions of the Confirmation and the Delivery Specifications. If Seller has reason to believe that any deliveries hereunder will not be made when scheduled, Seller shall provide Buyer with written notice setting forth the reason for the anticipated delay. Buyer shall have sole discretion whether or not to accept or reject any delayed deliveries and any acceptance thereof shall be without prejudice to any of Buyer's rights hereunder. Seller shall be responsible for any demurrage or penalties resulting from the delay. Within one (1) Business Day of completion of the loading of each Shipment, Seller shall notify Buyer via facsimile of the loading completion date, and the weight associated with such Shipment, and within three (3) Business Days Seller shall notify Buyer via facsimile of the Independent Analysis of each Shipment; provided, however, that Seller shall provide Buyer with a short-quick analysis of such Shipment within two (2) Business Days after completion of loading thereof. No Coal shall be unloaded hereunder without prior receipt by Buyer of the Independent Analysis for such Shipment. Seller shall be responsible for any demurrage incurred by Buyer while awaiting receipt of the information described in the previous sentences. Except as otherwise provided in the Confirmation, Seller shall be obligated to deliver and Buyer shall be obligated to accept, one hundred percent (100%) of the Coal scheduled for delivery. Buyer shall not be required to accept any quantity of Coal that is in excess of the total amount of Coal scheduled for delivery during any particular month; provided, however, that if Buyer accepts such excess quantity of Coal, Buyer may, upon written notice to Seller, require that such excess amounts be deducted from the quantity of Coal to be delivered during the remainder of the Term.

(d) CEMS:The Coal supplied shall be consistent throughout each Shipment and no Shipment may exceed 2.0 lbs. SO_2/MMBtu (for non-compliance Coal) and 1.2 lbs. SO_2/MMBtu (for compliance Coal). [Note: "Compliance" Coal is any coal for which the SO_2 Quality Specification is 1.2 lbs./MMBtu or below. "Non-compliance" Coal is any coal for which the SO_2 Quality Specification is above 1.2 lbs./MMBtu.]. Should Buyer experience an SO_2/MMBtu reading in excess of 2.0 lbs. SO_2/MMBtu or 1.2 lbs. SO_2/MMBtu, whichever is applicable, by its CEMS monitoring system with respect to a particular Destination Plant and with respect to a particular period of time during which Buyer has utilized Seller's Coal exclusively at such Destination Plant, then Buyer shall have the right to suspend deliveries hereunder until Seller furnishes Buyer with assurances reasonably acceptable to Buyer that all subsequent deliveries will meet the applicable SO_2/MMBtu Quality Specification specified in this

Confirmation. In the event Buyer experiences more than one such reading (above 2.0 lbs. SO_2/mmBtu or 1.2 lbs. SO_2/mmBtu, whichever is applicable), within any ninety (90) day period, then such shall be deemed to be an Event of Default under this Agreement. In addition to the remedies set forth in this Agreement related to the occurrence of an Event of Default, Buyer shall be entitled to recover from Seller any costs Buyer shall incur related to (i) co-firing oil or other fuel at the applicable Destination Plant, and/or (ii) purchasing replacement power for power that could not be generated due to the circumstances described in the preceding sentence.

3. **Title; Risk of Loss.** Unless otherwise specified in the Delivery Specifications, title to and risk of loss of the Coal shall pass from Seller to Buyer at the Delivery Point. Seller warrants that it shall have good and marketable title to the Coal and shall deliver such Coal to Buyer free and clear of all claims and encumbrances arising prior to the transfer of title to Buyer. Seller shall indemnify, defend and hold harmless Buyer from any and all claims arising with respect to the Coal or any loss thereof prior to the point that title and risk of loss have passed to Buyer. Buyer shall indemnify, defend and hold harmless Seller from any and all claims arising with respect to the Coal or any loss thereof after the point that title and risk of loss have passed to Buyer.

4. **Taxes and Other Liabilities.** Each Party shall use reasonable efforts to administer this Agreement and implement its provisions in accordance with the intent to minimize Taxes. Seller shall be solely responsible for all Taxes relating to the mining, beneficiation, production, sale, use, loading and delivery of Coal to Buyer or in any way accrued or levied prior to the transfer of title to the Coal to Buyer. If either Party is exempt from Taxes, it shall provide to the other Party a certificate of exemption or other reasonably satisfactory evidence of such exemption. Each Party shall use reasonable efforts to obtain and cooperate with the attempts by the other Party to obtain any pass through, exemption from or reduction of any Tax. Buyer shall be solely responsible for all Taxes relating to Coal accrued or levied at or after the transfer of title to the Coal to Buyer. Each Party hereby agrees to indemnify, release, defend and hold harmless the other Party from and against any and all Taxes with respect to the Coal that are the responsibility of the other Party as provided in this paragraph.

5. **New Taxes.** For purposes of this Section 5, New Taxes shall mean (i) any Taxes enacted and effective after the effective date of this Agreement, or (ii) any law, order, rule or regulation, or interpretation thereof, enacted and effective after the effective date of this Agreement resulting in application of any Tax to a new or different class of persons ("New Tax(es)"). If any New Tax is imposed for which Buyer or Seller is responsible, and such New Tax is (as a result of laws, regulations, and applicable contracts of Buyer in effect as of the effective date of the New Tax) of the type that Buyer can pass directly through to, or be reimbursed by, another person or entity, Buyer shall pay or cause to be paid, or reimburse Seller if Seller has paid all such New Taxes, and Buyer shall indemnify, defend, and hold harmless Seller from any Claims for such New Tax. If such New Tax can not be passed through by Buyer, then such Party affected by the New Tax ("New Tax Affected Party") may require the other Party to enter into good faith negotiations to apportion liability for the New Tax equitably between the Parties.

6. **Sampling, Specifications and Rejection.**

(a) As the Coal is being loaded at the loadport, Seller shall cause a representative sample of each Shipment of Coal to be taken by a mechanical sampler or by any other method as mutually agreed between the Parties at least once for each 10,000 incremental Tons loaded (each 10000 Ton increment being referred to herein as a "Sublot"). All such samples will be divided into four (4) parts and placed in separate airtight containers. Seller shall cause one (1) part of each sample to be analyzed at Seller's expense and in accordance with ASTM standards on an "as received" basis by any independent commercial laboratory chosen by mutual agreement of the Parties (the "Independent Analysis"). The results of such Independent Analysis shall be reported to both Buyer and Seller. Seller shall ensure that Buyer receives such Independent Analysis at least forty-eight (48) hours prior to the expected time of arrival of the Shipment to which such Independent Analysis relates. In the event that Buyer has not received such Independent Analysis by the deadline specified, Buyer shall not be liable to Seller for any Vessel demurrage or other costs and expenses related to delays in unloading the Coal therein. The second part of each sample (the "Referee Sample") shall be retained by such laboratory for a period of not less than sixty (60) days after such sample is taken. Seller shall retain one of the two remaining parts of the sample for Buyer, and shall retain the other remaining part for itself. The results of the Independent Analysis shall be used to determine any rejection and/or suspension rights and/or any quality adjustments hereunder. If either Party disputes the results of the Independent Analysis, such Party shall have the right, at such Party's expense, to request the same independent laboratory to analyze the Referee Sample. In such case, if the results of the Referee Sample are within ASTM reproducibility

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limits, the original Independent Analysis will govern for all purposes hereunder. If however the result for any specification of the Referee Sample analysis is outside ASTM reproducibility limits, the Referee Sample analysis shall govern. For each Shipment of Coal to be purchased and sold hereunder, Seller shall or shall cause the independent commercial laboratory to provide Buyer with each of the following documents (collectively the "Quality Certificates"):

(i) Certificate of Analysis (Composite);
(ii) Certificate of Analysis (Sublots);
(iii) Certificate of coal cleanliness;
(iv) Sampling Certificate; and
(v) Screening/Sizing Analysis.

Seller acknowledges and agrees that Buyer will not be obligated to accept delivery of any such Coal unless and until Seller has provided such Quality Certificates to Buyer at least forty-eight (48) hours prior to such Vessel's expected time of arrival ("ETA") at the discharge port. Failure by Seller to provide the Quality Certificates to Buyer at least forty-eight (48) hours prior to such Vessel's ETA at the discharge port shall constitute Seller's failure to deliver the Coal for purposes of Section 10(a) hereof. Seller may initially provide Buyer with a copy of such Quality Certificates, including via facsimile prior to the Vessel arriving at the destination port; provided, however, that Buyer shall not be obligated to pay for any of the Coal unloaded or received by Buyer until Buyer receives the hardcopy original Quality Certificates from Seller.

(b) Seller shall cause all Coal delivered to Buyer to comply with the Quality Specifications and all Coal deliveries hereunder shall be subject to Buyer's right of inspection and rejection. If any Shipment is above or below, as applicable, any of the rejection limits set forth in the Confirmation (a "Non-conforming Shipment"), Buyer, in its sole discretion shall have the right to reject such Non-conforming Shipment. If Buyer chooses not to exercise its rejection rights hereunder, then Buyer shall have the right but not the obligation to attempt to negotiate with Seller a reduced price for such non-conforming Coal. In the event any Non-conforming Shipment hereunder is rejected by Buyer, title to such Coal shall automatically revert back to Seller. Seller shall be responsible for promptly transporting the rejected Coal to an alternate destination determined by Seller and Seller shall reimburse Buyer for all out-of-pocket costs and expenses incurred by Buyer associated with the transportation, storage, handling and removal of the Non-conforming Shipment. Seller shall, if requested by Buyer, replace the rejected Coal within a reasonable period of time, provided that Buyer gives Seller notice of its desire for replacement Coal within forty-eight (48) hours after rejection of the Non-conforming Shipment.

(c) If, during the Term of this Agreement Seller has tendered two (2) Non-conforming Shipments to Buyer (without regard as to whether or not Buyer has rejected such Shipments), then in such case Buyer shall have the right to suspend all further deliveries of Coal hereunder. Buyer shall notify Seller in writing of such suspension and, upon receipt of Buyer's notice, Seller shall immediately suspend further deliveries and shall make commercially reasonable effort to correct the conditions giving rise to the delivery of non-conforming coal. Such suspension shall continue until Seller provides Buyer with assurances in writing that are satisfactory to Buyer that the conditions causing delivery of non-conforming coal have been corrected and that Seller can and shall deliver Coal meeting the Quality Specifications as required hereunder. If Seller fails to give such assurances within thirty (30) days after the date of Buyer's notice of suspension or if within the ensuing ninety (90) days after such resumption of deliveries, any Shipment is above or below, as applicable, any of the Rejection Limits specified in the Confirmation, it shall constitute an Event of Default hereunder with respect to Seller.

(d) Any waiver by Buyer of its suspension rights hereunder for any period shall not constitute a waiver of such right for any subsequent period(s).

7. Billing and Payment.

(a) With respect to deliveries of Coal made under this Agreement, Buyer shall pay Seller by wire transfer or Automated Clearinghouse ("ACH"), in accordance with the electronic transfer instructions provided by Seller, in immediately available United States funds, according with the schedule set forth in this Section7, provided that Buyer has received the following documentation from Seller:

(i) Clean, on-board ocean Bill of Lading
(ii) Draft survey report
(iii) Certificate of Origin

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(iv) Seller's commercial invoice
(v) original Quality Certificates as provided in Section 6(a) hereof.

Seller shall provide Buyer an electronic or faxed invoice for each shipment promptly after loading showing the coal shipment loaded for Buyer at the base price as indicated on the cover sheet of the coal purchase confirmation hereof. Each invoice shall be paid by Buyer within thirty (30) days after *the date of the invoice*. Adjustments (such as quality price adjustments also under the cover sheet shall be submitted as a credit or debit on a separate adjustment invoice, issued as soon as relevant analysis information is available. Documentation showing the basis for the adjustment shall accompany the invoice.

(b) With respect to any other amounts owing under this Agreement (i.e. any amounts not owing for Coal delivered) the Party that is owed such amount shall provide the other Party with an invoice, setting forth the amount owed. Such owing Party shall pay the amount of such invoice within ten (10) days of receipt thereof according to the instructions on such invoice. If such amounts are not paid by such deadline, such amounts shall accrue interest at the Interest Rate from the original due date until the date paid.

(c) If a Party in good faith reasonably disputes the amount set forth in an invoice, such Party (the "Disputing Party") shall provide to the other Party a written explanation specifying in detail the basis for the dispute and such Disputing Party, if it has not already done so, shall pay the undisputed portion of such amount no later than the due date therefor. If the Parties are thereafter unable to resolve the dispute within thirty (30) days of the Disputing Party's delivery of notice of the dispute, either through the exchange of additional documentation or good faith business negotiations, then either Party may seek whatever remedies are available to it at law or in equity.

(d) Subject to the above clause (c), if Buyer and Seller are each required to pay any amounts to each other in the same month, whether pursuant to this Agreement or otherwise, then such amounts shall be aggregated and the Parties shall discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the other Party the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement and/or any other agreement(s) may be offset against each other, set off or recouped therefrom.

8. Access and Audit. Buyer and/or its designated representatives (including but not limited to its agents, auditors, consultants, and engineers), upon reasonable advance notice to Seller and during Seller's normal working hours, shall be granted by Seller access to and shall be permitted to inspect (i) the mine(s) producing Coal for delivery under this Agreement, (ii) all support facilities (including but not limited to coal washing facilities, preparation plants, and load-out facilities), and (iii) any and all records related to the production, weighing, or delivery of Coal delivered or to be delivered under this Agreement. In the event that Seller denies Buyer and/or Buyer's representatives such access and/or right to inspect, Seller agrees that monetary damages would not be an appropriate or sufficient remedy for such an occurrence and that Buyer shall have the right to pursue specific performance, injunction or other equitable relief compelling Seller to grant such access to Buyer. Seller hereby explicitly waives any defense related to the pursuit of such relief.

9. Force Majeure.

(a) If either Party is rendered unable by Force Majeure to carry out, in whole or in part, its obligations hereunder, such Party shall provide notice and reasonably full details of the event to the other Party as soon as reasonably practicable after the occurrence of the event (but in no event after ten (10) days of the initial occurrence thereof). Such notice may be given verbally but shall be confirmed in writing as soon as practicable thereafter. For so long as the event of Force Majeure is continuing, the obligations of the Party affected by the Force Majeure (other than the obligation to make payments hereunder) shall be suspended to the extent made necessary by the Force Majeure. The Party claiming Force Majeure shall exercise commercially reasonable efforts to remedy the Force Majeure as soon as practicable and shall keep the other Party advised as to the continuance of the Force Majeure event. If an event of Force Majeure persists for a continuous period of at least sixty (60) calendar days, then the Party not claiming Force Majeure shall have the option, upon three (3) Business Days' prior written notice, to terminate this Agreement and the obligations of the Parties (except for pre-existing payment obligations) hereunder. Nothing herein shall be construed so as to obligate any Party to settle any strike, work stoppage or other labor

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dispute or disturbance or to make significant capital expenditures, except in the sole discretion of the Party experiencing such difficulty.

(b) Notwithstanding anything in this Agreement to the contrary, Buyer shall have the right but not the obligation to required Seller to make up any deliveries of Coal that Seller was unable to deliver due to Force Majeure. The price for the tonnage to be made up will be the price in effect pursuant to the Confirmation at the time of the occurrence of the Force Majeure event. During such periods when a Force Majeure event or occurrence claimed by Seller results in a reduction in the amount of Coal delivered to Buyer hereunder, Seller agrees to forego entering into new agreements to sell coal to any other party of any coal which is mined from the Production Source(s) listed on the Confirmation or sales which generally meet the specifications for Coal to be sold pursuant to this Agreement; and Seller further agrees to prorate deliveries to Seller's existing coal customers based upon contractual commitments. Notwithstanding anything to the contrary in this Agreement, in the event of the occurrence of a Force Majeure event Buyer will, at its option, be relieved from its obligation to accept up to the entire quantity of the Coal scheduled for delivery under this Agreement for the period during which such event or occurrence exists or existed; provided, however, that if Buyer refuses to accept deliveries for more than three (3) consecutive months, Seller shall have the right, but not the obligation, to terminate this Agreement or if Seller refuses to make deliveries for more than three (3) consecutive months, Buyer shall have the right, but not the obligation, to terminate this Agreement.

10. Failure to Deliver or Receive.

(a) Seller Failure. If Seller fails to schedule and/or deliver Coal pursuant hereto and such failure is not excused by Force Majeure or by Buyer's failure to perform, then Seller shall pay Buyer an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Contract Price Buyer would otherwise have paid for such Coal from the Replacement Price.

(b) Buyer Failure. If Buyer fails to schedule and/or receive Coal pursuant hereto and such failure is not excused by Force Majeure or by Seller's failure to perform, or pursuant to any other provision of this Agreement, then Buyer shall pay Seller an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Sales Price from the Contract Price Seller would otherwise have received for such Coal.

(c) Due Date. The Party to whom such amount is owed shall invoice the other Party for such amounts and any payments hereunder shall be paid in accordance with the provisions of Section 7 above.

(d) Duty to Mitigate. Each Party covenants and agrees that it has a duty to mitigate any damages hereunder; provided, however, that neither Party shall be obligated to enter into any actual replacement purchases or sales, as applicable.

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

(a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice; provided the payment is not the subject of a good faith dispute as described in Section 7(c);

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

(c) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party's obligations to deliver or receive Coal, the exclusive remedy for which is provided in Section 10) if such failure is not remedied within three (3) Business Days after written notice;

(d) such Party becomes the subject of a Bankruptcy Proceeding;

(e) the failure of such Party to provide Performance Assurance pursuant to Section 12 hereof;

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(f) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;

(g) an event described in the last sentence of Section 6(c) occurs;

(h) with respect to such Party's Guarantor, if any:

(i) if any representation or warranty made by a Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;

(ii) the failure of a Guarantor to make any payment required or to perform any other material covenant or obligation in any Guarantee made in connection with this Agreement and such failure shall not be remedied pursuant to the terms of such Guarantee;

(iii) a Guarantor becomes the subject to a Bankruptcy Proceeding;

(iv) the failure of a Guarantor's Guarantee to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under each transaction to which such Guarantee shall relate without the written consent of the other Party; or

(v) a Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of any Guarantee made in connection with this Agreement.

For so long as an Event of Default has occurred and is continuing, the other Party (the "Non-Defaulting Party") shall have the right, in its sole discretion and upon written notice to the Defaulting Party, to (i) designate a day (by providing the Defaulting Party with written notice thereof), which such day shall be within twenty (20) days after the delivery of such notice, upon which the Non-Defaulting Party will accelerate all amounts owing between the Parties and liquidate and terminate this Agreement; (ii) withhold payments due to the Defaulting Party under this Agreement; and/or (iii) suspend performance under this Agreement. If the Non-Defaulting Party chooses to liquidate and terminate this Agreement, the Non-Defaulting Party shall calculate any Gains or Losses to it resulting from the termination of this Agreement, taking into account any Costs reasonably incurred (the "Termination Payment"). The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate and shall be paid within two (2) Business Days after it is communicated in writing to the Defaulting Party by the Non-Defaulting Party.

After calculation of a Termination Payment, if the Defaulting Party would be owed the Termination Payment, the Non-Defaulting Party shall be entitled, at its option and in its discretion, to (i) set off against such Termination Payment any amounts due and owing by the Defaulting Party to the Non-Defaulting Party under any other agreements, instruments or undertakings between the Defaulting Party and the Non-Defaulting Party, or (ii) to the extent this Agreement is not yet liquidated in accordance with this Section 11, withhold payment of the Termination Payment to the Defaulting Party. The remedy provided for in this paragraph shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

12. Performance Assurance. At any time during the term of this Agreement, either Party ("Party X") may require the other Party ("Party Y") to provide financial information reasonably required to ascertain Party Y's ability to meet its financial obligations pursuant to this Agreement, including without limitation the obligation to pay damages in the event Party Y fails to perform its obligations hereunder. If Party X has reasonable grounds to believe that Party Y's creditworthiness has become unsatisfactory, Party X may provide Party Y with written notice requesting Performance Assurance from Party Y in an amount determined by Party X in a commercially reasonable manner. Upon receipt of such notice, Party Y shall have three (3) Business Days to provide such Performance Assurance to Party X. Failure by Party Y to provide such Performance Assurance within such time shall be deemed an Event of Default hereunder.

13. Change in Law. The Parties recognize that, during the term of this Agreement, legislative or regulatory bodies or the courts may construe, change or adopt laws, regulation, policies and/or restrictions (including but not limited to those related to environmental issues) in a way which will make it impossible, impracticable, or economically not

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feasible in Buyer's judgment for Buyer to utilize this or like kind and quality Coal which thereafter would be delivered hereunder. If, as a result of the adoption of such laws, regulations, policies, or restrictions, or change in the interpretation or enforcement thereof, Buyer decides that it will be impossible, impracticable, or economically not feasible for Buyer to utilize such Coal, Buyer will so notify Seller, and thereupon Buyer and Seller will promptly consider whether corrective actions can be taken in the mining and preparation of the Coal at Seller's mine and/or in the handling and utilization of the Coal by Buyer which will remedy the problem. If in Buyer's sole judgment, such actions will not make it possible, practicable, or economically feasible for Buyer to utilize such Coal without violating any applicable law, regulation, policy or order, Buyer shall have the right, upon the later of ninety (90) days notice or the effective date of such change or restriction, to terminate this Agreement without further obligation hereunder of either Party to the other.

14. Intentionally omitted.

15. Indemnification. Seller, for itself and its successors and permitted assigns, agrees to indemnify, defend and hold Buyer and its respective directors, officers, employees and agents harmless from and against (a) all claims, demands, damages, actions and causes of action and costs and expenses in connection therewith or related thereto (including without limitation, attorneys' fees and court costs) arising from property damage, bodily injury or death of third parties, directly caused by Seller's unlawful or negligent performance or failure to perform under this Agreement; (b) all fines, penalties, costs, losses or expenses incurred by Buyer by reason of Seller's violation of any applicable federal, state and local laws, ordinances or regulations directly related to producing, supplying, transporting, delivering or using Coal under this Agreement; and (c) all liabilities, obligations, damages, penalties, claims, charges, expenses, disbursements, losses and costs (including without limitation, attorneys' fees and court costs) which may be imposed upon, incurred or suffered by or against Buyer by reason or by virtue of the performance by Seller of the transportation and delivery of the Coal pursuant to this Agreement or by virtue of the use or occupancy of the property of Buyer. For the purposes of the immediately preceding sentence, "Seller" shall be construed so as to include any third party contracted by Seller to perform any services pursuant to this Agreement. Buyer shall give Seller prompt written notice of any claim, demand or suit of which Buyer receives notice arising out of or in connection with this Agreement and covered by this indemnity. Buyer shall have the right to reasonably participate in any defense, including the selection of local counsel. This indemnification shall not be limited by any insurance carried by Seller or by any contractor retained by Seller to provide any delivery or other services.

Buyer, for itself and its successors and permitted assigns, agrees to indemnify, defend and hold Seller and its respective directors, officers, employees and agents harmless from and against (a) all claims, demands, damages, actions and causes of action and costs and expenses in connection therewith or related thereto (including without limitation, attorneys' fees and court costs) arising from property damage, bodily injury or death of third parties, directly caused by Buyer's unlawful or negligent performance or failure to perform under this Agreement; and (b) all fines, penalties, costs, losses or expenses incurred by Seller by reason of Buyer's violation of any applicable federal, state and local laws, ordinances or regulations directly related to transporting, delivering or using Coal under this Agreement. For the purposes of the immediately preceding sentence, "Buyer" shall be construed so as to include any third party contracted by Buyer to perform any services pursuant to this Agreement (excluding Seller). Seller shall give Buyer prompt written notice of any claim, demand or suit of which Seller receives notice arising out of or in connection with this Agreement and covered by this indemnity. Seller shall have the right to reasonably participate in any defense, including the selection of local counsel. This indemnification shall not be limited by any insurance carried by Buyer or by any contractor retained by Buyer to provide any delivery or other services.

16. Limitation of Remedies, Liability and Damages. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE HEREBY WAIVED UNLESS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY HEREIN PROVIDED, THE LIABLE PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE

WAIVED UNLESS EXPRESSLY PROVIDED IN THIS AGREEMENT. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. THIS SECTION 16 SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

17. Representations and Warranties. On the effective date of this Agreement and throughout the entire term of this Agreement, each Party represents and warrants to the other that: (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation; (b) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate or other organizational action on its part and do not violate or conflict with any law applicable to it, its organizational documents or any order or judgment of a court or other agency of government applicable to it or its assets; (c) its obligations under this Agreement are legally valid and binding obligations, enforceable in accordance with their terms; (d) it has all necessary governmental and other third party permits, approvals and licenses required in connection with the execution, delivery and performance of this Agreement; (e) there are no Bankruptcy Proceedings pending or being contemplated by it or, to its knowledge, threatened against it, and there are no other legal proceedings pending before any court or governmental authority that would reasonably be expected to materially adversely affect its ability to perform its obligations under this Agreement; and (f) this Agreement constitutes a "forward contract" and each Party represents to the other that it is a "forward contract merchant" within the meaning and purposes of the United States Bankruptcy Code, as amended.

Further, Seller represents and warrants to Buyer that: (a) the Production Source(s) of the Coal identified in the Confirmation (if any) are owned and/or controlled by Seller as of the effective date of this Agreement and shall continue to be owned and/or controlled by Seller for the full term of this Agreement; (b) such Production Source(s) contain economically recoverable Coal of a quality and in quantities which will be sufficient to satisfy all the requirements of this Agreement; (c) Seller shall not take any action that would adversely affect its ability to satisfy its obligations under this Agreement or that would adversely affect the Production Source(s) of the Coal identified in the Confirmation (if any); and (d) Seller shall not attempt to deliver Coal under this Agreement from any other production source not identified in the Confirmation, unless approved by Buyer.

18. Assignment. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. Neither Party shall assign this Agreement or any of its rights or obligations hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Any such assignee shall agree in writing to be bound by the terms and conditions of this Agreement.

19. Notices. Except where oral notice is explicitly authorized herein, all notices, requests, or invoices shall be in writing and shall be sent to the address of the applicable Party as specified in the Confirmation. Notices provided for or required under this Agreement may be exercised verbally, but shall be confirmed in writing as soon as practicable. The Parties shall be legally bound from the date the notification is exercised. Notices provided for or required to be in writing herein shall be delivered by hand or electronic means or transmitted by facsimile or sent by certified mail, postage prepaid, return receipt requested, or by overnight mail or courier. Notices hand delivered or delivered by electronic means, shall be deemed delivered by the close of the Business Day on which it was hand delivered or delivered by electronic means (unless hand delivered or transmitted by electronic means after the close of the Business Day, in which case it shall be deemed received by the close of the next Business Day.) Notices provided by facsimile shall be deemed to have been received upon the sending Party's receipt of its facsimile machine's confirmation of a successful transmission. If the day on which such facsimile is received is not a Business Day or is after 5:00 p.m. Eastern Prevailing Time on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notices provided by certified mail, postage prepaid, return receipt requested, or by overnight mail or courier, shall be deemed to have been received on the date noted as delivered on the receipt or tracking registry, as applicable. This Section 22 shall be applicable whenever words such as "notify," "submit," "give," or similar language are used in the context of giving notice to a party.

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20. Confidentiality. No Party shall disclose the terms of this Agreement to a third party (other than a Party's and its affiliates' employees, lenders, counsel, accountants or prospective permitted purchasers, directly or indirectly, of a Party or all or substantially all of a Party's assets or of any rights under this Agreement, in each case who have agreed to keep such terms confidential) except in order to comply with any applicable law, order, regulation or exchange rule; provided, each Party shall notify the other Party of any proceeding of which it is aware which may result in disclosure if and to the extent such notice is not prohibited by such proceeding and shall use reasonable efforts to prevent or limit the disclosure. Notwithstanding the foregoing, Buyer may, without notification to or the consent of Seller, disclose the terms and conditions of this Agreement (i) to any entity that has an ownership interest in the Destination Plant, without regard to whether or not such entity is an affiliate of Buyer; provided that such entity (a) is advised of the confidential nature of this Agreement and (b) agrees to keep such information confidential; and (ii) in connection with any administrative or regulatory approval or filing process in connection with the conduct of its business.

21. Governing Law. This Agreement and the rights and duties of the Parties arising hereunder shall be governed by, enforced and construed in accordance with the laws of the State of New York, without regard to the application of such state's laws relating to conflicts of laws (except for General Obligations Laws 5-1401 and 5-1402). The Parties agree that the United Nations Convention on Contracts for the International Sale of Goods 1980 shall not apply to, or govern, this Agreement.

22. Binding Arbitration.

(a) Any dispute between the Parties arising out of or in connection with this Agreement or its performance, breach, or termination (including the existence, validity and interpretation of this Agreement and the applicability of any statute of limitation period) shall be resolved by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), as amended and supplemented from time to time, except to the extent modified by the provisions of this Section 22.

(b) The Party initiating arbitration shall nominate one (1) arbitrator at the same time it initiates arbitration. The other Party shall nominate one (1) arbitrator within ten (10) Days of receiving notice that arbitration has been initiated. The two (2) arbitrators (the "Party-Appointed Arbitrators") shall appoint a third, neutral arbitrator (the "Third Arbitrator"). The Arbitrators shall be competent and experienced in matters involving the coal purchase and sale business in the United States, with at least fifteen (15) years of industry experience as a practicing attorney, and shall be impartial and independent of either Party and not employed by any of the Parties in any prior matter.

(c) If the Party-Appointed Arbitrators are unable to agree on the Third Arbitrator within forty-five (45) days from initiation of arbitration, then the Third Arbitrator shall be selected by the AAA with due regard given to the selection criteria above and input from the Parties and the Party-Appointed Arbitrators. The Parties shall undertake to request the AAA to complete selection of the Third Arbitrator no later than sixty (60) days from initiation of arbitration. Costs charged by the AAA for this service shall be borne by the Parties in accordance with subsection (g) below.

(d) In the event the AAA should fail to select the Third Arbitrator within sixty (60) Days from initiation of arbitration, then any Party may petition a court of competent jurisdiction in the United States to select the Third Arbitrator. Due regard shall be given to the selection criteria above and input from the Parties and the Party-Appointed Arbitrators. If prior to the conclusion of the arbitration a Party-Appointed Arbitrator or the Third Arbitrator becomes incapacitated or otherwise unable to serve, then a replacement arbitrator shall be appointed in the manner described above.

(e) Discovery and other pre-hearing procedures shall be conducted as agreed to by the Parties, or if they cannot agree, as determined by the Third Arbitrator after discussion with the Parties regarding the need for discovery and other pre-hearing procedures. The Arbitrators shall endeavor to conduct the arbitration in a manner so that the hearing on the dispute is completed within one hundred and eighty (180) days after the appointment of the Third Arbitrator, but shall have the authority to extend such period in their discretion. No later than thirty (30) days after all pre-hearing discovery has been completed, a hearing shall be conducted in Raleigh, North Carolina, at which the Parties shall each present such evidence and witnesses as they may choose.

(f) The Arbitrators shall consider the terms and conditions of this Agreement, including all relevant evidence and testimony, and shall render their decision within fifteen (15) days following conclusion of the hearing. The decision rendered by a majority of the Arbitrators, made in writing and consisting of findings and conclusions, shall be final and binding upon the Parties, and shall be effective as of the date that the arbitration was first initiated. Any such decision may be filed in a court of competent jurisdiction and may be enforced by Buyer or Seller as a final judgment in such court. The Arbitrators shall have no authority to award special, exemplary, or consequential damages.

(g) Each Party shall bear the compensation and expenses of its respective Party-Appointed Arbitrator, own counsel, witnesses, consultants and employees. All other expenses of arbitration (the "Arbitration Expenses") shall be split equally between Buyer on the one hand and Seller on the other. Notwithstanding the foregoing provisions of this Section 22, any costs incurred by Buyer or Seller in seeking judicial enforcement of any written decision of the Arbitrators shall be chargeable to and borne exclusively by the Party against whom such court order is obtained.

23. Compliance with U.S. Laws and Regulations in International Transactions. The Parties acknowledge that Buyer is subject to and governed by the laws and regulations of the United States of America (the "U.S. Laws"), including the Foreign Corrupt Practices Act of 1977, as amended, and laws restricting participation in or compliance with certain foreign boycotts, directly or indirectly, as contained in the U.S. Export Administration Act of 1979, as amended, and the U.S. Internal Revenue Code, as amended. The Parties will cooperate and otherwise conduct their business and activities hereunder in such a manner as to assure that Buyer or any of its affiliates is not placed in a position of noncompliance with the U.S. Laws, including but not limited to any reporting requirements.

24. Buyer Not Consignee. Seller agrees that it shall not specify, list or otherwise designate Buyer and/or any of its parents, affiliates or subsidiaries as the "Shipper", "Owner" "Consignee" or any similar indication of interest on any bill of lading with respect to any shipments of Coal hereunder prior to the passage of title to the Coal at the Delivery Point hereunder. Any violation of this provision by Seller shall constitute a material breach of this Agreement and Buyer shall be entitled to any and all remedies available to it at law, or in equity, notwithstanding the provision of Section 16 hereof. For purposes of this provision "Seller" shall be construed so as to include any of Seller's contractor(s) performing any work in connection with Seller's performance under this Agreement.

25. Entire Agreement; Amendments; Interpretation. This Agreement constitutes the entire agreement between the Parties relating to the subject matter contemplated by this Agreement and supersedes any prior or contemporaneous agreements or representations affecting the same subject matter. Except for any matters which, in accordance with the express provisions of this Agreement, may be resolved by verbal agreement between the Parties, no amendment, modification or change to this Agreement shall be enforceable unless reduced to a writing executed by the Party against whom such amendment, modification or change is sought to be enforced and specifically referencing this Agreement. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be used in interpretation of this Agreement.

26. Counterparts; Severability; Survival. This Agreement may be executed in several counterparts, each of which is an original and all of which constitute one and the same instrument. Except as may otherwise be stated herein, any provision or Section hereof that is declared or rendered unlawful by any applicable court of law or regulatory agency, or deemed unlawful because of a statutory change, will not otherwise affect the lawful obligations that arise under this Agreement. In the event any provision of this Agreement is declared unlawful, the Parties will promptly renegotiate to restore this Agreement as near as possible to its original intent and effect. All indemnity and audit rights shall survive the termination of this Agreement in full for a period of two years.

27. Non-Waiver; Duty to Mitigate; No Partnership or Third Party Beneficiaries. No waiver by any Party of any of its rights with respect to the other Party or with respect to any matter or default arising in connection with this Agreement shall be construed as a waiver of any subsequent right, matter or default whether of a like kind or different nature. Any waiver shall be in writing signed by the waiving Party. Each Party agrees that it has a duty to mitigate damages. Except as specifically set forth in this Agreement, nothing contained in this Agreement shall be construed or constitute any Party as the employee, agent, partner, joint venturer or contractor of any other Party. This Agreement is made and entered into for the sole protection and legal benefit of the Parties, and their permitted

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successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement.

28. Imaged Agreement. Any original executed Agreement or other related document may be photocopied and stored on computer tapes and disks ("Imaged Agreement"). If an Imaged Agreement is introduced as evidence in any judicial, arbitration, mediation or administrative proceedings, it shall be considered as admissible evidence. Neither Party shall object to the admissibility of the Imaged Agreement on the basis that such was not originated or maintained in documentary form under the hearsay rule, the best evidence rule or other rule of evidence.

EXHIBIT 1 – DELIVERY SPECIFICATIONS

These Delivery Specifications shall supplement and be incorporated into the Confirmation to which they are attached or with which they are transmitted (the "Confirmation"). Capitalized terms used but not defined herein shall have the meaning given to them in the Confirmation.

Delivery. Seller shall deliver all Coal DES (as defined in Incoterms 2000 except as otherwise provided herein) to International Marine Terminal, Myrtle Grove, Louisiana ("IMT Terminal"), approximately mile post 57 AHP (above head passes) on the west bank of the Mississippi River or to TECO Bulk Terminal ("TECO Terminal"), near Davant, Louisiana at approximately mile 55 AHP on the Mississippi River, as determined in Buyer's discretion (as applicable, the "Delivery Point"). Title to and risk of loss of or damage to the Coal shall pass from Seller to Buyer as the Coal passes the ship's rail at the Delivery Point. Notwithstanding the foregoing, Buyer shall be responsible for all costs and expenses associated with the off-loading of the Coal from the Vessel at the Delivery Point onto ground storage.

With respect to all duties, taxes and other charges as well as the costs of carrying out customs formalities payable upon import of the Coal, Seller shall be responsible for performing all customs formalities and shall pay all duties, taxes and other charges payable upon import of the Coal. The cost of any such customs duties, taxes and charges shall be reimbursed by Buyer to Seller. Seller shall provide Buyer with an invoice and all reasonable documentation in support of any claims for reimbursement for any such duties taxes and charges and provided herein.

Weighing and Payment. The weight of the Coal delivered under this Agreement shall be determined by Seller causing the Independent Surveyor to take a draft survey at the loading port and certify the weight of each Vessel delivering Coal hereunder. Such draft survey shall be performed at Seller's expense. The weights so derived shall be the basis upon which payment shall be made for Coal delivered hereunder.

Seller shall invoice Buyer for Coal promptly after loading and Buyer shall pay Seller for such Coal thirty (30) days after the date of the invoice, subject to the provisions of Section 7 of the GTC.

Chartering of Vessels. Seller shall be responsible for chartering and nominating all Vessels that will be used for the delivery of Coal hereunder. Seller shall be responsible for ensuring that each Vessel complies with all requirements, rules and regulations and shall operate according to the safety standards established by the port authorities of the loading port and the discharge port.

Vessel Nomination and Approval. Forty-five days prior to the date of requested shipment, Buyer and Seller shall mutually agree on a ten (10) day loading window at the Load Port (the "Laycan"). Seller shall notify Buyer of each intended performing Vessel nominated by Seller not less than twenty (20) days prior to the expected Laycan at the loading port and Seller shall advise the Buyer of the Vessel's ETA and estimated cargo. Buyer shall at this point advise Seller whether the discharge terminal is to be TECO Terminal or IMT Terminal. Ten (10) days prior to the commencement of the agreed Laycan, Seller shall narrow the loading window to a six (6)-day period, which period shall be within the agreed ten (10) day Llaycan. Seller may nominate a substitute Vessel at any time on or before seven (7) days prior to the Vessel's ETA at the loadport provided that such substitute Vessel has similar dates, class condition and cargo intake as the original Vessel, and in any event, subject to the requirements and Buyer's right of rejection each as provided in the immediately following paragraph.

Seller shall be responsible for ensuring that all Vessels nominated by Seller shall meet the general vessel requirements of the loading port and the discharge port. Buyer shall have the right to reject any Vessel nominated by Seller, including without limitation any Vessel for which Buyer determines, in its sole discretion, that such Vessel's gear will hinder Buyer's contractor in its performance of the offloading of the Coal at the discharge port. Buyer shall notify Seller of acceptance or rejection of the nominated Vessel as soon as possible, but latest within one (1) Business Day of Seller notifying Buyer of the identity of such nominated Vessel. Seller shall not load any Vessel unless and until it has been accepted by Buyer, acceptance not to be unreasonably withheld. No nomination, acceptance, or confirmation will be deemed to be a waiver of the general vessel requirements of the loading port or the discharge port, but will constitute a valid nomination, acceptance or confirmation of that vessel respectively.

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Acceptance of any Vessel nominated by Seller shall not constitute a continuing acceptance of such Vessel for any subsequent loading or discharging.

Compliance with ISPS Code. Seller shall be responsible to ensure that all Vessels utilized in the delivery of Coal hereunder shall comply with Chapter XI of SOLAS (International Convention for the Safety of Life at Sea), as amended, of the International Ship and Port Facility Security ("ISPS") Code. At Buyer's request, Seller shall or shall cause the master of such Vessel to provide a copy of the relevant International Ship Security Certificate (or the interim International Ship Security Certificate) and the contact information for the Company Security Officer (as defined in the ISPS Code). As between Buyer and Seller, Seller shall bear any and all costs, losses, damages, expenses and/or delays arising out of or related to the failure of any Vessel to comply with the requirements of the ISPS Code and/or this provision.

Safe Berth. Buyer shall provide Seller's nominated Vessel a safe berth at Myrtle Grove or Davant, as applicable. Buyer guarantees that the draft at the berth at the IMT Terminal or the TECO Terminal, as applicable, shall be at least equivalent to the draft at the southwest pass. However, Buyer does not make any representation with respect to, nor does Buyer warrant the safety of public channels, fairways, approaches thereto, anchorages, or other publicly maintained area either inside or outside the port area where Seller's nominated Vessel may be directed.

Notice of Arrival Time. Seller shall appoint a local Ship's Agent, which such Ship's Agent shall be responsible to advise International Marine Terminals ("IMT") or TECO Bulk Terminals ("TECO"), as applicable, (IMT or TECO, as applicable referred to hereinafter as the "Terminal") and Buyer of the Ships' Estimated Time of Arrival ("ETA") and such other information as required pursuant to these Delivery Specifications. Seller is responsible for notifying Buyer and the Terminal of the estimated time of arrival ("ETA") at the discharge port by facsimile, telegram, or telex no later than six (6) days prior to the date of expected arrival, which shall be updated (i)four (4) days prior to the expected date of arrival (ii) seventy-two (72) hours prior to the expected time of arrival and (iii) twenty-four (24) hours prior to the expected time of arrival. Upon sailing, Seller shall provide Buyer or cause to be provided to Buyer the following information: (a) estimated time of arrival at pier or anchorage (local time for the applicable discharge port); (b) last port of call; (c) master's estimated lift; (d) tonnage by hold; (e) unloading sequence geared toward maximum efficiency; (f) fresh water draft (arrival and completion); (g) air draft of vessel upon arrival at anchorage or dock; (h) plan regarding bunkers or stores; (i) number of tugs required for docking/undocking; (j) cargo destination; and (k) customs required.

Notice of Readiness. After the Vessel has arrived at the discharge port or the closest available anchorage if the terminal berth is occupied or the Vessel is otherwise ordered to anchorage by the Terminal, and in all respects is ready to proceed to the berth to commence discharging the Coal, the Vessel master or his agent shall give the Terminal and the Buyer notice that the Vessel is ready to discharge the Coal, ("Notice of Readiness" or "NOR"). NOR to be tendered any time day or night, Sundays and holidays included, whether in berth or not, whether in port or not, whether in free pratique or not, whether customs cleared or not.

Laytime. Laytime shall commence twelve (12) hours after NOR is Accepted (as defined below) by the Terminal, unless sooner commenced.

A Vessel will not be "Accepted" by the Terminal until all of the following conditions have been met unless otherwise specifically excepted by the Terminal in the Terminal's sole discretion:

1. The Vessel is, in all respects, ready to discharge the coal.
2. Customs and immigration have cleared the Vessel for discharge.
3. The Vessel is alongside berth and all fast if berth is available on arrival.
4. If a berth is not available upon arrival, the Vessel is within the port boundaries or at the applicable Terminal's designated anchorage.

Any time consumed due to any of the following shall not count as laytime:

1. Shifting from anchorage to unloading berth.
2. Waiting for customs and immigration clearances and free pratique.
3. Breakdown or inability of the capability, facilities or equipment of the Vessel that delays the discharge.
4. If the owners or operators of the Vessel prohibit discharge at any time.
5. Declaration of weather events that stop discharge.
6. Events of Force Majeure.

7. Ballasting or deballasting.
8. Draft checks.

Laytime shall end after completion of discharge. After the Vessel is on demurrage, all time lost shall continuously count as demurrage, except for unloading stoppages due to the Vessel's or Vessel owner's requirements or for unloading stoppages due to a declaration of weather emergencies, equipment malfunctions, draft checks, ballasting or deballasting, shifting, wet or unusual conditions of the coal or force majeure by the Terminal and for any time obtaining pratique after berthing.

Discharge; Demurrage/Despatch. The Parties contemplate that all Vessels utilized by Seller to ship the Coal to be purchased and sold hereunder will be geared or gearless Vessels in Sellers option, subject to the provisions set forth in the Section titled "Vessel Nomination and Approval" above. Buyer is responsible for all costs of offloading the Coal from the Vessel to ground storage at the IMT Terminal or the TECO Terminal, as applicable, and any and all subsequent costs thereafter, including without exclusion costs of Coal movement and stockpiling. Buyer shall offload the Coal at a minimum average rate of 12,000 Metric Tonnes per weather working day ("WWD") Half Despatch, Saturdays, Sundays and Holidays included except for Terminal Holidays (as defined below), (the "Discharge Rate").

In the event that Buyer fails to meet the Discharge Rate with respect to any Vessel and such failure is not excused by Force Majeure, Buyer shall be liable for demurrage at the rate of $14,500 US Dollars per day (the "Demurrage Cost"), pro rata, which shall be fixed throughout the Term of this Agreement. Buyer shall not be liable for demurrage due to any other reason except for the failure of Buyer's contractor to offload the Coal at the Discharge Rate. For the purposes of this provision "Terminal Holidays" shall include New Year's Day, Mardi Gras, Easter Sunday, Independence Day, Thanksgiving Day and Christmas Day.

In the event that Buyer discharges the Coal at a rate faster than the Discharge Rate, Seller shall pay Buyer Despatch at half the Demurrage Cost, pro rata.

Stevedores Damage. All claims for damage to the vessel allegedly caused by stevedores will be settled directly between shipowner and stevedores. Where necessary, however, Buyer will, at the request of Seller, use commercially reasonable efforts to assist and cooperate regarding the settlement of such damage between shipowner and the stevedores; provided, however, in no event shall Buyer have any liability whatsoever hereunder to Seller or any other party with respect to such damage and/or any claims, losses, costs or expenses arising out or and/or relating thereto.

Progress Energy

COAL PURCHASE CONFIRMATION

Confirmation #: PEC_Emerald _2.28.07_SPOT

Buyer: Progress Energy Carolinas, Inc.
410 S. Wilmington St. PEB8A
Raleigh, NC 27601
(P) 919-546-2561 (F) 919-546-2590

Seller: Emerald International Corporation
6895 Burlington Pike
Florence, KY 41042
(P) 304-382-3435 (F) 859-525-2522

The purpose of this letter is to confirm the agreement entered into this 28th day of February, 2007, between Emerald International Corporation ("Seller") and Progress Energy Carolinas, Inc. ("Buyer"), individually a "Party" and collectively the "Parties", regarding the sale and purchase of Coal (the "Transaction") under the terms specified herein.

Product Description: Physical Central Appalachian "CAAP" coal
Seller: Emerald International Corporation
Buyer: Progress Energy Florida, Inc.
Term (Delivery Period): March 1, 2007
Contract Quantity: [redacted] tons
Contract Price: [redacted] per ton
Delivery Point(s): FOB Barge Ohio River Terminal
Production Source(s): Big Sandy River
Destination Plant(s): Crystal River units 4 and 5

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Quality Specifications:

	Quality Specification
BTU:	12,176 Btu/lb. typical
SO_2 lbs./MMBtu:	1.15lbs. weighted average
Moisture:	6.04 % typical
Ash:	13.19
Volatile Matter:	31.30 % minimum
HGI:	42 minimum
AST:	2550 minimum per shipment
Sizing:	2" x 0"

Billing and Payment.

(a) With respect to deliveries of Coal made under this Agreement, Buyer shall pay Seller by wire transfer or Automated Clearinghouse ("ACH"), in accordance with the electronic transfer instructions provided by Seller, in immediately available United States funds, according to the following schedule: Seller shall provide Buyer an electronic or faxed invoice twice a month (on the 16th for the 1st through the 15th of the month and on the first day of the following month for the 16th through the end of the previous month) showing each coal shipment loaded for Buyer during the month at the base price specified in the

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Confirmation hereof that had not been included on a previously issued invoice. Each invoice shall be paid by Buyer within 15 days of the date of receipt. Adjustments (such as quality price adjustments located on the cover sheet shall be submitted as a credit or debit on the next month end statement following the calculation date. Documentation showing the basis for the adjustment shall accompany said invoice. The payment of Quality Price Adjustments (as specified in the Confirmation), shall be submitted as a credit or debit on the next month end statement following the calculation date.

This Confirmation shall supersede any broker confirmation concerning this Transaction.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed (including by means of facsimile signatures), by their respective duly authorized representatives as of the first date mentioned herein.

Sincerely,
BY:

Progress Energy Florida, Inc.

By: _____

Name: Alexander Weintraub

Title: Director - Gen

Date: 3/19/07

AGREED TO AND ACCEPTED

Emerald International Corporation

By: _____

Name: STEVE WEBER

Title: V.P.

Date: 3/5/07

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Progress Energy

COAL PURCHASE CONFIRMATION

Confirmation #: PEF_Emerald _7.2.07_SPOT

Buyer: Progress Energy Florida, Inc.
410 S. Wilmington St. PEB8A
Raleigh, NC 27601
(P) 919-546-2561 (F) 919-546-2590

Seller: Emerald International Corporation
6895 Burlington Pike
Florence, KY 41042
(P) 304-382-3435 (F) 859-525-2522

The purpose of this letter is to confirm the agreement entered into this 2nd day of July, 2007, between Emerald International Corporation ("Seller") and Progress Energy Florida, Inc. ("Buyer"), individually a "Party" and collectively the "Parties", regarding the sale and purchase of Coal (the "Transaction") under the terms specified herein.

Product Description: Physical Central Appalachian "CAAP" coal
Seller: Emerald International Corporation
Buyer: Progress Energy Florida, Inc.
Term (Delivery Period): July 2007
Contract Quantity: 7 barges approximately [redacted] tons
Contract Price: [redacted] per ton
Delivery Point(s): FOB barge Ceredo Dock
Production Source(s): N/A
Destination Plant(s): N/A

REDACTED

Quality Specifications:

	Quality Specification
BTU:	11,627 Btu/lb. typical
SO_2 lbs./MMBtu:	1.27lbs. weighted average
Moisture:	7.0 % typical
Ash:	19.00
Volatile Matter:	31.30 % minimum
HGI:	42 minimum
AST:	2550 minimum per shipment
Sizing:	2" x 0"

Billing and Payment.

(a) With respect to deliveries of Coal made under this Agreement, Buyer shall pay Seller by wire transfer or Automated Clearinghouse ("ACH"), in accordance with the electronic transfer instructions provided by Seller, in immediately available United States funds, according to the following schedule: Seller shall provide Buyer an electronic or faxed invoice twice a month (on the 16th for the 1st through the 15th of the month and on the first day of the following month for the 16th through the end of the previous month) showing each coal shipment loaded for Buyer during the month at the base price specified in the

Confirmation hereof that had not been included on a previously issued invoice. Each invoice shall be paid by Buyer within 15 days of the date of receipt. Adjustments (such as quality price adjustments located on the cover sheet shall be submitted as a credit or debit on the next month end statement following the calculation date. Documentation showing the basis for the adjustment shall accompany said invoice. The payment of Quality Price Adjustments (as specified in the Confirmation), shall be submitted as a credit or debit on the next month end statement following the calculation date.

This Confirmation shall supersede any broker confirmation concerning this Transaction.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed (including by means of facsimile signatures), by their respective duly authorized representatives as of the first date mentioned herein.

Sincerely,
BY:

Progress Energy Florida, Inc.

By: Sandra S Wyckoff

Name: SANDRA S. WYCKOFF

Title: Director - Comm

Date: 7/16/07

AGREED TO AND ACCEPTED

Emerald International Corporation

By:

Name: Chris Hastings

Title: Trader

Date: 7/2/07

Progress Energy

COAL PURCHASE CONFIRMATION

Confirmation #: PEF_Massey _2007_SPOT

Buyer: Progress Energy Florida, Inc.
410 S. Wilmington St. PEB 10
Raleigh, NC 27601
(P) 919-6002 (F) 919-546-2590

Seller: Massey Utility Sales Company
4 North Forth St.
Richmond, VA 23219
(804) 788-1800 (F) 804-788-1811

The purpose of this letter is to confirm the agreement entered into this 4th day of October, 2007, between Massey Utility Sales Company ("Seller") and Progress Energy Florida, Inc. ("Buyer"), individually a "Party" and collectively the "Parties", regarding the sale and purchase of Coal (the "Transaction") under the terms specified herein.

This Coal Purchase Confirmation (the "Confirmation"), and the General Terms and Conditions ("GTC") that each are attached hereto or transmitted herewith and which shall supplement and are incorporated into this Confirmation, shall be referred to herein as the "Agreement". Any capitalized term used in this Agreement and not defined in the Section in which it appears shall have the meaning set forth in Section 1 of the GTC. Commencement of deliveries of Coal (as defined herein) by Seller under the Transaction described herein shall constitute acceptance of the terms set forth in this Agreement, without regard to whether or not Seller has actually signed this Confirmation. In the event of any conflict between this Confirmation and the GTC, the terms of this Confirmation shall prevail. Notwithstanding any other agreement between the Parties to the contrary, any terms and conditions proposed by Seller that purport to modify, supplement or amend this Agreement shall not be binding upon Buyer unless Buyer has expressly agreed to such terms and conditions in writing.

Product Description: Physical CAPP Coal
Seller: Massey Utility Sales Company
Buyer: Progress Energy Florida, Inc.
Term (Delivery Period): October 1, 2007 – December 31, 2007
Contract Quantity: [redacted] tons total; shipped at approximately [redacted] tons per month.
Contract Price: [redacted]
Delivery Point(s): F.O.B Barge, KRT Ceredo; served by CSX railroad.
Production Source(s): Stirrat/Superior Surface
Destination Plant(s): **TBD by Buyer**
Transportation Specifications: If delivery is to occur by rail, Seller shall comply with the Transportation Specifications attached hereto as Exhibit 1. In the event of any conflict between the Transportation Specifications and the GTC, the terms of the Transportation Specifications shall prevail.
Quality Specifications: All Coal delivered hereunder shall meet the Quality Specifications specified in the following table for each of the listed criteria. The Rejection Limits shall be as specified in the following table for each of the listed criteria. All amounts are as measured on an as-received basis in accordance with ASTM standards.

	Quality Specification	Rejection Limit
BTU:	9,000 Btu/lb. monthly weighted average	Less than 8,800 Btu/lb.
SO_2 lbs./MMBtu:	1.22 lbs. per shipment	Greater than1.48 lbs.

Moisture:	7.00 % maximum	greater than 9.00 %
Ash:	32.00 % maximum	greater than 34.00 %
Volatile Matter:	28 % minimum	less than 27 %
HGI:	42 minimum	less than 39
AST:	2400 minimum per shipment no portion can be below	not applicable
Sizing:	2" x 0"	greater than 55% by weight fines passing ¼" screen

This Confirmation shall supersede any broker confirmation concerning this Transaction.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed (including by means of facsimile signatures), by their respective duly authorized representatives as of the first date mentioned herein.

Billing and Payment.

(a) With respect to deliveries of Coal made under this Agreement, Buyer shall pay Seller by wire transfer or Automated Clearinghouse ("ACH") (or by check if deliveries under this Agreement will only occur within one calendar month), in accordance with the electronic transfer instructions provided by Seller, in immediately available United States funds, according to the following schedule: Seller shall provide Buyer an electronic or faxed invoice twice a month (on the 16th for the 1st through the 15th of the month and on the first day of the following month for the 16th through the end of the previous month) showing each coal shipment loaded for Buyer during the month at the base price specified in the Confirmation hereof that had not been included on a previously issued invoice. Each invoice shall be paid by Buyer within 15 days of the date of receipt. Adjustments (such as quality price adjustments located on the cover sheet shall be submitted as a credit or debit on the next month end statement following the calculation date. Documentation showing the basis for the adjustment shall accompany said invoice. The payment of Quality Price Adjustments (as specified in the Confirmation), shall be submitted as a credit or debit on the next month end statement following the calculation date.

Sincerely,

Progress Energy Florida, Inc.

By: Sandra Slaughter

Name: SANDRA S. WOLFF

Title: DIRECTOR - COAL

Date: 11/2/07

AGREED TO AND ACCEPTED BY:

Massey Utility Sales Company

By: John R. Parker

Name: John R. Parker

Title: Senior Vice President

Date: November 2, 2007

Progress Energy

COAL PURCHASE CONFIRMATION

Confirmation #: SPOT Test Train 8/2007

Buyer: Progress Energy Florida, Inc.
410 S. Wilmington St. PEB 10
Raleigh, NC 27601
(P) 919-6002 (F) 919-546-2590

Seller: Massey Utility Sales Company
4 North Fourth Street
Richmond, VA
(P) 804-782-1678 (F) 804-788-1781

The purpose of this letter is to confirm the agreement entered into this 15th day of August, 2007, between Massey Utility Sales Company ("Seller") and Progress Energy Florida, Inc. ("Buyer"), individually a "Party" and collectively the "Parties", regarding the sale and purchase of Coal (the "Transaction") under the terms specified herein.

This Coal Purchase Confirmation (the "Confirmation"), shall be referred to herein as the "Agreement". Commencement of deliveries of Coal (as defined herein) by Seller under the Transaction described herein shall constitute acceptance of the terms set forth in this Agreement, without regard to whether or not Seller has actually signed this Confirmation. Notwithstanding any other agreement between the Parties to the contrary, any terms and conditions proposed by Seller that purport to modify, supplement or amend this Agreement shall not be binding upon Buyer unless Buyer has expressly agreed to such terms and conditions in writing.

Product Description: Physical CAPP Coal
Seller: Massey Utility Sales Company
Buyer: Progress Energy Florida, Inc.
Term (Delivery Period): August 2007
Contract Quantity: [redacted] tons total;.
Contract Price: [redacted] per ton
Delivery Point(s): F.O.B. Barge - Ceredo
Production Source(s): Stirrat Load out/Superior Mine
Destination Plant(s): Buyer's – Crystal River Plant
Quality Specifications: All Coal delivered hereunder shall meet the Quality Specifications specified in the following table for each of the listed criteria. The Rejection Limits shall be as specified in the following table for each of the listed criteria. All amounts are as measured on an as-received basis in accordance with ASTM standards.

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	Quality Specification	Rejection Limit
BTU:	9000 Btu/lb. monthly weighted average	Less than 8800 Btu/lb.
SO_2 lbs./MMBtu:	1.22 lbs. per shipment	Greater than 1.48 lbs. lbs.
Moisture:	7 % maximum	greater than 9 %
Ash:	32 % maximum	greater than 34 %
Volatile Matter:	28 % minimum	less than ~~27%~~ 25%
HGI:	47 minimum	less than 45
AST:	2400 minimum per shipment no portion can be below	not applicable
Sizing:	2" x 0"	greater than 55% by weight fines passing ¼" screen

Sampling, Specifications and Rejection.

(a) For deliveries by barge, truck, or rail, Seller shall cause a representative sample of each Shipment of Coal to be taken by a mechanical sampler in accordance with ASTM standards or by any other method as mutually agreed between the Parties. All such samples will be delivered into four (4) parts and placed in separate airtight containers. Seller shall cause one (1) part of each sample to be analyzed at Buyer's expense and in accordance with ASTM standards on an as received basis by an independent commercial laboratory (the "Independent Analysis"). The result of such Independent Analysis shall be reported to Buyer. The second part of each sample (the "Referee Sample") shall be retained by such laboratory for a period of not less than sixty (60) days after such sample is taken. Seller shall retain one of the two remaining parts of the sample for Buyer, and shall retain the other remaining part for itself. The result of the Independent Analysis shall be used to determine any rejection and /or suspension rights and/or quality adjustments hereunder. If either Party disputes the results of the Independent Analysis, such Party shall have the right, at such Party's expense, to request an independent laboratory to analyze the Referee Sample. In such case, the average results of the Referee Sample and the original independent analysis shall govern for all purposes hereunder, provided that said results are within ASTM reproducibility limits.

Billing and Payment.

(a) With respect to deliveries of Coal made under this Agreement, Buyer shall pay Seller by wire transfer or Automated Clearinghouse ("ACH") (or by check if deliveries under this Agreement will only occur within one calendar month), in accordance with the electronic transfer instructions provided by Seller, in immediately available United States funds, according to the following schedule: Seller shall provide Buyer an electronic or faxed invoice twice a month (on the 16th for the 1st through the 15th of the month and on the first day of the following month for the 16th through the end of the previous month) showing each coal shipment loaded for Buyer during the month at the base price specified in the Confirmation hereof that had not been included on a previously issued invoice. Each invoice shall be paid by Buyer within 15 days of the date of receipt. Adjustments (such as quality price adjustments located on the cover sheet shall be submitted as a credit or debit on the next month end statement following the calculation date. Documentation showing the basis for the adjustment shall accompany said invoice. The payment of Quality Price Adjustments (as specified in the Confirmation), shall be submitted as a credit or debit on the next month end statement following the calculation date.

This Confirmation shall supersede any broker confirmation concerning this Transaction.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed (including by means of facsimile signatures), by their respective duly authorized representatives as of the first date mentioned herein.

AGREED TO AND ACCEPTED BY:

Progress Energy Florida, Inc.	Massey Utility Sales Company
By: Sandra S Wyckoff	By: John R. Parker
Name: SANDRA S WYCKOFF	Name: John R. Parker
Title: Director - Coal	Title: Senior Vice President
Date: 8/23/07	Date: August 17, 2007

Progress Energy

COAL PURCHASE CONFIRMATION

Confirmation #: PEF_Oxbow _2007_SPOT

Buyer: Progress Energy Florida, Inc.
410 S. Wilmington St. PEB 10
Raleigh, NC 27601
(P) 919-546-3622 (F) 919-546-2590

Seller: Oxbow Carbon & Minerals LLC
600 Grant Street, Suite 450
Denver, CO 80203

The purpose of this letter is to confirm the agreement entered into this 4th day of October, 2007, between Oxbow Carbon & Minerals LLC ("Seller") and Progress Energy Florida, Inc. ("Buyer"), individually a "Party" and collectively the "Parties", regarding the sale and purchase of Coal (the "Transaction") under the terms specified herein.

This Coal Purchase Confirmation (the "Confirmation"), and the General Terms and Conditions ("GTC") that each are attached hereto or transmitted herewith and which shall supplement and are incorporated into this Confirmation, shall be referred to herein as the "Agreement". Any capitalized term used in this Agreement and not defined in the Section in which it appears shall have the meaning set forth in Section 1 of the GTC. Commencement of deliveries of Coal (as defined herein) by Seller under the Transaction described herein shall constitute acceptance of the terms set forth in this Agreement, without regard to whether or not Seller has actually signed this Confirmation. In the event of any conflict between this Confirmation and the GTC, the terms of this Confirmation shall prevail. Notwithstanding any other agreement between the Parties to the contrary, any terms and conditions proposed by Seller that purport to modify, supplement or amend this Agreement shall not be binding upon Buyer unless Buyer has expressly agreed to such terms and conditions in writing.

Product Description: Coal Elk Creek Mine in Somerset, CO
Seller: Oxbow Carbon & Minerals LLC
Buyer: Progress Energy Florida, Inc.
Term (Delivery Period): November 1, 2007 – December 31, 2007
Contract Quantity: [redacted] tons total.
Contract Price: [redacted]
Delivery Point(s): F.O.B Barge, Cora Dock;.
Production Source(s):
Destination Plant(s): **TBD by Buyer**
Quality Specifications: All Coal delivered hereunder shall meet the Quality Specifications specified in the following table for each of the listed criteria. The Rejection Limits shall be as specified in the following table for each of the listed criteria. All amounts are as measured on an as-received basis in accordance with ASTM standards.

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	Quality Specification	Rejection Limit
BTU:	12,000 Btu/lb. monthly weighted average	Less than 11,500 Btu/lb.

SO_2 lbs./MMBtu:	.90 lbs. per shipment	Greater than 1.20 lbs.
Moisture:	8.00 % maximum	greater than 10.00 %
Ash:	11.00 % maximum	greater than 13.50 %
Volatile Matter:	34 % minimum	less than 33 %
HGI:	48 minimum	less than 47
AST:	2400 minimum per shipment no portion can be below	not applicable
Sizing:	2" x 0"	greater than 55% by weight fines passing ¼" screen

Quality Price Adjustments:

(1) **BTU Price Adjustment Calculation.** If the monthly weighted average for BTU content for Coal delivered hereunder is either above or below the Quality Specification for BTU content specified above, an adjustment to the Contract Price (either an increase or decrease, as the case may be), shall be made with respect to such Coal as follows:

$$\text{Contract Price} \times \frac{\text{(Actual Btu/lb. - Quality Specification Btu/lb.)}}{\text{Quality Specification Btu/lb.}}$$

The Contract Price applicable to such Coal shall be adjusted upward if the Actual Btu/lb. exceeds the Quality Specification for Btu/lb. and the Contract Price applicable to such Coal shall be adjusted downward if the Actual Btu/lb. is less than the Quality Specification for Btu/lb.

(2) **SO_2 Price Adjustment Calculation.** If the monthly weighted average (as received basis) for SO_2 content for Coal delivered hereunder is either above or below the Quality Specification for SO_2 content specified above, but not higher than the individual Shipment Rejection Limit for SO2 content of 1.2 lbs./mmBtu or lower than .60 lbs./mmBtu, an adjustment (rounded to the nearest $0.001) to the Contract Price (either an increase or decrease, as the case may be), shall be made with respect to such Coal as follows:

$$(\text{Quality Specification } SO_2 - \text{Actual } SO_2) \times \frac{\text{(Actual Btu/lb. x Allowance Price)}}{1{,}000{,}000}$$

Where "Allowance Price" means the "S02 Average Price" or "S02 Allowance Price", as the case may be, that relates to the MPI during the reference month of adjustment as reflected in Argus Air Daily's monthly published report or any successor thereto

Billing and Payment.

(a) With respect to deliveries of Coal made under this Agreement, Buyer shall pay Seller by wire transfer or Automated Clearinghouse ("ACH") (or by check if deliveries under this Agreement will only occur within one calendar month), in accordance with the electronic transfer instructions provided by Seller, in immediately available United States funds, according to the following schedule: Seller shall provide Buyer an electronic or faxed invoice twice a month (on the 16th for the 1st through the 15th of the month and on the first day of the following month for the 16th through the end of the previous month) showing each coal shipment loaded for Buyer during the month at the base price specified in the Confirmation hereof that had not been included on a previously issued invoice. Each invoice shall be paid by Buyer within 15 days of the date of receipt. Adjustments (such as quality price adjustments located on the cover sheet shall be submitted as a credit or debit on the next month end statement following the calculation date. Documentation showing the basis for the adjustment shall accompany said invoice. The payment of Quality Price Adjustments (as specified in the Confirmation), shall be submitted as a credit or debit on the next month end statement following the calculation date.

This Confirmation shall supersede any broker confirmation concerning this Transaction.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed (including by means of facsimile signatures), by their respective duly authorized representatives as of the first date mentioned herein.

Sincerely,

Progress Energy Florida, Inc.

By: Sandra S Wyckoff

Name: SANDRA S. WYCKOFF

Title: DIRECTOR - COAL

Date: 11/13/07

AGREED TO AND ACCEPTED BY:

Oxbow Carbon & Minerals LLC

By: [signature]

Name: JAY BARTON

Title: VICE PRESIDENT

Date: 11/5/07

Progress Energy

COAL PURCHASE CONFIRMATION

Buyer:	Progress Energy Florida, Inc. 410 S. Wilmington St. PEB 10 Raleigh, NC 27601 (P) 919-6002 (F) 919-546-2590	Seller:	SSM Coal Americas, LLC. 10500 Little Patuxent Parkway Columbia, MD 21044 (P) 606-931-0050 (F) 606-931-0060

The purpose of this letter is to confirm the agreement entered into this 12th day of June, 2007, between SSM Coal Americas, LLC. ("Seller") and Progress Energy Florida, Inc. ("Buyer"), individually a "Party" and collectively the "Parties", regarding the sale and purchase of Coal (the "Transaction") under the terms specified herein.

This Coal Purchase Confirmation (the "Confirmation"), and the General Terms and Conditions ("GTC") that each are attached hereto or transmitted herewith and which shall supplement and are incorporated into this Confirmation, shall be referred to herein as the "Agreement". Any capitalized term used in this Agreement and not defined in the Section in which it appears shall have the meaning set forth in Section 1 of the GTC. Commencement of deliveries of Coal (as defined herein) by Seller under the Transaction described herein shall constitute acceptance of the terms set forth in this Agreement, without regard to whether or not Seller has actually signed this Confirmation. In the event of any conflict between this Confirmation and the GTC, the terms of this Confirmation shall prevail. Notwithstanding any other agreement between the Parties to the contrary, any terms and conditions proposed by Seller that purport to modify, supplement or amend this Agreement shall not be binding upon Buyer unless Buyer has expressly agreed to such terms and conditions in writing.

Product Description:	Physical CAAP Coal
Seller:	SSM Coal Americas, LLC.
Buyer:	Progress Energy Florida, Inc.
Term (Delivery Period):	July 1, 2007 – November 31, 2007
Contract Quantity:	[redacted] a month
Contract Price:	[redacted] J FOB Railcar
Delivery Point(s):	FOB Rail CSX Rail
Production Source(s):	Pardee, WV
Destination Plant(s):	**Buyer's Crystal River Plant Units 4 & 5**
Transportation Specifications:	If delivery is to occur by rail, Seller shall comply with the Transportation Specifications attached hereto as Exhibit 1. In the event of any conflict between the Transportation Specifications and the GTC, the terms of the Transportation Specifications shall prevail.
Quality Specifications:	All Coal delivered hereunder shall meet the Quality Specifications specified in the following table for each of the listed criteria. The Rejection Limits shall be as specified in the following table for each of the listed criteria. All amounts are as measured on an as-received basis in accordance with ASTM standards.

REDACTED

	Quality Specification	Rejection Limit
BTU:	12,000 Btu/lb monthly weighted average	Less than 11,900 Btu/lb.
SO_2 lbs./MMBtu:	1.20 per shipment	Greater than1.20 lbs.
Moisture:	8.00 % maximum	greater than 10.00 %
Ash:	12 % maximum	greater than 14 %

Volatile Matter:	32 % minimum	less than 30 %
HGI:	42 *minimum*	less than 40
AST: Initial	2400 minimum per shipment no portion can be below	2400
Sizing:	2" x 0"	greater than 55% by weight fines passing ¼" screen

Quality Price Adjustments:

BTU Price Adjustment Calculation. If the monthly weighted average for BTU content for Coal delivered hereunder is either above or below the Quality Specification for BTU content specified above, an adjustment to the Contract Price (either an increase or decrease, as the case may be), shall be made with respect to such Coal as follows:

$$\text{Contract Price} \times \frac{\text{(Actual Btu/lb. – Quality Specification Btu/lb.)}}{\text{Quality Specification Btu/lb.}}$$

The Contract Price applicable to such Coal shall be adjusted upward if the Actual Btu/lb. exceeds the Quality Specification for Btu/lb. and the Contract Price applicable to such Coal shall be adjusted downward if the Actual Btu/lb. is less than the Quality Specification for Btu/lb.

Sampling, Specifications and Rejection

(a) For deliveries by barge, truck, or rail, Seller shall cause a representative sample of each Shipment of Coal to be take by a mechanical sampler in accordance with ASTM standards or by any other method as mutually agreed between the Parties. All such samples will be delivered into four (4) parts and placed in separate airtight containers. Seller shall cause one (1) part of each sample to be analyzed at Buyer's expense and in accordance with ASTM standards on an as received basis by an independent commercial laboratory (the "Independent Analysis"). The result of such Independent Analysis shall be reported to Buyer. The second part of each sample (the "Referee Sample") shall be retained by such laboratory for a period of not less than sixty (60) days after such sample is taken. Seller shall retain one of the two remaining parts of the sample for Buyer, and shall retain the other remaining part for itself. The result of the Independent Analysis shall be used to determine any rejection and /or suspension rights and/or quality adjustments hereunder. If either Party disputes the results of the Independent Analysis, such Party shall have the right, at such Party's expense, to request an independent laboratory to analyze the Referee Sample. In such case, the average results of the Referee Sample and the original independent analysis shall govern for all purposes hereunder, provided that said results are within ASTM reproducibility limits.

In addition to the above, and in the event of rail deliveries only, Seller is to cause the Coal to be mechanically sampled in accordance with ASTM standards at the time of railcar loading, and is to direct the independent commercial laboratory to collect three (3) individual samples of Coal from each Shipment. The independent commercial laboratory shall, in accordance with ASTM standards, perform separate analyses on an "as received" basis on each of the three (3) individual Coal samples collected from each Shipment. Each of the three (3) individual Coal samples is to be analyzed at a minimum for the Quality Specifications of moisture, volatile, ash, BTU, AST and sulphur. The average of the analytical results for each Quality Specification of the three (3) individual analyses is to be calculated and used for determination of premiums and penalties associated with the guaranteed specifications of the Coal for the Shipment (if any). Seller shall have the right to reject any Shipment of Coal hereunder in the event the results for the analyses any quality specification that us above or below the reject limit obtained by the independent laboratory from one or more of the three (3) individual samples.

(b) Seller shall cause all Coal delivered to Buyer to comply with the Quality Specifications and all Coal deliveries hereunder shall be subject to Buyer's right of inspection and rejection. If any Shipment triggers any of the rejection limits set forth in the Confirmation (a "Non-conforming Shipment"), Buyer, in its sole discretion shall have the right to reject such Non-conforming Shipment. If Buyer chooses not to exercise its rejection rights hereunder, then Buyer shall have the right but not the obligation to attempt to negotiate with Seller a reduced price for such

non-conforming Coal. In the event any Non-conforming Shipment hereunder is rejected by Buyer, title to such Coal shall automatically revert back to Seller. Seller shall be responsible for promptly transporting the rejected Coal to an alternate destination determined by Seller and Seller shall reimburse Buyer for all out-of-pocket costs and expenses incurred by Buyer associated with the transportation, storage, handling and removal of the Non-conforming Shipment. Seller shall, if requested by Buyer, replace the rejected Coal within a reasonable period of time, provided that Buyer gives Seller notice of its desire for replacement Coal within forty-eight (48) hours after rejection of the Non-conforming Shipment.

(c) In the event there are two (2) Non-conforming Shipments in any three (3) month period, or two (2) out of (4) consecutive Shipments are Non-conforming Shipments, then in such case Buyer shall have the right to suspend all further deliveries of Coal hereunder. Buyer shall notify Seller in writing of such suspension and, upon receipt of Buyer's notice, Seller shall immediately suspend further deliveries and shall make commercially reasonable effort to correct the conditions giving rise to the delivery of non-conforming coal. Such suspension shall continue until Seller provides Buyer with assurances in writing that are satisfactory to Buyer that the conditions causing delivery of non-conforming coal have been corrected and that Seller can and shall deliver Coal meeting the Quality Specifications as required hereunder. If Seller fails to give such assurances within thirty (30) days after the date of Buyer's notice of suspension or if within the ensuing ninety (90) days after such resumption of deliveries, any Shipment triggers any of the Rejection Limits specified in the Confirmation, it shall constitute an Event of Default hereunder with respect to Seller.

(d) Any waiver by Buyer of its suspension rights hereunder for any period shall not constitute a waiver of such right for any subsequent period(s).

Billing and Payment.

(a) With respect to deliveries of Coal made under this Agreement, Buyer shall pay Seller by wire transfer or Automated Clearinghouse ("ACH") (or by check if deliveries under this Agreement will only occur within one calendar month), in accordance with the electronic transfer instructions provided by Seller, in immediately available United States funds, according to the following schedule: Seller shall provide Buyer an electronic or faxed invoice twice a month (on the 16th for the 1st through the 15th of the month and on the first day of the following month for the 16th through the end of the previous month) showing each coal shipment loaded for Buyer during the month at the base price specified in the Confirmation hereof that had not been included on a previously issued invoice. Each invoice shall be paid by Buyer within 15 days of the date of receipt. Adjustments (such as quality price adjustments located on the cover sheet shall be submitted as a credit or debit on the next month end statement following the calculation date. Documentation showing the basis for the adjustment shall accompany said invoice. The payment of Quality Price Adjustments (as specified in the Confirmation), shall be submitted as a credit or debit on the next month end statement following the calculation date.

(b) With respect to any other amounts owing under this Agreement (i.e. any amounts not owing for Coal delivered) and except for any amounts payable pursuant to Section 5 hereof which are addressed in Section 5, the Party that is owed such amount shall provide the other Party with an invoice, setting forth the amount owed. Such owing Party shall pay the amount of such invoice within ten (10) days of receipt thereof according to the instructions on such invoice. If such amounts are not paid by such deadline, such amounts shall accrue interest at the Interest Rate from the original due date until the date paid.

(c) If a Party in good faith reasonably disputes the amount set forth in an invoice, such Party (the "Disputing Party") shall provide to the other Party a written explanation specifying in detail the basis for the dispute and such Disputing Party, if it has not already done so, shall pay the undisputed portion of such amount no later than the due date therefor. If the Parties are thereafter unable to resolve the dispute within thirty (30) days of the Disputing Party's delivery of notice of the dispute, either through the exchange of additional documentation or good faith business negotiations, then either Party may seek whatever remedies are available to it at law or in equity.

(d) If Buyer and Seller are each required to pay any amounts to each other in the same month, whether pursuant to this Agreement or otherwise, then such amounts shall be aggregated and the Parties shall discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to

the other Party the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement and/or any other agreement(s) may be offset against each other, set off or recouped therefrom.

Access and Audit. Buyer and/or its designated representatives (including but not limited to its agents, auditors, consultants, and engineers), upon reasonable advance notice to Seller and during Seller's normal working hours, shall be granted by Seller access to and shall be permitted to inspect (i) the mine(s) producing Coal for delivery under this Agreement, (ii) all support facilities (including but not limited to coal washing facilities, preparation plants, and load-out facilities), and (iii) any and all records related to the production, weighing, or delivery of Coal delivered or to be delivered under this Agreement. In the event that Seller denies Buyer and/or Buyer's representatives such access and/or right to inspect, Seller agrees that monetary damages would not be an appropriate or sufficient remedy for such an occurrence and that Buyer shall have the right to pursue specific performance, injunction or other equitable relief compelling Seller to grant such access to Buyer. Seller hereby explicitly waives any defense related to the pursuit of such relief.

Force Majeure.

(a) If either Party is rendered unable by Force Majeure to carry out, in whole or in part, its obligations hereunder, such Party shall provide notice and reasonably full details of the event to the other Party as soon as reasonably practicable after the occurrence of the event (but in no event after ten (10) days of the initial occurrence thereof). Such notice may be given verbally but shall be confirmed in writing as soon as practicable thereafter. For so long as the event of Force Majeure is continuing, the obligations of the Party affected by the Force Majeure (other than the obligation to make payments hereunder) shall be suspended to the extent made necessary by the Force Majeure. The Party claiming Force Majeure shall exercise commercially reasonable efforts to remedy the Force Majeure as soon as practicable and shall keep the other Party advised as to the continuance of the Force Majeure event. Other sources available to Seller with Buyers approval shall not be reasonably withheld. If an event of Force Majeure persists for a continuous period of at least sixty (60) calendar days, then the Party not claiming Force Majeure shall have the option, upon three (3) Business Days' prior written notice, to terminate this Agreement and the obligations of the Parties (except for pre-existing payment obligations) hereunder. Nothing herein shall be construed so as to obligate any Party to settle any strike, work stoppage or other labor dispute or disturbance or to make significant capital expenditures, except in the sole discretion of the Party experiencing such difficulty.

(b) Notwithstanding anything in this Agreement to the contrary, Coal that Seller was unable to deliver due to Force Majeure or Coal that Buyer was unable to accept due to Force Majeure shall be scheduled at Buyer's sole discretion. The price for the tonnage to be made up will be the price in effect pursuant to the Confirmation at the time of the occurrence of the Force Majeure event. During such periods when a Force Majeure event or occurrence claimed by Seller results in a reduction in the amount of Coal delivered to Buyer hereunder, Seller agrees to forego entering into new agreements to sell coal to any other party of any coal which is mined from the Production Source(s) listed on the Confirmation or sales which generally meet the specifications for Coal to be sold pursuant to this Agreement, and Seller further agrees to prorate deliveries to Seller's existing coal customers based upon contractual commitments. Notwithstanding anything to the contrary in this Agreement, in the event of the occurrence of a Force Majeure event or the existence of general conditions in the market which cause a partial or total curtailment of either (i) electrical generation from electrical generating capacity at the applicable Destination Plant(s) where the Coal was to be used or (ii) transmission or distribution of electricity from such Destination Plant(s), Buyer will, at its option, be relived from its obligation to accept up to the entire quantity of the Coal scheduled for delivery under this Agreement for the period during which such event or occurrence exists or existed; provided, however, that if Buyer refuses to accept deliveries for more than three (3) consecutive months Seller shall have the rights but not the obligations to terminate this Agreement.

Failure to Deliver or Receive.

(a) Seller Failure. If Seller fails to schedule and/or deliver Coal pursuant hereto and such failure is not excused by Force Majeure or by Buyer's failure to perform, then Seller shall pay Buyer an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Contract Price Buyer would otherwise have paid for such Coal from the Replacement Price.

(b) Buyer Failure. If Buyer fails to schedule and/or receive Coal pursuant hereto and such failure is not excused by Force Majeure or by Seller's failure to perform, or pursuant to any other provision of this Agreement, then Buyer shall pay Seller an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Sales Price from the Contract Price Seller would otherwise have received for such Coal.

(c) Due Date. The Party to whom such amount is owed shall invoice the other Party for such amounts and any payments hereunder shall be paid in accordance with the provisions of Section 9 above.

(d) Duty to Mitigate. Each Party covenants and agrees that it has a duty to mitigate any damages hereunder; provided, however, that neither Party shall be obligated to enter into any actual replacement purchases or sales, as applicable.

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

(a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice; provided the payment is not the subject of a good faith dispute;

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

(c) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party's obligations to deliver or receive Coal, the exclusive remedy for which is provided in the Force Majeure Section) if such failure is not remedied within three (3) Business Days after written notice;

(d) such Party becomes the subject of a Bankruptcy Proceeding;

(e) the failure of such Party to provide Performance Assurance pursuant to Section 14 hereof;

(f) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;

(g) an event described in the last sentence of Section Sampling, Specifications and Rejection (c) occurs;

(h) with respect to such Party's Guarantor, if any:
- (i) if any representation or warranty made by a Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;
- (ii) the failure of a Guarantor to make any payment required or to perform any other material covenant or obligation in any Guarantee made in connection with this Agreement and such failure shall not be remedied pursuant to the terms of such Guarantee;
- (iii) a Guarantor becomes the subject to a Bankruptcy Proceeding;
- (iv) the failure of a Guarantor's Guarantee to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under each transaction to which such Guarantee shall relate without the written consent of the other Party; or

(v) a Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of any Guarantee made in connection with this Agreement.

For so long as an Event of Default has occurred and is continuing, the other Party (the "Non-Defaulting Party") shall have the right, in its sole discretion and upon written notice to the Defaulting Party, to (i) designate a day (by providing the Defaulting Party with written notice thereof), which such day shall be within twenty (20) days after the delivery of such notice, upon which the Non-Defaulting Party will accelerate all amounts owing between the Parties and liquidate and terminate this Agreement; (ii) withhold payments due to the Defaulting Party under this Agreement; and/or (iii) suspend performance under this Agreement. If the Non-Defaulting Party chooses to liquidate and terminate this Agreement, the Non-Defaulting Party shall calculate any Gains or Losses to it resulting from the termination of this Agreement, taking into account any Costs reasonably incurred (the "Termination Payment"). The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate and shall be paid within two (2) Business Days after it is communicated in writing to the Defaulting Party by the Non-Defaulting Party.

After calculation of a Termination Payment, if the Defaulting Party would be owed the Termination Payment, the Non-Defaulting Party shall be entitled, at its option and in its discretion, to (i) set off against such Termination Payment any amounts due and owing by the Defaulting Party to the Non-Defaulting Party under any other agreements, instruments or undertakings between the Defaulting Party and the Non-Defaulting Party, or (ii) to the extent this Agreement is not yet liquidated in accordance with this Section, withhold payment of the Termination Payment to the Defaulting Party. The remedy provided for in this paragraph shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

Performance Assurance. At any time during the term of this Agreement, either Party ("Party X") may require the other Party ("Party Y") to provide financial information reasonably required to ascertain Party Y's ability to meet its financial obligations pursuant to this Agreement, including without limitation the obligation to pay damages in the event Party Y fails to perform its obligations hereunder. If Party X has reasonable grounds to believe that Party Y's creditworthiness has become unsatisfactory, Party X may provide Party Y with written notice requesting Performance Assurance from Party Y in an amount determined by Party X in a commercially reasonable manner. Upon receipt of such notice, Party Y shall have three (3) Business Days to provide such Performance Assurance to Party X. Failure by Party Y to provide such Performance Assurance within such time shall be deemed an Event of Default hereunder.

This Confirmation shall supersede any broker confirmation concerning this Transaction.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed (including by means of facsimile signatures), by their respective duly authorized representatives as of the first date mentioned herein.

Sincerely,

Progress Energy Florida, Inc.

By: Sandra Swyckoff

Name: SANDRA S WYCKOFF

Title: Director Coal

Date: 7/19/07

AGREED TO AND ACCEPTED BY:

SSM Coal Americas, LLC

By: [signature]

Name: Charles E Roorbach

Title: Vice President

Date: 7/18/2007

Third Amendment to the Agreement for the Sale and Purchase of Coal

THIS THIRD AMENDMENT (hereinafter "Third Amendment"), effective as of the first day of January 2006, by and between Progress Fuels Corporation, a Florida corporation (hereinafter "Purchaser"); and MC Mining, LLC, a Delaware limited liability company (hereinafter "Seller"), to the Agreement for the Sale and Purchase of Coal dated March 8, 2001, as amended by First Amendment effective January 1, 2002, Letter Agreement dated October 14, 2002, Letter Agreement dated January 15, 2003, and Second Amendment effective January 1, 2004, by and between Purchaser and Seller (hereinafter the "Agreement').

WHEREAS, Purchaser and Seller have agreed to amend the Agreement as set forth below,

NOW, THEREFORE, in consideration of the mutual benefits to be derived from amending the Agreement, Purchaser and Seller agree as follows:

Sections 3.01 and 5.03 as previously amended, are deleted in their entirety and in substitution thereof, the following new Sections 3.01, 5.03, and 5.06 are added:

3.01 Quantity and Source. During the 2006 calendar year the quantity of coal to be delivered shall be 600,000* tons.

* This includes any makeup tons to be shipped as a result of the force majeure events at MC Mining, LLC in early and mid 2005. The parties will reconcile the 2005 makeup tonnage by January 15, 2005. All reconciled makeup tons will be the first tons shipped in 2006.

Seller may, but shall not be required to, supply coal form other sources that meet the quality requirements of this Agreement. The cost of such substitute coal shall not exceed the delivered cost per million Btu for coal to be supplied from the Coal Property. Any substitute coal that Seller may provide shall be sold to Purchaser under the same terms and conditions of this Agreement. Seller's right to furnish substitute coal shall not affect its rights to claim force majeure because of event occurring at the Coal Property. Seller shall provide Purchaser prior notice of the source of any substitute coal unit trains that Seller intends to ship from load out points other than Seller's Mine. Within three (3) business days from Seller's date of notice, Purchaser shall have the right to refuse such unit trains shipments of substitute coal if Purchaser, in good faith, claims Purchaser has previously received coal from such substitute source under prior or current coal supply agreements which failed to meet quality requirements set forth in this Agreement.

5.03 2006 Base Price Per Ton of Coal. The Base Price per ton of coal, beginning January 1, 2006 shall be $61.00 per ton*; however makeup tons as a result of the force majeure event at MC Mining, LLC remain at the 2005 Base Price of $34.95 per ton.

5.06 SO_2 Price Adjustment Calculation. If the monthly weighted average for $S0_2$ content for Coal delivered hereunder is either above or below the Quality Specification for $S0_2$ content specified, an adjustment to the Contract Price (either an increase or decrease, as the case may be), shall be made with respect to such Coal as follows:

$$(\text{Quality Specification } S0_2 - \text{Actual } S0_2) \times \frac{(\text{Actual Btu/lb.} \times \text{Allowance Price})}{1{,}000{,}000} = \text{Per Ton Adj.}$$

Where "Allowance Price" means the "$S0_2$ Monthly Price" or "$S0_2$ Allowance Price", as the case may be, that relates to the applicable month in which such Coal was delivered, as reflected in Coal Daily as "Monthly Argus Air Daily Index "as published by Argus Media Ltd. or any successor thereto.

The Contract Price applicable to such Coal shall be adjusted downward if the Actual $S0_2$ exceeds the Quality Specification for $S0_2$ and the Contract Price applicable to such Coal shall be adjusted upward if the Actual $S0_2$ is less than the Quality Specification for $S0_2$.

9.01 Coal Specification. This Section is modified by adding the following to the specification schedule:

Quality Specification	Requirement	Rejection (Buyers Option)
$S0_2$ lbs./MMBtu:	1.2 lbs. monthly weighted average	Greater than 1.2 lbs. per Shipment

Except as modified herein, the Agreement, as previously amended, shall remain in full force and effect and Purchaser ad Seller hereby ratify and reaffirm the Agreement, as herein amended.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

WITNESS:

_____

PROGRESS FUELS CORPORATION

By: _____

Title: VP Fuels

Date Executed: 12/21/05

WITNESS:

_____

MC MINING, LLC

By: _____

Title: Sr. V.P. - Marketing

Date Executed: 12/19/05



Progress Energy

Fourth Amendment to the Agreement for Sale and Purchase of Coal

This **Fourth Amendment to the Agreement for the Sale and Purchase of Coal** (this "**Amendment**") is made and entered into as of the 13th day of December 2006 (the "**Effective Date**") by and between **Progress Energy Florida, Inc.** ("**PEF**" or "**Buyer**") and **MC Mining, LLC.** ("**MC Mining**" or "**Seller**"). Each of **Buyer** or **Seller** may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Electric Fuels Corporation ("EFC") and MC Mining entered into the Agreement for the Sale and Purchase of Coal dated March 8, 2001, ("Agreement") which was amended, supplemented, and later assigned to Progress Fuels Corporation ("PFC") and subsequently reassigned by PFC to PEF, pursuant to which Mc Mining agreed to sell and deliver and PEF agreed to purchase and accept certain quantities of coal, subject to the terms and conditions set forth therein;

WHEREAS, PEF and Mc Mining desire to amend the Agreement as more specifically set forth herein;

NOW, THEREFORE, in consideration of the foregoing and for the mutual promises and covenants contained herein, the receipt and sufficiency of which are hereby acknowledged by the Parties and intending to be legally bound hereby, Buyer and Seller hereby agree as follows:

Section 8.02 Sampling and Analysis A-F are deleted in its entirety and replaced with:

8. Sampling, Specifications and Rejection.

(a) For deliveries, both Parties shall cause two separate representative sample of each Shipment of Coal to be taken by a mechanical sampler or by any other method as mutually agreed between the Parties. All such samples will be divided into four (4) parts and placed in separate airtight containers. Seller shall cause one (1) part of each sample to be analyzed at Seller's expense and in accordance with ASTM standards on an "as received" basis by any independent commercial laboratory herein named SGS Laboratory. Buyer shall also cause one (1) part of each sample to be analyzed at Buyer's expense and in accordance with ASTM standards on an "as received" basis by any independent commercial laboratory herein named Mineral Laboratory. The results of such Analysis shall be reported to both Buyer and Seller, and the calculated average of both results ("Independent Analysis") shall be used to determine any rejection and/or suspension rights and/or any quality adjustments hereunder. The second part of each sample (the "Referee Sample") shall be retained by such laboratories for a period of not less than sixty (60) days after such sample is taken. If either Party disputes the results of the Independent Analysis, such Party shall have the right, at such Party's expense, to request the same independent laboratory to analyze the Referee Sample. In such case, the average results of the Referee Sample shall govern for all purposes hereunder; provided that said results are within ASTM reproducibility limits.

(b) Seller shall cause all Coal delivered to Buyer to comply with the Quality Specifications and all Coal deliveries hereunder shall be subject to Buyer's right of inspection and rejection. If any Shipment is above or below, as applicable, any of the rejection limits set forth in the Confirmation (a "Non-conforming Shipment"), Buyer, in its sole discretion shall have the right to reject such Non-conforming Shipment. If Buyer chooses not to exercise its rejection rights hereunder, then Buyer shall have the right but not the obligation to attempt to negotiate with Seller a reduced price for such non-conforming Coal. In the event any Non-conforming Shipment hereunder is rejected by Buyer, title to such Coal shall automatically revert back to Seller. Seller shall be responsible for promptly transporting the rejected Coal to an alternate destination determined by Seller and Seller shall reimburse Buyer for all out-of-pocket costs and expenses incurred by Buyer associated with the transportation, storage, handling and removal of the Non-conforming

SDS

Shipment. Seller shall, if requested by Buyer, replace the rejected Coal within a reasonable period of time, provided that Buyer gives Seller notice of its desire for replacement Coal within forty-eight (48) hours after rejection of the Non-conforming Shipment.

(c) In the event there are two (2) Non-conforming Shipments in any three (3) month period, or two (2) out of (4) consecutive Shipments are Non-conforming Shipments, then in such case Buyer shall have the right to suspend all further deliveries of Coal hereunder. Buyer shall notify Seller in writing of such suspension and, upon receipt of Buyer's notice; Seller shall immediately suspend further deliveries and shall make commercially reasonable effort to correct the conditions giving rise to the delivery of non-conforming coal. Such suspension shall continue until Seller provides Buyer with assurances in writing that are satisfactory to Buyer that the conditions causing delivery of non-conforming coal have been corrected and that Seller can and shall deliver Coal meeting the Quality Specifications as required hereunder. If Seller fails to give such assurances within thirty (30) days after the date of Buyer's notice of suspension or if within the ensuing ninety (90) days after such resumption of deliveries, any Shipment triggers any of the Rejection Limits specified in the Confirmation, it shall constitute an Event of Default hereunder with respect to Seller.

(d) Any waiver by Buyer of any of rights pursuant to this Section 8 with respect to any Shipment or for any period shall not constitute a waiver of such right for any subsequent Shipment(s) or period(s).

Section 4.01 Term – Subject to mutual agreement, the Parties agree to extend the Agreement to provide for the delivery of any tons outstanding at December 31, 2006. Such tons will be shipped, as soon as practically possible, in 2007.

Except as modified herein, the Agreement, as previously amended, shall remain in full force and effect and Purchaser ad Seller hereby ratify and reaffirm the Agreement, as herein amended.

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

WITNESS:

_____

PROGRESS ENERGY FLORIDA, INC.

By: _____

Title: Director - Coal

Date Executed: 11/5/2006

WITNESS:

_____

MC MINING, LLC

By: _____

Title: VP Marketing

Date Executed: 12/22/06

ADDITIONAL TERMS AND CONDITIONS

1. PAYMENT The price specified herein shall be paid in United States funds. Overdue payments shall accrue interest from the date at the rate of two percent over the prime lending rate as published from time to time in the *Wall Street Journal*, but in no event to exceed the maximum lawful rate.

2. LIMITATION ON WARRANTY EXCEPT AS EXPRESSLY SET FORTH HEREIN. SELLER EXPRESSLY DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, EXPRESS OR IMPLIED. INCLUDING WITHOUT LIMITATION, ANY WARRANTY WITH RESPECT TO CONFORMITY TO SAMPLES, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE.

3. FORCE MAJEURE If, because of Force Majeure, either party is unable to carry out any of its obligations hereunder, and if such party shall promptly give notice thereof to the other party, 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, provided, however, that the party giving such notice shall use its reasonable efforts to eliminate such Force Majeure. Any deficiencies in deliveries caused by Force Majeure shall not be made up except by mutual agreement. Should the Force Majeure continue for 30 consecutive days, the party not claiming Force Majeure may, at its option, terminate this Agreement on 3 days prior written notice. "Force Majeure" means any cause(s) not reasonably within the control which wholly or partly prevents the performance by the party of its obligations hereunder (except the payment of money), provided, however, in no event shall a Force Majeure be construed to relieve a party of any obligations under this Agreement solely because of increased costs or other adverse economic consequences that may be incurred by such party through performance of such obligations.

   The parties hereto agree that if, as a result of a Force Majeure event, the affected party is unable to meet all of its obligations under this Agreement and any other coal sales agreement which Seller has entered into with respect to the Source, or Buyer has entered into with respect to supply of coal to Buyer's destination, then any reductions in Seller's deliveries or Buyer's purchases (as applicable) under all such with applicable provisions shall be allocated on a pro rata basis. The affected party shall provide suitable proof to other party to substantiate any claim or allocation made under this section.

4. DAMAGES

   (a) Unless excused by Force Majeure or Buyer's failure to perform, if Seller fails to deliver all or part of the quantity of coal to be delivered hereunder or fails to meet the agreed upon delivery schedule, Seller shall pay Buyer for each ton of such deficiency (the "Deficiency") an amount equal to the positive difference, if any, obtained by subtracting the Price for the Deficiency from the Replacement Price. If such difference is negative, neither Party shall have any obligation to make any deficiency payment to the other. "Replacement Price" means the price at which Buyer, acting in a commercially reasonable manner, purchases substitute coal for the Deficiency or, absent such a purchase, the market price for such quantity of coal F.O.B. the Delivery Point, as determined by Buyer in a commercially reasonable manner. It

is expressly agreed that Buyer shall not be required to enter into a replacement transaction in order to determine Replacement Price. Damages will be billed within 10 days of accrual and paid 15 days after receipt of billing.

(b) Unless excused by Force Majeure or Seller's failure to perform, if Buyer fails to accept all or any part of the quantity of coal to be delivered hereunder or fails to meet the agreed upon delivery schedule, Buyer shall pay Seller for each ton of the Deficiency an amount equal to the positive difference, if any, obtained by subtracting the Sales Price from the Price. If such difference is negative, neither Party shall have any obligation to make any deficiency payment to the other. "Sales Price" means the price at which Seller, acting in a commercially reasonable manner, resells (if at all) the Deficiency or, absent such a sale, the market price for such quantity of coal F.O.B. the Delivery Point, as determined by Seller in a commercially reasonable manner. It is expressly agreed that Seller shall not be required to enter into a replacement transaction in order to determine the Sales Price. Damages will be billed within 10 days of accrual and paid 15 days after receipt of billing.

(c) Each party hereby stipulates that the payment obligations set forth in this paragraph 4 are reasonable in light of the anticipated harm and the difficulty of estimation or calculation of actual damages and each party hereby waives the right to contest such payments as an unreasonable penalty or otherwise. The remedy set forth in this paragraph 4 shall be sole and exclusive remedy of the aggrieved party for the failure of the other to deliver or accept, as the case may be, the quantity of coal specified herein, and all other damages and remedies are hereby waived as to such failure(s), except as set forth in paragraph 5 and paragraph 12.

5. LIMITATION ON LIABILITY No waiver of remedies or damages herein shall apply to claims of anticipatory repudiation or remedies therefor provided by law except that neither Seller nor Buyer shall be liable to the other for consequential, incidental, punitive, special, exemplary or indirect damages, lost profits, or business interruption damages, whether by statute, in tort or in contract, under any indemnity provision or otherwise.

6. TITLE/RISK OF LOSS Seller warrants good title to all coal delivered hereunder, free and clear of all claims and encumbrances. Title and risk of loss shall pass to Buyer upon delivery at the Delivery Point.

7. ASSIGNMENT Neither party shall assign this Agreement without the prior written consent of the other, which consent may not be unreasonably withheld or delayed. Notwithstanding the foregoing, either party may, without the need of consent from the other party (and without relieving itself from liability hereunder), (a) transfer, sell, pledge, encumber, or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements; (b) transfer or assign this Agreement to an Affiliate to such party; or (c) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of such party by way of merger, reorganization or otherwise; *provided however*, that in each such case any such assignee shall agree in writing to be bound by terms and conditions

hereof and that no such assignment shall in any way relieve the assignor from liability or full performance under this Confirmation. "Affiliate" means, with respect to any person, any other person (other than an individual) that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, such person. For this purpose, "control" means the direct or indirect ownership of 50% or more of the outstanding capital stock or other equity interests having ordinary voting power.

8. ENTIRE AGREEMENT This Agreement is the final and entire agreement between the parties. No modification or amendment of this Agreement shall be effective or binding unless set forth in writing signed by both parties.

9. NO WAIVER Waiver of any breach of this Agreement shall not be construed as a waiver of any other breach.

10. GOVERNING LAW This agreement shall be construed and governed by the laws of the state of New York, including, without limitation, the Uniform Commercial Code, without giving effect to principles of conflicts of law.

11. CONFIDENTIALITY Each party acknowledges that this Agreement contains confidential information which would put them at a competitive disadvantage if disclosed to the public. During the term hereof and for a period of one (1) year thereafter, the terms of this Agreement shall be kept confidential by the parties, except to the extent of disclosure may be required by law, regulation, or judicial or administrative order.

12. DEFAULT AND EARLY TERMINATION

12.1 Events of Default. An event of default ("Event of Default") with respect to a party (the "Defaulting Party") shall mean any of the following: (i) The failure of Defaulting Party to pay when due any required payment and such failure is not remedied within five (5) business days after written notice thereof; (ii) failure by a party to comply with or perform any agreement or obligation to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied on or before the 20th business day after notice of such failure is given to the party, provided that if it shall be impracticable or impossible to remedy such failure within such twenty (20) business day period, the cure period shall be extended for an additional period reasonably necessary to remedy such failure subject to the condition that during the additional period, the Defaulting Party shall be diligently pursuing a remedy for the failure; (iii) any material representation or warranty made by a Party herein shall prove to be untrue in any material respect when made; (iv) the Defaulting Party is or becomes subject to a Bankruptcy Proceeding ["Bankruptcy Proceeding" means with respect to a Party or entity, such Party or entity (a) makes an assignment or any general arrangement for the benefit of creditors; (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors; (c) has such a petition or other proceeding filed or commenced against it and it is not dismissed within sixty (60) days; (d) otherwise becomes bankrupt or insolvent (however evidenced); or (e) is unable to pay its debts as they fall due]; or, (v) the failure of a party's Guarantor, if any, to perform any covenant in its Guaranty, such Guaranty expires, is terminated or ceases to guarantee the obligations of such party under this Agreement, or such Guarantor becomes subject to a Bankruptcy Proceeding.

12.2 Early Termination. Upon the occurrence and during the continuance of an Event of Default (including failure to post Adequate Assurance pursuant to Section 15 below) as to the Defaulting Party, the other party (the "Non-Defaulting Party") may, in its sole discretion, (a) after the applicable cure time has expired accelerate and liquidate the parties' respective obligations under this Agreement by establishing, and notifying the Defaulting Party of, an early termination date (which shall be no later than twenty (20) days after the date of such notice) on which this Agreement shall terminate ("Early Termination Date"), and/or (b) withhold any payments due to the Defaulting Party until such Event of Default is cured or it is reasonably determined by the Non-Defaulting Party that the applicable Event of Default will not be cured, and/or (c) suspend performance of its obligations under this Agreement until such Event of Default is cured or it is reasonably determined that the applicable Event of Default will not be cured. If notice of an Early Termination Date is given under this Section, the Early Termination Date will occur on the designated date, whether or not the relevant Event(s) of Default is then continuing.

12.3 Early Termination Payment and Setoff. If an Early Termination Date is established, the Non-Defaulting Party shall in good faith calculate its Gains or Losses, and Costs, resulting from the termination and then notify the Defaulting Party of the amount owed. The Defaulting Party shall, within five (5) days of its receipt of such notice pay the amount to the Non-Defaulting Party, including interest at prime plus 2% from the Early Termination Date until paid. If the Non-Defaulting Party's aggregate Gains exceed its aggregate Losses and Costs, resulting from such early termination, the Non-Defaulting Party shall pay the net amount to the Defaulting party in Accordance with Section 1 hereof. The Non-Defaulting Party shall determine its Gains or Losses, and Costs, as of the Early Termination Date, or, if that is not possible, at the earliest date thereafter that is reasonably possible. It is acknowledged and agreed that in the event that an Event of Default occurs and there are no Gains or Losses or Costs owing to the Non-Defaulting Party, then the Non-Defaulting Party's sole remedy shall be to terminate this Agreement as of the Early Termination Date. If an Event of Default occurs, the Non-Defaulting Party may (at its election) set off all amounts which the Defaulting Party owes to the Non-Defaulting Party (under this Agreement or any other agreements, instruments or undertakings) against any or all amounts which the Non-Defaulting party owes to the Defaulting Party (under this Agreement or any other agreements, instruments or undertakings). The Non-Defaulting Party shall use commercially reasonable efforts to mitigate any costs and damages that it is entitled to hereunder and act at all times in a commercially reasonable manner. The term "Gains" or "Losses" as used in this paragraph means with respect to a party, an amount equal to the present value of the economic benefit or loss, if any, (exclusive of Costs) to it resulting from the termination of its obligations with respect to this Agreement, determined in a commercially reasonable manner. The term "Costs" as used in this paragraph means any brokerage fees, commissions and other transactional costs and expenses reasonably incurred either by the Non-Defaulting Party as a result of terminating this Agreement and any hedges or other risk management contracts and/or entering into new arrangements in order to replace the early terminated transaction(s) (including the transaction created by the execution of this Agreement), and legal costs incurred by the Non-Defaulting Party. The Defaulting Party will, on demand, indemnify and hold harmless the Non-Defaulting Party for and against all reasonable out-of-pocket expenses, including legal costs, incurred by the Non-Defaulting Party by reason of the enforcement and protection of its rights under this Agreement by reason of a breach of this Agreement or an early termination of the Agreement, including, but not limited

to, all costs of collection. The remedies provided in this Section 12 shall be the exclusive remedies and damages available as a result of an Event of Default.

13. NOTICES Notices under this Agreement shall be in writing and shall be effective when received at the address shown on the first page of this Agreement.

14. Netting/Setoff If Buyer and Seller are each required to pay an amount in the same month, then such amounts with respect to each Party will be aggregated and the Parties shall discharge offsetting obligations and pay through netting, in which case the Party owing the greater aggregated amount shall pay to the other Party the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims and other remedies which such Party has or may be entitled to arising from or out of this Agreement. All outstanding transactions and the obligations to make payment in connection therewith or under this Agreement shall be offset against each other, setoff or recouped therefrom.

15. Adequate Assurances If a party's long-term creditworthiness significantly deteriorates from the date of this Agreement (as determined by reasonable commercial standards) then the party (the "Requesting Party") may deliver a written demand to the other party (the "Posting Party") requiring Adequate Assurances of the Posting Party's ability to perform all of its obligations under this Agreement. In the event the Posting Party fails to deliver such Adequate Assurances within five (5) business days of receipt of the Requesting Party's reasonable demand for assurance, then the Requesting Party shall have the right to withhold or suspend deliveries in addition to any other remedies available hereunder or pursuant to law. The amount of Adequate Assurances shall be equivalent to the outstanding accounts receivable balances and the forward mark-to-market value of the Agreement, which will be calculated in a commercially reasonable manner. The Adequate Assurances shall remain intact until (a) Posting Party's creditworthiness is restored to a level of creditworthiness equal to or better than that in effect on the date this section was made part of the Agreement or (b) the Agreement is terminated and the Posting Party's obligations under the Agreement have been discharged.

Adequate Assurances for the Posting Party shall mean collateral in the form of cash, Letter(s) of Credit, or other security reasonably acceptable to the Requesting Party. Letter(s) of Credit means one or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a credit rating of at least A- from S&P or A3 from Moody's, in a form reasonably acceptable to the Requesting Party in whose favor the letter of credit is issued. Costs of a Letter of Credit shall be borne by the Posting Party.

16. Forward Contract The Parties agree that the transactions subject to this Agreement for the sale and purchase of Coal shall constitute a "forward contracts", and that the Parties shall be deemed "forward contract merchants" within the meaning of the United States Bankruptcy Code.

Second Amendment to the Coal Purchase Confirmation

This **Second Amendment to the Coal Purchase Confirmation** (this "**Amendment**") is made and entered into as of 29th day of June 2006 (the "**Effective Date**") by and between **Progress Fuels Corporation** ("**PFC**" or "**Purchaser**") and **Coal Marketing Company (USA) Inc.**, ("**CMC**" or "**Seller**"). Each of **Purchaser** or **Seller** may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Purchaser and **Coal Marketing Company Ltd.** ("**Coal Marketing**") entered that certain **Coal Purchase Confirmation** dated **October 25, 2004** (the "**Agreement**"), pursuant to which Coal Marketing agreed to sell and deliver and Purchaser agreed to purchase and accept certain quantities of coal, subject to the terms and conditions set forth therein;

WHEREAS, Coal Marketing assigned the Agreement and CMC accepted such assignment of the Agreement effective **July 1, 2005** ("the **Assignment**")

WHEREAS, PFC and CMC desire to amend the Agreement as more specifically set forth herein;

NOW, THEREFORE, in consideration of the foregoing and for the mutual promises and covenants contained herein, the receipt and sufficiency of which are hereby acknowledged by the parties and intending to be legally bound hereby, Purchaser and Seller hereby agree as follows:

1. Contract Price. For shipments delivered as from the Effective Date, the parties agree that the Contract price will be amended to $63.89

2. Discharge Rate: For shipments delivered as from the Effective date, the parties agree that the discharge rate will be amended to 12,000 tons per weather working day of twenty-four (24) consecutive hours, including Saturdays, Sundays and holidays.

3. Shipment Size. Cargo Size for the balance of cargoes as of the Effective Date will be 65/70,000 metric tons plus or minus ten percent (+/- 10 %) in Seller's option.

All other terms and conditions of the Agreement remain unchanged and in full force and effect.

Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

This Agreement shall supersede and replace all prior agreements, oral and written between the Parties with respect to the subject matter hereof. In the event of any conflict or inconsistency between the Agreement and this Amendment, the terms and conditions of this Amendment shall prevail.

This Amendment shall be binding and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Each Party acknowledges and agrees that it and its counsel have reviewed and revised this Amendment and that the normal rule of construction to the effect that any ambiguities are to be construed against drafting Party shall not be used in the interpretation of this Amendment.

This Amendment shall be governed by, interpreted and construed as one in accordance with the laws of the State whose laws shall govern the Agreement.

This Amendment may be executed in multiple counterparts, including by facsimile signature, each of which, when so executed, shall be deemed to be an original but all of which shall constitute but one and the same instrument.

IN WITNESS HEREOF, each of the Parties has caused this Amendment to be executed by their duly authorized representative to be effective as of the Effective Date.

Progress Fuels Corporation

By: _____

Title: _____

Coal Marketing Company (USA) Inc

By: _____

Title: _____

Amendment to the Coal Purchase Confirmation

This **Amendment to the Coal Purchase Confirmation** (this "**Amendment**") is made and entered into as of the 13th day of January 2006 (the "**Effective Date**") by and between **Progress Fuels Corporation** ("**PFC**" or "**Purchaser**") and **Coal Marketing Company (USA) Inc.**, ("**CMC**" or "**Seller**"). Each of **Purchaser** or **Seller** may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Purchaser and **Coal Marketing Company Ltd.** ("**Coal Marketing**") entered that certain **Coal Purchase Confirmation** dated **October 25, 2004** (the "**Agreement**"), pursuant to which Coal Marketing agreed to sell and deliver and Purchaser agreed to purchase and accept certain quantities of coal, subject to the terms and conditions set forth therein;

WHEREAS, Coal Marketing assigned the Agreement and CMC accepted such assignment of the Agreement effective **July 1, 2005** ("the **Assignment**")

WHEREAS, PFC and CMC desire to amend the Agreement as more specifically set forth herein;

NOW, THEREFORE, in consideration of the foregoing and for the mutual promises and covenants contained herein, the receipt and sufficiency of which are hereby acknowledged by the Parties and intending to be legally bound hereby, Purchaser and Seller hereby agree as follows:

1. Make-up Shipments. During the 2005 term of the Agreement, shortfalls occurred and as a result of such shortfalls there remains as of the Effective Date of this Amendment outstanding obligations for Seller to sell and deliver and Purchaser to purchase and receive ~~54,116.62~~ up to 75,116.62 tons of coal in make-up obligations (the "**Make-up Tons**")at the 2005 price of $63.39 per ton. Therefore the parties agree that, notwithstanding the anything to the contrary, Seller shall include in such Make-up Tons as additional tons to be delivered during the 2006 term

2. Delivery Schedule shall be deleted in its entirety and replaced with the following:

Delivery Schedule: September 2004 – December 2005 = 155,883.38 tons +/- 10%
January 2006 – December 2006 = ~~374,116.62 tons +/- 10%~~ 345,000 tons min to 406,000 tons max

All other terms and conditions of the Agreement remain unchanged and in full force and effect.

CEV

Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

This Amendment shall supersede and replace all prior agreements, oral and written between the Parties with respect to the subject matter hereof. In the event of any conflict or inconsistency between the Agreement and this Amendment, the terms and conditions of this Amendment shall prevail.

This Amendment shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Each Party acknowledges and agrees that it and its counsel have reviewed and revised this Amendment and that the normal rule of construction to the effect that any ambiguities are to be construed against the drafting Party shall not be used in the interpretation of this Amendment.

This Amendment shall be governed by, interpreted and construed as one in accordance with the laws of the State whose laws shall govern the Agreement.

This amendment may be executed in multiple counterparts, including by facsimile signature, each of which, when so executed, shall be deemed to be an original but all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the Parties has caused this Amendment to be executed by their duly authorized representative to be effective as of the Effective Date.

Progress Fuels Corporation

By: Brett J. Phipps

Its: Manager, Coal Procurement

Coal Marketing Company (USA) Inc.

By: Howard Gatiss

Its: President

CEV

Amendment to the Coal Purchase Confirmation

This **Amendment to the Agreement for the Sale and Purchase of Coal** (this "**Amendment**") is made and entered into as of the 30th day of May 2006 (the "**Effective Date**") by and between **Progress Energy Florida, Inc.** ("**PEF**" or "**Buyer**") and **Glencore Ltd.** ("**Glencore**" or "**Seller**"). Each of **Buyer** or **Seller** may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, PEF and Glencore entered that certain **Coal Purchase Confirmation** dated **August 1, 2005** (the "**Agreement**"), pursuant to which Glencore agreed to sell and deliver and PEF agreed to purchase and accept certain quantities of coal, subject to the terms and conditions set forth therein;

WHEREAS, PEF and Glencore desire to amend the Agreement as more specifically set forth herein;

NOW, THEREFORE, in consideration of the foregoing and for the mutual promises and covenants contained herein, the receipt and sufficiency of which are hereby acknowledged by the Parties and intending to be legally bound hereby, Buyer and Seller hereby agree as follows:

1. **Contract Quantity**: For the 2006 term of the Agreement, the Buyer's has exercised the option to increase the Contract Quantity by one (1) additional vessel.

2. **Contract Price:** The Contract Price for the additional vessel to be paid by Buyer to Seller hereunder shall be USD $55.25 per Ton (as defined in the GTC), based on 11,300 Btu/lb on an "as received" basis in accordance with ASTM standards. The Contract Price is a delivered price including all of Seller's cost to transport such Coal to the Delivery point. The Contract Price shall remain fixed for the additional vessel only, subject to adjustments for premiums and penalties as provided herein and subject to the provisions of Section 13 of the GTC.

3. **Loading Port Price:** For the purposes of calculating ay quality price adjustment pursuant to the provision of this Amendment , the Loading Port Price is USD$ 49.75 per ton.

4. **Quality Specifications:** The additional vessel delivered hereunder shall meet the Quality Specifications specified in the following table for each listed criteria. The Rejection Limits shall be as specified in the following table for each of the listed criteria. All amounts are as measured on an as received basis in accordance with ASTM standards.

	Quality Specification	Rejection Limit
BTU:	11,300 Btu/lb. Vessel weighted average	Less than 11,300 Btu/lb. Vessel weighted average Btu/lb.
SO_2 lbs./MMBtu:	0.95 lbs. vessel weighted average	Greater than 0.95 lbs./MMBtu
Moisture:	12 % vessel weighted average	greater than 12.5 %
Ash:	7.0 % vessel weighted average	greater than 8.0 %
Volatile Matter:	34.5 % vessel weighted average	less than 33.0 %
HGI:	47 vessel weighted average	less than 45

2500 JAC 6/1/06

AST:	AFT Red. Atm. ID 25,000 (F)	Less than 2,350 (F)
Sizing:	2" x 0"	greater than 55% by weight fines passing ¼" screen

5. **Product Description**: For the additional vessel Calenturitas Thermal Coal – Vessel- Delivered to International Marine Terminal, Myrtle Grove Louisiana, approximately mile post 57 AHP (above head passes) on the west bank of the Mississippi River.

All other terms and conditions of the Agreement remain unchanged and in full force and effect.

Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

This Amendment shall supersede and replace all prior agreements, oral and written between the Parties with respect to the subject matter hereof. In the event of any conflict or inconsistency between the Agreement and this Amendment, the terms and conditions of this Amendment shall prevail.

This Amendment shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Each Party acknowledges and agrees that it and its counsel have reviewed and revised this Amendment and that the normal rule of construction to the effect that any ambiguities are to be construed against the drafting Party shall not be used in the interpretation of this Amendment.

This Amendment shall be governed by, interpreted and construed as one in accordance with the laws of the State whose laws shall govern the Agreement.

This amendment may be executed in multiple counterparts, including by facsimile signature, each of which, when so executed, shall be deemed to be an original but all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the Parties has caused this Amendment to be executed by their duly authorized representative to be effective as of the Effective Date.

Progress Energy Florida, Inc.

By: Alexander Weintraub

Its: Director - Com

Glencore Ltd.

By: John J McConaghy

Its: Comm Exec.

JAC

First Amendment to Agreement for the Sale and Purchase of Coal

This **First Amendment to Agreement for the Sale and Purchase of Coal** (this "**Amendment**") is made and entered into to be effective as of the **28th** day of **April, 2006** the "**Effective Date**" by and between **Diamond May Coal Company** ("**SELLER**") and **Progress Fuels Corporation** ("**PURCHASER**"). Each of SELLER and PURCHASER may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, SELLER and PURCHASER have entered into that certain **Agreement for the Sale and Purchase of Coal** dated November 17, 2004 (the "**Sales Agreement**");

WHEREAS, SELLER and PURCHASER desire to amend the Sales Agreement as more specifically set forth below herein;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties and intending to be legally bound hereby, the Parties hereby agree as follows:

1. Section 5.01 Basc Price is hereby amended by deleting the paragraph in its entirety and replacing it with the following:

> "5.01 **Base Price**. The base price per ton of coal for all coal delivered to PURCHASER in accordance with the provisions of Section 7.01 hereof prior to May1, 2006 (the "**Quality Change Date**") shall be $48.50 per ton, adjusted monthly for the quality of such coal in accordance with the formulas and procedure set out in Section 9.03 hereof and Appendix A which is attached hereto and incorporated herein by reference. The base price per ton of coal for all coal delivered to PURCHASER in accordance with the provisions of Section 7.01 hereof on or after the Quality Change Date shall be $43.00 per ton, adjusted monthly for the quality of such coal in accordance with the formulas and procedures set out in Section 9.03 hereof and Appendix A attached hereto."

2. Section 9.01 Coal Specifications is hereby amended by adding the following new provision immediately below the chart (above the last paragraph).

> "Notwithstanding the foregoing, for all coal that is shipped on or after the Quality Change Date (as defined in Section 5.01 hereof) the Sulfur Dioxide Specification set forth in the chart above shall be deemed to be replaced with the following parameters:

Specification	Typical	Reject
Sulfur Dioxide	<1.6LB/SO_2 per Million Btu	>1.8LB/SO_2 per Million Btu

3. Section 9.03 is hereby amended as follows:

(i) by deleting the first paragraph in its entirety and replacing it with the following:

> "SELLER warrants and represents that (a) the average total sulfur content of each shipment that is delivered to PURCHASER prior to the Quality Change Date shall not contain more than 1.20 LB of sulfur dioxide per million Btu's heat input (the "calculated sulfur limit" prior to the Quality Change Date); (b) the average total sulfur content of each shipment that is delivered to PURCHASER on or after the Quality Change Date shall not contain more than 1.80 LB of sulfur dioxide per million Btu's heat input (the "calculated sulfur limit" (on or after the Quality Change Date); and (c) that no shipment, whether prior to, on or after the Quality Change Date shall contain more than .2 percent pyritic sulfur."

(ii) by inserting "For all deliveries of coal prior to the Quality Change Date" at the beginning of the first sentence in the first paragraph of Subsection 9.03(1).

(iii) By inserting the following as a new Subsection 9.03(2):

> "For all shipments of coal delivered to and accepted by PURCHASER on or after the Quality Change Date for which the sulfur dioxide content is greater than 1.4 lbs but less than 1.6 lbs of sulfur dioxide per million Btus the price for the coal contained in such shipment shall be increased in accordance with the formula set forth below in this Section 9.03(2). For all shipments of coal delivered to and accepted by PURCHASER on or after the Quality Change Date for which the sulfur dioxide content is greater than 1.6 lbs of sulfur dioxide per million Btus the price for the coal contained in such shipment shall be decreased in accordance with the formula set forth below in this Section 9.03(2). For all shipments of coal tendered to PURCHASER on or after the Quality Change Date, then, PURCHASER shall have the sole and absolute discretion whether or not to accept or reject any shipments of coal for which the sulfur dioxide content exceeds the rejection limit of 1.8 lb of sulfur dioxide per million Btus or .2 percent pyritic sulfur. Furthermore, for any shipment of coal for which the sulfur dioxide content is in excess of 1.8 lb of sulfur dioxide per million Btus but for which PURCHASER chooses, in its sole discretion, to accept such shipment, then, in addition to the price reduction determined by the formula below in this Section 9.03(2), the price for the coal contained in such shipment shall be further reduced by an additional $2.00 per ton for each .1 lb per million Btus of sulfur dioxide in excess of 1.8 lbs per million Btus on a pro-rata basis.

$$(\text{Specification } SO_2 - \text{Actual } SO_2) \times \frac{\text{Specification Btu/lb} \times \text{Allowance Price}}{1{,}000{,}000}$$

Where "Allowance Price" means the SO_2 Monthly Price or SO_2 Allowance Price, as the case may be, that relates to the applicable month in which such coal was delivered, as reflect in Air Daily or any successor thereto.

Such adjusted price, whether increase or decrease shall not be taken into account when applying any adjustments provided in Appendix A."

(iv) by renumbering the current Subsection 9.03(2) so that it is now subsection 9.03(3).

4. Section 23.01 is hereby amended by deleting all references to PURCHASER.

All other terms and conditions of the Sales Agreement remain unchanged and in full force and effect.

This Amendment shall be governed by, construed and interpreted in accordance with the same laws that govern the Sales Agreement.

This Amendment shall supersede and replace in entirety all previous amendments, agreements and understandings between the Parties, written or oral, with respect to the subject matter hereof. In the event of any conflict or inconsistencies between the Sales Agreement and this Amendment, the terms and conditions of this Amendment shall prevail.

Each Party acknowledges and agrees that it and its counsel have reviewed and revised this Amendment and that the normal rule of construction to the effect that any ambiguities are to be construed against the drafting Party shall not be used in the interpretation of this Amendment.

This Amendment shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and/or permitted assigns.

This Amendment may be executed in multiple counterparts, including by facsimile signature, each of which, when so executed, shall be deemed to be an original, but all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have each caused this Amendment to be executed by their respective duly authorized representative to be effective as of the Effective Date.

Diamond May Coal Company

BY: _____
ITS: VICE-PRESIDENT
DATE: 4/28/06

Progress Fuels Corporation

BY: Mark F Mulhern
ITS: PRESIDENT
DATE: 5/1/06

#233784v1

FIRST AMENDMENT TO AGREEMENT FOR SALE AND PURCHASE OF COAL

THIS FIRST AMENDMENT TO AGREEMENT FOR SALE AND PURCHASE OF COAL ("Amendment") made in duplicate this 1st day of June 2006, by and between Progress Fuels Corporation a corporation (hereinafter referred to as "Buyer") and Central Coal Company. (hereinafter referred to as "Seller").

WHEREAS, Buyer and Sellers entered into that certain Agreement for the Sale and Purchase of Coal dated the 13th Day of September, 2004, ("Agreement");

WHEREAS, Buyer and Sellers have agreed to amend the Agreement as set forth below,

WITNESSETH: That for consideration of ONE DOLLAR ($1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and of the mutual agreements, provisions, stipulations, and covenants hereinafter set out, Buyer and Seller do hereby amend the Agreement as follows:

APPENDIX A

1. **Adjustments for Calorific Value** is hereby amended as follows:

Number 2 is deleted in it entirety and replaced with

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

   (Actual Btu's Per Pound – Guaranteed Btu's Per Pound) + Guaranteed Btu's Per Pound x Base Price, = Cents Per Ton (FOB Mine) (Premium if positive – penalty if negative.)

2. **Adjustments for Ash Content** is hereby deleted in its entirety.

All other terms and conditions of the Agreement remain unchanged and in full force and effect.

Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

This Amendment shall supersede and replace all prior agreements, oral and written between the Parties with respect to the subject matter hereof. In the event of any conflict or inconsistency between the Agreement and this Amendment, the terms and conditions of this Amendment shall prevail.

This Amendment shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Each Party acknowledges and agrees that it and its counsel have reviewed and revised this Amendment and that the normal rule of construction to the effect that any ambiguities are to be construed against the drafting Party shall not be used in the interpretation of this Amendment.

This Amendment shall be governed by, interpreted and construed as one in accordance with the laws of the State whose laws shall govern the Agreement.

This Amendment may be executed in multiple counterparts, including by facsimile signature, each of which, when so executed, shall be deemed to be an original but all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the Parties has caused this Amendment to be executed by their duly authorized representative to be effective as of the Effective Date.

Progress Fuels Corporation

By: ALEXANDER WEINMANN

Its: DIRECTOR - COM

Central Coal Company

By:

Its:

CENTRAL COAL COMPANY

148 BRISTOL EAST ROAD

BRISTOL, VIRGINIA 24202

TELEPHONE (276) 669-8599 FAX (276) 669-3543

October 30, 2006

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

Re: Florida Contract

Dear Eddie,

Central Coal Company, on behalf of Kanawha Eagle, LLC, is advising Progress Energy Carolinas, Inc. that effective October 1, 2006, the state of West Virginia has decreased the state reclamation fee from fourteen cents ($0.14) per ton to seven cents ($0.07) per ton.

The total price with the new tax will be $50.99/ton. All other terms and conditions remain unchanged.

If you have any questions, please contact me.

Sincerely,

Clark Wisman
Director of Sales and Marketing

Progress Energy

August 18, 2005

Mr. Eladio Bueno
Chief Executive Officer
Guasare Coal International n.v.
Lincoln House
137 - 143 Hammersmith Road
London W140QL
UNITED KINGDOM

RE: PRICE RE-OPENER FOR 2006 FOR COAL SUPPLY AGREEMENT BETWEEN GUASARE COAL INTERNATIONAL, NV AND PROGRESS FUELS CORPORATION (PASO DIABLO)

Dear Eladio:

This letter will summarize our recent discussions regarding the establishment of a price for 2006, in accordance with Section 12 of the contract between Progress Fuels Corporation (PFC) and Guasare Coal International (GCI) dated August 7, 2003. The terms agreed to are per the existing contract and those items noted below:

- Price:
  - $2.626 per million BTU basis 12800; the price is DES International Marine Terminals' (IMT) hoppers.
- Tonnage:
  - 2006 – Thirteen (13) firm cargoes.
- Other Contract Items:
  - The cargoes shall be 35,000 to 50,000 MT at Seller's option; each cargo to be +/- 10%. The annual tonnage will be spread evenly over the calendar year. The range of cargo size is dependent only upon finding suitable vessel sizes and not an economic opportunity to reduce shipments to PEF based upon market fluctuations.
  - An independent surveyor will observe each cargo discharge; the discharge report will bind all parties; the cost of the surveyor will be split between Buyer and Seller.

If you are in agreement with the contents of this letter, please print two originals, and sign both originals on behalf of GCI in the signature block provided below and return one original to me via fax and regular mail.

Best regards,

A. W. Pitcher
Vice President – Coal Procurement

AWP/ro

Agreed to and accepted the 24th day of August 2005.

Guasare Coal International n.v.

By: Hernando Tovar/SA

Title: Director

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

- An independent surveyor will observe each cargo discharge; the discharge report will bind all parties; the cost of the surveyor will be split between Buyer and Seller.

- The "Bunker" clause will be per the existing contract providing it is back to back with Guasare's agreement with ship owners.

If you are in agreement with the contents of this letter, please print two originals, and sign both originals on behalf of GCI in the signature block provided below and return one original to me via fax and regular mail.

Best regards,

A. W. Pitcher
Vice President – Coal Procurement

AWP/ro

Agreed to and accepted the 24TH **day of** August **, 2005.**

Guasare Coal International n.v.

By: HERNANDO TORRES

Title: DIRECTOR

CENTRAL COAL COMPANY

148 BRISTOL EAST ROAD

BRISTOL, VIRGINIA 24202

TELEPHONE (276) 669-8599 FAX (276) 669-3543

October 30, 2006

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

Re: Florida Contract

Dear Eddie,

Central Coal Company, on behalf of Kanawha Eagle, LLC, is advising Progress Energy Carolinas, Inc. that effective October 1, 2006, the state of West Virginia has decreased the state reclamation fee from fourteen cents ($0.14) per ton to seven cents ($0.07) per ton.

The total price with the new tax will be $50.99/ton. All other terms and conditions remain unchanged.

If you have any questions, please contact me.

Sincerely,

Clark Wisman
Director of Sales and Marketing

Progress Energy

August 18, 2005

Mr. Eladio Bueno
Chief Executive Officer
Guasare Coal International n.v.
Lincoln House
137 - 143 Hammersmith Road
London W140QL
UNITED KINGDOM

RE: PASO DIABLO COAL PURCHASE FOR 2007 AND 2008

Dear Eladio:

As outlined in my letter dated August 18, 2005 regarding the price re-opener for the contract between Progress Fuels Corporation (PFC) and Guasare Coal International (GCI), the parties have agreed to a new price effective January 1, 2006. (See Attached) Further, the parties have agreed to an additional two years, which will be covered in a new contract between GCI and Progress Energy Florida. The terms are to be negotiated. In general, the terms agreed to are as follows:

REDACTED

- **Price:**
  - [redacted] basis 12800; the price is DES International Marine Terminals' (IMT) hoppers and will remain fixed for the duration.

- **Tonnage:**
  - 2007 [redacted] depending upon vessel size. [redacted] subject to mutual agreement on price prior to August 30, 2006.
  - 2008 [redacted] depending upon vessel size. [redacted] cargoes subject to mutual agreement on price prior to August 30, 2007.

- **Other Contract Items:**
  - The cargoes shall be [redacted] MT at Seller's option; each cargo to be +/- 10%. The range of cargo size is dependent only upon finding suitable vessel sizes and not an economic opportunity to reduce shipments to PFC based upon market fluctuations. The annual tonnage will be spread evenly over each calendar year.
  - Any price re-openers will be based upon mutual agreement with Seller having no right to match the lowest price.

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

Progress Energy

September 12, 2005

Señor Hernando Torrealba S.
Guasare Coal International, NV
Edificio Banco Industrial
Av. 9B entra calles 77 (5 de Julio)
y 78, Piso N° 10,
Maracaibo - estado Zulia
Código postal: 4001

RE: LETTER AGREEMENT FOR THE PURCHASE AND SALE OF COAL DURING CALENDAR YEAR 2006

Señor Torrealba:

This letter is to memorialize the agreement reached between Progress Fuels Corporation ("PFC") and Guasare Coal International, NV ("Guasare") with respect to the purchase and sale of coal for Calendar Year 2006 (as defined below).

As you are aware, PFC and Guasare previously entered into that certain Coal Supply Agreement dated August 7, 2003, (the "Agreement") pursuant to which Guasare agreed to sell and deliver to PFC and PFC agreed to accept and purchase from Guasare, certain amounts of coal subject to the terms and conditions contained therein. As you are also aware, Section 12 of the Agreement provides that the contract price for the coal to be sold by Guasare and purchased by PFC during the period beginning on January 1, 2006, and ending on December 31, 2006, ("Calendar Year 2006") must be mutually agreed to between Guasare and PFC prior to August 30, 2005, (the "2006 Price"). For the record, Guasare and PFC have, in fact, mutually agreed to a 2006 Price of $2.626 USD per million Btu which agreement was reached prior to August 30, 2005, as required by the Agreement. The 2006 price is based on a Btu specification of 12,800 Btu and is a delivered price including all of Seller's cost to transport the coal and deliver it in accordance with the provisions of Section 4 of the Agreement. PFC and Guasare agree that the 2006 Price is subject to the "Bunker Clause" adjustment as provided in the last paragraph of Section 12 of the Agreement.

In addition to the aforementioned 2006 Price, PFC and Guasare agree as follows:

1. PFC and Guasare reaffirm the contract quantity of thirteen (13) firm cargoes as provided in Section 3(c) of the Agreement.

2. Notwithstanding the provision of Section 3(d) of the Agreement, the cargoes delivered during Calendar Year 2006 shall be from 35,000 to 50,000 metric tons at Seller's option; provided, however, that Guasare acknowledges and agrees that the

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

actual size of each cargo is dependent only upon finding suitable vessel sizes and shall not be construed as a right by Guasare to take advantage of economic opportunities and market fluctuations that are beneficial to Guasare.

3. PFC and Guasare agree that an independent surveyor mutually agree to between the parties shall observe the discharge of all coal at the delivery point specified in Section 4 of the Agreement. The discharge report of the independent surveyor shall be binding as between Guasare and PFC and the cost of such independent surveyor shall be equally split between the parties.

All other terms and conditions of the Agreement remain unchanged and in full force and effect. PFC and Guasare agree that in the event of any conflict or inconsistency between this Letter Agreement and the terms and conditions of the Agreement, this Letter Agreement shall prevail.

This Letter Agreement shall be governed by and construed as one in accordance with the laws of the State of New York, without regard to the application of such state's choice of laws provisions (except for Sections 5-1401 and 5-1402 of the New York General Obligations Law).

This Letter Agreement may be executed in multiple counterparts including by facsimile signature, each of which, when so executed will be deemed to be an original but all of which shall constitute but one and the same instrument.

If you are in agreement with the contents of this Letter Agreement, please print two (2) originals, sign them both and return one (1) fully executed original to me via facsimile and via regular mail or expedited delivery.

Best Regards,

A. W. Pitcher
Vice President - Coal Procurement

AWP/ro

Agreed to and accepted this 13 **day of** September, **2005.**

Guasare Coal International NV

By: Hernando Torrealba S.

Title: Director

ASSIGNMENT, ASSUMPTION AND AMENDMENT AGREEMENT

This **Assignment, Assumption and Amendment Agreement** (this "**Assignment Agreement**") is made and entered into as of the **5th** day of **March, 2007**, but it shall be effective as of the **1st** day of **January, 2007** (the "**Effective Date**") by and between **Progress Fuels Corporation** ("**PFC**" or "**Assignor**"), **Progress Energy Florida, Inc.** ("**PEF**" or "**Assignee**") and **Interocean Coal Sales, LDC** ("**Interocean**" or "**Consenting Party**"). Each of PFC, PEF and Interocean may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, PFC and Interocean entered into that certain **Agreement for the Sale and Purchase of Coal** dated **September 17, 2004** (the "**Contract**") for the sale and delivery by Interocean and the purchase and receipt by PFC of certain quantities of coal under the terms and conditions set forth therein;

WHEREAS, the Contract states in general that such coal purchased by PFC thereunder was intended to be resold to PEF for use by PEF as fuel in its electric power generating Units No. 4 and No. 5 near Red Level, Citrus County, Florida (hereinafter the "**Crystal River Plant**");

WHEREAS, PFC and Interocean desire to amend the Contract as more specifically set forth herein;

WHEREAS, PFC further desires to assign the Contract and its rights, duties and obligations thereunder to PEF and PEF desires to accept such assignment as more specifically set forth herein;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, and intending to be legally bound hereby, each of PFC, PEF and Interocean hereby agree as follows:

1. **Assignment.**
   (a) As of the Effective Date, Assignor hereby transfers, conveys, assigns, sets over and delivers unto Assignee all of Assignor's rights, title and interest in and to the Contract, and delegates to the Assignee all of Assignor's duties and obligations under and with respect to the Contract as amended by this Amendment Agreement (collectively the "**Assigned Agreement**").
   (b) Assignee does hereby accept the assignment and delegation as set forth in Paragraph 1(a) hereof and assumes and shall perform any and all rights, duties and obligations of Assignor arising under the Assigned Agreement as of and after the Effective Date. Assignee agrees to be bound by and shall perform the terms and conditions of the Contract as amended by this Assignment Agreement.
   (c) Consenting Party hereby consents to the assignment of the Assigned Agreement as set forth in this Paragraph 1. Consenting Party further fully

releases and discharges Assignor from any and all further duties, obligations and liability under and with respect to the Assigned Agreement as of and after the Effective Date.

REDACTED

2. **Amendments.**

(a) Delivery Shortfalls. The Parties agree that [redacted] tons of coal that were originally schedule to be delivered, purchased and received, as applicable, during the term of the Contract remain outstanding (the "**Shortfall Tons**"). The Parties further agree that Interocean shall sell and deliver and PEF shall purchase and accept the Shortfall Tons during the period commencing January 1, 2007 and ending on December 31, 2007, inclusive ("**Contract Year 2007**") on an approximately ratable basis during Contract Year 2007.

(b) Price. The Price for the Shortfall Tons shall be the 2006 Contract Price of [redacted] per ton (USD), FOB PEF's or it's contractors', as applicable, barges loaded at the Alabama State Docks, adjusted on a per barge basis for quality in accordance with the provisions of Section 1.05 of the Contract.

3. **Releases.**

(a) Release of Interocean. Upon delivery and acceptance hereunder of the Shortfall Tons PFC and PEF shall, without need for further documentation or action, release and forever discharge Interocean and its present and former shareholders, employees, agents, officers, directors, affiliates, guarantors, successors, assigns and representatives from any and all claims, obligations, causes of action, losses, or damages of any nature whatsoever, now in existence or occurring hereafter, known or unknown, whether in law, equity or otherwise, arising from or related to Interocean's failure to sell and deliver the Shortfall Tons.

(b) Release of PFC and PEF. Upon delivery and acceptance hereunder of the Shortfall Tons Interocean shall, without need for further documentation or action, release and forever discharge PEF and PFC, and each of their respective present and former shareholders, employees, agents, officers, directors, affiliates, guarantors, successors, assigns and representatives from any and all claims, obligations, causes of action, losses, or damages of any nature whatsoever, now in existence or occurring hereafter, known or unknown, whether in law, equity or otherwise, arising from or related to any failure to purchase and receive the Shortfall Tons.

(c) Claims Not Released. It is specifically understood and agreed that the foregoing releases shall not constitute a waiver, release or abandonment of any claim by any Party for breach by any Party of any term, condition, or provision of this Assignment Agreement or the Assigned Agreement.

4. Miscelleneous.

(a) The terms and conditions of the Contract are hereby incorporated herein by reference; provided, however, in the event of any conflict or inconsistencies between the Contract and this Assignment Agreement, the terms and conditions of this Assignment Agreement shall prevail.

(b) This Assignment Agreement may be executed in multiple counterparts, including by facsimile signature and by the different Parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all of which, when taken together shall constitute but one and the same instrument.

(c) This Assignment Agreement shall be governed by, construed and interpreted as one in accordance with the same State whose laws shall govern the Contract.

(d) Each Party hereby represents and warrants to each other Party hereto that the execution, delivery and performance of this Assignment Agreement by it are within its corporate powers and have been duly authorized by all necessary corporate or other action and that this Assignment Agreement constitutes its legal, valid and binding obligation.

(e) Capitalized terms used herein and not otherwise defined shall have the meaning given thereto in the Contract.

IN WITNESS WHEREOF, the Parties hereto have executed this Assignment Agreement as of the date first above written.

Progress Fuels Corporation

By: MARK F MULHERN
Its: President

Interocean Coal Sales, LDC

By: George E. Wilbanks
Its: Attorney-In-Fact

Progress Energy Florida, Inc.

By:
Its:

CEV

Progress Energy

February 14, 2005

SENT VIA FAX NO. 919/546-7165

Mr. Brett Phipps
Progress Fuels Corporation
100 E. Davie Street-TPP9
Raleigh, NC 27601-1806

RE: AGREEMENT FOR THE SALE AND PURCHASE OF COAL BETWEEN PROGRESS FUELS CORPORATION AND PROGRESS FUELS CORPORATION, ON ITS OWN BEHALF AND AS AGENT FOR DIAMOND MAY COAL COMPANY; KANAWHA RIVER TERMINALS, INC.; KENTUCKY MAY COAL COMPANY, INC.; AND POWELL MOUNTAIN COAL COMPANY, INC.
EFFECTIVE JANUARY 1, 2005 THROUGH DECEMBER 31, 2006
MODE OF DELIVERY—WATER

Dear Mr. Phipps:

This is to confirm our acceptance of your offer to supply one train of 12191.73 tons (net dumped) of low-sulfur Colorado origin coal during February 2005 under the above referenced contract.

The price of the trainload will be $57.50 per net ton, based on 11,836 Btu. The price is f.o.b. barge Mt. Vernon Terminal, Mount Vernon, Indiana.

Load origin analysis and supplier certified batch weights shall apply, as adjusted for actual railroad cars dumped. All other aspects of the existing contract shall apply.

As these tons are based on a fixed price already adjusted for load quality and loading point, this coal will be excluded from subsequent premium penalty calculations.

If you are in agreement with the above, please indicate so by signing in the acceptance block provided below and returning one original for our files.

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

Thank you for working with us on this order. If you have any questions, please do not hesitate to contact us.

Sincerely,

A. W. Pitcher
Vice President—Coal Procurement

AWP/ro

cc: Mrs. D. M. Davis
Mrs. A. B. Futrell
Mr. F. M. Lelak
Ms. C. A. Leonard
Mrs. T. M. McRoberts
Mrs. V. M. Muehlendyck
Mr. R. F. Potter
Mr. D. S. Williams

Agreed to and accepted this the 10 *day of* March, *2005.*

Progress Fuels Corporation, on its own behalf and as agent for Diamond May Coal Company; Kanawha River Terminals, Inc.; Kentucky May Coal Company, Inc.; and Powell Mountain Coal Company, Inc.

By: _____

Its: Progress Fuels Corporation
Alexander (Sasha) Weintraub
Dir. - Coal Marketing & Trading

Progress Energy

February 3, 2005

SENT VIA FAX NO. 304/453-6917

Joseph B. Jefferson
Progress Fuels Corporation
Post Office Box 308
Ceredo, West Virginia 25507

RE: AGREEMENT FOR THE SALE AND PURCHASE OF COAL BETWEEN PROGRESS FUELS CORPORATION AND PROGRESS FUELS CORPORATION, ON ITS OWN BEHALF AND AS AGENT FOR DIAMOND MAY COAL COMPANY; KANAWHA RIVER TERMINALS, INC.; KENTUCKY MAY COAL COMPANY, INC.; AND POWELL MOUNTAIN COAL COMPANY, INC.
EFFECTIVE JANUARY 1, 2005 THROUGH DECEMBER 31, 2006
MODE OF DELIVERY—WATER

Dear Mr. Jefferson:

This is to confirm our acceptance of your offer to supply two trains of approximately 12,000 tons each of low-sulfur, Colorado-origin coal during January and February of 2005 under the above referenced contract.

The price of the first trainload will be $59.65 per net ton based on 11,871 Btu. The price of the second trainload will be $58.85 per net ton based on 11,758 Btu. Prices are f.o.b. barge Mt. Vernon Terminal, Mount Vernon, Indiana.

Load origin analysis and supplier certified batch weights shall apply, as adjusted for actual railroad cars dumped. All other aspects of the existing contract shall apply.

As these tons are based on a fixed price already adjusted for load quality and loading point, this coal will be excluded from subsequent premium/penalty calculations.

If you are in agreement with the above, please indicate so by signing in the acceptance block provided below and returning one original for our files.

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

Thank you for working with us on this order. If you have any questions, please do not hesitate to contact us.

Sincerely,

A. W. Pitcher
Vice President—Coal Procurement

AWP/ro

cc: Mrs. D. M. Davis
Mrs. A. B. Futrell
Mr. F. M. Lelak
Ms. C. A. Leonard
Mrs. T. M. McRoberts
Mrs. V. M. Muehlendyck
Mr. R. F. Potter
Mr. D. S. Williams

Agreed to and accepted this the 18 *day of* February, *2005.*

Progress Fuels Corporation, on its own behalf and as agent for Diamond May Coal Company; Kanawha River Terminals, Inc.; Kentucky May Coal Company, Inc.; and Powell Mountain Coal Company, Inc.

By: _____

Its: Progress Fuels Corporation
Alexander (Sasha) Weintraub
Dir. - Coal Marketing & Trading

Amendment to the Agreement for the Sale and Purchase of Coal

This **Amendment to the Agreement for the Sale and Purchase of Coal** (this "**Amendment**") is made and entered into as of the 9th day of Jan., 2005 (the "**Effective Date**") by and between **Progress Fuels Corporation** ("**PFC**" or "**PURCHASER**") and **Massey Utility Sales Company** ("**Massey**" or "**SELLER**"). Each of PFC and Massey may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, PFC and Massey have entered that certain **Agreement for the Sale and Purchase of Coal** dated **August 9, 2004** (the "**Agreement**") pursuant to which Massey agreed to sell and deliver and PFC agreed to purchase and accept certain quantities of coal, subject to the terms and conditions set forth therein;

WHEREAS, PFC and Massey desire to amend the Agreement as more specifically set forth herein;

NOW, THEREFORE, in consideration of the foregoing and for the mutual promises and covenants contained herein, the receipt and sufficiency of which are hereby acknowledged by PFC and Massey and intending to be legally bound hereby, PFC and Massey hereby agree as follows:

1. Section 4.01 Term. Notwithstanding the provision of Section 4.01, the Parties agree that the term of this Agreement shall be extended for an additional twelve (12) month period and therefore the Agreement shall expire on December 31, 2006.

2. Section 5.01 Base Price. For the period January 1, 2006-December 31, 2006, the "Base Price" shall be $60.50 per ton, delivered F.O.B. railcar at SELLER's mine loading site and $69.80 per ton delivered F.O.B. PURCHASER'S barge at Kanawha River Terminals – Ceredo; provided, however that with respect to barge deliveries, upon reasonable prior notice to PURCHASER the price may be adjusted to account for any increase in SELLER'S cost for rail transportation of the coal from SELLER's mine railcar loading site to Kanawha River Terminals – Ceredo.

3. Make-up Shipments. SELLER acknowledges that PURCHASER previously entered into the Agreement with the intent to subsequently provide the coal purchased and sold pursuant to the Agreement to PURCHASER's affiliate, PEF. During the Initial Term of this Agreement, shortfalls have occurred and as a result of such shortfalls there remain as of the Effective Date of this Amendment outstanding obligations for Seller to sell and deliver, and PURCHASER to purchase and receive the shortfall tons of coal in make-up obligations (the "**Make-up Tons**"). SELLER and PURCHASER each acknowledge the difficulty in rescheduling such shipments during the current calendar year as required pursuant to Section 7.06 of the Agreement ("**Section**

7.06"). Therefore the Parties agree to negotiate in good faith the quantity of the Make-up Tons and the schedule for such shipments.

All other terms and conditions of the Agreement remain unchanged and in full force and effect.

Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

This Amendment shall supersede and replace all prior agreements, oral and written between the Parties with respect to the subject matter hereof. In the event of any conflict or inconsistency between the Agreement and this Amendment, the terms and conditions of this Amendment shall prevail.

This Amendment shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Each Party acknowledges and agrees that it and its counsel have reviewed and revised this Amendment and that the normal rule of construction to the effect that any ambiguities are to be construed against the drafting Party shall not be used in the interpretation of this Amendment.

This Amendment shall be governed by, interpreted and construed as one in accordance with the laws of the State whose laws shall govern the Agreement.

This amendment may be executed in multiple counterparts, including by facsimile signature, each of which, when so executed, shall be deemed to be an original but all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the Parties has caused this Amendment to be executed by their duly authorized representative to be effective as of the Effective Date.

Progress Fuels Corporation

By: Alexander Newland

Its: Director - Coal

Massey Utility Sales Company

By: John Parker

Its: Senior Vice President

ASSIGNMENT, ASSUMPTION AND AMENDMENT AGREEMENT

This **Assignment, Assumption and Amendment Agreement** (this "**Assignment Agreement**") is made and entered into as of the **19th** day of **January, 2007** but shall be effective as of the **1st** day of **January, 2007** (the "**Effective Date**") by and between **Progress Fuels Corporation** ("**PFC**" or "**Assignor**"), **Progress Energy Florida, Inc.** ("**PEF**" or "**Assignee**") and **Massey Utility Sales Company** ("**Massey**" or "**Consenting Party**"). Each of PFC, PEF and Massey may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, PFC and Massey entered into that certain **Agreement for the Sale and Purchase of Coal** dated **August 9, 2004,** as amended (the "**Compliance Contract**") for the sale and delivery by Massey and the purchase and receipt by PFC of certain quantities of coal under the terms and conditions set forth therein;

WHEREAS, the Compliance Contract states in general that such coal purchased by PFC thereunder was intended to be resold to PEF for use by PEF as fuel in its electric power generating Units No. 4 and No. 5 near Red Level, Citrus County, Florida (hereinafter the "**Crystal River Plant**");

WHEREAS, PFC and Massey desire to amend the Compliance Contract as more specifically set forth herein;

WHEREAS, PFC further desires to assign the Compliance Contract and its rights, duties and obligations thereunder to PEF and PEF desires to accept such assignment as more specifically set forth herein;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, and intending to be legally bound hereby, each of PFC, PEF and Massey hereby agree as follows:

1. Assignment.

(a) As of the Effective Date, Assignor hereby transfers, conveys, assigns, sets over and delivers unto Assignee all of Assignor's rights, title and interest in and to the Compliance Contract, and delegates to the Assignee all of Assignor's duties and obligations arising under the Assigned Agreement as of and after the Effective Date under and with respect to the Compliance Contract as amended by this Amendment Agreement (collectively the "**Assigned Agreement**").

(b) Assignee does hereby accept the assignment and delegation as set forth in Paragraph 1(a) hereof and assumes all rights, duties and obligations of Assignor arising under the Assigned Agreement as of and after the Effective Date. Assignee agrees to be bound by the terms and conditions of the Compliance Contract as amended by this Assignment Agreement.

(c) Consenting Party hereby consents to the assignment of the Assigned Agreement as set forth in this Paragraph 1. Consenting Party further fully releases and

discharges Assignee from any and all duties, obligations and liability arising as of and after the Effective Date under and with respect to the Assigned Agreement.

2. Amendments.

(a) Section 4.01 Term. The term of the Compliance Contract shall be extended for an additional two (2) year period commencing on January 1, 2007 and ending on December 31, 2008, inclusive (the "**Secondary Term**"). Upon expiration of the Secondary Term the term of the Compliance Contract shall be extended for an additional twelve (12) month period in accordance with the provisions of Section 7.06 of the Compliance Contract in order to provide for the make-up of delivery shortfalls as set forth below.

(b) Delivery Shortfalls.

(i) The Parties agree that 307,000 tons of coal that were originally to be delivered, purchased and received, as applicable, during the period January 1, 2005 to December 31, 2005 remain outstanding (the "**2005 Shortfall Tons**"). The Parties further agree that Massey shall sell and deliver and PEF shall purchase and accept the 2005 Shortfall Tons during the period commencing January 1, 2008 and ending on December 31, 2008, inclusive ("**Contract Year 2008**") at the rate of approximately 25,583 tons per month.

(ii) The Parties agree that 239,000 tons of coal that were originally to be delivered, purchased and received, as applicable, during the period January 1, 2006 to December 31, 2006 remain outstanding (the "**2006 Shortfall Tons**"). The Parties further agree that Massey shall sell and deliver and PEF shall purchase and accept the 2006 Shortfall Tons during the period commencing January 1, 2009 and ending on December 31, 2009, inclusive ("**Contract Year 2009**") at the rate of approximately 20,000 tons per month.

(iii) The Parties agree that Massey shall sell and deliver and PEF shall purchase and accept shortfalls, if any, in delivery and/or receipt of the coal to be delivered in Contract Year 2007 (as defined below) and/or Contract Year 2008 (excluding shortfalls for which such failure to deliver and/or receive was excused due to an event of force majeure and for which there was no agreement for PEF and Massey to make up such deliveries as contemplated by the provisions of Section 10.01 of the Compliance Contract) (the "**2007-2008 Shortfall Tons**") ratably during Contract Year 2009.

(c) Section 3.01 Quantity.

(i) During the period commencing January 1, 2007 and ending on December 31, 2007, inclusive ("**Contract Year 2007**"), Massey shall sell and deliver and PEF shall purchase and accept the contract quantity of coal set forth in Section 3.01 of the Compliance Contract (the "**2007 Quantity**").

(ii) On or before October 1, 2007 PEF and Massey shall negotiate in good faith in order to reach an agreement on a new Base Price for Contract Year 2008 for the quantity of coal set forth in Section

3.01 of the Compliance Contract (720,000 tons) (the "**2008 Revised Price**"). If the Parties are unable to reach agreement on or before November 1, 2007, then the contract quantity to be purchased and received by the Parties during Contract Year 2008 shall be reduced to 360,000 tons to be delivered ratably during the first six months of Contract Year 2008; provided, however, the 2005 Shortfall Tons shall nonetheless be delivered ratably during the entire twelve months of Contract Year 2008 (that is, delivery of the 2005 Shortfall Tons shall not be limited to the first six months of Contract Year 2008). As a result, the quantity of coal that Massey shall sell and deliver and PEF shall purchase and accept during Contract Year 2008 (the "**2008 Quantity**") shall be either (A) [redacted] in addition to the 2005 Shortfall Tons), or approximately [redacted] per calendar month, if the Parties reach agreement with respect to the 2008 Revised Price, or (B) [redacted] in addition to the 2005 Shortfall Tons), or approximately [redacted] tons per calendar month during January through June, 2008 and approximately tons per calendar month thereafter, if the Parties do not reach agreement with respect to the 2008 Revised Price.

REDACTED

(d) Base Price.

(i) The Base Price for the 2007 Quantity shall be [redacted] per ton, F.O.B. railcar at Massey's loading facility or [redacted] F.O.B. PEF's or its contractor's, as applicable barge at Kanawha River Terminals-Ceredo.

(ii) The Base Price for the 2008 Quantity, if 667,000 tons, shall be [redacted] per ton, (which is a weighted average price of 360,000 tons at $60.50 per ton and the price of [redacted] per ton for the 2005 Shortfall Tons) F.O.B. railcar at Massey's loading facility or [redacted] F.O.B. PEF's or its contractor's, as applicable, barge at Kanawha River Terminals-Ceredo (which is a weighted average price of 360,000 tons at [redacted] per ton and the price of . per ton for the 2005 Shortfall Tons).

(iii) The Base Price for the 2008 Quantity, if 1,027,000 tons, shall be (A) the weighted average price based on the agreed price per ton for 720,000 tons and the price of [redacted] per ton for the 2005 Shortfall Tons, F.O.B. railcar at Massey's loading facility or (B) the weighted average price based on the agreed price per ton for 720,000 tons and the price of [redacted] per ton for the 2005 Shortfall Tons F.O.B. PEF's or its contractor's, as applicable, barge at Kanawha River Terminals-Ceredo, as applicable.

(iv) The Base Price for the 2006 Shortfall Tons shall be [redacted] per ton, F.O.B. railcar at Massey's loading facility or [redacted] F.O.B. PEF's or its contractor's, as applicable, barge at Kanawha River Terminals-Ceredo.

(v) The Base Price for the 2007-2008 Shortfall Tons shall be the weighted average price of the tons comprising the 2007-2008 Shortfall Tons.

(e) Composite Tons. For Contract Year 2009, the 2006 Shortfall Tons and the 2007-2008 Shortfall Tons shall be aggregated to determine the delivery and acceptance obligations of the Parties for such year, and, Paragraph 2(d) notwithstanding, the Base Price for all such tons shall be the weighted average determined using the prices for such tons set forth in or determined under Paragraph 2(d).

(f) The Parties acknowledge and agree that the delivery and acceptance obligations set forth herein supersede in all respects any remaining delivery and acceptance obligations under the Compliance Contract.

3. Releases.

(a) Release of Massey by PEF. Upon delivery and acceptance hereunder of the 2005 Shortfall Tons or the 2006 Shortfall Tons, as applicable, PEF shall, without need for further documentation or action, release and forever discharge Massey and its present and former shareholders, guarantors, employees, agents, officers, directors, affiliates, successors, assigns and representatives from any and all claims, obligations, causes of action, losses, or damages of any nature whatsoever, now in existence or occurring hereafter, known or unknown, whether in law, equity or otherwise, arising from or related to the 2005 Shortfall Tons or the 2006 Shortfall Tons, as applicable.

(b) Release of PEF by Massey. Upon delivery and acceptance hereunder of the 2005 Shortfall Tons or the 2006 Shortfall Tons, as applicable, Massey shall, without need for further documentation or action, releases and forever discharges PEF and its present and former shareholders, grantors, employees, agents, officers, directors, affiliates, successors, assigns and representatives from any and all claims, obligations, causes of action, losses, or damages of any nature whatsoever, now in existence or occurring hereafter, known or unknown, whether in law, equity or otherwise, arising from or related to the 2005 Shortfall Tons or the 2006 Shortfall Tons, as applicable.

(c) Release of Massey by PFC. For and in consideration of the promises set forth herein, PFC hereby releases and forever discharges Massey and its present and former shareholders, guarantors, employees, agents, officers, directors, affiliates, successors, assigns and representatives from any and all claims, obligations, causes of action, losses, or damages of any nature whatsoever, now in existence or occurring hereafter, known or unknown, whether in law, equity or otherwise, arising from or related to the 2005 Shortfall Tons or the 2006 Shortfall Tons.

(d) Claims Not Released. It is specifically understood and agreed that the foregoing releases shall not constitute a waiver, release or abandonment of any claim by any Party for breach by any Party of any term, condition, or provision of this Assignment Agreement or the Assigned Agreement, or any claim for payment

due to Massey with respect to coal delivered under the Compliance Contract or the Assigned Agreement.

4. Miscelleneous.

(a) The terms and conditions of the Compliance Contract are hereby incorporated herein by reference; provided, however, in the event of any conflict or inconsistencies between the Compliance Contract and this Assignment Agreement, the terms and conditions of this Assignment Agreement shall prevail.

(b) This Assignment Agreement may be executed in multiple counterparts, including by facsimile signature and by the different Parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all of which, when taken together shall constitute but one and the same instrument.

(c) This Assignment Agreement shall be governed by, construed and interpreted as one in accordance with the same State whose laws shall govern the Compliance Contract.

(d) Each Party hereby represents and warrants to each other Party hereto that the execution, delivery and performance of this Assignment Agreement by it are within its corporate powers and have been duly authorized by all necessary corporate or other action and that this Assignment Agreement constitutes its legal, valid and binding obligation.

(e) Capitalized terms used herein and not otherwise defined shall have the meaning given thereto in the Compliance Contract.

IN WITNESS WHEREOF, the Parties hereto have executed this Assignment Agreement as of the date first above written.

Progress Fuels Corporation

By: MARK F MULHERN
Its: PRESIDENT

Massey Utility Sales Company

By: John R. Parker
Its: Senior Vice President

Progress Energy Florida, Inc.

By: Robert W Saunders, Jr.
Its: V.P.

ORIGINAL

Progress Energy

April 7, 2005

Mr. John R. Parker
Senior Vice President
Massey Coal Sales Company, Inc.
Four North Fourth Street
Richmond, Virginia 23219

Dear Mr. Parker

This Letter Agreement is being written to amend the following contracts:

1. Agreement for the Sale and Purchase of Coal between Massey Coals Sales Company and Electric Fuels Corporation dated June 1, 1999, as amended (Contract 1), and

2. Agreement for the Sale and Purchase of Coal between Massey Utility Sales Company and Progress Fuels Corporation dated September 8, 2004 (Contract 2).

At the end of calendar year 2004 there were 358,269.75 tons remaining to be shipped on Contract 1. This amount includes 208,269.75 tons of Carry Over Tons and 150,000 tons of contract tons due to be shipped during first quarter 2005. During the first quarter, 126,571.93 tons were shipped on Contract 1, leaving 231,697.82 tons remaining. The price of Contract 1 was $33.85 f.o.b. railcar. (See Attachment 1.)

The initial term of Contract 2 is January 1, 2005 through December 31, 2005. The quantity to be shipped is 720,000 tons at a price of $44.00 f.o.b. railcar. (See Attachment 1.)

The intent of this amendment is to combine the remaining tons on both Contract 1 and Contract 2 beginning April 1, 2005, continuing through December 31, 2005, or until all of the tonnage is shipped subject to all the terms and provisions of Contract 2. Further, the intent is to create one billing price for the combined contracts. The combined price of $41.53 and the remaining tons as of April 1, 2005 are detailed on Attachment 1 of this Letter Agreement.

If you are in agreement terms outlined above, please indicate so by having the appropriate individuals sign, on behalf of Massey Coal Sales Company and Massey

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

Utility Sales Company, in the respective signature blocks provided below and return one original to me for our files.

Sincerely,

A. W. Pitcher
Vice President—Coal Procurement

AWP/ro

Attachment

cc/att: Mrs. D. M. Davis
Mrs. A. B. Futrell
Mr. F. Michael Lelak
Ms. Carrie A. Leonard
Mrs. Tina M. McRoberts
Mrs. Virginia M. Muehlendyck
Mr. Roy F. Potter
Mr. Dave D. Williams

AGREED TO AND ACCEPTED THIS THE 15th DAY OF April, 2005.

MASSEY COAL SALES COMPANY

BY: John R. Parker
ITS: Senior Vice President

AGREED TO AND ACCEPTED THIS THE 15th DAY OF April, 2005.

MASSEY UTILITY SALES COMPANY

BY: John R. Parker
ITS: Senior Vice President

ATTACHMENT 1

MASSEY A RAIL
2004 CARRYOVER TONS

	2004 Contract 1 Price	$ 33.85	
	2005 Contract 1 Price	$ 33.85	150,000 tons ends 3/31/05
Undership 2004 208,269.75	2005 Contract 2 Price	$ 44.00	720,000 tons 1/1 - 12/31/05

2005	TONS PURCHASED	YTD	BALANCE REMAINING
JAN	48,509.08	48,509.08	159,760.67
FEB	29,423.05	77,932.13	130,337.62
MAR	48,639.80	126,571.93	81,697.82
APR			
MAY			
JUN			
JUL			
AUG			
SEP			
OCT			
NOV			
DEC			

	Tons	Rate	Dollars		
Remaining 2004 C/O tons	81,697.82	33.85	$ 2,765,471.21		
2005 Contract 1 tons: 1/1-3/31/05	150,000.00	33.85	5,077,500.00		
	231,697.82		7,842,971.21		
Contract 2 tons: 1/1 -12/31/05	720,000.00	44.00	31,680,000.00		
	951,697.82		$ 39,522,971.21	$ 41.53	Wtd Avg Rate

Amendment to the Agreement for the Sale and Purchase of Coal

This **Amendment to the Agreement for the Sale and Purchase of Coal** (this "**Amendment**") is made and entered into as of the 9th day of Jan., 2006 (the "**Effective Date**") by and between **Progress Fuels Corporation** ("**PFC**" or "**PURCHASER**") and **Massey Utility Sales Company** ("**Massey**" or "**SELLER**"). Each of PFC and Massey may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, PFC and Massey have entered that certain **Agreement for the Sale and Purchase of Coal** dated **September 8, 2004** (the "**Agreement**") pursuant to which Massey agreed to sell and deliver and PFC agreed to purchase and accept certain quantities of coal, subject to the terms and conditions set forth therein;

WHEREAS, PFC and Massey desire to amend the Agreement as more specifically set forth herein;

NOW, THEREFORE, in consideration of the foregoing and for the mutual promises and covenants contained herein, the receipt and sufficiency of which are hereby acknowledged by PFC and Massey and intending to be legally bound hereby, PFC and Massey hereby agree as follows:

1. Section 4.01 Term. Notwithstanding the provision of Section 4.01, the Parties agree that the term of this Agreement shall be extended for an additional twelve (12) month period and therefore the Agreement shall expire on December 31, 2006.

2. Section 5.01 Base Price. For the period January 1, 2006-December 31, 2006, the "Base Price" shall be $51.75 per ton, delivered F.O.B. the railcar.

3. Make-up Shipments. SELLER acknowledges that PURCHASER previously entered into the Agreement with the intent to subsequently provide the coal purchased and sold pursuant to the Agreement to PURCHASER's affiliate, PEF. During the Initial Term of this Agreement, shortfalls have occurred and as a result of such shortfalls there remain as of the Effective Date of this Amendment outstanding obligations for Seller to sell and deliver, and PURCHASER to purchase and receive the shortfall tons of coal in make-up obligations (the "**Make-up Tons**"). SELLER and PURCHASER each acknowledge the difficulty in rescheduling such shipments during the current calendar year as required pursuant to Section 7.06 of the Agreement ("**Section 7.06**"). Therefore the Parties agree to negotiate in good faith the quantity of the Make-up Tons and the schedule for such shipments.

6ac

All other terms and conditions of the Agreement remain unchanged and in full force and effect.

Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.

This Amendment shall supersede and replace all prior agreements, oral and written between the Parties with respect to the subject matter hereof. In the event of any conflict or inconsistency between the Agreement and this Amendment, the terms and conditions of this Amendment shall prevail.

This Amendment shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Each Party acknowledges and agrees that it and its counsel have reviewed and revised this Amendment and that the normal rule of construction to the effect that any ambiguities are to be construed against the drafting Party shall not be used in the interpretation of this Amendment.

This Amendment shall be governed by, interpreted and construed as one in accordance with the laws of the State whose laws shall govern the Agreement.

This amendment may be executed in multiple counterparts, including by facsimile signature, each of which, when so executed, shall be deemed to be an original but all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the Parties has caused this Amendment to be executed by their duly authorized representative to be effective as of the Effective Date.

Progress Fuels Corporation	**Massey Utility Sales Company**
By: Alexander Wentworth	By: John R. Parker
Its: Director - Com	Its: Senior Vice President

COALTRADE

COALTRADE, LLC
A Peabody Energy Company

701 Market Street
St. Louis, MO 63101
Phone 314.342.7600

COAL CONFIRMATION LETTER

Trade Ref # 980-6581

May 02, 2006

Progress Energy Florida, Inc.
3201 34th St. South P.O. Box 14042
St. Petersburg, FL 33733

Dear Progress Energy Florida, Inc.:

This letter confirms the agreement between COALTRADE, LLC ("CT") and Progress Energy Florida, Inc. ("Progress") with respect to the Transaction dated May 02, 2006 described below and constitutes a "Confirmation."

TRANSACTION TYPE:	Physical
PRODUCT	Sub-Bituminous Coal, PRB 8800
BUYER:	Progress Energy Florida, Inc.
SELLER:	COALTRADE, LLC
BUYER'S CONTACT:	Eddie Vinson (919) 546-3622 / FAX: (919) 546-4721
SELLER'S CONTACT:	Deron Upton (606) 739-5752 / FAX: (606) 739-6787
TERM:	May 01, 2006 - May 31, 2006
QUANTITY:	3,100 tons total
SCHEDULE:	2 Barge(s) per month, approximately 1,550 tons each
PRICE:	$37.60 per ton – FOB Barge – Cook Coal Terminal
PAYMENT TERMS:	Payment shall be made by the 25th day of the delivery month for financial settlements or 15 days after receipt of invoice for physical deliveries.
INVOICES:	Seller shall submit an invoice for coal delivered during the preceding month to Buyer in a form acceptable to the Parties on or before the fifteenth day of each month. Name: Address: Fax: Attn:

DELIVERY POINT: FOB Barge – Cook Coal Terminal

SOURCE: Any mine excluding Jacob's Ranch, located in Campbell or Converse Counties, Wyoming that is served by the joint-line Burlington Northern Santa Fe and Union Pacific Railroads. Mine to be designated by Seller no later than 20 days in advance of the first day of each month.

SPECIFICATION: Typical as-received basis in accordance with ASTM standards for each shipment in a month, as follows:

Quality Type [Units]	Typical	Min / Max Value	Premium-Penalty	Reject
Ash	5.50 %	NONE	NONE	NONE
BTU	8,800.00 Btu/lb.	NONE	Premium / Penalty	< 8,600.00 Btu/lb.
Moisture	27.00 %	NONE	NONE	NONE
Sulfur	0.35 %	NONE	Premium / Penalty	NONE
lbSO2/MMBTU	0.80	NONE	Premium / Penalty	> 1.20

Buyer may reject any shipment falling outside of the aforementioned specifications for Btu/lb (min) and Sulfur (max) with written notification to Seller. Seller shall remove rejected coal at Seller's cost. Seller shall be required to replace the rejected coal no later than the last calendar day of the delivery month.

QUALITY PRICE ADJUSTMENTS: See Addendum "A" (Attached)

SAMPLING: Sampling, via mechanical sampler, for each shipment shall be performed at the Mine Loading Point with the cost for such sampling for Seller's account. The cost of additional sampling at the barge loading facility will be for the Buyer's account.

ANALYSIS: Analysis shall be performed in accordance with ASTM standards by a mutually acceptable independent commercial laboratory appointed by Seller. Cost for such analysis shall be for Seller's account. Such analysis shall be final and binding and govern for payment. Additional analysis for Ultimate, Ash Fusion and Mineral will be for Buyer's account.

WEIGHTS: The weight for each Shipment shall be determined by certified scales taken at the Source. The cost of weighing shall be for Seller's account and shall be final and binding and governing for payment.

The attached Additional Terms and Conditions are hereby made part of this Confirmation. If this Confirmation correctly sets forth the terms and conditions of this Transaction that we have entered into, please promptly confirm in a reply to us by signing below and sending this Confirmation (or a copy hereof) to us by fax (314) 588-2702 within three (3) business days of receipt of this Confirmation.

If Counterparty objects to any differences between the binding agreement of the parties regarding this Transaction and the contents of the Confirmation, Counterparty must notify COALTRADE, LLC of its objections in writing by fax (314) 588-2702 within such time period.

If Counterparty fails to so reply or object within such time period, such objections shall be deemed waived and the terms of this Confirmation will become final and conclusive evidence of all the terms of the binding agreement regarding this Transaction. Any other counterparty proposed terms and conditions are objected to and shall not be binding upon CT.

This Confirmation supersedes and replaces any broker confirmation(s) regarding this Transaction to the extent of any irreconcilable conflict. If Counterparty notifies CT of additional or different terms from those set forth herein, those terms shall be construed as proposals for amendments to this Transaction and shall not become part hereof unless agreed to by CT in a supplemental written confirmation.

If you are in agreement with the foregoing, please execute where indicated below and fax a copy of this letter to COALTRADE Scheduling at (314) 588-2702.

Sincerely,

COALTRADE, LLC

By: Ross E. Shelledy
Ross Shelledy

Title: Director, Sales and Trading

Date: May 02, 2006

AGREED TO AND ACCEPTED BY:

Progress Energy Florida, Inc.

By:

Title: Director - Com

Progress Energy Florida, Inc.
Coal Confirmation 980-6581

ADDENDUM "A"

Term: May 1, 2005 – May 5, 2005

Quality Adjustments:

Btu/Lb: 2006 - $0.17 per ton per 100 Btu/lb from 8,800 (fraction pro-rata)

SO2: If it is determined that the monthly weighted average pounds of SO2/MMBtu (computed to the nearest 0.01 of a pound of SO2) on an as received basis for shipments accepted by Buyer for any month is other than the typical SO2/MMBtu, Seller shall calculate a premium or penalty adjustment per ton for each month according to the following formula:

$$\frac{(0.80 \text{ lbs SO2/MMBtu} - \text{Actual lbs SO2/MMBtu}) * \text{Actual Btu/lb} * E}{1{,}000{,}000}$$

Where E is the average price of SO2 allowances expressed in dollars per ton of SO2. The average price of SO2 allowances shall be based on the monthly weighted average of AIR DAILY for the respective month in which shipments occurred. The adjustment will be calculated monthly and shall be settled financially.

Tonnage Schedule:

Year	Quantity- Tons	Barges
May 1 – May 5, 2006	3,100	2

Additional Conditions: Florida Power will be responsible for all barge fleeting charges and requested additional sampling and analysis at the Cook Coal Terminal.

111 Market Place
Suite 500
Baltimore, Maryland 21202

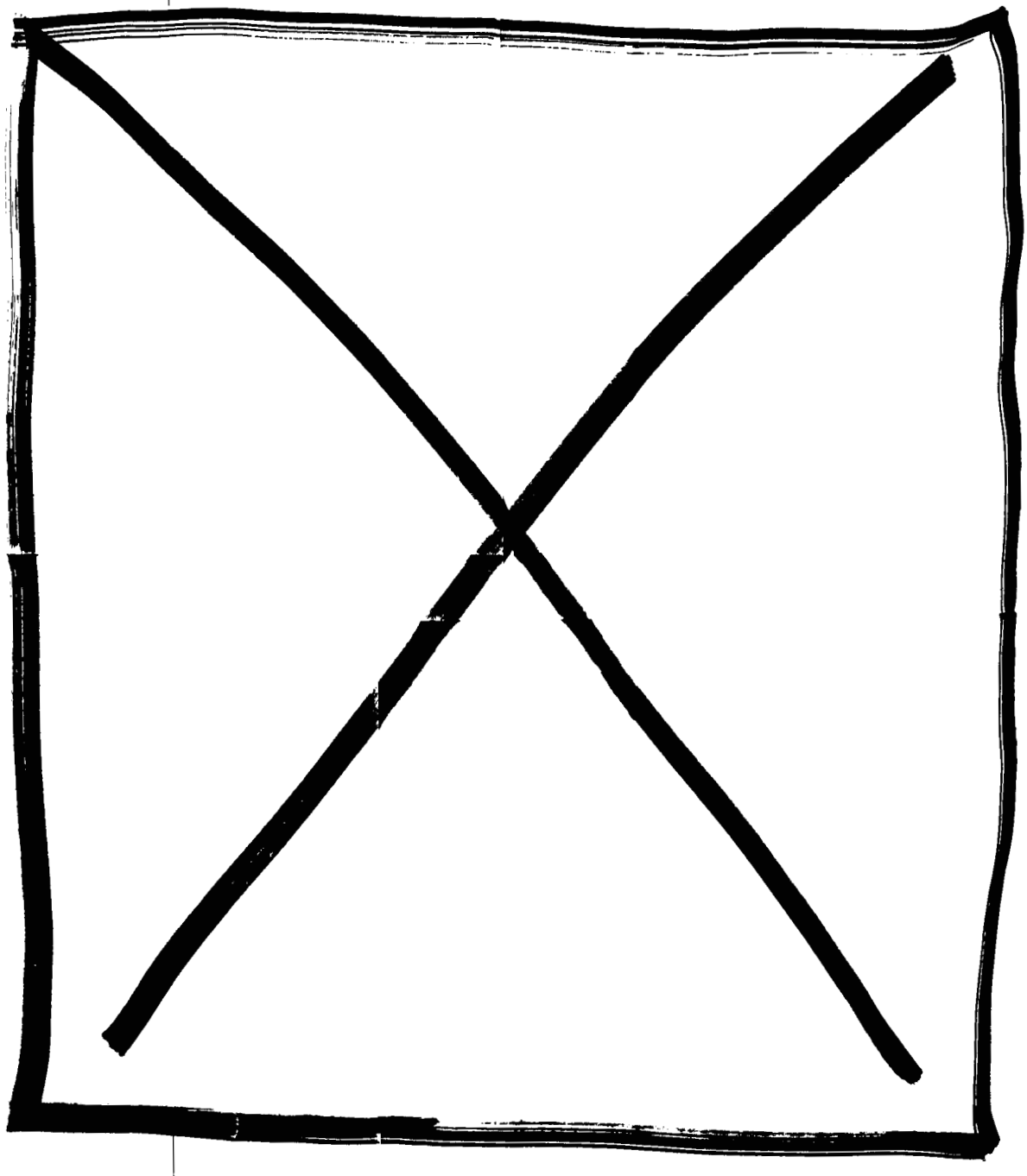
Constellation Energy
Commodities Group

REDACTED

TRANSACTION CONFIRMATION

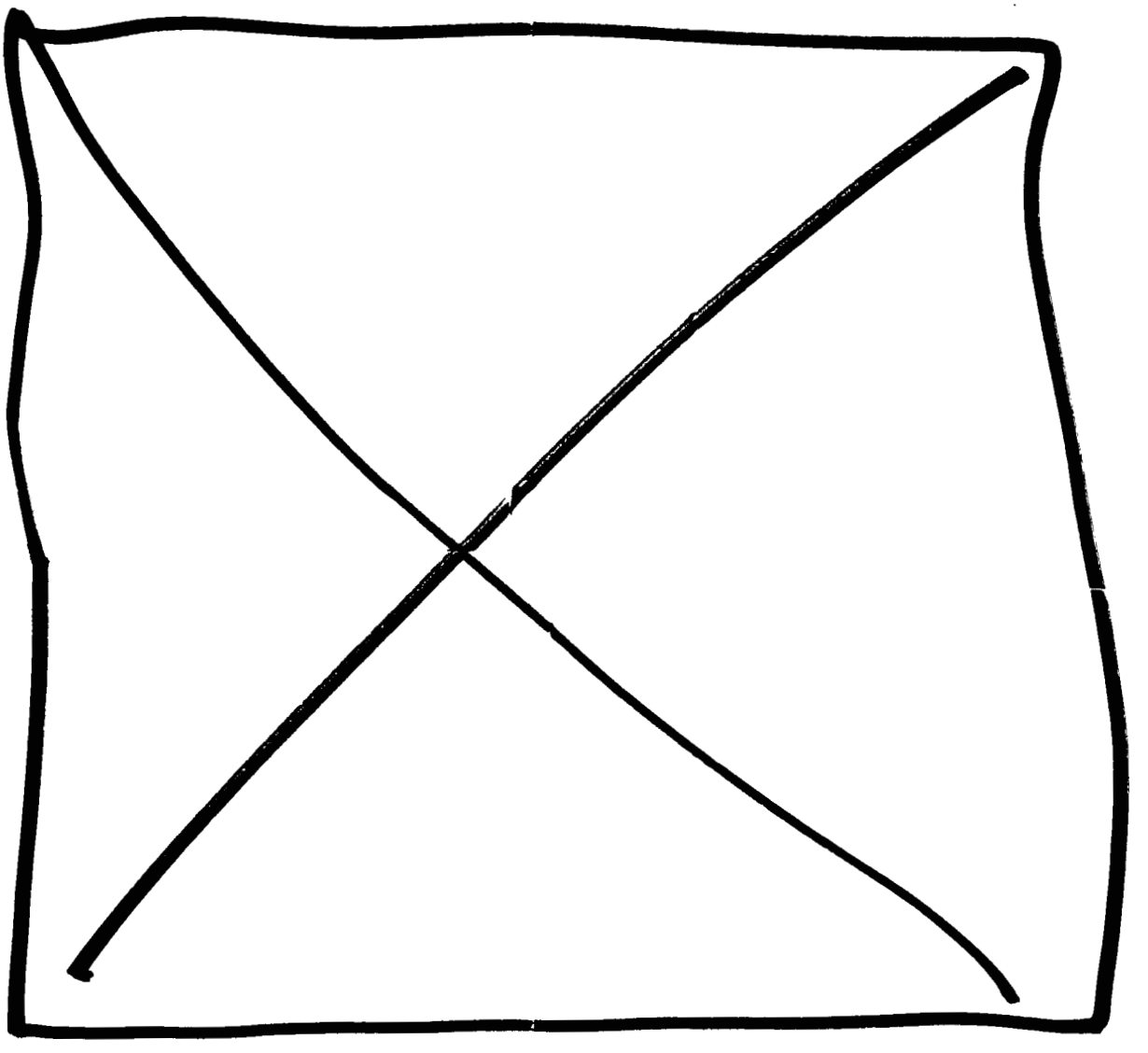
RE: Physical Coal Purchase/Sale Ref. Number: FLO05(TS)0006

BROKER: EVOLUTION MARKETS LLC



PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 1

PAGES
PEF-CC-000090
THROUGH
PEF-CC-000097
HAVE BEEN
DESIGNATED AS
CONFIDENTIAL



Sincerely,

Constellation Energy Commodities Group, Inc.

By: Christopher Savage

Name: Christopher Savage

Title: VP

Date: 8-21-06

LEGAL REVIEW
INITIAL DATE 8/24/06

AGREED TO AND ACCEPTED BY:

Progress Energy Florida, Inc.

By: [redacted]

Name: [redacted]

Title: [redacted]

Date: 8/23/2006

REDACTED

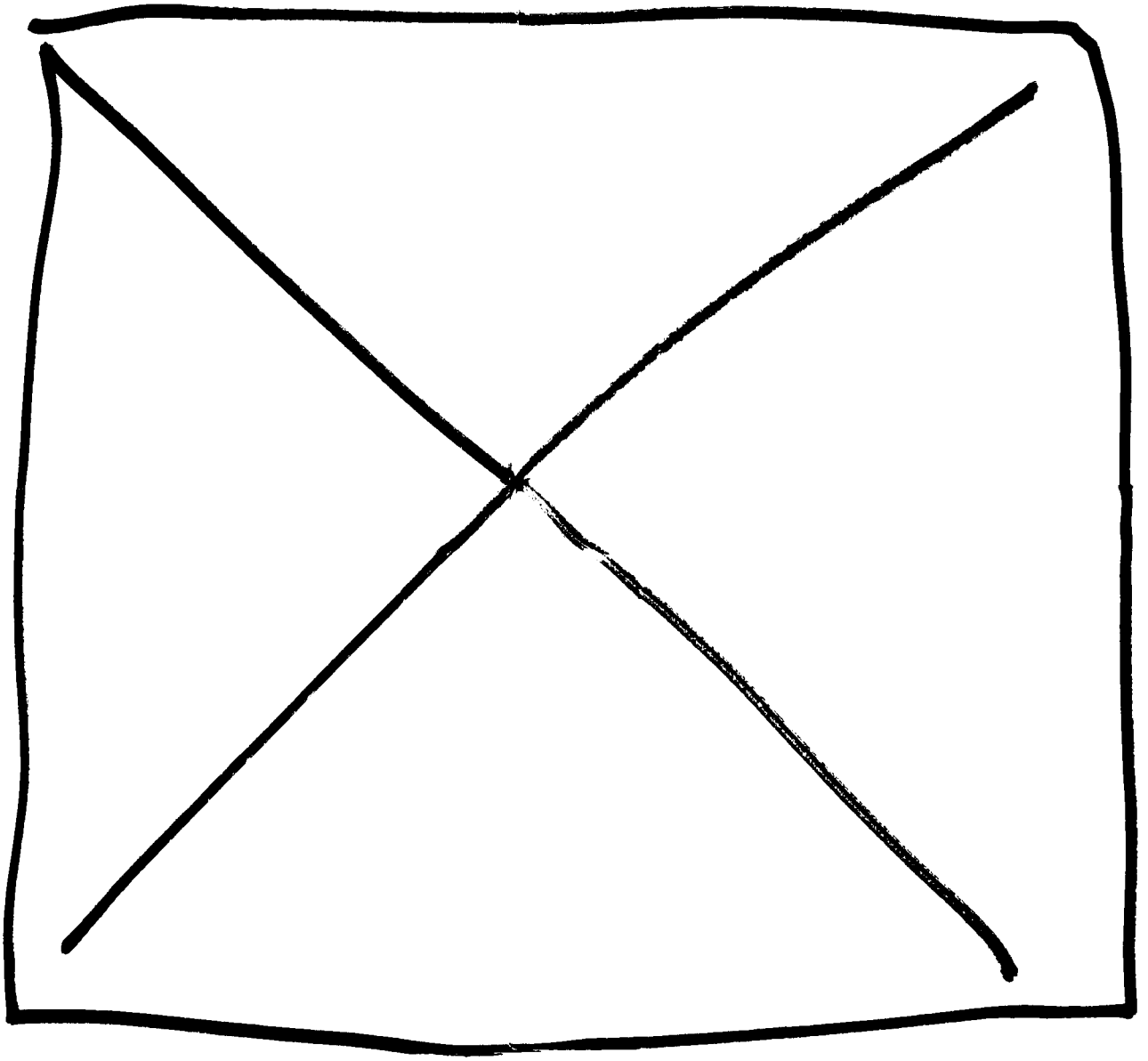
Progress Energy

COAL PURCHASE CONFIRMATION

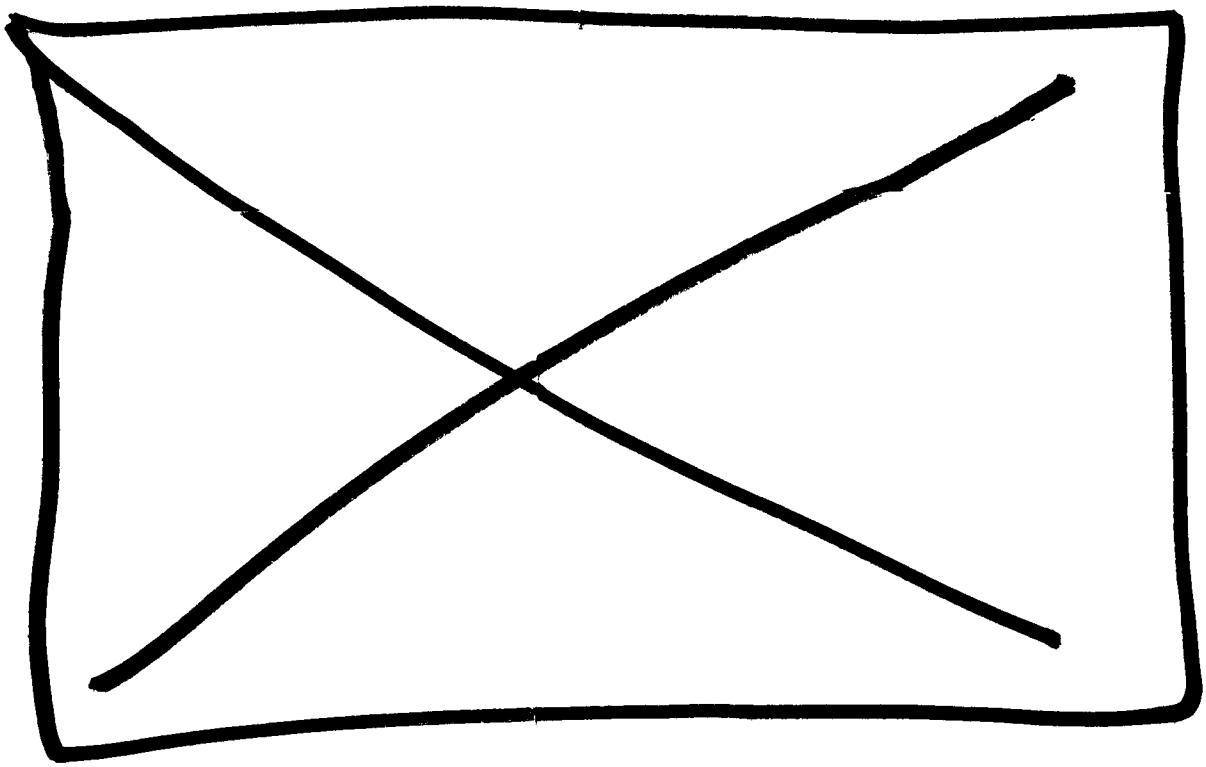
Confirmation #: CCS_PEF_07-08 Coal (dated 2/15/06)

Buyer: Progress Energy Florida, Inc.
410 S. Wilmington St.
Raleigh, NC 27601
(P) 919-6002 (F) 919-546-2590

Seller: Central Coal Company
148 Bristol East Road
Bristol, VA 24202
(P)276-669-8599 (F) 276-669-3543



REDACTED



Sincerely,

Progress Energy Florida, Inc.

By: _____

Name: Robert H. Bazemore, Jr.

Title: V.P.

Date: 9/12/06

AGREED TO AND ACCEPTED BY:

Central Coal Sales

By: _____

Name: Clark Wilson

Title: Sales

Date: 8-29-06

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 1

PAGES
PEF-CC-000101
THROUGH
PEF-CC-000111
HAVE BEEN
DESIGNATED AS
CONFIDENTIAL

entity (a) is advised of the confidential nature of this Agreement and (b) agrees to keep such information confidential; and (ii) in connection with any administrative or regulatory approval or filing process in connection with the conduct of its business.

24. Governing Law; Waiver of Jury Trial. This Agreement and the rights and duties of the Parties arising hereunder shall be governed by, enforced and construed in accordance with the laws of the State of North Carolina, without reference to such state's choice of laws provisions. The UCC shall be applicable to the extent not inconsistent or in conflict with the provisions of this Agreement and the Parties acknowledge and agree the Coal shall be deemed to be a "good" for purposes of the UCC. To the fullest extent permitted by applicable law each Party hereby waives any respective right it may have to a jury trial in connection with any litigation arising out of or relating to this Agreement.

25. Entire Agreement; Amendments; Interpretation. This Agreement constitutes the entire agreement between the Parties relating to the subject matter contemplated by this Agreement and supersedes any prior or contemporaneous agreements or representations affecting the same subject matter. Except for any matters which, in accordance with the express provisions of this Agreement, may be resolved by verbal agreement between the Parties, no amendment, modification or change to this Agreement shall be enforceable unless reduced to a writing executed by the Party against whom such amendment, modification or change is sought to be enforced and specifically referencing this Agreement. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be used in interpretation of this Agreement.

26. Counterparts; Severability; Survival. This Agreement may be executed in several counterparts, each of which is an original and all of which constitute one and the same instrument. Except as may otherwise be stated herein, any provision or Section hereof that is declared or rendered unlawful by any applicable court of law or regulatory agency, or deemed unlawful because of a statutory change, will not otherwise affect the lawful obligations that arise under this Agreement. In the event any provision of this Agreement is declared unlawful, the Parties will promptly renegotiate to restore this Agreement as near as possible to its original intent and effect. All indemnity and audit rights shall survive the termination of this Agreement in full for a period of two years.

27. Non-Waiver; Duty to Mitigate; No Partnership or Third Party Beneficiaries. No waiver by any Party of any of its rights with respect to the other Party or with respect to any matter or default arising in connection with this Agreement shall be construed as a waiver of any subsequent right, matter or default whether of a like kind or different nature. Any waiver shall be in writing signed by the waiving Party. Each Party agrees that it has a duty to mitigate damages. Except as specifically set forth in this Agreement, nothing contained in this Agreement shall be construed or constitute any Party as the employee, agent, partner, joint venturer or contractor of any other Party. This Agreement is made and entered into for the sole protection and legal benefit of the Parties, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement.

28. Imaged Agreement. Any original executed Agreement or other related document may be photocopied and stored on computer tapes and disks ("Imaged Agreement"). If an Imaged Agreement is introduced as evidence in any judicial, arbitration, mediation or administrative proceedings, it shall be considered as admissible evidence. Neither Party shall object to the admissibility of the Imaged Agreement on the basis that such was not originated or maintained in documentary form under the hearsay rule, the best evidence rule or other rule of evidence.

Progress Energy Florida, Inc.	Central Coal Sales
By: _____	By: _____
Name: Robert H. Bazemore, Jr.	Name: Clark Wismar
Title: V.P.	Title: Sales
Date: 9/15/06	Date: 8-29-06

NRG Power Marketing Inc.
211 Carnegie Center
Princeton, NJ 08540

Direct (609) 524-4549
Fax (609) 524-4540

Coal Purchase and Sale Agreement

(NRG Reference #: C01643)

This Coal Purchase and Sale Agreement ("Agreement") dated September 18, 2006, sets forth the terms and conditions under which **NRG Power Marketing Inc.** ("Seller") will sell Coal to **Florida Power Company d/b/a Progress Energy Florida, Inc.** ("Buyer"). Buyer and Seller are each sometimes referred to herein as a "Party" and, collectively, as "Parties". This Agreement is subject to and incorporates the terms and conditions attached hereto as Attachment A. Any capitalized term not defined in the section in which it is used shall have its meaning set forth in Section 22 of Attachment A.

Commodity/ Coal:	Crushed, bituminous coal, containing no synthetic fuels, substantially free from any extraneous material, with no intermediate sizes to be added or removed, and otherwise meeting the Specifications of this Agreement.
Trade Date:	August 9, 2006
Seller:	NRG Power Marketing Inc.
Buyer:	Progress Energy Florida, Inc.
Source/Load Point:	FOB Railcar at a mine in the CSX Big Sandy /Kanawha District ("Mine").
Quantity:	One (1) unit train of approximately 10,000 tons each per month, for a total of approximately 40,000 Tons.
Term:	Commencing September 1, 2006 through December 31, 2006.
Scheduling:	Buyer will advise Seller of the delivery dates on or before the 20th day of the calendar month preceding scheduled shipments ("Delivery Schedule") and the Parties shall work together in good faith to agree on a reasonable and mutually acceptable Delivery Schedule.
Delivery Point:	FOB Buyer's Railcar at Load Point, which shall be capable of loading a 10,000 Ton Unit Train within (4) hours.
Price:	USD $54.55 per net Ton, subject to Quality Adjustments, as set forth below.
Specifications:	Each Shipment of Coal delivered by Seller to Buyer will, on an as-received basis and in accordance with ASTM Standards, conform with the following specifications:

	Shipment Typical Basis	Shipment Rejection Limits
BTU/lb.	12,500	<12,200
Sizing	2" X 0" with maximum 55% below 1/4"	
Ash Content	12.0%	>13.5%
$lbSO_2/mmBtu$	<1.2	>1.2
Moisture	7-8%	>10%
Grindability (HGI)	42 to 45	<40
Volatile	30%	<30

ASTM Standards:	Sample collection, sample preparation, and specification testing of parameter values shall be performed in accordance with the ASTM standards.

Quality Adjustment:

Per Ton BTU adjustment formulas for Quality Adjustment:

$$\text{BTU:} \quad \frac{[(\text{Actual Calorific Value}) \text{ minus } (\text{Basis Calorific Value})] \times \text{Price}}{\text{Basis Calorific Value}}$$

WHERE:
Actual Calorific Value = Per Shipment average Btu/lb.

If a Quality Adjustment is negative, then the Price per Ton shall be reduced by the amount of such Quality Adjustment. If a Quality Adjustment is positive, then the Price per Ton shall be increased by the amount of such product. Price adjustments shall be made to the nearest $0.001 per Ton.

Coal Conditioning:
If requested by Buyer, dust control and/or freeze conditioning agents will be applied and billed to Buyer at the actual price per Ton that reflects the seasonal price of the dust control and/or freeze conditioning agent chosen by Buyer and the application cost of the dust control and/or freeze conditioning agent. Buyer shall be advised, prior to each season, of the charges anticipated by this provision. Seller shall use commercially reasonable efforts to obtain the lowest pricing available for such dust control and/or freeze conditioning agent. Buyer will instruct Seller as to the application rate of the dust control and/or freeze conditioning agent to be used.

Sampling and Analysis:

(a) Mine Sample. Seller, or Seller's agent, shall cause a representative Coal sample ("Mine Sample") to be taken from each Shipment at the Load Point. The sample shall be taken in accordance with ASTM Standards, using a mechanical sampler or other ASTM approved procedure. Seller shall have an active quality control program at the Load Point, assuring the mechanical sampler is in proper working condition and been bias-tested by an independent third party at least once each calendar year. If an alternate sampling procedure is used, Buyer shall be notified prior to loading and Seller shall be capable of demonstrating the alternate procedure conforms to ASTM Standards and the procedure produces accurate and repeatable results. Samples shall be taken as each Shipment is loaded at the Load Point or at an Alternate Load Point approved by Buyer. Sampling, sample preparation, and sample analysis shall be performed at Seller's expense in accordance with ASTM Standards. Each sample shall be divided into three (3) parts in accordance with ASTM Standards and placed in separate airtight containers. One (1) part of each sample shall be analyzed by the Commercial Lab, such Commercial Lab determined as set forth below; one (1) part shall be retained by the Commercial Lab for a period of forty-five (45) days or shipped per Buyer's directions; and one (1) part shall be retained by the Commercial Lab for a period of forty-five (45) days to be used in a Referee Analysis, if necessary ("Referee Split").

(b) Right to Witness. Buyer may, at Buyer's risk and expense, arrange for an independent laboratory to witness the collection of samples during the loading of Shipment lots at the Load Point. Selection of the random Shipment lots to be witnessed by the independent laboratory shall be at the sole discretion of Buyer. If the independent laboratory designated by Buyer visits any of Seller's mines and/or Load Points for purposes of sampling inspections, the independent laboratory must show evidence of insurance and must conform with all mine safety procedures while at such location.

(c) Mine Quality. Seller shall cause the Mine Sample to be analyzed by proximate analysis, as set forth in Section (d), to be performed by an independent certified laboratory (the "Commercial Lab"), the results of such analysis defined as the "Shipment Quality." The Mine Sample shall be analyzed on an "as-received" basis in accordance with ASTM Standards.

(d) Analyses. The Commercial Lab shall perform a short proximate analysis at Seller's expense on an "as-received" basis. Such analysis shall include total moisture, ash, Btu and sulfur and any other specification that has a Shipment Rejection Limit. At the request and the expense of either Party, additional analyses may be performed.

(e) Reporting. As soon as available, but in any event, no later than one (1) Business Day after the completion of the loading of each Shipment, Seller shall cause the Shipment Quality, along with Unit Train I.D. number, and shipping data ("Shipping Report") to be reported to Buyer by via electronic mail to Tina McRoberts, Tina.McRoberts@pgnmail.com. The Shipping Report shall also be confirmed promptly by fax to 352.563.4496.

(f) Contract Weight and Quality. Payment for Coal shipped under this Agreement shall be based on shipment weight, as determined in accordance with the Unit Train or Truck Weighing section below, and Shipment Quality. Seller shall provide to Buyer an invoice with the Shipment Weight and Shipment Quality for each Shipment no later than one (1) Business Day following Seller's loading of such Shipment.

(g) Referee Analysis. Buyer or Seller may request an analysis of the Referee Split within forty-five (45) days of the delivery of a Shipment ("Referee Analysis"). If a Referee Analysis is requested, the Referee Split shall be sent for analysis to an independent third party laboratory agreeable to both Buyer and Seller. If the Referee Analysis is within interlaboratory ASTM Reproducibility Limits, then the original Shipment Quality shall control and the cost of the Referee Analysis shall be paid by the Party requesting such analysis. If

the Referee Analysis is not within the ASTM Reproducibility Limits, then the Referee Analysis shall control and the cost of such analysis shall be paid by the non-requesting Party.

Rejection Rights:
Buyer may reject a Shipment, prior to the unloading thereof, where the Shipment Quality indicates the Shipment fails to conform to the Shipment Rejection Limits identified in the Specifications (a "Non-Conforming Shipment"). If Buyer chooses not to exercise its rejection rights hereunder, then Buyer and Seller shall each shall have the right but not the obligation to attempt to negotiate with each other a reduced price for such Non-Conforming Shipment. In the event any Non-conforming Shipment hereunder is rejected by Buyer, title to such Coal shall automatically revert back to Seller. Seller shall be responsible for promptly transporting the rejected Coal to an alternate destination determined by Seller and Seller shall reimburse Buyer for all reasonable out-of-pocket costs and expenses incurred by Buyer associated with the transportation, storage, handling and removal of the Non-conforming Shipment. Disposal of a Non-Conforming Shipment shall be for Seller's account.. Buyer may either (i) require Seller to replace the Non-Conforming Shipment by providing written notice to Seller no later than twenty (20) days after such rejection of a Non-Conforming Shipment, or (ii) purchase Coal to replace the Non-Conforming Shipment, with Seller liable for Seller's Deficiency, if any, as provided in Section 4.3.

Suspension Rights:
If (a) there are three (3) Non-Conforming Shipments, whether rejected or not, under this Agreement in any three (3) month period or if (b) two (2) out of four (4) consecutive Shipments under this Agreement are Non-Conforming Shipments, then Buyer, upon written notice to Seller, may suspend the receipt of future Shipments (except Shipments already loaded or in transit to Buyer) under this Agreement. A waiver by Buyer of the suspension right on one occasion shall not constitute a waiver for any other occasions. If Seller, within ten (10) days of its receipt of such notice of suspension, provides Buyer, in writing, with reasonable assurances acceptable to Buyer that future Shipments under this Agreement will conform to the Specifications (such acceptance not to be unreasonably withheld), then Shipments shall resume and any tonnage deficiencies shall be made up within the Term at Buyer's option. If Seller fails to provide such acceptable assurances within such ten (10) day period, or if after such assurances are provided and for a period of three (3) months thereafter, any two (2) Shipments of Coal trigger any of Buyer's rejection rights under this Section for the Rejection Limit parameter for which there was a prior suspension under this Agreement, then such event shall constitute an Event of Default as provided in Section 4.1.

Loading/Discharge Terms:
Buyer shall designate to Seller the routing by railroad of each Shipment of Coal purchased under this Agreement. Seller shall be obligated to load the Coal properly into Railcars, for delivery to Buyer, provided Buyer has provided Seller with applicable loading instructions no less than forty-eight (48) hours prior to the arrival of a Unit Train at Delivery Point and said instructions are in general compliance with industry standards in the Delivery Point area with respect to flood and/or batch loading, as applicable. Seller shall use reasonable efforts to ship the Coal under the Delivery Schedule and Buyer shall use reasonable efforts to receive the Coal under the Delivery Schedule. If Buyer's loading instructions are not in general compliance with industry standards in the Delivery Point area and/or Buyer' Shipment varies from the contractual Quantity, then Seller shall make commercially reasonable efforts to accommodate Buyer, provided Seller shall not be required to incur additional costs to provide such accommodation.

Unit Train or Truck Weighing:
(a) Unless otherwise agreed by the Parties, each Shipment shall be weighed at Seller's expense. Weighing shall be by means of a certified batch weighing system, certified track scales, or, in the absence of both a batch weighing system and certified track scales, by official railroad weights. Absent manifest error, the weights determined thereby will be the basis on which invoices will be rendered and payments made.

(b) Seller shall cause the Source to test, calibrate, and certify the scales at the Source approximately every six (6) months, so to maintain them at a scale accuracy in accordance with the guidelines outlined in Handbook 44 of the National Institute of Standards and Technology. Seller shall use commercially reasonable efforts to notify Buyer as soon as it knows the date and time for such testing, calibration, and certification and Buyer shall have the right to witness such events.

(c) Buyer, at its own risk and expense, shall have the right to have a representative present at any and all times to observe weighing of the Coal. If either Party should at any time question the accuracy of the scales at the Source, such Party may request a prompt test and, if necessary, adjustment of such track scales or batch weighing system at its expense by an entity mutually agreed upon by Buyer and Seller. Should an inaccuracy be discovered during the test and if an adjustment of such track scales or batch weighing system is necessary, then the Party requesting such test shall be reimbursed for its expense in requesting a test and adjustment of such track scales or batch weighing system from the other, non disputing party.

Billing & Payment:
After each shipment month, Seller shall provide Buyer with an invoice, setting forth (i) the aggregate sum owed to Seller for Coal actually delivered to Buyer at (each) Delivery Point, including a per Shipment itemization; and (ii) Quality Adjustments, if any, and their supporting calculations. No later than ten (10) Business Days after receipt of Seller's invoice (or if such day is not a Business Day, the immediately following Business Day), Buyer shall pay by wire transfer in immediately available United States funds the amount set forth on such invoice. Buyer shall provide Seller information necessary for timely application of payment to appropriate invoices. Payment shall be sent to Seller by electronic transfer of funds to the following account:

Account Name: NRG Power Marketing Inc.
Account# REDACTED
Bank Name: LaSalle National Bank, N.A.

City, State: Chicago, IL 60603

ABA Bank # REDACTED

If Buyer disputes in good faith part or all of an invoice, then Buyer shall provide notice of the disputed portion, including a written explanation of the dispute, and pay any undisputed portion no later than the due date. If an amount disputed by Buyer is subsequently determined due, then such amount shall be paid by Buyer to Seller within five (5) Business Days of such determination, along with interest at the Interest Rate, accrued from the original due date through date paid. If an amount disputed is paid and is subsequently determined such amount is not due, then such amount shall be refunded from Seller to Buyer within five (5) Business Days of such determination, along with interest at the Interest Rate, accrued from the original due date through date refunded. All invoices will be final and not subject to further adjustments or correction unless objection to the accuracy thereof is made prior to one (1) year after the termination of the Agreement.

By executing below, Seller agrees to sell Coal to Buyer, and Buyer agrees to purchase Coal from Seller, in accordance with the terms and conditions of this Agreement.

NRG POWER MARKETING INC.

By: _____

Name: Matthew S. Schwieder

Title: Senior Coal Trader
NRG Power Marketing Inc.

Address for Notices:
211 Carnegie Center
Princeton, NJ 08540
Fax: 609-524-4540

Invoices and Payments:
Attn: Coal Accounting
Phone: 609-524-4765
Fax: 609-524-4779
coalaccounting@nrgenergy.com

FLORIDA POWER COMPANY DBA PROGRESS ENERGY FLORIDA, INC.

By: _____

Name: _____

Title: _____

Address for Notices:
410 S. Wilmington St.
PEB 10
Raleigh, NC 27601
(P) 919-546-6002 (F) 919-546-2590

Invoices and Payments:

Attachment A

Additional Terms and Conditions

1. PAYMENT. The Price specified herein shall be paid in United States Dollars. Overdue payments shall accrue interest at the Interest Rate from the due date. Such interest shall accrue and compound daily based on a 360-day year. Any overpayment by Buyer shall be deducted from Seller's next Shipment invoice to Buyer. Any underpayment by Buyer shall be added to Seller's next Shipment invoice to Buyer. If there will be no additional invoices under the Agreement, then any overpayment or underpayment shall be refunded by the applicable Party within ten (10) Business Days.

2. LIMITATION ON WARRANTY. EXCEPT AS EXPRESSLY SET FORTH HEREIN, SELLER EXPRESSLY DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, EXPRESS OR IMPLIED INCLUDING, WITHOUT LIMITATION, ANY WARRANTY WITH RESPECT TO CONFORMITY TO SAMPLES, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE.

3. FORCE MAJEURE.

If either Party is rendered unable by Force Majeure to carry out, in whole or in part, its obligations hereunder, then such Party ("Non-Performing Party") shall provide the other Party ("Performing Party") notice of the event as soon as possible, followed by written notice to same Party, which shall include reasonably full details of the event as soon as reasonably practicable after the occurrence of the event; (but no later than three (3) days of the initial occurrence thereof). The Non-Performing Party shall exercise commercially reasonable efforts to remedy the Force Majeure as soon as practicable and shall keep the Performing Party advised as to the continuance of the Force Majeure event. If the Non-Performing Party complies with the foregoing procedures, then the Non-Performing Party shall be excused, during the continuance of a Force Majeure, from the performance of its obligations under the Agreement, to the extent made necessary by such Force Majeure. During an event of Force Majeure, the Performing Party shall not be obligated to perform obligations to the Non-Performing Party that correspond with the Non-Performing Party's obligations that have been excused by Force Majeure. If an event of Force Majeure persists for a continuous period of at least sixty (60) calendar days, then the Performing Party shall have the option, upon three (3) Business Days' prior written notice, to terminate this Agreement and the obligations of the Parties (except for pre-existing payment obligations) hereunder. Nothing herein shall be construed so as to obligate any Party to settle any strike, work stoppage or other labor dispute or disturbance or to make significant capital expenditures that go beyond the scope of commercially reasonable efforts, except in the sole discretion of the Non-Performing Party.

4. EVENTS OF DEFAULT AND REMEDIES.

4.1. Unless excused by Force Majeure or the other Party's failure to perform, the occurrence of one or more of the following events with respect to a Party (the "Defaulting Party") shall constitute an "Event of Default"": (i) a Party's failure to make, when due, any payment required hereunder, if such failure is not remedied within five (5) Business Days of being provided written notice of such failure by the other Party, (ii) a Party's failure to comply in good faith with any material obligations under this Agreement and such non-compliance is not cured within five (5) Business Days of being provided written notice of such failure by the other Party; provided that if it shall be impracticable or impossible to remedy such failure within such five (5) Business Day period, then the cure period shall be extended for an additional period reasonably necessary to remedy such failure, subject to the condition that during the additional period, the potential Defaulting Party shall be diligently pursuing a remedy for the failure, (iii) a Party or its guarantor are subject to a Bankruptcy Proceeding; (iv) a failure of a Party's guarantor to perform any covenant in a guaranty of such Party's obligations that is provided to the other Party and such non-performance is not cured within five (5) Business Days of being provided written notice of such failure by the other Party; (v) a material representation or warranty made by a Party herein shall prove to be untrue in a material respect when made; (vi) a Party fails to establish, maintain, extend, increase or enhance Credit Assurance when required pursuant to this Agreement and such failure is not cured within three (3) Business Days of being provided written notice of such failure by the other Party; (vii) a Party repudiates its obligations hereunder; and (viii) an event described in the last sentence of the Suspension Rights Section has occurred.

4.2. Upon the occurrence of an Event of Default, the Non-Defaulting Party may (A) suspend performance of its obligations under the Agreement, (B) establish by notice to the Defaulting Party a date on which the Agreement shall terminate, which date shall be no earlier than the date such notice is effective and no later than twenty (20) days after such notice is effective ("Early Termination Date"), and calculate its resulting Gains, Losses, and Costs, and/or (C) exercise such other remedies as may be provided under this Agreement. The Gains, Losses, and Costs shall be determined by calculating the value of the amount of Coal that the Parties contracted to be delivered under the Agreement but has not been delivered ("Terminated Quantity") using the applicable Price and comparing to the value of the Terminated Quantity, using relevant market price(s) quoted by a bona fide third-party or that are reasonably expected to be available in the market to replace the Terminated Quantity. The Non-Defaulting Party shall aggregate such Gains, Losses and Costs with respect to the Terminated Quantity into a single net amount (the "Termination Payment") and notify the Defaulting Party of such amount. If the Non-Defaulting Party's aggregate Losses and Costs exceed its aggregate Gains, then the Defaulting Party shall, within five (5) days of receipt of such notice, pay the net amount to the Non-Defaulting Party, which amount shall bear interest at the Interest Rate from the Early Termination Date through date paid. If the Non-Defaulting Party's aggregate Gains exceed its aggregate Losses and Costs, then the Non-Defaulting Party, shall, within twenty (20) Business Days of the Early Termination Date, pay the net amount (without interest) to the Defaulting Party; provided,

however, that notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party may withhold any payment otherwise owed to the Defaulting Party hereunder, until the Non-Defaulting Party receives confirmation satisfactory, in the reasonable opinion of the Non-Defaulting Party, that (i) all amounts due and payable as of the Early Termination Date by the Defaulting Party under the Transaction have been fully and finally paid, and (ii) all other obligations of the Defaulting Party to the Non-Defaulting Party that are due under the Agreement as of the Early Termination Date have been fully and finally performed. As used herein with respect to a Party: (i) "Costs" shall mean, brokerage fees, commissions and other similar transaction costs and expenses reasonably incurred by such Party in entering into new agreements to replace the Terminated Quantity and attorneys' fees, if any, incurred in connection with enforcing its rights under the Agreement; (ii) "Gains" shall mean, with respect to a Party, the present value of the economic benefit (exclusive of Costs), if any, to such Party, resulting from the termination of its obligations with respect to the Terminated Quantity, determined in a commercially reasonable manner and (iii) "Losses" shall mean, with respect to a Party, the present value of the economic loss (exclusive of Costs), if any, to such Party resulting from the termination of its obligations with respect to the Terminated Quantity, determined in a commercially reasonable manner. A Party's Gains, Losses or Costs may not include penalties or similar charges.

4.3. Unless excused by Force Majeure or Buyer's failure to perform, if Seller fails to deliver all or part of the Quantity of Coal to be delivered hereunder, then Seller shall pay Buyer for each Ton of such deficiency ("Seller's Deficiency") the positive difference, if any, obtained by subtracting the Price for the Deficiency from the Replacement Price. "Replacement Price" means the price at which Buyer, acting in a commercially reasonable manner, purchases substitute Coal for the Seller's Deficiency (plus additional transportation charges, if any, incurred by Buyer as a result of taking delivery of substitute Coal at a location other than the relevant Delivery Point) or, absent such a purchase, the market price for such quantity of Coal (F.O.B., Delivery Point), as determined by Buyer in a commercially reasonable manner. It is expressly agreed that Buyer shall not be required to enter into a replacement transaction in order to determine the Replacement Price. Seller shall make any payment owed to Buyer pursuant to this Paragraph 4.3 within five (5) days after receipt of notice from Buyer requesting payment of such amount.

4.4. Unless excused by Force Majeure or Seller's failure to perform, if Buyer fails to accept all or part of the Quantity of Coal to be delivered hereunder, then Buyer shall pay Seller for each Ton of such deficiency ("Buyer's Deficiency") the positive difference, if any, obtained by subtracting the Sales Price from the Price. "Sales Price" means the price at which Seller, acting in a commercially reasonable manner, resells the Buyer's Deficiency (including additional transportation charges, if any, incurred by Seller as a result of delivering Coal at a location other than the relevant Delivery Point) or, absent such a sale, the market price for such quantity of coal (F.O.B., Delivery Point), as determined by Seller in a commercially reasonable manner. It is expressly agreed that Seller shall not be required to enter into a replacement transaction in order to determine the Sales Price. Buyer shall make any payment owed to Seller pursuant to this Paragraph 4.4 within five (5) days after receipt of notice from Seller requesting payment of such amount.

4.5 Each Party stipulates that the payment obligations set forth in this Paragraph 4 are reasonable in light of the anticipated harm and the difficulty of estimation or calculation of actual damages and each Party waives the right to contest such payments as an unreasonable penalty. The remedies set forth in Paragraphs 4.3 and 4.4 shall be the sole and exclusive remedy of the aggrieved Party for the failure of the other Party to deliver or accept, as the case may be, the quantity of Coal specified herein prior to the Early Termination Date, and all other damages and remedies are hereby waived as to such failure(s).

5. LIMITATION ON LIABILITY. Seller and Buyer's liability shall be limited to direct damages and neither Seller nor Buyer shall be liable to the other for consequential, incidental, punitive, exemplary, special, or indirect damages, lost profits, or business interruption damages, whether by statute, in tort, or in contract, under any indemnity provision or otherwise.

6. CREDIT ASSURANCE If a Party ("Requesting Party") has reasonable grounds to believe the other Party ("Providing Party") or such Party's guarantor has suffered a Material Adverse Change after the date of this Agreement, then the Requesting Party may deliver a written demand to the Providing Party requiring Credit Assurance in a form reasonable acceptable to the Requesting Party. The Providing Party shall deliver such Credit Assurance to the Requesting Party within three (3) Business Days. Such Credit Assurance shall be in an amount equal to the Termination Payment, calculated per Section 4.2 by the Requesting Party, that the Requesting Party could reasonable expect to receive from the Providing Party if the Agreement terminated on the date Requesting Party requires such Credit Assurance.

7. TITLE/RISK OF LOSS. Seller warrants good title to all Coal delivered hereunder, free and clear of all claims and encumbrances. Title and Risk of loss shall pass to Buyer upon delivery at Delivery Point.

8. ASSIGNMENT. Neither Party shall assign the Agreement without the prior written consent of the other Party, which consent may not be unreasonably withheld or delayed. Notwithstanding the foregoing, either Party may, without consent from the other Party (and without relieving itself from liability hereunder), (a) transfer, sell, pledge, encumber or assign the Agreement or the accounts, revenues, or proceeds hereof in connection with a financing or any other financial arrangement; (b) transfer or assign the Agreement to an Affiliate of such Party if such Affiliate's creditworthiness and ability to perform the duties under this Agreement are the same or better than the assigning Party; or (c) transfer or assign the Agreement to any person or entity succeeding to all or substantially all of the assets of such Party; *provided, however,* that in each such case any such assignee shall agree in writing to be bound by the Agreement.

9. ENTIRE AGREEMENT/MODIFICATION/INTERPRETATION. This Agreement is the final and entire agreement between the Parties with respect to the subject matter contemplated by this Agreement and supersedes any prior or contemporaneous agreements or representations affecting the same subject matter. No modification or amendment of this Agreement shall be effective or binding unless set forth in a writing and signed by both parties. The terms of this Agreement have been arrived at after mutual negotiation and, therefore, it is the intention of the Parties that the Agreement's terms not be construed against either of the Parties only because the Agreement was prepared by one of the Parties.

10. NO WAIVER. Waiver of any breach of this Agreement shall not be construed as a waiver of any other breach.

11. GOVERNING LAW. This Agreement shall be construed and governed by the laws of the State of New York, including any applicable provisions of the Uniform Commercial Code, without giving effect to principles of conflicts of law other than Section 5-1401 of the New York General Obligations Law. Subject to Article 15, all actions, suits and proceedings arising out of or in connection with this Agreement, shall be brought in the federal court in the Southern District of New York, which shall be the exclusive forum.

12. CONFIDENTIALITY. Each Party acknowledges this Agreement contains confidential information that could put the other Party at a competitive disadvantage if disclosed to a third party. Therefore, until one (1) year after the expiration or termination of the Agreement, the Parties shall keep the terms of the Agreement confidential, except to the extent disclosure (i) is to a Party's directors, officers, employees, advisors, independent accounting firms, attorneys (collectively, "Representatives"), Affiliates, or Affiliates' Representatives, or (ii) may be required by law, regulation, or judicial or administrative order.

13. SETOFF. The Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other on the same date in respect of this Agreement. All amounts owed by each Party to the other Party under the Agreement other than amounts paid under Sections 4.3 and 4.4 shall be netted so that only the net difference between such amounts shall be payable by the Party who owes the greater amount.

14. NOTICES. Notices under this Agreement shall be in writing and may be delivered by hand-delivery, United States mail, overnight courier service, or fax to the addresses/fax number set forth on the signature page of this Agreement. Notice by fax or hand-delivery shall be effective when received, if received during business hours on a Business Day, and otherwise shall be effective on the next Business Day Notice by overnight United States mail or overnight courier service shall be effective on the next Business Day after such notice was sent.

15. DISPUTE RESOLUTION.

15.1. Resolution of Disputes. Any dispute between the Parties arising under this Agreement shall be referred for resolution to a senior representative of each Party. Upon receipt of a notice describing the dispute, designating the notifying Party's senior representative, and indicating the dispute is to be resolved by the Parties' senior representatives under this Agreement, the other Party shall promptly designate its senior representative and notify the notifying party. The designated senior representatives shall attempt to resolve the dispute on an informal basis as promptly as practicable. If the dispute has not been resolved within thirty (30) days after the notifying Party's notice was received by the other Party, or within such other period as the Parties may jointly agree, the parties shall submit the dispute to arbitration in accordance with the arbitration procedure set forth at Paragraph 15.2 below.

15.2. Arbitration. Any dispute or need of interpretation involving or arising under this Agreement that cannot be resolved pursuant to Paragraph 15.1 shall be submitted to binding arbitration by one (1) arbitrator (i) qualified by education, experience or training to render a decision upon the issues in dispute, (ii) who has not previously been employed by either Party or any of their Affiliates, and (iii) does not have a direct or indirect interest in either Party or the subject matter of the arbitration. Such arbitrator shall either be mutually agreed upon by the Parties within thirty (30) days after written notice from either Party requesting arbitration, or failing agreement, the arbitration shall be conducted by a panel of three (3) arbitrators having the qualifications set forth in the preceding sentence, with one (1) arbitrator to be selected by each Party and the third arbitrator to be selected by the two (2) arbitrators selected by the Parties. If either Party fails to notify the other Party of the arbitrator selected by it within ten (10) days after receiving notice of the other Party's arbitrator, or if the two (2) arbitrators selected fail to select a third arbitrator within ten (10) days after notice is given of the selection of the second arbitrator, then the third arbitrator shall be selected under the expedited rules of the American Arbitration Association (the "AAA"). THE ARBITRATORS SHALL HAVE NO AUTHORITY TO AWARD CONSEQUENTIAL, SPECIAL, INDIRECT, OR EXEMPLARY, OR PUNITIVE DAMAGES OF ANY TYPE UNDER ANY CIRCUMSTANCES REGARDLESS OF WHETHER SUCH DAMAGES MAY BE AVAILABLE UNDER APPLICABLE LAW, FEDERAL LAW, OR UNDER THE FEDERAL ARBITRATION ACT, THE PARTIES HEREBY WAIVING THEIR RIGHTS, IF ANY, TO RECOVER CONSEQUENTIAL, SPECIAL, INDIRECT, EXEMPLARY, AND PUNITIVE DAMAGES WITH RESPECT TO THIS AGREEMENT. Any award reached by the arbitrators may be vacated pursuant to section 12 or modified pursuant to section 13 of the Uniform Arbitration Act adopted in 1955, and amended on august 30, 1956. The Parties agree that all arbitration proceedings conducted hereunder and the decision of the arbitrators shall be kept confidential in accordance with Section 12 of the Agreement, and may otherwise be disclosed only to necessary parties and regulatory bodies to the extent necessary to enforce the decision of the arbitrator(s). The Parties shall divide equally the cost of arbitration hearings and each Party shall be responsible for its own expenses and those of its counsel or other representative. The commercial arbitration rules of the AAA shall apply to the extent not inconsistent with the rules specified above. All arbitrations shall be held in New York City, New York.

16. SUBSTITUTE COAL. Seller may supply Coal from other sources upon receiving the prior written consent of Buyer, which consent shall not be unreasonably withheld, provided that any such substitute Coal shall meet all of the Specifications set forth herein and Buyer's supplying of Coal from a source other than the Source shall not result in any cost increase to Buyer.

17. WAIVER OF JURY TRIAL. Each Party waives its respective right to a jury trial with respect to any litigation arising under or in connection with this Agreement.

18. FORWARD CONTRACT. This Agreement shall constitute a "forward contract", and the Parties are deemed "forward contract merchants" within the meaning of the United States Bankruptcy Code.

19. AUDIT. Each Party shall maintain accurate records relating to Coal sales and purchases made pursuant to this Agreement. Such records shall be retained for a period of at least two (2) years after completion or termination of the Agreement. Each Party has the right, at its sole expense, during normal working hours, and upon reasonable advance notice, to examine the records of the other Party, but only to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If requested, a Party shall provide to the requesting party statements evidencing the quantities of Coal delivered or received at the Delivery Point. If any such examination reveals an inaccuracy in any statement, the necessary adjustments in such statements and the payments thereof will be promptly made and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made in writing, in reference hereto, prior to the lapse of two (2) years from the rendition thereof; and provided further, that for the purpose of such statement and payment objections, this Article will survive any termination this Agreement.

20. INDEMNIFICATION. A Party (the "Indemnifying Party") shall indemnify, defend, and hold the other Party (the "Indemnified Party") harmless from and against any legal claims brought by third parties against the Indemnified Party that arose out of or resulted from gross negligence or willful misconduct of the Indemnifying Party or its agents.

21. TAXES AND OTHER LIABILITIES. Each Party shall use commercially reasonable efforts to perform the Agreement in accordance with the intent to minimize taxes. Seller shall be solely responsible for all assessments, fees, costs, expenses and taxes imposed by governmental authorities or other third parties ("Third Party Impositions") prior to the transfer of title to the Coal to Buyer. The risk of any change in such Third Party Impositions shall be borne solely by Seller. Buyer shall be solely responsible for Third Party Impositions relating to the Coal accrued or levied at or after the transfer of title to the Coal to Buyer.

22. DEFINITIONS.

"Affiliate" shall mean, with respect to a Party, any other party (other than an individual) that directly/indirectly, through one (1) or more intermediaries, controls or is controlled by, or is under common control with, such Party. For this purpose, "control" shall mean direct or indirect ownership of a 50% or more of the outstanding capital stock or other equity interests having ordinary voting power.

"Alternate Load Point" shall mean a source/load point other than the Source/Load Point, which shall be subject to Buyer's approval.

"ASTM" shall mean the American Society for Testing and Materials.

"ASTM Reproducibility Limits" shall mean the limits for permissible differences for reproducibility listed within the relevant ASTM Standard.

"ASTM Standards" shall mean the then-current, applicable and published standards of the American Society for Testing and Materials.

"Bankruptcy Proceeding" means with respect to a Party or entity, such Party or entity (a) makes an assignment or any general arrangement for the benefit of creditors, (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors, (c) has such a petition filed against it and such petition is not withdrawn or dismissed within sixty (60) days after such filing, (d) otherwise becomes bankrupt or insolvent (however evidenced), or (e) is unable to pay its debts as they fall due.

"Business Day" shall mean any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Prevailing Time.

"Credit Assurance" shall mean collateral deemed acceptable by the Requesting Party, which may be in the form of prepayment, cash collateral, Letter(s) of Credit, performance bond, or other security, in a form acceptable to the Requesting Party.

"Eastern Prevailing Time" shall mean Eastern Standard Time or Eastern Daylight Time in effect in Princeton, New Jersey, as the case may be.

"Force Majeure" shall mean an event or occurrence that (i) is beyond the reasonable control of the party affected thereby and claiming Force Majeure, (ii) is not the result of negligence by the Party claiming Force Majeure, and (iii) cannot be overcome or is unavoidable despite the exercise of due diligence and reasonable efforts by the Party claiming Force Majeure. Notwithstanding the foregoing, Force Majeure shall not include (i) Buyer's ability to purchase replacement coal at a price lower than the price set forth in the Agreement, (ii) Seller's ability to sell the coal at a price higher than the price set forth in the Agreement, or (iii) increased costs or other adverse economic consequences that may be incurred by either Buyer or Seller through the performance of the Agreement. Seller's loss of supply shall be construed a Force Majeure only if Seller has lost its supply, and coal meeting the specifications of this Agreement is unavailable from any source in the NS Kenova/Thacker District.

"Interest Rate" shall mean the lower of (i) two percent (2%) over the then-current U.S. prime rate, as listed in the Money Rates section of The Wall Street Journal on the first day of the month in which such interest was calculated, and (ii) the maximum lawful rate. Except as otherwise expressly provided herein, interest shall be calculated on a monthly basis.

"Letter of Credit" shall mean one or more irrevocable and nontransferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch and with such bank having a credit rating of at least A- from Standard & Poor's Ratings Group and A3 from Moody's Investor Services, Inc., with total assets of $10,000,000,000 or more, in a form reasonably acceptable to the receiving Party. Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.

"Material Adverse Change" shall mean a material adverse change in the financial condition, results of operation, assets, liabilities or business of a Party and its subsidiaries, taken as a whole, (but excluding any such items affecting the general economy or such party's industry as a whole), which could prevent such Party from performing its obligations under the Agreement.

"Railcar" shall mean a steel or aluminum car that can be rotary dumped, that loaded will not exceed 286,000 pounds gross rail load and not exceed 53 feet 1 inch in length or 12 feet 10 inches in height.

"Ton" shall mean 2,000 pounds avoirdupois

NRG POWER MARKETING INC.

By: _____

Name: Matthew S. Schwieder

Title: Senior Coal Trader
NRG Power Marketing Inc.

FLORIDA POWER COMPANY DBA PROGRESS ENERGY FLORIDA, INC.

By: _____

Name: _____

Title: _____

Progress Energy

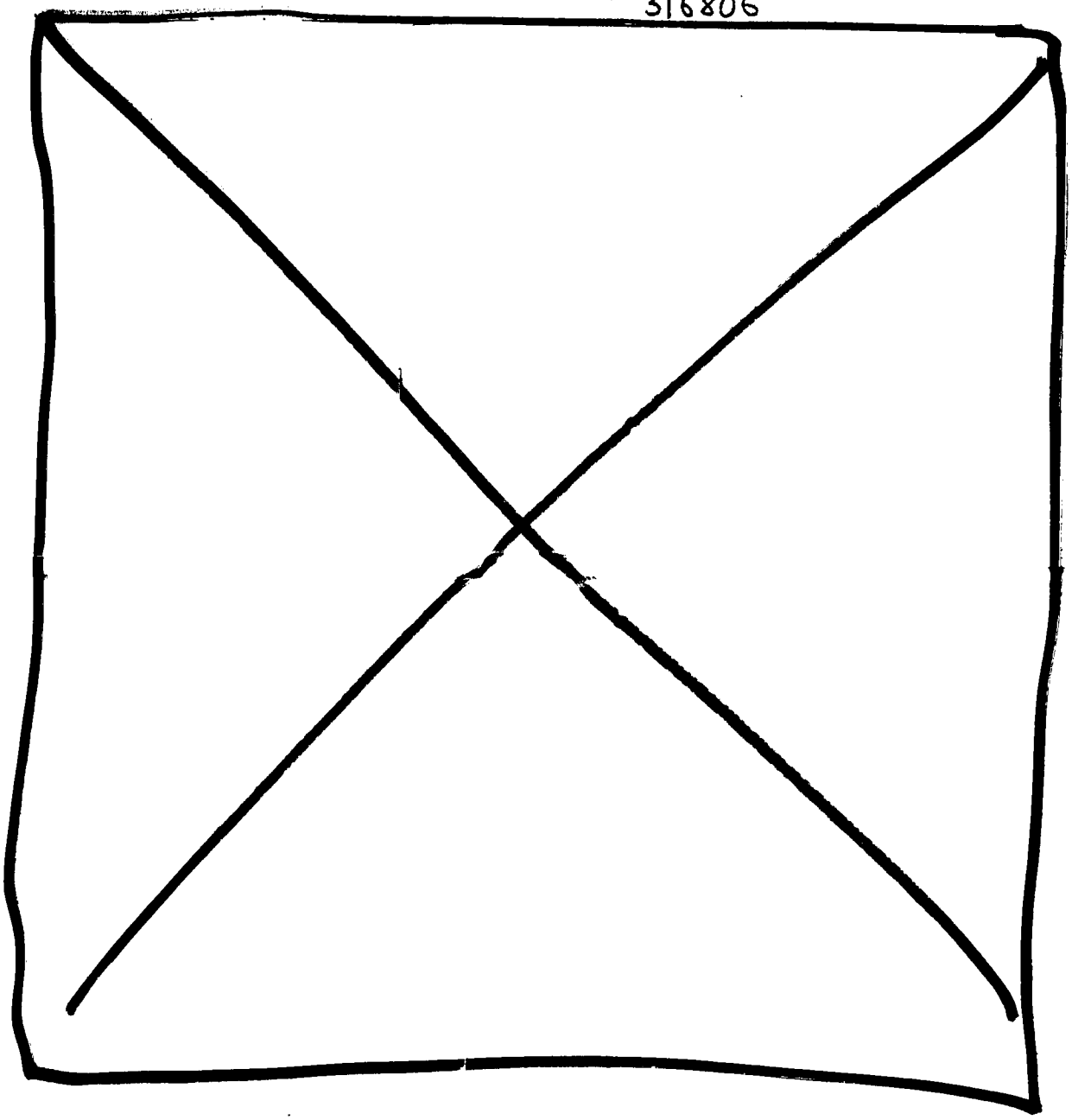
COAL PURCHASE CONFIRMATION

Confirmation #: PEF_KOCH_02/07 SPOT

Buyer: Progress Energy Florida, Inc.
410 S. Wilmington St. PEB 10
Raleigh, NC 27601
(P) 919-6002 (F) 919-546-2590

Seller: Koch Carbon LLC
20 East Greenway Plaza
Houston, TX 77046
(P)713-544-5148(F)713-544-6052

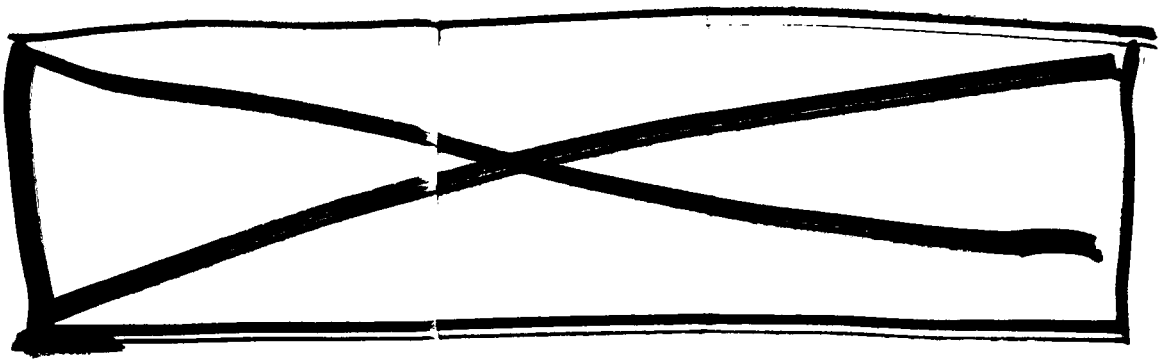
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PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 1

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HAVE BEEN
DESIGNATED AS
CONFIDENTIAL



AGREED TO AND ACCEPTED

Progress Energy Florida, Inc.

By: EVP

Name: ALEXANDER WOMACK

Title: DIRECTOR - COM

Date: 3/29/07

Koch Carbon LLC

By: Lance R Meyer

Name: Lance R Meyer

Title: OPS MGR

Date: 2/16/07

REDACTED



AEP Kentucky Coal, L.L.C.
P.O. Box 270
Prestonsburg, KY 41653

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

February 24, 2004

Re: Agreement between Progress Fuels Corporation ("Buyer") and AEP Kentucky Coal, L.L.C. ("Seller") dated as of December 31, 2003

Amendment No. 2004-1

Gentlemen:

Reference is made to the above-captioned Agreement (the "Agreement") under which Seller is supplying coal to Buyer.

Buyer and Seller agree to, and do hereby, amend the Agreement as follows:

1. Section 3.01 of the Agreement is hereby deleted and the following is substituted in lieu thereof.

   " Quantity and Source. During calendar year 2004, the quantity of coal to be delivered hereunder shall be 500,000 tons. During calendar year 2005, the quantity of coal to be delivered hereunder shall be 500,000 tons. During calendar year 2006, the quantity of coal to be delivered hereunder shall be 200,000 tons."

2. Section 4.01 of the Agreement is hereby deleted and the following is substituted in lieu thereof.

   " Unless sooner terminated in accordance with the provisions hereof, this Agreement will continue in effect from January 1, 2004, through October 31, 2006."

Except as amended herein, all other provisions of the Agreement shall remain in full force and effect.

If you are in agreement with the foregoing, kindly indicate your acceptance thereof by signing the enclosed duplicate of this letter in the space provided and returning it to this office.

Very truly yours,

David G. Zatezalo
President
AEP Kentucky Coal, L.L.C.

Accepted: February 25, 2004

Progress Fuels Corporation

By: _____

Its: Vice President
Coal Procurement

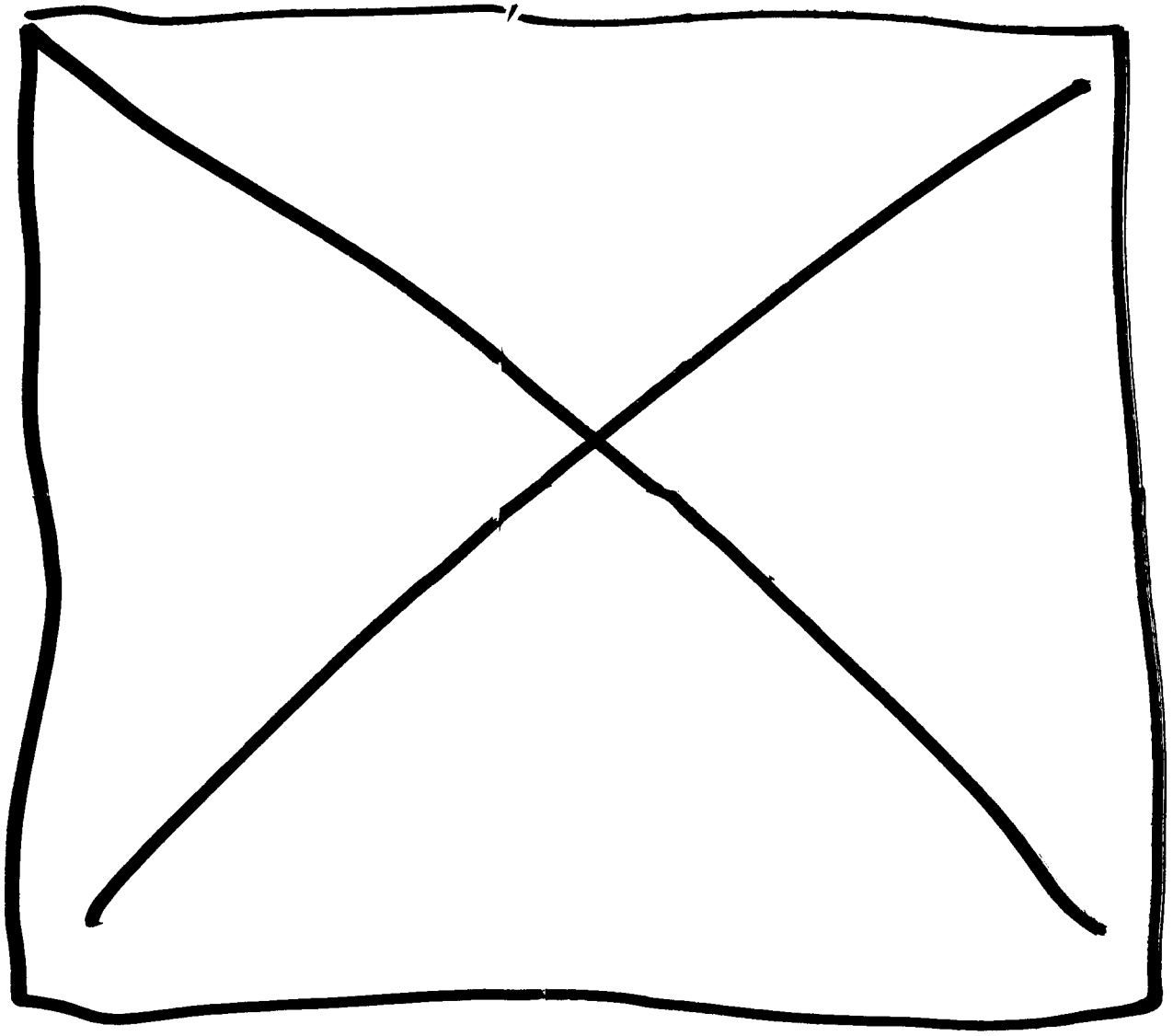
Progress Energy

COAL PURCHASE CONFIRMATION

Confirmation #: PEF_CECG_____

Buyer: Progress Energy Florida, Inc.
410 S. Wilmington St. PEB10
Raleigh, NC 27601
(P) 919-546-3622 (F) 919-546-2590

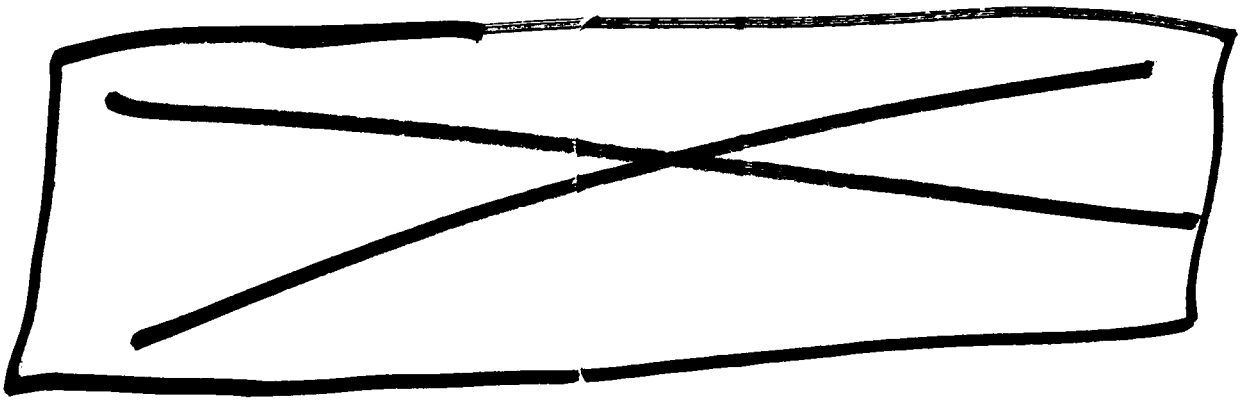
Seller: Constellation Energy Commodities Group, Inc.
111 Market Place, Suite 500
Baltimore, MD 21202
(P) 410-468- 3620 (F) 410-468-3540



CEU

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 1

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CONFIDENTIAL



IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed (including by means of facsimile signatures), by their respective duly authorized representatives as of the first date mentioned herein.

Sincerely,

Progress Energy Florida, Inc.

By: _____

Name: Robert H. Bazemore, Jr.

Title: Vice President, Regulated Fuels

Date: 2/19/2007

AGREED TO AND ACCEPTED BY:

Constellation Energy Commodities Group, Inc.

By: _____

Name: Matt Vincent

Title: VP

Date: 1/31/07

1/31/07

REDACTED

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 1

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Progress Energy

September 15, 2005

Dear Prospective Bidder:

REQUEST FOR PROPOSALS FOR COAL SUPPLY

Bid Deadline: (10/17/2005)
Time: 12:00 (noon) EDT

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

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

(i) For rail deliveries all prices should be quoted FOB (as such term is defined under the Uniform Commercial Code) the railcar at the mine loading point which must be located on a CSX rail district origin. The supplier must be capable of loading and shipping the coal twenty-four (24) hours per day, seven (7) days per week, in nine-five (95) unit train car lots (which shall be rapid discharge cars which are owned or leased by PFC or Progress Energy Florida, Inc.). The Bidder must specify their loading time requirements and the applicable CSX rail district origin. Any and all proposals for rail deliveries for which the guaranteed quality for SO_2 exceeds the maximum specification of 1.2 pounds on a per shipment basis will automatically be disqualified from consideration.

(ii) For barge deliveries all prices should be quoted FOB the barge. The Bidder should indicate any loading dock preferences.

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

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

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

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

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

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

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

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

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

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

Progress Energy

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

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

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

Attachments

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

)UCER NAME:			
STREET ADDRESS:			
CONTACT:		TELEPHONE NO.	
MINE(S):	BOM DISTRICT:	COUNTY:	STATE:
ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____		R/R TIPPLE DESIGNATION/NUMBER:	
TYPE OF LOADING FACILITY: UNIT TRAIN: _____	SINGLE CAR: _____	TRAINLOAD: _____	
MAXIMUM LOADING CAPACITY: _____ TONS	_____ HOURS	_____ TRACK CAPACITY	
WATER DELIVERY CAPABILITY: ____ YES ____ NO	IMPORT COAL: LOAD PORT _____		
SHIP THROUGH: _____ DOCK	LOAD RATE:: _____		
TOTAL PRODUCTION CAPACITY PER MONTH: _____ TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: _____ TONS			
TYPE OF MINE: _____% DEEP	_____% STRIP	_____% AUGER	
SEAMS:	BLEND RATIOS:		
COAL PREPARATION: _____ RAW	_____ WASHED	_____ COMBINATION	
TYPE OF COAL WASHER, IF WASHED:			
TYPE OF COAL SAMPLING:			
F LABOR CONTRACT(S):	DATE FOR RENEGOTIATION:		
TYPE OF COAL WEIGHING:	SCALE CERTIFIED? ____YES ____ NO		

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE

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

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

INDUSTRY REFERENCES (Minimum four):

SIGNATURE:	TITLE:	DATE:

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

PEF-CC-000149

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROJECTED QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
··determined			Mercury		
·e/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PEF-CC-000151

Progress Energy

February 3, 2006

Dear Prospective Bidder:

REQUEST FOR PROPOSALS FOR COAL SUPPLY

Bid Deadline: (02/15/2006)
Time: 12:00 (noon) EDT

Progress Energy Florida ("PEF") is soliciting your proposal for coal deliveries to Progress Energy Florida Inc.'s *Crystal River Units Nos. 4 and 5 ("Crystal River")*, beginning in January of 2007. Offers may be submitted for terms of one (1) to three (3) years. PEF prefers a quote for a minimum of 150,000 tons annually to be delivered in generally ratable monthly amounts; however quotes for lesser quantities will be considered. The quality of all coal should conform to the "Required Coal Specifications" listed on the attached Coal Producers' Solicitation Form. All guaranteed values are expected to be met on a per shipment basis.

For domestic coal PEF will consider barge loading origins for the quoted product.

(i) For barge deliveries all prices should be quoted FOB the barge. The Bidder should indicate any loading dock preferences.

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

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

PEF prefers a price quote which is effective as of January 1, 2007 and is fixed for a minimum of twelve (12) months thereafter. For proposals of duration longer than twelve (12) months, PEF will consider both fixed price quotes and proposals containing price adjustment mechanisms. For proposals for duration of three (3) years, PFC will also consider quotes containing a price reopener.

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

Progress Energy

Your proposals are due by 11:00 a.m. Eastern Daylight Time (EDT) February 15, 2006. Proposals should be sent back on the attached Coal Producers' Solicitation Form. For multiple proposals, a separate form is required for each proposal. Please include all available analysis for the coal (i.e., proximate, ultimate, sulfur forms, mineral analysis of ash, ash fusion temperatures, trace element). If you desire to show a typical value, please ensure that you also include your guaranteed values in order for your proposal to be considered. If your proposal includes a blended product from various seams, please provide the quality data for the blended product as well as for each individual seam from which you would expect to ship coal should you be awarded a contract.

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

Annette Britton (annette.britton@pgnmail.com)
c/o Progress Energy Carolinas, Inc.
Regulated Fuels Department
410 S. Wilmington St.
Mail Code: PEB 10
Raleigh, NC 27601

Proposals submitted to any other person or address will not be considered. Proposals should be valid, binding and irrevocable for thirty (30) Business Days (as defined below) from February 15, 2006. For the purposes of this Request for Proposals, a "Business Day" shall mean any day on which the Federal Reserve member banks of New York, New York are open for business, except for Saturdays, Sundays, or Holidays.

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

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

Progress Energy

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

If you have any questions, please contact Barbara Coppola (919) 546-6002 or Eddie Vinson at (919) 546-3622.

Attachments

Progress Fuels Corporation
P.O. Box 1551
Raleigh, NC 27602

PROGRESS Energy Florida

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PRODUCER NAME:

STREET ADDRESS:

CONTACT: | TELEPHONE NO.

MINE(S): BOM DISTRICT: | COUNTY: | STATE:

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____ | R/R TIPPLE DESIGNATION/NUMBER:

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

MAXIMUM LOADING CAPACITY:
_____ TONS _____ HOURS _____ TRACK CAPACITY

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

SHIP THROUGH: _____DOCK LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: _____ TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: _____ TONS

TYPE OF MINE: _____% DEEP _____% STRIP _____% AUGER

SEAMS: | BLEND RATIOS:

COAL PREPARATION: _____ RAW _____ WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

E OF COAL SAMPLING:

YPE OF LABOR CONTRACT(S): | DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: | SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE

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

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

INDUSTRY REFERENCES (Minimum four):

SIGNATURE: | TITLE: | DATE:

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Annette Britton
annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

CURRENT QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Determined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
'etermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

OPC
1st POD

#2 B

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DOCUMENT NUMBER-DATE
00960 FEB-7 08
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PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 2B

PAGES
PEF-CC-000159
THROUGH
PEF-CC-000174
ARE NON-RESPONSIVE

Sheppard, Sheila

WRK 10/18/05

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

BAC 10/18/05

PFCOCT2005 - 07

Progress Compl Sep2005.DOC (17...

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

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

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

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

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOL
CRYSTAL RIVE
PAGE 1 OF 3

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

PRODUCER NAME: Coal Marketing Company (USA) Inc. for its affiliate, Carbones del Cerrejon			
STREET ADDRESS: 2720 Willow Oak Circle Charlottesville, VA 22901			
CONTACT: Andrew W. Cox		TELEPHONE NO. (434) 984 - 2625	
MINE(S): Cerrejon	BOM DISTRICT: N/A	COUNTY:	STATE:
ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____		R/R TIPPLE DESIGNATION/NUMBER:	
TYPE OF LOADING FACILITY: UNIT TRAIN: _____	SINGLE CAR: _____	TRAINLOAD: _____	
MAXIMUM LOADING CAPACITY: _____ TONS	_____ HOURS	_____ TRACK CAPACITY	
WATER DELIVERY CAPABILITY: __X__ YES ____ NO	IMPORT COAL: LOAD PORT Puerto Bolivar, Colombia		
SHIP THROUGH: IMT DOCK	LOAD RATE:: 5,400 tons per hour		
TOTAL PRODUCTION CAPACITY PER MONTH: 2.9 million TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 1.8 million TONS			
TYPE OF MINE: _____% DEEP	100 % STRIP	_____% AUGER	
SEAMS: 32 seams, too numerous to name.	BLEND RATIOS:		
COAL PREPARATION: _____ RAW	_____ WASHED	__X__ COMBINATION	
TYPE OF COAL WASHER, IF WASHED: 5% of product washed, by heavy media cyclones and spirals			
TYPE OF COAL SAMPLING: Automatic sweep arm sampling station by J.B.Long			
TYPE OF LABOR CONTRACT(S): N/A	DATE FOR RENEGOTIATION:		
TYPE OF COAL WEIGHING: Vessel Draft Survey	SCALE CERTIFIED? ____YES __X_ NO		

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
January 1, 2006 – December 31, 2006	300,000	$55.45 per net ton CIF NOLA (IMT)

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

PRODUCER'S COMMENTS: The product offered herein is subject to prior sale and availability. All final terms and conditions of a sales agreement are subject to negotiation, CMC board approval and credit approval. Ocean freight rates offered as part of this proposal are subject to confirmation.

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

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

SIGNATURE: Andrew W. Cox	TITLE: Sales Director	DATE: 16 October 2005

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

PEF-CC-000176

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.22	0.03	Antimony	1.4	
SiO_2	60.2	0.8	Arsenic	1.5	
Fe_2O_3	8.4	0.5	Beryllium	0.4	
Al_2O_3	20.1	0.9	Cadmium	0.4	
TiO_2	0.96	0.1	Chromium	11	
CaO	2.4	0.4	Cobalt	1.0	
MgO	2.3	0.4	Fluorine	51	
SO_3	2.1	0.2	Lead	6.0	
K_2O	2.2	0.35	Lithium	n/a	
Na_2O	0.8	0.15	Manganese	48	
[illegible]etermined	0.32		Mercury	0.01	
Base[illegible]atio	0.20		Nickel	11	
Maximum Base/Acid Ratio	0.24		Selenium	0.3	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROJECTED QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.22	0.03	Antimony	1.4	
SiO_2	60.2	0.8	Arsenic	1.5	
Fe_2O_3	8.4	0.5	Beryllium	0.4	
Al_2O_3	20.1	0.9	Cadmium	0.4	
TiO_2	0.96	0.1	Chromium	11	
CaO	2.4	0.4	Cobalt	1.0	
MgO	2.3	0.4	Fluorine	51	
SO_3	2.1	0.2	Lead	6.0	
K_2O	2.2	0.35	Lithium	n/a	
Na_2O	0.8	0.15	Manganese	48	
[illegible]etermined	0.32		Mercury	0.01	
[illegible] Ratio	0.20		Nickel	11	
Maximum Base/Acid Ratio	0.24		Selenium	0.3	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PEF-CC-000178

PFCOCT2005 - 10

WRK 10/18/05 BRZ 10/18/05

Sheppard, Sheila

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

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

Thank you for your consideration.

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

Best Regards,

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

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October 24, 2005 Validity date

0/18/2005

PFCOCT2005 - 60

Kennecott Energy

WRK 10/18/05
fax 10/18/05

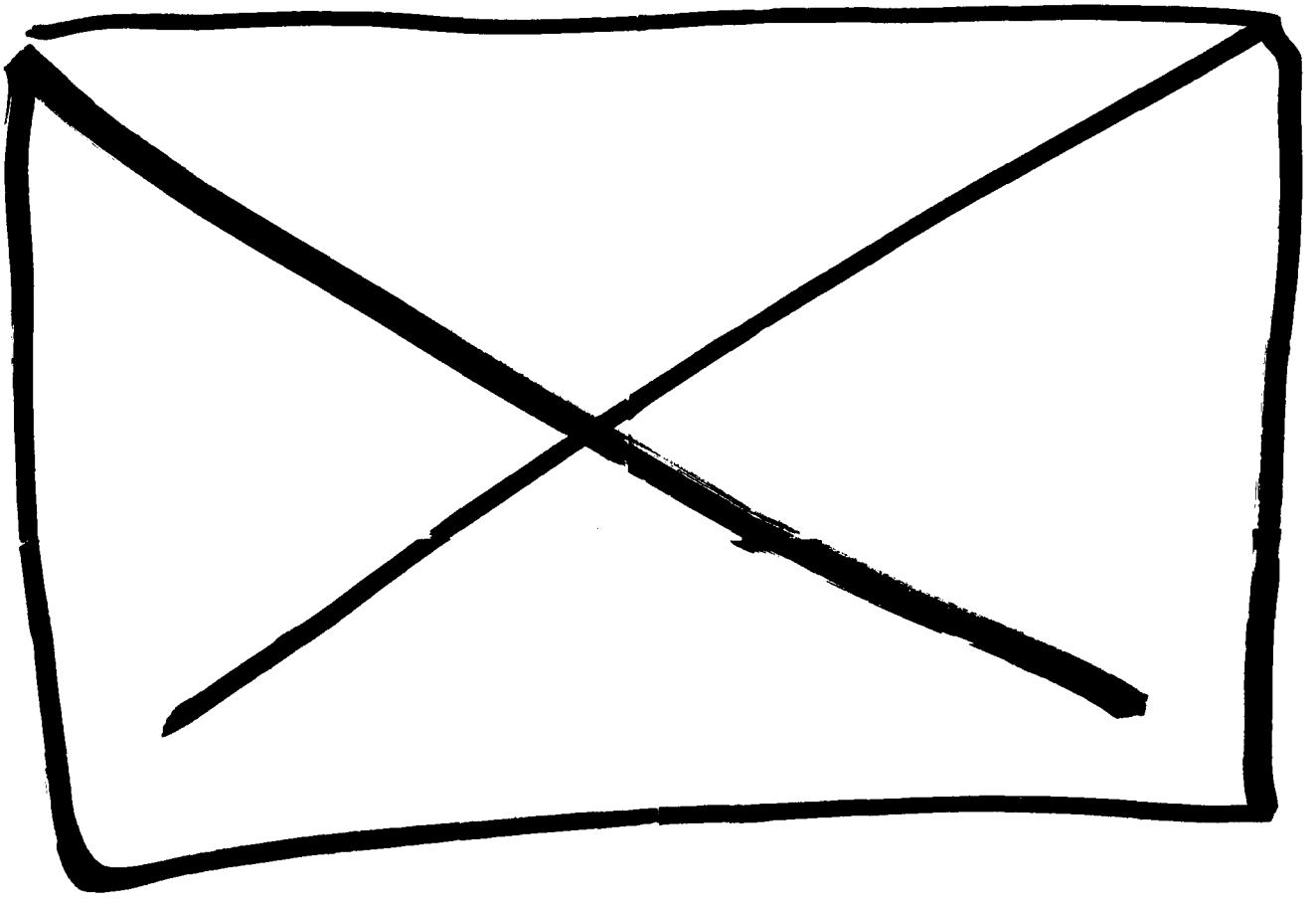
Kennecott Energy Company
505 South Gillette Avenue (82716)
Post Office Box 3009
Gillette, Wyoming 82717-3009
Telephone: (307) 685-6130
Fax: (307) 687-6009

Mary Lou Risley
Manager, Origination & Structured Products

October 17, 2005

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

Dear Ms. Sheppard:



REDACTED

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 2B

PAGES
PEF-CC-000181
THROUGH
PEF-CC-000212
HAVE BEEN
DESIGNATED AS
CONFIDENTIAL

PFCOCT2005 - 12

WRK 10/18/05 Fax 10/18/05

Sheppard, Sheila

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

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

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

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

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PEF-CC-000213

PFCOCT2005 - 12

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

Inter-American Coal, Inc.
5016 Dorsey Hall Drive
Suite 202
Ellicott City, MD 21042
USA

IAC

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

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

October 17, 2005

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

36% OWNED BY CARBOZULIA GGCI

<1M 2005

2.0 - 2.5 M TONS BY 2007

Dear Ms. Sheppard,

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

2006

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

1.4 - 1.7 M TONS

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

Seller: [redacted]

Coal Origin: [redacted] which is 64 % owned by Inter American Coal.

Volume: 2 cargoes of 50,500 NT (plus/minus 10 % MOLOO) during 2006.
[redacted] (plus/minus 10 % MOLOO) during 2007

Price: For all volume offered firm for 2006 and 2007: USD per net ton (USD [redacted] fob shore side receiving hopper at IMT terminals Plaquemines Parish, LA. This price includes all taxes, US customs and federal waterway usage charges, insurance costs, marine bunker fuel costs, port disbursements and miscellaneous fees.

Price Adjustments: [redacted] ue of the cargo expressed in BTU/lb GAR basis

PEF-CC-000214

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

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

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

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

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

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

Sincerely Yours,

Marcel L.J. van den Berg
President

PFCOCT2005 - 12

WRK 10/18/05

PROGRESS FUELS CORPORATION

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

PRODUCER NAME: CARBONES DE LA GUAJIRA S.A. / INTERAMERICAN COAL N.V

STREET ADDRESS: 506 DORSEY HALL DRIVE SUITE 202 ELLICOTT CITY MD 21042

CONTACT: MARCEL L.J. VANDENBERG | TELEPHONE NO. (410) 730 6800

MINE(S): MINA NORTE | BOM DISTRICT: | COUNTY: PAEZ | STATE: ZULIA/VENEZUELA

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____ | R/R TIPPLE DESIGNATION/NUMBER:

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

MAXIMUM LOADING CAPACITY:
_____ TONS _____ HOURS _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: ✓ YES ____ NO | IMPORT COAL: LOAD PORT EL BAJO

SHIP THROUGH: EL BAJO DOCK | LOAD RATE:: 15,000 MT/WIND SHIP

TOTAL PRODUCTION CAPACITY PER MONTH: 125,000 TONS (2006

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 110,000 TONS

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

SEAMS: 4(A&B), 5(A&B) 6,7 & Seixes | BLEND RATIOS:

COAL PREPARATION: 100% RAW ____ WASHED ____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: AUTOMATIC SAMPER AT LOADPORT

OF LABOR CONTRACT(S): COMPANY | DATE FOR RENEGOTIATION: 6/07

TYPE OF COAL WEIGHING: SCALES / DRAFT SURVEY | SCALE CERTIFIED? ✓ YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
2006 / 2007	100,000 MT (2006) [redacted] (200)	USD [redacted] MT

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

PRODUCER'S COMMENTS: PREVIOUSLY SUPPLIED CRYSTAL RIVER #4,5 (2000/2001)

CREDIT REFERENCES (Minimum two): BANK OF AMERICA
ARUBA BANK

INDUSTRY REFERENCES (Minimum four): FL. POWER CORP (see above)
DYNEGY
NORTHEAST UTILITIES, SAVANNAH ELECTRIC

SIGNATURE: [signature] | TITLE: PRESIDENT | DATE: 6/17/05

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

REDACTED

PEF-CC-000216

6_4001_

PROGRESS FUELS CORPORATION

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

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL %	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.5	7.0 [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	4.0	4.5	5.0% MAX.	5.0% MAX.
ASH %	7.0	7.0 [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.10	1.20	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	13,000	13,000 [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2350 F	2350 F [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	33	32 [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	48	46 [4]	42 MIN.[3]	65 MIN.[3]
SIZE	2X0	2X0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	40	45	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.19	0.20	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	53.5		—	—
HYDROGEN %	4.75		—	—
NITROGEN %	1.3		—	—
CHLORINE %	0.03		—	—
OXYGEN %	8.0		—	—

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.14		Antimony	1	
SiO_2	57.14		Arsenic	5.3	
Fe_2O_3	8.63		Beryllium	30	
Al_2O_3	20.69		Cadmium	< 0.26	
TiO_2	0.71		Chromium	55	
CaO	3.60		Cobalt	15	
			Copper	45	
MgO	2.22		Fluorine		
SO_3	2.38		Lead	4	
K_2O	1.37		Lithium		
Na_2O	0.49		Manganese	21	
Undetermined	1.78		Mercury	0.03	
Base/Acid Ratio			Nickel	5.5	
n Base/Acid Ratio			Selenium	4.9	
			Zinc	13.2	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

6_4001_

PEF-CC-000217

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PROJECTED QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	SEE		Antimony	SEE	
SiO_2	CURRENT		Arsenic	CURRENT	
Fe_2O_3	QUALITY		Beryllium	QUALITY	
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
			Copper		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
ase/Acid Ratio			Nickel		
ı Base/Acid Ratio			Selenium		
			Zinc		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PEF-CC-000218

6_4001_

PFCOCT2005 - 14

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

Sheppard, Sheila

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

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

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

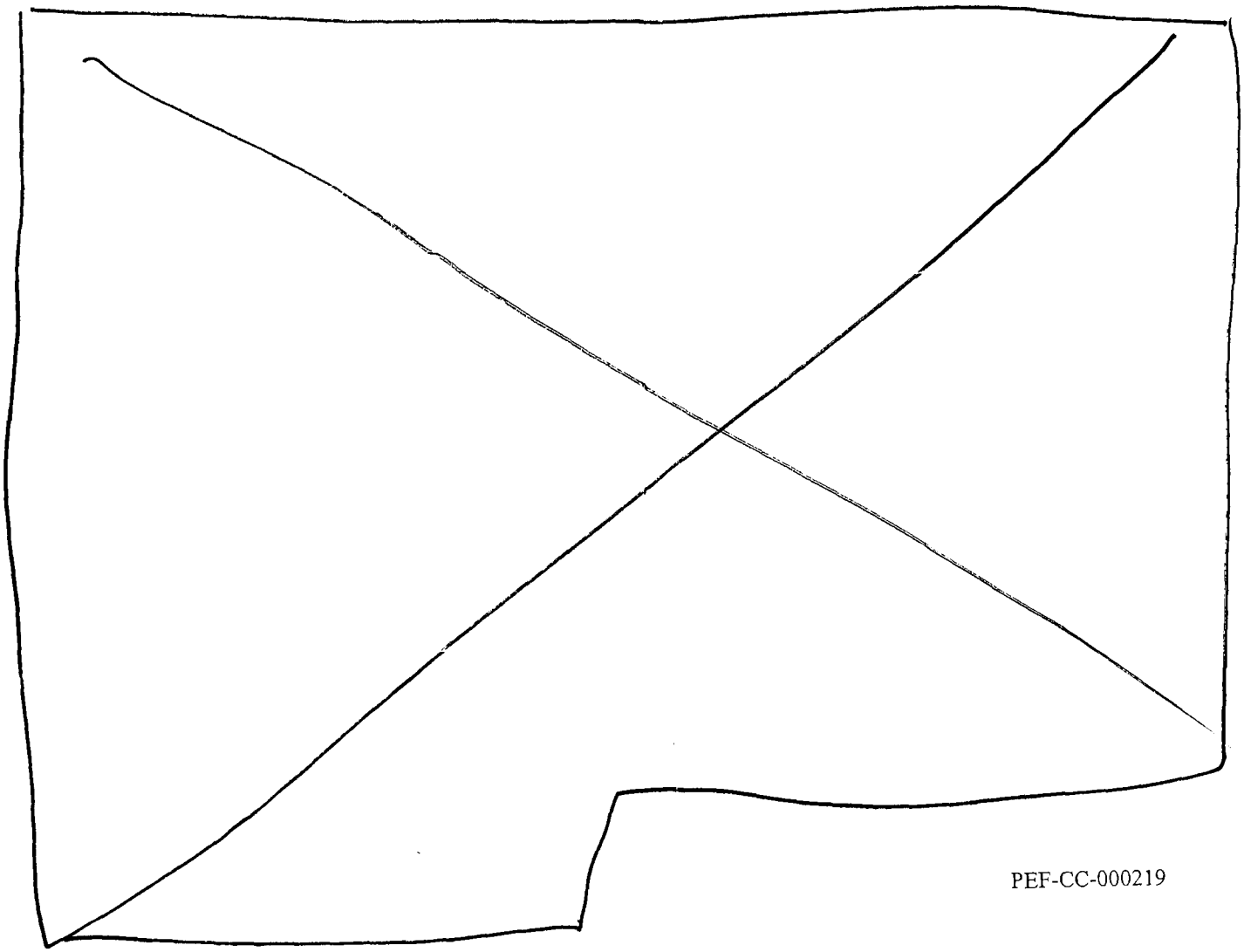
October 17, 2005

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

Phone: +1 (919) 546-6002

REDACTED

RE: Import steam coal offer for Crystal River generating plant / 2006 shipments



PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 2B

PAGE
PEF-CC-000220
THROUGH
PEF-CC-000228
HAVE BEEN
DESIGNATED AS
CONFIDENTIAL

PFCOCT2005 - 14

WRK/10/18/05

Zona Industrial II Etapa Calle 149-A con Avenida 67-A, Parcela PI-5, Maracaibo
Telefónos: (58.261) 7363093- 7363493
Fax: (58.261) 7362784

Minerals
F470101

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

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

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

TO: SSM COAL AMERICAS, LLC

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

ANALYSIS CERTIFICATE

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

NOTE: THIS RESULTS IS BASED ON AVERAGE CALCULATED COMPOSITE

MINERAL ANALYSIS OF ASH	PCT. WEIGHT IGNITED BASIS
Silica, SiO2	60.34
Alumina, Al2O3	26.07
Titania, TiO2	1.42
Ferric Oxide, Fe2O3	6.35
Lime, CaO	1.49
Magnesia, MgO	0.63
Sodium Oxide, Na2O	0.31
Potassium Oxide, K20	1.07
Manganese Oxide, Mn304	0.01
Phosphorous Pentoxide, P2O5	0.24
Sulphur Trioxide, SO3	1.30
Undetermined	0.77

FUSION TEMPERATURE OF ASH	OXIDIZING ATMOSPHERE	
Initial deformation temperature, IT	+1482° C	+2700° F
Softening temperature, (H=W), ST	+1482° C	+2700° F
Hemispherical temperature, (H=1/2W), HT	+1482° C	+2700° F
Fluid temperature, FT	+1482° C	+2700° F

FUSION TEMPERATURE OF ASH	REDUCING ATMOSPHERE	
Initial deformation temperature, IT	+1482° C	+2700° F
Softening temperature, (H=W), ST	+1482° C	+2700° F
Hemispherical temperature, (H=1/2W), HT	+1482° C	+2700° F
Fluid temperature, FT	+1482° C	+2700° F

Zona Industrial II Etapa Calle 149-A con Avenida 67-A, Parcela PI-5, Maracaibo
Telefónos: (58.261) 7363093- 7363493
Fax (58.261) 7362784

Minerals
F470101

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

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

TO: SSM COAL AMERICAS, LLC

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

ANALYSIS CERTIFICATE

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

RESULTS BASED ON AVERAGE WEIGHED COMPOSITE SAMPLE

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

Maracaibo, Venezuela
August 02nd, 2005

SGS VENEZUELA, S.A.

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 2B

PAGES
PEF-CC-000231
THROUGH
PEF-CC-000233
HAVE BEEN
DESIGNATED AS
CONFIDENTIAL

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

Sheppard, Sheila

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

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

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

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PFCOCT2005 - 16, 17, 18
doc 10/18/05

COALSALES

COALSALES, LLC
A Peabody Energy Company

701 Market Street
St. Louis, Missouri 63101-1826
314.342.7600

Barbara E. Busby
Vice President – Sales & Marketing

October 17, 2005

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

Dear Barbara:

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

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

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

These proposals are subject to the following conditions:

- Prior sale of the coal,
- Negotiation and execution of a mutually agreeable coal supply agreement,
- Approval of credit terms, and
- Obtaining the approvals of Peabody's senior management to the sale of the coal and to the execution of the negotiated coal supply agreement.

We appreciate the opportunity to submit these proposals and look forward to your response. Should you have any questions or require additional information please contact me.

Sincerely,

Barbara Busby

Barbara E. Busby
Vice President – Sales & Marketing

PFCOCT2005 - 16

awk 10/18/05

COAL PROPOSAL 1

Progress Fuels Corporation

Date: October 28, 2005

Buyer: Progress Fuels Corporation ("PFC")

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

Seller: COALSALES, LLC

Source: Twentymile Mine

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

Term, Quantity & Price, FOB Cook Coal Terminal:

	CY 2007	CY 2008
Price/ton	[redacted]	[redacted]
Quantity (tons)	[redacted]	[redacted]

Delivery Schedule: Deliveries ratably throughout the year.

Quality:

	2007		2008	
	Typical	Reject	Typical	Reject
Btu	[redacted]	10,800	[redacted]	10,600
Ash	11%	15%	11%	15%
Lbs. SO_2/mmBtu	1.0	1.2	1.0	1.2

Premium/Penalty: The sales price shall be subject to adjustment monthly based upon Btu and sulfur dioxide (# S O_2/Mbtu) content as follows:

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

S O_2: At the end of each calendar month an adjustment would be computed based on the difference between 1.0 # SO_2/mmBtu and the actual weighted average pounds of S O_2 per million Btu shipped multiplied by the Air Daily S O_2 Monthly Average Price (EA Value) using the following formula:

REDACTED

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

Mine information:

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

Loadout Details:

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

PFCOCT2005 - 16
BAC 10/18/05
WRK 10/18/05

Twentymile
TYPICAL ANALYSIS

Washed / Raw Basis
Seam Wadge
State of Colorado

Report Data 5/25/2004

Proximate Analysis	As Received	Dry
Moisture	9.4	
Ash	9.8	10.8
Volatile Matter	35.8	39.5
Fixed Carbon	45.0	49.7
BTU	11400	12583
Sulfur	0.50	0.55
MAFBTU	14107	
Lb. SO2/MMBTU	0.87	

Ultimate Analysis	
Carbon	70.7
Hydrogen	5.0
Nitrogen	1.8
Chlorine	0.01
Sulfur	0.55
Ash	10.8
Oxygen	11.14

Sulfur Forms	
Pyritic	0.03
Sulfate	0.01
Organic	0.51

Water Soluble Alkalies	
Sodium Oxide	0.056
Potassium Oxide	0.004

Equilibrium Moisture	8.0
Free Swelling Index	0.5
Hardgrove Grindability Index	45

Ash Fusion	
Reducing Atmosphere	
Initial Deformation (I.D.)	2570
Softening (H=W)	2610
Hemispherical (H=1/2W)	2630
Fluid	2660
Oxidizing Atmosphere	
Initial Deformation (I.D.)	2590
Softening (H=W)	2650
Hemispherical (H=1/2W)	2670
Fluid	2700

Mineral Analysis Of Ash (Ignited Basis)	
Silica (SiO2)	53.8
Alumina (Al2O3)	27.8
Titania (TiO2)	0.9
Ferric Oxide (Fe2O3)	3.5
Lime (CaO)	5.2
Magnesia (MgO)	1.3
Potassium Oxide (K2O)	1.1
Sodium Oxide (Na2O)	0.9
Phosphorous Pentoxide (P2O5)	1.0
Sulfur Trioxide (SO3)	3.9
Strontium Oxide (SrO)	0.2
Barium Oxide (BaO)	0.4
Manganese Dioxide (MnO2)	<0.1

Alkalies As Na2O	0.18
Base/Acid Ratio	0.15
Silica Value	84.33
Slag Viscosity @ T250	2750
Lb. Ash/MMBTU	8.6
Lb. Na2O/MMBTU	0.08

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

Source Of Information	*Based on cores, channel samples and production samples.*

Prepared by J. Skubiz / W. Emke

PFCOCT2005 - 17
WRK 10/18/05 DMC 10/18/05

COAL PROPOSAL 2

Progress Fuels Corporation

Date: October 17, 2005

Buyer: Progress Fuels Corporation ("PFC")

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

Seller: COALSALES, LLC

Sources: Air Quality Mine

Delivery Point: FOB Evansville Terminal, MP 784, Ohio River

Term, Quantity & Price, FOB Evansville Terminal:

	CY 2006	CY 2007	CY 2008
Price/ton	$60.00	[redacted]	[redacted]
Quantity (tons)*	Up to 250,000	Up to [redacted]	Up to [redacted]

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

Quality:

Parameter (as rec'd)	Monthly Typical
Btu/lb.	[redacted]
# S O_2/mmBtu	1.0
Ash, %	8.5
Moisture, %	18.5

Premium/Penalty Washed Product: The sales price shall be subject to adjustment monthly based upon Btu and sulfur dioxide (# S O_2/Mbtu) content as follows:

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

S O_2: At the end of each calendar month an adjustment would be computed based on the difference between 1.0 # SO_2/mmBtu and the actual weighted average pounds of S O_2 per million Btu shipped multiplied by the Air Daily S O_2 Monthly Average Price (EA Value) using the following formula:

REDACTED

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

Delivery Schedule: Deliveries ratably throughout the year.

Mine information:

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

PFCOCT2005 - 17
BAC 10/18/05
WRK 10/18/05

AIR QUALITY MINE
TYPICAL ANALYSIS

Washed Basis
Seam Indiana No. 7
State of Indiana

Report Data 3/17/2004

Proximate Analysis	**As Received**	**Dry**
Moisture	16.1	
Ash	8.1	9.7
Volatile Matter	30.3	36.1
Fixed Carbon	45.4	54.2
BTU	11,019	13,133
Sulfur	0.39	0.46
MAFBTU	14,544	
Lb. S/MMBTU	0.35	
Lb. SO2/MMBTU	0.70	

Ultimate Analysis	
Carbon	75.6
Hydrogen	5.0
Nitrogen	1.8
Chlorine	0.13
Sulfur	0.46
Ash	9.7
Oxygen	7.31

Sulfur Forms	
Pyritic	0.08
Sulfate	0.01
Organic	0.37

Hardgrove Grindability Index 51
@ 5.6% Moisture

Located near Monroe City, IN

Rail Loadout at Maysville, IN on ISRR with Automatic Sampler and Certified Belt Scales

Rail Loadout at Francisco, IN on NS with Automatic Sampler and Certified Batch Weigh System

Ash Fusion	
Reducing Atmosphere	
Initial Deformation (I.D.)	2,420
Softening (H=W)	2,530
Hemispherical (H=1/2W)	2,650
Fluid	2,750
Oxidizing Atmosphere	
Initial Deformation (I.D.)	2,550
Softening (H=W)	2,675
Hemispherical (H=1/2W)	2,700
Fluid	2,730

Mineral Analysis Of Ash (Ignited Basis)	
Silica (SiO2)	61.3
Alumina (Al2O3)	23.5
Titania (TiO2)	1.2
Ferric Oxide (Fe2O3)	4.2
Lime (CaO)	1.1
Magnesia (MgO)	1.2
Potassium Oxide (K2O)	3.2
Sodium Oxide (Na2O)	1.0
Phosphorous Pentoxide (P2O5)	0.1
Sulfur Trioxide (SO3)	0.8
Strontium Oxide (SrO)	0.02
Barium Oxide (BaO)	0.04
Manganese Dioxide (MnO2)	0.03
Undetermined	2.3

Alkalies As Na2O	0.30
Base/Acid Ratio	0.12
Silica Value	90.41
Slag Viscosity @ T250	2,900+
Lb. Ash/MMBTU	7.4

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

Source Of Information	*Analysis based on production and core data.*

Prepared by P. Dodd

PFCOCT2005 - 18

for 10/19/05 DRK 10/18/05

COAL PROPOSAL 3

Progress Fuels Corporation ("PFC")

Date: October 17, 2005

Buyer: Progress Fuels Corporation ("PFC")

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

Seller: COALTRADE, LLC

Sources: Horizon Mine

Delivery Point: Wells Loadout

Term, Quantity and Price Per Ton FOB Rail Car:

Term	Quantity	Price
CY2007	[redacted]	[redacted]
CY2008		

Delivery Schedule: Deliveries ratably throughout the year

Quality:

	Typical Quality Specification	Shipment Rejection Limit
BTU:	12,500 Btu/lb.	12,200 Btu/lb. minimum
SO_2 lbs./MMBtu:	1.20 lbs.	1.2 lbs. maximum
Moisture:	8.0%	not applicable
Ash:	12.0%	13.5%
Volatile Matter:	30.0%	not applicable
AFT (H=W):	+2700	not applicable

Quality Adjustments: The sales price shall be subject to adjustment monthly based upon Btu and sulfur dioxide (Lbs. SO_2/mmBtu) content as follows:

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

SO2: At the end of each calendar month an adjustment would be computed based on the difference between 1.20 Lbs. SO_2/mmBtu

REDACTED

and the actual weighted average Lbs. SO_2/mmBtu shipped multiplied by the Air Daily SO2 Monthly Average Price (EA Value) using the following formula:

$$\frac{(1.20 \text{ Lbs. } SO_2/\text{mmBtu} - \text{actual weighted average SO2})(\text{AR Btu})(\text{EA Value})}{1{,}000{,}000}$$

Loadout/Mine Information:

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

PFCOCT2005 - 18
WRK 10/18/05 Rec'd 10/18/05

COOK MOUNTAIN

PERMITTED AREA
TYPICAL ANALYSIS

Raw Basis
Seam: Kittanning Seams
State of West Virginia

Report Data 09/18/04

Proximate Analysis	**As Received**	**Dry**
Moisture	5.1	
Ash	11.1	11.7
Volatile Matter	31.6	33.3
Fixed Carbon	52.2	55.0
BTU	12585	13266
Sulfur	0.70	0.74
MAFBTU	15024	
Lb. SO2/MMBTU	1.11	

Ultimate Analysis	
Carbon	74.3
Hydrogen	4.6
Nitrogen	1.3
Chlorine	0.15
Sulfur	0.74
Ash	11.7
Oxygen	7.21

Sulfur Forms	
Pyritic	0.07
Sulfate	<0.01
Organic	0.67

Water Soluble Alkalies	
Sodium Oxide	0.004
Potassium Oxide	0.003

Equilibrium Moisture	2.5
Free Swelling Index	5.0
Hardgrove Grindability Index	46

Ash Fusion	
Reducing Atmosphere	
Initial Deformation (I.D.)	+2700
Softening (H=W)	+2700
Hemispherical (H=1/2W)	+2700
Fluid	+2700
Oxidizing Atmosphere	
Initial Deformation (I.D.)	+2700
Softening (H=W)	+2700
Hemispherical (H=1/2W)	+2700
Fluid	

Mineral Analysis Of Ash (Ignited Basis)	
Silica (SiO2)	58.6
Alumina (Al2O3)	31.5
Titania (TiO2)	2.2
Ferric Oxide (Fe2O3)	2.9
Lime (CaO)	1.2
Magnesia (MgO)	0.6
Potassium Oxide (K2O)	1.60
Sodium Oxide (Na2O)	0.25
Phosphorous Pentoxide (P2O5)	0.2
Sulfur Trioxide (SO3)	0.8
Strontium Oxide (SrO)	0.07
Barium Oxide (BaO)	0.07
Manganese Dioxide (MnO2)	0.01

Alkalies As Na2O	0.15
Base/Acid Ratio	0.07
Silica Value	92.58
Slag Viscosity @ T250	>2900
lb. Ash/MMBTU	8.8

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

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

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

GENERAL TERMS & CONDITIONS

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

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

Sampling System: Multi-Stage Automatic Mechanical Sampler

Weighing System: Certified Batch Weigh Bin Scale System

Scale Certification: Certification Semi-Annually

Mine Analysis: Third Party Independent Lab

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

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

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

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

Title and Risk Of Loss

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

Expiration Date and Conditions:

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

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

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

Sheppard, Sheila

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


FL Progress Bid Form-Complianc...


FL Progress Bid Form-Complianc...

Sheila,

Please see our attached offer.

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

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

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

PFCOCT2005 - 19

WRK 10/18/05

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOL
CRYSTAL RIVE

)UCER NAME: GLENCORE LTD.

STREET ADDRESS: 301 TRESSER BLVD. STAMFORD, CT 06901

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

MINE(S) [redacted] BOM DISTRICT: | STATE:

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____
Othe[redacted] | R/R TIPPLE DESIGNATION/NUMBER:

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

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

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

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

TOTAL PRODUCTION CAPACITY PER MONTH: 400,000 MT TONS

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

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

SEAMS: VARIOUS | BLEND RATIOS: NONE

COAL PREPARATION: X RAW ____ WASHED ____ COMBINATION

F OF COAL WASHER, IF WASHED:

T\ OF COAL SAMPLING: AUTOMATIC BELT SAMPLING

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

TYPE OF COAL WEIGHING: VESSEL DRAFT SURVEY | SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON CIF
2006	3 x 65-75,000 NT +/- 10% SHIPPING TOLLERANCE	[redacted] NT DES IMT, LA BASIS 12,400 BTU/LB
2006-08	[redacted] +/- 10% SHIPPING TOLLERANCE PER YEAR [redacted] IN TOTAL)	[redacted] DES IMT, LA BASIS 12,400 BTU/LB

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

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

REDACTED

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

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

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

PEF-CC-000248

4571),

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

SIGNATURE:	TITLE: COAL EXECUTUVE	DATE: 10/17/05

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

CURRENT QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe_2O_3	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
Al_2O_3	20.5 %	+/- 3.0 %	Cadmium	<0.4	-
TiO_2	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CaO	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0

	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5
K_2O	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na_2O	0.50 %	+/- 0.2 %	Manganese	30.0	+/- 5.0
Undetermined	0.4 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.20	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

PROJECTED QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe_2O_3	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
	20.5 %	+/- 3.0 %	Cadmium	<0.4	-
TiO_2	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CaO	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75

	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0
SO_3	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5
K_2O	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na_2O	0.50 %	+/- 0.2 %	Manganese	30.0	+/- 5.0
Undetermined	0.4 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.20	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

Copp[illegible], Barbara

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



FL Progress Bid Form-Complianc...

Barbara,

As discussed, please see our attached offer.

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

Please do not hesitate to call with any questions.

Regards,
John

PEF-CC-000252

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

DUCER NAME: GLENCORE LTD.

STREET ADDRESS: 301 TRESSER BLVD. STAMFORD, CT 06901

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

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

ORIGIN RAILROAD(S)/DISTRICT: EK_____ CV_____ Big Sandy_____
Other VESSEL

R/R TIPPLE DESIGNATION/NUMBER:

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

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

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

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

TOTAL PRODUCTION CAPACITY PER MONTH: 400,000 MT TONS

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

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

SEAMS: VARIOUS | BLEND RATIOS: NONE

COAL PREPARATION: X RAW _____ WASHED _____ COMBINATION

PE OF COAL WASHER, IF WASHED:

TY OF COAL SAMPLING: AUTOMATIC BELT SAMPLING

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

TYPE OF COAL WEIGHING: VESSEL DRAFT SURVEY | SCALE CERTIFIED? _____YES _____ NO

PERIOD	TONNAGE	BASE PRICE PER TON CIF
2006	3 x 65-75,000 NT +/- 10% SHIPPING TOLLERANCE	US$59.05 / NT DES IMT, LA BASIS 12,400 BTU/LB
2006-08	[redacted] +/- 10% SHIPPING TOLLERANCE PER YEAR [redacted] +/- 10% SHIPPING TOLERANCE IN TOTAL)	[redacted] DES IMT, LA BASIS 12,400 BTU/LB

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

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

REDACTED

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

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

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

NATURE:	TITLE: COAL EXECUTUVE	DATE: 10/17/05

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

CURRENT QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe_2O_3	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
Al_2O_3	20.5 %	+/- 3.0 %	Cadmium	<0.4	-
TiO_2	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
[illegible] O	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0
SO_3	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5
K_2O	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5

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

PROJECTED QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe_2O_3	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
Al_2O_3	20.5 %	+/- 3.0 %	Cadmium	<0.4	-
TiO_2	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0
SO_3	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5

	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na_2O	0.50 %	+/- 0.2 %	Manganese	30.0	+/- 5.0
Undetermined	0.4 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.20	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SC
CRYSTAL RI
PAGE 1

PFCOCT2005 - 20
RSC 10/18/05
WRK 10/18/05

PRODUCER NAME: GLENCORE LTD.

STREET ADDRESS: 301 TRESSER BLVD. STAMFORD, CT 06901

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

MINE(S): [redacted] BOM DISTRICT: | STATE:

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other VESSEL | R/R TIPPLE DESIGNATION/NUMBER:

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

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

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

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

TOTAL PRODUCTION CAPACITY PER MONTH: 800,000 MT TONS

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

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

SEAMS: VARIOUS | BLEND RATIOS: NONE

COAL PREPARATION: X RAW ____ WASHED ____ COMBINATION

E OF COAL WASHER, IF WASHED:

T\ OF COAL SAMPLING: AUTOMATIC BELT SAMPLING

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

TYPE OF COAL WEIGHING: VESSEL DRAFT SURVEY | SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON CIF
2006	3 x 65-75,000 NT +/- 10% SHIPPING TOLLERANCE	[redacted] NT DES IMT, LA BASIS 9,630 BTU/LB
2006-08	[redacted] +/- 10% SHIPPING TOLLERANCE PER YEAR [redacted] IN TOTAL)	[redacted] DES IMT, LA BASIS 9,630

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

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

REDACTED

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

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

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

PEF-CC-000257

-4571),

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

SIGNATURE:	TITLE: COAL EXECUTUVE	DATE: 10/17/05

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

CURRENT QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	1.7%	+/- 0.5 %	Antimony	TBA	-
SiO_2	36.0%	+/- 5.0 %	Arsenic	TBA	-
Fe_2O_3	14.8 %	+/- 4.0 %	Beryllium	TBA	-
O_3	13.9 %	+/- 3.0 %	Cadmium	TBA	-
TiO_2	0.8 %	+/- 0.3 %	Chromium	TBA	-
CaO	12.7 %	+/- 4.0 %	Cobalt	TBA	-
MgO	8.6 %	+/- 3.0 %	Fluorine	TBA	-

	7.0 %	+/- 3.0 %	Lead	TBA	-
[illegible]O	1.7 %	+/- 0.5 %	Lithium	TBA	-
Na_2O	0.7 %	+/- 0.3 %	Manganese	TBA	-
Undetermined	2.1 %	+/- 1.0 %	Mercury	TBA	-
Base/Acid Ratio	TBA		Nickel	TBA	-
Maximum Base/Acid Ratio			Selenium	TBA	-

PROJECTED QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	1.7%	+/- 0.5 %	Antimony	TBA	-
SiO_2	36.0%	+/- 5.0 %	Arsenic	TBA	-
[illegible]O_3	14.8 %	+/- 4.0 %	Beryllium	TBA	-
[illegible]	13.9 %	+/- 3.0 %	Cadmium	TBA	-
TiO_2	0.8 %	+/- 0.3 %	Chromium	TBA	-
CaO	12.7 %	+/- 4.0 %	Cobalt	TBA	-

	8.6 %	+/- 3.0 %	Fluorine	TBA	-
SO_3	7.0 %	+/- 3.0 %	Lead	TBA	-
K_2O	1.7 %	+/- 0.5 %	Lithium	TBA	-
Na_2O	0.7 %	+/- 0.3 %	Manganese	TBA	-
Undetermined	2.1 %	+/- 1.0 %	Mercury	TBA	-
Base/Acid Ratio	TBA		Nickel	TBA	-
Maximum Base/Acid Ratio			Selenium	TBA	-

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITA
Crystal River 4 & 5
PAGE 1 OF 2

PFCOCT2005 - 24L
bpc 10/18/05 WRK 10/18/05

PRODUCER NAME: Bandmill Coal Company			
REET ADDRESS: County Rt. 14, Rum Creek Road, Yolyn, W.V. 25654			
NTACT: Cathy Frazier	TELEPHONE NO. 304-239-2300		
MINE(S): [redacted] BOM DISTRICT: 8	COUNTY: Logan	STATE: West Virginia	
CSX DISTRICT: EK____ CV____ Big Sandy____ Other____Kanawha/Logan__	R/R TIPPLE DESIGNAITON/NUMBER:		
NORFOLK SOUTHERN DISTRICT: Thacker____ CV2____ Kenova____ __ Other_____	R/R TIPPLE DESIGNAITON/NUMBER: 0596		
TYPE OF LOADING FACILITY: UNIT TRAIN: ____X____	SINGLE CAR: _____	TRAINLOAD: _____	
MAXIMUM LOADING CAPACITY: 15,000 TONS	4 HOURS 150 loads/150 empties	TRACK CAPACITY	
TOTAL PRODUCTION CAPACITY PER MONTH: 550,000 TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 500,000 TONS			
TYPE OF MINE: 75 % DEEP	25 % STRIP	% AUGER	
SEAMS: Upper Cedar Grove	BLEND RATIOS:		
COAL PREPARATION: 75% RAW	25% WASHED	COMBINATION	
TYPE OF COAL WASHER, IF WASHED: Daniels Washer – Heavy Media – Cyclones – Spirals			
TYPE OF COAL SAMPLING: John B. Long – 2 Stage Automatic			
TYPE OF LABOR CONTRACT(S):	DATE FOR RENEGOTIATION:		
TYPE OF COAL WEIGHING: Certified Batch Weigh	SCALE CERTIFIED? ___X__YES _____ NO		

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
January 2006 – December 2008	240,000 tons in 2006 [redacted] tons in 2007 and 2008	[redacted], FOB MINE /

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

PRODUCER'S COMMENTS:

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

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

CUSTOMER REFERENCES: AEP, LG&E/KU; Public Service New Jersey

SIGNATURE:	TITLE: Senior Vice President	DATE: 10/17/05

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

REDACTED

CURRENT QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.13		Antimony		
SiO_2	61.90		Arsenic	5.8	
Fe_2O_3	5.15		Beryllium	2.1	
Al_2O_3	30.65		Cadmium	0.1	
TiO_2	1.21		Chromium	33	
CaO	0.74		Cobalt	4.1	
MgO	0.65		Fluorine		
SO_3	0.58		Lead	5.2	
K_2O	1.88		Lithium		
Na_2O	0.67		Manganese		
Undetermined			Mercury	0.049	
Base/Acid Ratio	0.10		Nickel		
Maximum Base/Acid Ratio			Selenium	5.1	

Sheppard, Sheila

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

PFCOCT2005 - 22 L AM

Sheila.

Please find attached our amended offer.

Regards

Joaquin Soto R
GCI n.v

London 17/10/2005

G.C.I.

PFCOCT2005 - 22 L AM

Guasare Coal International n. v

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

Dear Sheila,

We are pleased to present the following offer:

Paso Diablo Offer for Progress Fuel Corporation (PFC)
2006 - 2008

1) ***Seller:*** *Guasare Coal International n.v*

2) ***Buyer:*** *Progress Fuels Corporation (PFC)*

3) ***Type of sale:*** *Delivered IMT, New Orleans, U.S.A*

4) ***Volume:***

- *2006: 90.000 nt +/- 10 % in seller's option*
- *2007 and 2008: [redacted] +/- 10 % in seller's option*

REDACTED

5) ***Contractual Period:*** *1 January 2006 to December 31, 2008*

6) ***Quality:*** *Paso Diablo premium.*

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

- *The price pro-rata for the years 2006, 2007 and 2008 is t*[redacted]

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

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

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

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

Your sincerely,

Hernando Torrealba.
Managing Director

REDACTED

PFCOCT2005 - 23, 24 L
MAC 6/18/05 WRK 10/18/05

Sheppard, Sheila

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

Ms. Sheppard,

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

Thank you,
Kelly
Kelly Smith
Contract Administrator
Massey Utility Sales Company*
P.O. Box 26765 Richmond, Virginia 23261
Four North Fourth Street Richmond, Virginia 23219
Telephone (804) 788-1830
Facsimile (804) 788-1811
Internet: *kelly.smith@masseyenergyco.com*
A subsidiary of Massey Energy Company (NYSE: MEE)

PFCOCT2005 - 23,244

BAC 10/18/05

Massey Utility Sales Company



Post Office Box 26765
Richmond, Virginia 23261

4 North Fourth Street
Richmond, Virginia 23219

Tel (804) 788-1800

October 17, 2005

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

Email: Sheila.Sheppard@pgnmail.com

Dear Sheila:

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

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

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

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

Sincerely,
John R. Parker
Senior Vice President

JRP/kcs

Sheppard, Sheila

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

Dear Sheila.

Please find attached the Offer for the years 2006, 2007 and 2008; due some problem beyond our control we shall send tomorrow the Solicitation Form.

Regards

Joaquin Soto R
GCI n.v

PFCOCT2005 - 22 L
WRK 10/18/05 FAX 10/18/05

Dear Sheila

We are pleased to present the following offer:

Paso Diablo Offer for Progress Fuel Corporation (PFC)
2006 - 2008

1) ***Seller:*** *Guasare Coal International n.v*

2) ***Buyer:*** *Progress Fuel Corporation (PFC)*

3) ***Type of sale:*** *Delivered IMT*

4) ***Volume:*** [redacted]

5) ***Contractual Period:*** [redacted] *31, 2008*

6) ***Quality:*** *Paso Diablo premium.*

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

[redacted]

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

REDACTED

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

[redacted]

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

Your sincerely,

Hernando Torrealba.
Managing Director

PFCOCT2005 - 25 DEC

WRK 10/18/05

Sheppard, Sheila

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

BMC 10/18/05



Progress Letter.doc
(19 KB)

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****

October 17, 2005

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

Re: Request For Proposals For Coal Supply

Dear Ms. Sheppard-

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

Let me know if you have any questions.

Regards,

Jeff Midden
Sempra Energy Trading

PFCOCT2005 - 26 DEC

AMVEST COAL SALES, INC.

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

JAMES T. McSHERRY
SENIOR VICE PRESIDENT

DIRECT DIAL (434) 972-7770

BOAC 10/18/05
WRK 10/18/05

October 12, 2005

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

Dear Ms. Sheppard:

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

Thank you for your time and consideration.

Sincerely,

Tim McSherry

Tim McSherry

/jtm

PEF-CC-000273

Returned for 10/18/05

WRK 10/18/05

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

Phone: 941 746 8089 Fax: 941 747 8081

October 7, 2005

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

Dear Sheila:

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

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

Sincerely,

Frederick J. Murrell
President

Vinson, Eddie

From: Nelson, Robert [Robert.Nelson@constellation.com]
ent: Friday, November 11, 2005 11:43 AM
o: Vinson, Eddie
ubject: FW: PROGRESS FLORIDA OFFERS


Progress.Florida.1y r.1.20#.10....


Progress.Florida.3y r.2#.10.05....

Late Bid
gh 11/16/05

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

Barbara, Brett

Here you go.

Tks

Rob

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

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 2B

PAGES
PEF-CC-000276
THROUGH
PEF-CC-000278
HAVE BEEN
DESIGNATED AS
CONFIDENTIAL

PFCOCT2005 - 30L

, Eddie

n: Phipps, Brett
nt: Wednesday, November 16, 2005 10:47 AM
: Vinson, Eddie; Coppola, Barbara
c: Weintraub, Sasha
Subject: Fw: 07,08,09

LATE BID ACCEPTED

ok BPP

Eddie,
Let's discuss.

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

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

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

tt,
ystone would like to discuss doing [redacted] of 12000 1.20# in 2007,2008,2009 would like 09. What do you think about [redacted] The 2009 wouldn't be a deal killer if you can't go out that far.

KANAWHA RIVER

REDACTED

PFCOCT2005 - 32L

LATE BID
11/22/05

CENTRAL COAL COMPANY

148 BRISTOL EAST ROAD
BRISTOL, VIRGINIA 24202
TELEPHONE (276) 669-8599 FAX (276) 669-3543

November 22, 2005

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

Dear Eddie,

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

Sincerely,

Clark

Clark Wisman
Director of Marketing

Mine Source	Kanawha Eagle LLC	
Quality	**Typical**	**Reject**
Ash	12.00	13.00
S02	1.2#	1.2#
BTU	12,300	12,000
HGI	45 Min	40
Fusion	2700 +	2500
Moisture	8.0	9.0
Term/Price	January 2007 – December 2008 [redacted] FOB Barge – Winifrede Dock	
	January 2009 – December 2009 +/- [redacted] adjusted from previous year	
Quanity	[redacted] tons per year	
Other	Subject to mutual agreement	

REDACTED

STAFFORD COAL SALES, INC.

PFCOCT2005 - 34L

LATE BID

December 02, 2005

12/2/05

Ms. Barbara Coppola
Progress Energy
Fuels Procurement Department
410 South Wilmington Street
Raleigh, NC 27601

Dear Barbara:

Appalachian fuels, LLC is pleased to offer coals for sale through it's Sales Agent; Stafford Coal Sales, Inc. under the following terms and conditions, subject to prior sale:

PRODUCER:	Appalachian fuels, LLC 1500 North Big Run Road Ashland, KY 4110
SELLER:	Appalachian Fuels, LLC 1500 North Big Run Road Ashland, KY 41102
AGENT:	Stafford Coal Sales, Inc. P.O. Box 187 Ashland, KY 41105-0187
MINE:	Toneys Fork Logan County, WV
PRICE:	[redacted] per net ton F.O.B. Railcar, Fixed and Firm 1/1/07 through 12/31/08
LOADING:	Buffalo Tipple, CSX Railroad Kanawha District Man WV
TONNAGE:	[redacted], net tons per year for shipment at the rate of approximately [redacted] ton per month
TERM:	Two (2) years, commencing January 2007 Through December 2008

REDACTED

QUALITY "as received"

Heating Value	12,200 BTU's	(min)
Sulfur	.72%	(max)
SO2	1.20#	(max)
Moisture	8.0%	(max)
Ash	12.0%	(max)
Fusion	2800	
Volatile	35.00	(min)
HGI	43	
Size	2X0	
Fines	45%	(max)

Sampling/
Analysis: At the point of loading by an Independent laboratory utilizing established ASTM procedures

Weights: Certified Scales at the point of loading or railroad Scale Weights

Premiums/
Penalties: Progress Energy's established procedures

We appreciate the opportunity to submit this proposal for your consideration and look forward to receiving your favorable response.

Sincerely,

John D. Stafford
Agent, Appalachian Fuels, LLC
President, Stafford Energy, Inc.

cc: John Smith, President
Appalachian Fuels, LLC

PFCOCT2005 - 35L

Vinson, Eddie

From: Steve Weber [steveweber@emeraldcoal.com]
Sent: Wednesday, November 09, 2005 2:37 PM
To: Vinson, Eddie; Phipps, Brett
Cc: Jack Wells
Subject: FW:

LATE BID
11/9/05
BDP

Eddie Brett, as a follow-up to yesterday's e-mail, we can offer our Colombian coal (Cerrejon product D) for cal 07 & 08

For [redacted] shot ton delivered to US Gulf.

I'm still working on freight rates to Charleston and Wilmington in addition to pricing for A coal loaded at IMT for 07 & 08 and tonnages

I will revert when they become available.

regards

From: Steve Weber
Sent: Tuesday, November 08, 2005 11:05 AM
To: 'brett.phipps@pgnmail.com'; 'Eddie.Vinson@pgnmail.com'
Cc: Jack Wells
Subject: FW:

Eddie, Brett, please find our Colombian product for your consideration for delivery to the Gulf and the East Coast.

We are in the position to deliver this product into IMT for Cal 06 at [redacted] short ton. We are working on pricing for Cal 07 & 08 as well as freight rates for delivery to Charleston and Wilmington.

I will revert with additional pricing as quickly as possible when it becomes available.

regards

From: Jack Wells
Sent: Tuesday, November 08, 2005 9:16 AM
To: SteveWeber@EmeraldCoal.com
Subject:

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

REDACTED

CERREJON COAL QUALITY SPECIFICATIONS

PRODUCT "D"

PROXIMATE ANALYSIS (As received basis)		
Gross Heating Value	BTU/Lb	11,300
Net Heating Value	BTU/Lb	10,760
Net Heating Value	kcal/kg	5,978
Total Moisture	% by weight	11.5
Ash	% by weight	10.0
Volatile Matter	% by weight	32.6
Fixed Carbon	% by weight	45.9

ULTIMATE ANALYSIS (As received basis)		
Total Moisture	% by weight	11.50
Ash	% by weight	10.00
Carbon	% by weight	63.80
Hydrogen	% by weight	4.55
Nitrogen	% by weight	1.18
Chlorine	% by weight	0.04
Sulfur	% by weight	0.69
Oxygen (by difference)	% by weight	8.24

OTHER ANALYSIS		
HGI		50
Fluorine	ppm	50
Free Swelling Index		2.5
Nominal Top Size	inches	2
Below 1/4 inch	% by weight	46

MINERAL ANALYSIS OF ASH (As ignited basis)			
Silica	SiO2	% by weight	60.50
Alumina	Al2O3	% by weight	18.80
Titanium	TiO2	% by weight	1.10
Iron	Fe2O3	% by weight	8.50
Calcium	CaO	% by weight	2.20
Magnesium	MgO	% by weight	1.90
Potassium	K2O	% by weight	2.20
Sodium	Na2O	% by weight	0.90
Sulfur	SO3	% by weight	2.50
Phosphorous	P2O5	% by weight	0.22
Undetermined		% by weight	1.18

ASH FUSION TEMPERATURES		
REDUCING ATMOSPHERE	(°C)	(°F)
Initial deformation	1,216	2,220
Softening (H=W)	1,304	2,380
Hemispherical (H=W/2)	1,366	2,490
Fluid	1,404	2,560
OXIDIZING ATMOSPHERE		
Initial deformation	1,288	2,350
Softening (H=W)	1,382	2,520
Hemispherical (H=W/2)	1,432	2,610
Fluid	1,454	2,650

Vinson, Eddie

From: Steve Weber [steveweber@emeraldcoal.com]
Sent: Tuesday, November 08, 2005 11:05 AM
To: Phipps, Brett; Vinson, Eddie
Cc: Jack Wells
Subject: FW:

Eddie, Brett, please find our Colombian product for your consideration for delivery to the Gulf and the East Coast.

We are in the position to deliver this product into IMT for Cal 06 at '[redacted]-short ton. We are working on pricing for Cal 07 & 08 as well as freight rates for delivery to Charleston and Wilmington.

I will revert with additional pricing as quickly as possible when it becomes available.

regards

From: Jack Wells
Sent: Tuesday, November 08, 2005 9:16 AM
To: SteveWeber@EmeraldCoal.com
Subject:

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

REDACTED

PFCFEB2006-01

Britton, Annette

From: Tim Monson [Tmonson@insightbb.com]
nt: Tuesday, February 14, 2006 2:32 PM
To: Britton, Annette
Subject: Progress Fuels Coal Proposal - Term Contract Compliance Coal Quotation 2/14/06

Ms Britton,

Attached is a modified copy of our Compliance Coal Quotation to Progress. The modifications were made to the Trace Elements/PPM in the coal. We just received from the laboratory the results mentioned in our proposal dated 2/13/06. I have updated the laboratory results in the forms for your convenience.

SAC 2/15/06

Thank you,

Tim Monson

BCP 2/15/06

CEV 2/15/06

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

PROGRESS Energy Florida

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

DOP 2/15/06 CEV 2/15/06 BAC 2/15/06

PRODUCER NAME: Keystone Industries, LLC

STREET ADDRESS: 1375 Jackson Street, Suite 410, Ft. Meyers, FL 33901

CONTACT: Mike Gaten | TELEPHONE NO. 239-337-7474

MINE(S): Rush Creek Mining FacilityBOM DISTRICT: Eight | COUNTY: Kanawha | STATE: West Virginia

ORIGIN RAILROAD(S)/DISTRICT: EK_____ CV_____ Big Sandy_____ Other_____ | R/R TIPPLE DESIGNATION/NUMBER:

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

MAXIMUM LOADING CAPACITY:
_____ TONS _____ HOURS _____ TRACK CAPACITY

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

SHIP THROUGH: Kanawha River, Marmet Pool DOCK LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: 55 k to 60 k TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 55 k TONS

TYPE OF MINE: _____% DEEP 90.0 % STRIP 10.0 % AUGER

SEAMS: Upper & Lower Winifrede, Coalburg and the Upper and Lower Stockton | BLEND RATIOS: Various

AL PREPARATION: 100% RAW _____ WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: Mechanical sampler at load point

TYPE OF LABOR CONTRACT(S): Non-Union | DATE FOR RENEGOTIATION: Not Applicable

TYPE OF COAL WEIGHING: Independent third party draft barge weights | SCALE CERTIFIED? _____YES _____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
01-01-2007 through 12-31-2009	[redacted] tons per month. [redacted] per year	[redacted] pnt, fob barge at the load point

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

PRODUCER'S COMMENTS: The coal prices for 2007 and 2008 are [redacted] pnt, fob the barge. The price for 2009 would be established [redacted]. The Price for 2009 [redacted] A Fuel Price Adjustment Clause has been included. Please refer to our letter attachment. Quality: Additional trace elements are currently in the laboratory and will be forwarded upon our receipt.

CREDIT REFERENCES (Minimum two):

Walker Machinery, Bell, WV

Wachovia Bank

REDACTED

INDUSTRY REFERENCES (Minimum four):

ON US / Louisville Gas & Electric – Louisville, KY | Progress Energy – Raleigh, NC

First Energy Corporation – Akron, OH | Central Coal – Abingdon, VA

SIGNATURE: Mike Gaten | TITLE: Executive Vice President | DATE: 02-09-2006

PE26050

PEF-CC-000288

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Annette Britton
annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.50%	8.00% MAX	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	5.00%	5.00% MAX	5.0% MAX.	5.0% MAX.
ASH %	12.50%	13.00%	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.2 LB	1.2 LB MAX	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	12,250	12,200 MIN	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2,700 MIN.	2,500 MIN.	2,200 MIN.
VOLATILE %	32.00%	31.00 MIN.	31.0% MIN.[1]	31.0% MIN.[1]
.INDABILITY, HARDGROVE	43	42 MIN.	42 MIN.[3]	65 MIN.[3]
SIZE	2" X 0"	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	43.0%	45.0% MAX	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.10%	0.20% Max	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	48.0%	47.50%	———	———
HYDROGEN %	4.65	4.65% Typical	———	———
NITROGEN %	1.32	1.32% Typical	———	———
CHLORINE %	0.08	.0.10 Typical	———	———
OXYGEN %	5.12	5.20% Typical	———	———

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.26		Antimony	<2	
SiO_2	56.84		Arsenic	6	
Fe_2O_3	3.52		Beryllium	2.0	
O_3	30.86		Cadmium	<2.0	
O_2	1.57		Chromium	15	
CaO	0.71		Cobalt	7.0	
MgO	0.69		Fluorine		

PE26050

$_3$	0.72		Lead	9.0	
K_2O	2.11		Lithium	15.0	
Na_2O	0.18		Manganese	21	
Undetermined	2.54		Mercury	0.08	
Base/Acid Ratio	Not Available		Nickel	20	
Maximum Base/Acid Ratio	Not Available		Selenium	<2	

PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
$_2O_3$			Beryllium		
$_2O_3$			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		

,O			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		
*NOTE: ADD SHEETS IF MORE THAN ONE SEAM					

Britton, Annette

From: Tim Monson [Tmonson@insightbb.com]
Sent: Monday, February 13, 2006 11:00 AM
To: Britton, Annette
Cc: Mike Gaten
Subject: Progress Fuels Coal Proposal - Term Contract Compliance Coal Quotation 2/13/06
Importance: High

FAC 2/15/06

Ms Britton,

Please find attached the Keystone Industries compliance coal proposal for 3-years, beginning 2007. Please call me if you have any questions concerning our offer.

Best regards,

Tim Monson

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

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

February 9, 2006

Annette Britton (Annette.britton@pgnmail.com)
c/o Progress Energy Carolinas, Inc.
Regulated Fuels Department
410 S. Wilmington St.
Mail Code PEB 10
Raleigh, NC 27601

Dear Ms Britton:

Keystone Industries, LLC is pleased to submit its Compliance Coal Proposal from its operations near the Kanawha River in West Virginia for your consideration.

Customer:	Progress Energy
Operating Company:	Keystone Industries, LLC
Loading Point:	Kanawha River, Marmet pool
Coal Preparation:	2" x 0" Crushed Run of Mine
Type of Mining:	Surface
Size:	2" x 0"
Quality:	
Moisture:	8.00%
Ash:	13.00%
Lbs.SO_2/ MMBTU:	Compliance, 1.20 lbs SO2/MMBtu maximum
Volatile:	>30.00% minimum
Sulfur:	0.73% maximum at 12,200 Btu (SO_2 to govern)
Heating Value:	12,200 Btu minimum
Term and Pricing:	Three years, beginning January 2007 through December 2009. [redacted]
Tonnage:	[redacted] tons per month, a total of [redacted] tons per year on a pro-rata shipment basis.
Governing Weighs:	The governing weights will be determined at the load point via certified belt scales or by an independent third party laboratory using an ASTM barge draft weighing procedure.
Terms of Payment:	Net 25 days from date of shipment.
Governing Samples:	The governing coal samples will be taken at the load point using a certified mechanical sampler and ASTM procedures.
Governing Laboratory:	Mineral Labs, Salyersville, KY

REDACTED

Trace Elements:	Additional trace elements are currently being analyzed in the laboratory and will be forwarded to you upon our receipt.
Premium/Penalty:	To be mutually agreed upon.
Fuel Price Adjustment	Effective April 1, 2007 and the first day of each quarter thereafter during the Term of the Agreement, the Base Coal price shall be adjusted in accordance with the prior 3-month average based on changed in the cost of #2 diesel fuel used in Keystone's mining operation. The #2 diesel price will be established in January 2007 and will be adjusted for quarterly market changes per the WSJ index, but not below the established #2 diesel fuel benchmark established in January 2007.
Price fob origin point	[redacted] per net ton, fob the barge. The price is fixed for the calendar years of 2007 and 2008. The price for 2009 is addressed under Term and Pricing.

This offer is made subject to the prior sale of the coal and to our credit approval of the Buyer. This offer shall remain open for the acceptance until 30 days from February 15, 2006, at which time it shall be deemed revoked if Buyer has not given Seller written notice of acceptance.

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

Respectfully,

Tim Monson

Timothy V. Monson
Agent/ Keystone Industries, LLC

PE26053
Attachments: 2
pc: MG

REDACTED

PROGRESS Energy Florida

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

fax 2/15/06

PRODUCER NAME: Keystone Industries, LLC

STREET ADDRESS: 1375 Jackson Street, Suite 410, Ft. Meyers, FL 33901

CONTACT: Mike Gaten | TELEPHONE NO. 239-337-7474

MINE(S): Rush Creek Mining FacilityBOM DISTRICT: Eight | COUNTY: Kanawha | STATE: West Virginia

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other____ | R/R TIPPLE DESIGNATION/NUMBER:

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

MAXIMUM LOADING CAPACITY:
_____ TONS _____ HOURS _____ TRACK CAPACITY

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

SHIP THROUGH: Kanawha River, Marmet Pool DOCK LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: 55 k to 60 k TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 55 k TONS

TYPE OF MINE: _____% DEEP 90.0 % STRIP 10.0 % AUGER

SEAMS: Upper & Lower Winifrede, Coalburg and the Upper and Lower Stockton | BLEND RATIOS: Various

AL PREPARATION: 100% RAW _____ WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: Mechanical sampler at load point

TYPE OF LABOR CONTRACT(S): Non-Union | DATE FOR RENEGOTIATION: Not Applicable

TYPE OF COAL WEIGHING: Independent third party draft barge weights | SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
01-01-2007 through 12-31-2009	[redacted] tons per month, [redacted] per year	[redacted] pnt, fob barge at the load point

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

PRODUCER'S COMMENTS: The coal prices for 2007 and 2008 are [redacted] pnt, fob the barge. The price for 2009 would be [redacted]

[redacted] Fuel Price Adjustment Clause has been included. Please refer to our letter attachment. Quality: Additional trace elements are currently in the laboratory and will be forwarded upon our receipt.

CREDIT REFERENCES (Minimum two):

Walker Machinery, Bell, WV

Wachovia Bank

REDACTED

INDUSTRY REFERENCES (Minimum four):

ON US / Louisville Gas & Electric – Louisville, KY | Progress Energy – Raleigh, NC

First Energy Corporation – Akron, OH | Central Coal – Abingdon, VA

SIGNATURE: Mike Gaten | TITLE: Executive Vice President | DATE: 02-09-2006

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Annette Britton
annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.50%	8.00% MAX	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	5.00%	5.00% MAX	5.0% MAX.	5.0% MAX.
ASH %	12.50%	13.00%	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.2 LB	1.2 LB MAX	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	12,250	12,200 MIN	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2,700 MIN.	2,500 MIN.	2,200 MIN.
VOLATILE %	32.00%	31.00 MIN.	31.0% MIN.[1]	31.0% MIN.[1]
INDABILITY, HARDGROVE	43	42 MIN.	42 MIN.[3]	65 MIN.[3]
SIZE	2" X 0"	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	43.0%	45.0% MAX	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.10%	0.20% Max	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	48.0%	47.50%	-------	-------
HYDROGEN %	4.65	4.65% Typical	-------	-------
NITROGEN %	1.32	1.32% Typical	-------	-------
CHLORINE %	0.08	.0.10 Typical	-------	-------
OXYGEN %	5.12	5.20% Typical	-------	-------

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.26		Antimony		
SiO_2	56.84		Arsenic	3.82	
Fe_2O_3	3.52		Beryllium	0.22	
O_3	30.86		Cadmium	17.18	
O_2	1.57		Chromium		
CaO	0.71		Cobalt		
MgO	0.69		Fluorine		

[illegible]O	0.72		Lead	6.89	
K_2O	2.11		Lithium		
Na_2O	0.18		Manganese	186.90	
Undetermined	2.54		Mercury	0.09	
Base/Acid Ratio	Not Available		Nickel	10.73	
Maximum Base/Acid Ratio	Not Available		Selenium		

PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
[illegible]O_3			Beryllium		
[illegible]O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		

PEF-CC-000297

)			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		
*NOTE: ADD SHEETS IF MORE THAN ONE SEAM					

Progress Energy Florida Deal Ticket

Counterparty Keystone Industries, LLC Fuelworx Contract # _____ Date: 3/30/2006

Deal Type New [x] Revision [ ] Termination [ ] MOB [Yes or No]

Freight District: Marmet Pool

Mine/Type of Mine: Rush Creek, 100% surface

Rail	
Truck	
Gulf Barge	
River Barge	x
Region	

[redacted]

Counterparty Contact: Mike Gatens Phone #: 239-337-7474

Term: 1/1/07 thr 12/31/2008 Effective Date: 1/1/2007 Payment Terms: net 25

$	[redacted]	Coal Price	
+ or - $			
+ or - $			
+ or - $		Other	
Total Price $	[redacted]		

Total Volume [redacted] total tons
Volume/month [redacted]
Delivery Point: FOB Barge Marmet Pool
Delivery Terms: FOB Barge Marmet Pool
Governing Weights: Certified Independent Draft @ Orgin
Governing Analysis: Certified Independent Lab @ Orgin

MTM $
Budget/Target $

P/P Calculations: BTU

	Guarantee	Minimum	Maximum	Reject
Moisture	8.0%		9	>9
Ash	13.0%		13	> 13
SO_2	1.2		1.2	> 1.2
Sulfur				
BTU	12,200	12,000		< 12,000
HGI	43	42		< 42
Volatile	30	30		< 30
Ash Fusion	2500	2500		
Sizing	2x0		2x0	> 2x0

*Comments _____

Communicated on _____ to: Date: _____

Coal Procurement Manager
Procurement Agent
Coal Procurement Analyst
FMS Fuels Specialist

Transportation
Back- Office
Mid-Office

REDACTED

Vinson, Eddie

From: Vincent, Peta
Sent: Thursday, March 09, 2006 9:18 AM
To: Vinson, Eddie
Subject: RE: Compliance Coal Counter Proposal 3/2/06

-----Original Message-----
From: Vinson, Eddie
Sent: Thursday, March 02, 2006 4:12 PM
To: Vincent, Peta
Subject: FW: Compliance Coal Counter Proposal 3/2/06

Attached are the terms on a new deal from Feb. RFP for Florida with Keystone..please call with any questions
-----Original Message-----
From: Phipps, Brett
Sent: Thursday, March 02, 2006 3:59 PM
To: Vinson, Eddie; Coppola, Barbara
Cc: Weintraub, Sasha
Subject: FW: Compliance Coal Counter Proposal 3/2/06

Eddie,
Please send our GT&Cs to Keystone. Thanks.

-----Original Message-----
From: Tim Monson [mailto:Tmonson@insightbb.com]
Sent: Thursday, March 02, 2006 3:53 PM
To: Phipps, Brett
Subject: Compliance Coal Counter Proposal 3/2/06

Mr. Phipps,

Please find attached, the correspondence regarding the compliance coal proposal originally submitted on February 9, 2006. We have agreed to a 2-year (2007-2008) term with a mutual option to be determined during the fourth quarter of 2008 for an additional year (2009). The fuel escalation clause has been removed. The price is fixed for the 2007 -2008 term. The fixed price has been reduced to [redacted] per net ton fob the barge at the load point.

We look forward to receiving your favorable response.

Regards,

Tim Monson

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

REDACTED

PROGRESS Energy Florida

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

frsc 2/15/06

PRODUCER NAME: **PT Adaro Indonesia**			
STREET ADDRESS: **1401 Manatee Avenue West, Suite 910, Bradenton, Florida 34205**			
CONTACT: **Pamela E. Solomon**		CONTACT: **Pamela E. Solomon**	
MINE(S): **Tutupan**	BOM DISTRICT:	MINE(S): **Tutupan**	MINE(S): **Tutupan**
TYPE OF LOADING FACILITY: UNIT TRAIN: _____ SINGLE CAR: _____ TRAINLOAD: _____		TYPE OF LOADING FACILITY: UNIT TRAIN: _____	
MAXIMUM LOADING CAPACITY: _____ TONS	_____ HOURS	_____ TRACK CAPACITY	
WATER DELIVERY CAPABILITY: X YES ____ NO	IMPORT COAL:LOAD PORT Taboneo Anchorage load rate 10,000 MTWWDSHINC; International Bulk Terminal load rate 20,000 MTWWDSHINC		
TOTAL PRODUCTION CAPACITY PER MONTH: **3,000,000** TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: **2,000,000** TONS			
TYPE OF MINE: **100%** SURFACE			
SEAMS: **N/A**			
COAL PREPARATION: **100%** RAW **0%** WASHED **0%** COMBINATION			
TYPE OF COAL WASHER, IF WASHED: **N/A**			
PE OF COAL SAMPLING:			
TYPE OF LABOR CONTRACT(S):			
TYPE OF COAL WEIGHING:	TYPE OF COAL WEIGHING:		

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
2007, 2008, 2009	[redacted]	[redacted]

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

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

INDUSTRY REFERENCES (Minimum four):

SIGNATURE: Pamela E. Solomon | TITLE: Sales Manager | DATE: 2/10/2006

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Annette Britton
annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

REDACTED

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	26	N/A	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	26	N/A	5.0% MAX.	5.0% MAX.
ASH %	1.2	N/A	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	0.1	N/A	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	9,300	N/A	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	1,240	N/A	2,500 MIN.	2,200 MIN.
VOLATILE %	37.2	N/A	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	48	N/A	42 MIN.[3]	65 MIN.[3]
SIZE	2" x 0"	N/A	2" X 0"	2" X 0"
FINES (-1/4" X 0")	N/A	N/A	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.01	N/A	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	35	N/A	———	———
HYDROGEN %	3.5	N/A	———	———
.ROGEN %	0.6	N/A	———	———
CHLORINE %	0.01	N/A	———	———
OXYGEN %	14.5	N/A	———	———

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.3	N/A	Antimony	0.05	N/A
SiO_2	35	N/A	Arsenic	0.8	N/A
Fe_2O_3	20	N/A	Beryllium	0.5	N/A
Al_2O_3	20	N/A	Cadmium	0.01	N/A
TiO_2	1.0	N/A	Chromium	1	N/A
CaO	11	N/A	Cobalt	1.1	N/A
MgO	3.0	N/A	Fluorine	No data	N/A
SO_3	9.0	N/A	Lead	1.2	N/A
K_2O	0.7	N/A	Lithium	0.6	N/A
Na_2O	0.3	N/A	Manganese	15	N/A
.etermined	N/A	N/A	Mercury	0.1	N/A
Base/Acid Ratio	0.6	N/A	Nickel	2	N/A
Maximum Base/Acid Ratio	N/A	N/A	Selenium	0.12	N/A

PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	26	N/A	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	26	N/A	5.0% MAX.	5.0% MAX.
ASH %	1.2	N/A	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	0.1	N/A	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	9,300	N/A	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	1,240	N/A	2,500 MIN.	2,200 MIN.
VOLATILE %	37.2	N/A	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	48	N/A	42 MIN.[3]	65 MIN.[3]
SIZE	2" x 0"	N/A	2" X 0"	2" X 0"
FINES (-1/4" X 0")	N/A	N/A	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.01	N/A	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	35	N/A	—	—
YDROGEN %	0.6	N/A	—	—
TROGEN %	0.6	N/A	—	—
CHLORINE %	0.01	N/A	—	—
OXYGEN %	14.5	N/A	—	—

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.3	N/A	Antimony	0.05	N/A
SiO_2	35	N/A	Arsenic	0.8	N/A
Fe_2O_3	20	N/A	Beryllium	0.5	N/A
Al_2O_3	20	N/A	Cadmium	0.01	N/A
TiO_2	1.0	N/A	Chromium	1	N/A
CaO	11	N/A	Cobalt	1.1	N/A
MgO	3.0	N/A	Fluorine	No data	N/A
SO_3	9.0	N/A	Lead	1.2	N/A
K_2O	0.7	N/A	Lithium	0.6	N/A
Na_2O	0.3	N/A	Manganese	15	N/A
Undetermined	N/A	N/A	Mercury	0.1	N/A
Base/Acid Ratio	0.6	N/A	Nickel	2	N/A
Maximum Base/Acid Ratio	N/A	N/A	Selenium	0.12	N/A

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

SUCOFINDO
WORLDWIDE SERVICES
CORRESPONDENTS OF :
SGS Société Générale de Surveillance S.A., GENEVA.
Issuing office : Coal Services-SBU Lab.
Graha Sucofindo 6th Floor
Ph. (6221) 7966557. Fax (6221) 7966878

PT. SUPERINTENDING COMPANY OF INDONESIA

HEAD OFFICE : GRAHA SUCOFINDO JL. RAYA PASAR MINGGU KAV. 34
JAKARTA 12780 PO BOX 2377 JKT 10001 PHONE : (021) 7983666
FAX : (021) 7983888 TELEX : 66056, 66057, 66058 SUCOF IA CABLE SUCOFINDO

No. : 3611251 3611251

CERTIFICATE OF ANALYSIS

VESSEL	:	**MV. GENCO LEADER**
CARGO	:	**76,252 ST (= 69,175 MT)**
COMMODITY	:	**ENVIROCOAL IN BULK**
BUYER	:	
SHIPPER	:	**PT. ADARO INDONESIA** **Suite 704, World Trade Center** **Jl. Jend. Sudirman Kav. 31,** **Jakarta 12920**
LOADING PORT	:	**Taboneo Anchorage, Banjarmasin ,** **South Kalimantan, Indonesia**
LOADING DATES	:	**October 28 to November 01, 2005**

Samples were drawn during loading using the mechanical sampling system at the terminal. Samples were prepared and analyzed in accordance with ASTM Standard methods with average results as follow :

Test		Result	ASTM Designation No.
Total Moisture, % wt, as received basis, ...	:	27.1	ASTM D3302
Proximate Analysis :			
- Inherent Moisture, % wt, air dried basis, ...	:	14.5	
- Ash, % wt, as received basis, ...	:	1.2	ASTM D3174
- Volatile Matter, % wt, as received basis, ...	:	36.9	ASTM D3175
- Fixed Carbon, % wt, as received basis, ...	:	34.8	
Total Sulphur, % wt, as received basis, ...	:	0.09	ASTM D3177
Gross Calorific Value, btu / lb, as received basis, . .	:	9175	ASTM D5865
Hardgrove Grindability Index	:	51	ASTM D409
Lb. SO_2 / MMBtu, (Sulphur Dioxide) dry basis, ...	:	0.18	
Sizing :			
Less than 0.25 inch ,% wt, ...	:	35.0	

Cont'd. to page .2/..

PEF-CC-000305

This inspection order has been accepted and this certificate/report is issued subject to the Standard General Conditions of the INTERNATIONAL FEDERATION OF INSPECTION AGENCIES (IFIA). The company's liability is limited under the terms of Article 10 thereof. Issuance of this certificate/report does not exonerate the buyers and sellers from exercising all their rights and discharging their liabilities under the Contract of Sale.

Certificate of Analysis

ULTIMATE ANALYSIS (Dry Basis) :

- Carbon	,% wt,	72.7	ASTM D3178
- Hydrogen	,% wt,	5.33	ASTM D3178
- Nitrogen	,% wt,	0.82	ASTM D3179
- Oxygen	,% wt,	19.51	By Difference
- Sulphur	,% wt,	0.13	ASTM D3177

ASH COMPOSITION (Dry Basis) :

- SiO_2	,% wt,	31.40	ASTM D3682
- Al_2O_3	,% wt,	16.49	ASTM D3682
- Fe_2O_3	,% wt,	21.74	ASTM D3682
- CaO	,% wt,	11.41	ASTM D3682
- MgO	,% wt,	7.06	ASTM D3682
- Na_2O	,% wt,	0.16	ASTM D3682
- K_2O	,% wt,	0.66	ASTM D3682
- Mn_3O_4	,% wt,	0.27	ASTM D3682
- TiO_2	,% wt,	0.71	ASTM D3682
- P_2O_5	,% wt,	0.33	ASTM D3682
- SO_3	,% wt,	9.32	ASTM D3682

ASH FUSION TEMPERATURES :

		Reducing Atmosphere	Oxidizing Atmosphere	
- Initial Deformation (IT)	,°F,	2192	2282	ASTM D1857
- Softening (ST)	,°F,	2219	2327	ASTM D1857
- Hemispherical	,°F,	2228	2336	ASTM D1857
- Fluidity (FT)	,°F,	2264	2372	ASTM D1857

OTHER PROPERTIES (Dry Basis) :

- Mercury	, ppm, in coal	0.03	ASTM D6414

Cont'd to page ..3/..

This inspection order has been accepted and this certificate/report is issued subject to the Standard General Conditions of the INTERNATIONAL FEDERATION OF INSPECTION AGENCIES (IFIA). The company's liability is limited under the terms of Article 10 thereof. Issuance of this certificate/report does not exonerate the buyers and sellers from exercising all their rights and discharging their liabilities under the Contract of Sale.

SUCOFINDO
WORLDWIDE SERVICES
CORRESPONDENTS OF :
SGS Société Générale de Surveillance S.A., GENEVA.
Issuing office : Coal Services-SBU Lab.
Graha Sucofindo 6th Floor
Ph. (6221) 7986567. Fax (6221) 7986878

PT. SUPERINTENDING COMPANY OF INDONESIA

HEAD OFFICE : GRAHA SUCOFINDO JL. RAYA PASAR MINGGU KAV. 34
JAKARTA 12780 PO BOX 2377 JKT 10001 PHONE : (021) 7983666
FAX : (021) 7983888 TELEX : 66056, 66057, 66058 SUCOF IA CABLE SUCOFINDO

No. : 3614629 3614629

CERTIFICATE OF ANALYSIS

VESSEL	:	**MV. RUBY CREST**
CARGO	:	**78,272 ST (≅71,008 MT)**
COMMODITY	:	**ENVIROCOAL IN BULK**
BUYER	:	
SHIPPER	:	**PT. ADARO INDONESIA** **Suite 704, World Trade Center** **Jl. Jend. Sudirman Kav. 31,** **Jakarta 12920**
LOADING PORT	:	**IBT Coal Terminal , Indonesia**
LOADING DATES	:	**December 23 to 25, 2005**

Samples were drawn during loading using the mechanical sampling system at the terminal. Samples were prepared and analyzed in accordance with ASTM Standard methods with average results as follow :

Test		Result	ASTM Designation No.
Total Moisture, % wt, as received basis, ...	:	27.5	ASTM D3302
Proximate Analysis :			
- Inherent Moisture, % wt, air dried basis, ...	:	14.5	
- Ash, % wt, as received basis, ...	:	1.2	ASTM D3174
- Volatile Matter, % wt, as received basis, ...	:	37.0	ASTM D3175
- Fixed Carbon, % wt, as received basis, ...	:	34.3	
Total Sulphur, % wt, as received basis, ...	:	0.08	ASTM D3177
Gross Calorific Value, btu / lb, as received basis, . .	:	9065	ASTM D5865
Hardgrove Grindability Index	:	49	ASTM D409
Lb. SO_2 / MMBtu, (Sulphur Dioxide) dry basis, ...	:	0.19	
Sizing :			
Less than 0.25 inch ,% wt, ...	:	38.1	

Cont'd. to page .2/..

MP

PEF-CC-000307

This inspection order has been accepted and this certificate/report is issued subject to the Standard General Conditions of the INTERNATIONAL FEDERATION OF INSPECTION AGENCIES (IFIA). The company's liability is limited under the terms of Article 10 thereof. Issuance of this certificate/report does not exonerate the buyers and sellers from exercising all their rights and discharging their liabilities under the Contract of Sale.

Certificate of Analysis

ULTIMATE ANALYSIS (Dry Basis) :

- Carbon	,% wt, ... :	72.23	ASTM D3178
- Hydrogen	,% wt, ... :	4.13	ASTM D3178
- Nitrogen	,% wt, ... :	0.86	ASTM D3179
- Oxygen	,% wt, ... :	21.02	By Difference
- Sulphur	,% wt, ... :	0.12	ASTM D3177

ASH COMPOSITION (Dry Basis) :

- SiO_2	,% wt, ... :	32.25	ASTM D3682
- Al_2O_3	,% wt, ... :	15.05	ASTM D3682
- Fe_2O_3	,% wt, ... :	18.07	ASTM D3682
- CaO	,% wt, ... :	14.08	ASTM D3682
- MgO	,% wt, ... :	4.98	ASTM D3682
- Na_2O	,% wt, ... :	0.47	ASTM D3682
- K_2O	,% wt, ... :	0.97	ASTM D3682
- Mn_3O_4	,% wt, ... :	0.24	ASTM D3682
- TiO_2	,% wt, ... :	0.70	ASTM D3682
- P_2O_5	,% wt, ... :	0.29	ASTM D3682
- SO_3	,% wt, ... :	12.48	ASTM D3682

ASH FUSION TEMPERATURES :

		Reducing Atmosphere	Oxidizing Atmosphere	
- Initial Deformation (IT)	, °F, ... :	2174	2336	ASTM D1857
- Softening (ST)	, °F, ... :	2228	2390	ASTM D1857
- Hemispherical	, °F, ... :	2282	2426	ASTM D1857
- Fluidity (FT)	, °F, ... :	2336	2498	ASTM D1857

OTHER PROPERTIES (Dry Basis) :

- Mercury	, ppm, in coal ..... :	0.03	ASTM D6414

Cont'd to page ..3/..

PEF-CC-000308

This inspection order has been accepted and this certificate/report is issued subject to the Standard General Conditions of the INTERNATIONAL FEDERATION OF INSPECTION AGENCIES (IFIA). The company's liability is limited under the terms of Article 10 thereof. Issuance of this certificate/report does not exonerate the buyers and sellers from exercising all their rights and discharging their liabilities under the Contract of Sale.

UCOFINDO SUCOFINDO SUCOFINDO SUCOFINDO SUCO This is not the first page FINDO SUCOFINDO SUCOFINDO SUCOF

CEV 2/15/06

BSC 2/15/06

2/15/06

CONFIDENTIAL

February 14, 2006

Progress Energy Florida ("PEF")

Attn: Anette Britton

Re: Proposal for Coal Supply

Dear Anette,

In connection with the PEF's request for proposal letter (the "RFP"), which we received on February 8th, 2006, Louis Dreyfus Energy Services L.P. ("LDES") is pleased to submit this preliminary non-binding proposal (the "Proposal") to supply steam coal to PEF for Crystal River Units 4 & 5. Subject to the approval of LDES' management and the negotiation of definitive agreements, LDES would be willing to enter into an agreement for coal supply to PEF on the following terms and conditions:

Seller: Louis Dreyfus Energy Services L.P., 20 Westport Road, Wilton, Ct 06897

Buyer: Progress Energy Florida

Term: Calendar 2007-2008-2009

Delivery Point: FOB on Rail car at any mine located in the Powder River Basin

Volume:

Calendar 2007 [redacted] tons +/- 10% Seller's option
Calendar 2008 [redacted] tons +/- 10% Seller's option
Calendar 2009 [redacted] tons +/- 10% Seller's option

Quality:

Item	Unit	Guaranteed Specifications
BTU/LB		>8,200
Moisture (Total)	% wt	30.0
Ash	% wt	6.5
Sulfur Dioxide	Lb/mbtu	< 1.2
Size		3" x 0"

REDACTED

Delivery Schedule:
Delivery of coal will be on an evenly spread basis throughout each year.

FOB TERMS:

Price:
Coal on a FOB Railcar Basis at any mine located in the Powder River Basin.

OPTION 1: [redacted] 2/15/06 [redacted] 2/15/06

Three year fixed price:
For entire quantity – [redacted] 0tons annually- at $[redacted] ton for three years. The fixed price is to be adjusted by changes (up or down) to the Calendar 2007 offer price for PRB 8,400 Rail OTC as published on Argus Coal Daily (or another mutually agreeable reference) today, February 14th, 2006 versus on the day of the conclusion of business or March 15th, 2006 whichever comes soonest.

OPTION 2: [redacted] 2/15/06 [redacted] 2/15/06

Floating with a fixed collar
For entire quantity
Prompt Month PRB 8,400 OTC Broker Index, but for Calendar 2007 with a fixed floor of [redacted] and a fixed ceiling of [redacted] for Calendar 2008 with a fixed floor of [redacted] and a fixed ceiling of [redacted] and for Calendar 2009 with a fixed floor of [redacted] and a fixed ceiling of [redacted] Floor and ceiling exercise date is September 30, 2006 for Calendar 2007, September 30, 2007 for Calendar 2008 and September 30, 2008 for Calendar 2009. This is an initial indication on floor and ceiling levels, actual collar levels to be determined on the day of the conclusion of business or on March 15th 2006 whichever comes soonest.

OPTION 3: [redacted] 2/15/06 [redacted] 2/15/06

Floating price discount/ fixed price extendable
For Calendar 2007 and Calendar 2008
Prompt month PRB 8400 OTC Broker Index minus [redacted] for Calendar 2007. For Calendar 2008 Seller has the option to sell to Buyer at a fixed price level of [redacted] Seller has to declare its option on the 30/09/2007. Should Seller decide against selling at [redacted], Price will be at prompt month PRB 8,400 OTC Broker index for Calendar 2008. This extension level is an initial indication, actual level to be determined on the day of the conclusion of business or on March 15th 2006 whichever comes soonest.

REDACTED

GENERAL TERMS:

Where OTC Broker index is:
Prompt month PRB 8,400 Rail OTC as published daily in Argus Coal Daily on the last Friday of the month (dated Friday).

Payment terms: to be agreed.

This Proposal does not constitute a legally binding agreement and no legal obligation binding upon LDES will exist until the the execution by both LDES and Buyer of a mutually agreeable coal supply contract, which LDES expects will contain terms and conditions in conformity with the RFP together with such other terms and conditions customary to a transaction of this type and others which arise from the particular circumstances of the particular coal supply terms selected by Buyer. This Proposal will remain open for selection by the Buyer until March 15, 2006.

LDES looks forward to receiving a positive response to this Proposal and to working with you on this transaction. If you have any questions or comments do not hesitate to contact Alper T. Anil at 203-761-8429.

Sincerely,

LOUIS DREYFUS ENERGY SERVICES =
By: Louis Dreyfus ES GP LLC
Its General Partner

Britton, Annette

From: Alicia Levitt [Alicia.Levitt@oxbow.com]
nt: Tuesday, February 14, 2006 5:17 PM
To: Britton, Annette
Cc: 'Fred Cushmore'
Subject: Progress Fuels Coal Proposal Term Contract Non-Compliance Coal Quotation

Please see the attached Coal Supply proposal from Oxbow Carbon & Minerals LLC.

CEV 2/15/06
FAC 2/15/06
2/15/06

Alicia Levitt
Oxbow Carbon & Minerals LLC
303-328-2843 Phone
303-328-2850 Fax



OXBOW CARBON & MINERALS LLC

CEV 2/15/06

fax 2/15/06

2/15/06

February 15, 2006

Ms. Barbara Coppola
Progress Fuels Corporation
410 S. Wilmington St.
Raleigh, NC 27601

Dear Ms. Coppola,

Oxbow Carbon and Minerals LLC (OCM) is pleased to make the following offer for coal supply to Progress Energy Florida (PEF).

In addition to the offer made on PEF's solicitation forms, the following terms and conditions will apply to OCM's offer:

1) This offer will remain valid until 5:00 PM EST, 30 business days from February 15, 2006, unless an extension is otherwise mutually agreed between Buyer and Seller.
2) This offer is subject to prior sale and Oxbow Carbon & Minerals Board of approval of a final Coal Supply Agreement.
3) All terms and conditions other than those covered in this proposal will be subject to mutual agreement.

We look forward to discussing our proposals in more detail. If you have any questions or need additional information, please do not hesitate to call me.

Sincerely,

Fred Cushmore AL

Fred Cushmore
VP Coal Market Development

PEF-CC-000313

600 Grant Street • Suite 450 • Denver, CO 80203 USA
Tel (303) 328-2838 • www.oxbow.com • Fax (303) 328-2850

PROGRESS Energy Florida

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

BSP 2/15/06 CEV 2/15/06 SAC 2/15/06

PRODUCER NAME: Millinton Coal International/Oxbow Carbon Minerals LLC COLUMBIAN COAL			
STREET ADDRESS: 1601 Forum Place, Suite 1400, West Palm Beach, FL 33401			
CONTACT: Fred Cushmore		TELEPHONE NO. 561-640-8734	
MINE(S): Various	BOM DISTRICT: N/A	COUNTY: N/A	STATE: N/A
ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other____N/A____		R/R TIPPLE DESIGNATION/NUMBER: N/A	
TYPE OF LOADING FACILITY: UNIT TRAIN: _____	SINGLE CAR: _____	TRAINLOAD: _____	
MAXIMUM LOADING CAPACITY: _____ TONS N/A	_____ HOURS	_____ TRACK CAPACITY	
WATER DELIVERY CAPABILITY: _X_ YES ____ NO	IMPORT COAL: LOAD PORT La Ceiba/Palmarejo		
SHIP THROUGH: MARTECO DOCK	LOAD RATE:: Up to 15,000 MT SHINC		
TOTAL PRODUCTION CAPACITY PER MONTH: 25,000 TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 25,000 TONS			
TYPE OF MINE: 100 % DEEP	_____% STRIP	_____% AUGER	
SEAMS: Cucuta/Santander	BLEND RATIOS:		
COAL PREPARATION: 100% RAW	_____ WASHED	_____ COMBINATION	
TYPE OF COAL WASHER, IF WASHED:			
TYPE OF COAL SAMPLING: Stockpile at Loadport			
TYPE OF LABOR CONTRACT(S): N/A	DATE FOR RENEGOTIATION:		
TYPE OF COAL WEIGHING: Draft Survey at Loadport	SCALE CERTIFIED? ____YES ____ NO		

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
[redacted]	Approximately [redacted] +/- 10% (at Seller's option)	[redacted] st CIF MARTECO

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

PRODUCER'S COMMENTS: Oxbow Carbon & Minerals LLC finances the production of Millinton Coal International

CREDIT REFERENCES (Minimum two): To be provided if short listed

CUSTOMER REFERENCES (Minimum four):

Northeast Utilities

Constellation Energy Commodities Group

REDACTED

SIGNATURE:	TITLE: VP Coal Market Development	DATE: 2/14/06

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

Ms. Annette Britton
Annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street

CURRENT QUALITY

Mail Code PEB10
Raleigh, NC 27601

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7%	8% [4]	8.0% MAX.
SURFACE MOISTURE %	2.5%	2.5%	5.0% MAX.
ASH %	8%	8% [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.18	[illegible]	2.1 LB/MAX.[1]
BTU/LB	12,600	[illegible] [4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2700 [4]	2,500 MIN.
VOLATILE %	35	35 [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	45	45 [4]	42 MIN.[3]
SIZE	2 x 0 95%	2x0 95%	2" X 0"
FINES (-1/4" X 0")	40	40	45% MAX.[4]
FIXED CARBON %	52		———
HYDROGEN %	4.94		———
NITROGEN %	1.46		———
CHLORINE %	.0273		———
OXYGEN %	8.56		———

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

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.24		Antimony		
SiO_2	60.69		Arsenic		
Fe_2O_3	7.92		Beryllium		
Al_2O_3	24.86		Cadmium		
TiO_2	0.52		Chromium		
CaO	1.17		Cobalt		
MgO	0.73		Fluorine		
SO_3	1.19		Lead		
K_2O	1.25		Lithium		
Na_2O	0.35		Manganese		

Undetermined	1.05		Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

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

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

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		

Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		
*NOTE: ADD SHEETS IF MORE THAN ONE SEAM					

INCOLAB SERVICES VENEZUELA C.A.

COMMODITY SAMPLERS AND ANALYTICAL CHEMISTS

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

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

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

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

PROXIMATE ANALYSIS - LOTS 1 THROUGH 5 OF 9

Lot #	1	2	3	4	5
Weight, mt	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Total Moisture, ar - %	5.37	5.60	5.50	5.41	5.44
Ash, dry - %	8.59	9.55	8.95	8.62	9.27
Ash, ar - %	8.13	9.02	8.46	8.15	8.77
Volatile Matter, dry - %	39.05	38.83	39.05	39.18	39.09
Volatile Matter, ar - %	36.95	36.66	36.90	37.06	36.96
GCV, dry - Btu/Lb	13,583	13,511	13,569	13,622	13,484
GCV, ar - Btu/Lb	12,854	12,754	12,823	12,885	12,750
GCV, dry - Kcal/Kg	7,546	7,506	7,538	7,568	7,491
GCV, ar - Kcal/Kg	7,141	7,086	7,123	7,159	7,083
GCV, dry - Mj/Kg	31.59	31.42	31.56	31.68	31.36
GCV, ar - Mj/Kg	29.89	29.66	29.82	29.97	29.65
Sulfur, dry - %	0.76	0.77	0.81	0.82	0.79
Sulfur, ar - %	0.72	0.73	0.77	0.78	0.75
Fixed Carbon, dry - %	52.36	51.62	52.00	52.20	51.64
Fixed Carbon, ar - %	49.55	48.73	49.14	49.38	48.83
Hardgorve Grind. Index	51	53	52	52	52
HGI Moisture, ar - %	1.1	1.3	1.1	1.2	1.0

Analysis performed in accordance with ASTM standards.

INCOLAB SERVICES VENEZUELA C.A.

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

INCOLAB SERVICES VENEZUELA C.A.

COMMODITY SAMPLERS AND ANALYTICAL CHEMISTS

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

PROXIMATE ANALYSIS - LOTS 6 THROUGH 9 OF 9

Lot #	6	7	8	9
Weight, mt	5,000.00	5,000.00	3,000.00	3,025.98
Total Moisture, ar - %	5.94	5.45	5.25	5.30
Ash, dry - %	9.26	8.68	8.87	9.71
Ash, ar - %	8.71	8.21	8.40	9.20
Volatile Matter, dry - %	39.67	39.83	39.12	38.56
Volatile Matter, ar - %	37.31	37.66	37.07	36.52
GCV, dry - Btu/Lb	13,496	13,572	13,583	13,479
GCV, ar - Btu/Lb	12,694	12,832	12,870	12,765
GCV, dry - Kcal/Kg	7,498	7,540	7,546	7,488
GCV, ar - Kcal/Kg	7,053	7,129	7,150	7,091
GCV, dry - Mj/Kg	31.39	31.56	31.59	31.35
GCV, ar - Mj/Kg	29.53	29.84	29.93	29.69
Sulfur, dry - %	0.86	0.81	0.79	0.78
Sulfur, ar - %	0.81	0.77	0.75	0.74
Fixed Carbon, dry - %	51.07	51.49	52.01	51.73
Fixed Carbon, ar - %	48.04	48.68	49.28	48.99
Hardgorve Grind. Index	52	53	51	53
HGI Moisture, ar - %	1.3	1.2	1.1	1.0

Analysis performed in accordance with ASTM standards.

INCOLAB SERVICES VENEZUELA C.A.

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

INCOLAB SERVICES VENEZUELA C.A.

COMMODITY SAMPLERS AND ANALYTICAL CHEMISTS

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P.O. Box 390
4001-A - Maracaibo
Email: incolab@incolabvenezuela.com

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

PROXIMATE ANALYSIS - AVERAGE OF 9 LOTS

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

Analysis performed in accordance with ASTM standards.

INCOLAB SERVICES VENEZUELA S.A.

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

INCOLAB SERVICES VENEZUELA C.A.

COMMODITY SAMPLERS AND ANALYTICAL CHEMISTS

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

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

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

SIZING ANALYSIS

	>	150 mm.	:	0.0 %
100 mm.	x	150 mm.	:	1.3 %
50 mm.	x	100 mm.	:	[redacted]
	<	50 mm.	:	92.1 %
Total			:	100.0 %

Analysis performed in accordance with ASTM standards.

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

INCOLAB SERVICES VENEZUELA C.A.

COMMODITY SAMPLERS AND ANALYTICAL CHEMISTS

Oxbow Carbon & Minerals, Inc.
1601 Forum Place, Suite 1400
West Palm Beach, Fl 33401
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Date	: 14-Sep-05
Our ref.	: 050919-V
Material	: Compliance Steam Coal from Colombia
Vessel	: M/V , B/L Date 12-Sep-05
Shipper	: Oxbow Carbon & Minerals LLC
Consignee	:
Destination	: Baltimore, MD, USA.
Loading Port	: La Ceiba, Venezuela
Weight	: 41,025.98 mt.
Sampling Date	: From 08-Sep-05 to 12-Sep-05

HARDGROVE GRINDABILITY INDEX

Hardgrove Grindability Index : 52 at 1.2 % moisture

ASH FUSION TEMPERATURE ANALYSIS

REDUCING ATMOSPHERE

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

OXIDIZING ATMOSPHERE

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

Analysis performed in accordance with ASTM standards.

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

INCOLAB SERVICES VENEZUELA C.A.

PEF-CC-000322

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

Office and Laboratory
Avenida Principal de San Francisco
Sector El Bajo, Maracaibo
Estado Zulia, Venezuela

ANALYSIS RESULTS REPORT TO OXBOW

Vessel:		Our Ref.:	050919-V	Your OS.:		Date:	17-Sep-05
Loading Port:	La Ceiba	Material:	Coal	Receiver:	Oxbow	Sampled:	08-Sep-05 / -12-Sep-05

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

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

EQUILIBRIUM MOISTURE	
Equilibrium Moisture, - %	-

OTHER ANALYSIS	ar	dry
Chlorine - %	0.0273	0.0289
-		-
-		-
-		-
-		-

GIESLER PLASTOMETRY TEST	
Initial Softening Temperature °C	-
Maximum Fluidity Temperature °C	-
Solidification Temperature °C	-
Maximum Fluidity DDPM	-

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

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

HGI AND FSI		
Free Swelling Index		5.0
Hardgrove Index, % Mositure =	1.2	52

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

PEF-CC-000323

PFCFEB2006-09

Britton, Annette

SAC 2/15/06

CEU 2/15/06

2/15/06

From: Marcel van den Berg [mvandenberg@interamcoal.com]
nt: Wednesday, February 15, 2006 9:45 AM
To: Britton, Annette
Cc: Marcel Vandenberg
Subject: RFP Coal Supply 2007 PEF dated Feb 3 2006

Dear Ms Britton,

Please find attached in pdf. format our response and proposal for coal supply to PEF's Crystal River units # 4,5.

In any questions please call.

Best regards,
mvdb

Inter-American Coal, Inc.
5016 Dorsey Hall Drive
Suite 202
Ellicott City, MD 21042
USA

CEV 2/15/06
fax 2/15/06
JFF 2/15/06

IAC

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

Ms. Annette Britton,
c/o Progress Energy Carolina, Inc
Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB 10
Raleigh, NC 27601

February 15, 2006

Re: Your RFP for Coal Supply dated February 3, 2006

Dear Ms. Britton,

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

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

The shareholders (Carbozulia and IAC) in Mina Norte have agreed to independently market the coal production from Mina Norte since July 2000 on the basis of their equity shares

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

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

Coal Origin: Mina Norte coal mine, Paez County, Zulia state, Venezuela operated by Carbones de la Guajira SA.

Volume: [redacted] (plus/minus 10 % MOLSOP) FES during 2007

Price: USD [redacted] per net ton (USD 2.586/mmBTU) fob shore side receiving hopper at IMT terminals Plaquemines Parish, LA. This price includes all taxes, US customs and federal waterway usage charges, insurance costs, marine bunker fuel costs, port disbursements and miscellaneous fees.

REDACTED

Price Adjustments: Basis Actual Heat value of the cargo expressed in BTU/lb GAR basis
USD [redacted]

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

Weight Determination: At loadport anchorage by draft survey of vessel by independent by marine surveyor at Seller's expense.

Sampling and Analysis: By independent mutually agreeable laboratory upon loading barges at el Bajo terminal according to ASTM standards in sublots not too exceed 5,000 MT. Costs for Seller's account.

Discharge Conditions: 12 TT from NOR (WIPON, WIBON, WIFPON), Vessel to self discharge using vessel's discharge boom to the shore side hopper at IMT at a minimum rate of 1,000 mt/h and/or board/board transfer thru belt selfdischarge to intra-coastal barges at suitable anchorage in lower Mississippi river.
Buyer to guarantee a min. 2000 mt/hr takeaway capacity.

Demurrage/dispatch: USD 20,000/WWD, no dispatch for selfdischarge

Payment: Upon receipt of commercial invoice, vessel b/l, weight and quality certificates or 15 days from vessel b/l date whichever is later.

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

This proposal is firm and valid thru close of business 5 pm EST March 17, 2006.

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

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

REDACTED

Sincerely Yours,

Marcel L.J. van den Berg
President

CEH 2/15/06

PROGRESS Energy Florida

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

for AC 2/15/06

2/15/06

PRODUCER NAME: Carbones de la Guajira, S.A./ InterAmerican Coal, N.V.			
STREET ADDRESS: 5016 Dorsey Hall Drive Suite 202 Ellicott City, MD 21042			
CONTACT: Marcel Van den Berg		TELEPHONE NO. (410)730-6800	
MINE(S): [redacted]	BOM DISTRICT:	COUNTY: Paez	STATE: Zulia/ Venezuela
ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____		R/R TIPPLE DESIGNATION/NUMBER:	
TYPE OF LOADING FACILITY: UNIT TRAIN: _____	SINGLE CAR: _____	TRAINLOAD: _____	
MAXIMUM LOADING CAPACITY: _____ TONS	_____ HOURS	_____ TRACK CAPACITY	
WATER DELIVERY CAPABILITY: _X_ YES ____ NO	IMPORT COAL: LOAD PORT El Bajo		
SHIP THROUGH: El Bajo DOCK	LOAD RATE:: 15,000 MT/WWD SHINC		
TOTAL PRODUCTION CAPACITY PER MONTH: 200,000 TONS (2007)			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 175,000 TONS			
TYPE OF MINE: _____% DEEP	100 % STRIP	_____% AUGER	
SEAMS: 4 (A&B), 5 (A&B), 6, 7, 8 SERIES	BLEND RATIOS:		
COAL PREPARATION: 100% RAW	_____ WASHED	_____ COMBINATION	
TYPE OF COAL WASHER, IF WASHED:			

TYPE OF COAL SAMPLING: AUTOMATIC SAMPLER AT LOADPORT

TYPE OF LABOR CONTRACT(S): COMPANY	DATE FOR RENEGOTIATION: 6/07
TYPE OF COAL WEIGHING: SCALES/DRAFT SURVEY	SCALE CERTIFIED? _X_ YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
[redacted]	[redacted] ± 10% MOL/SOP	[redacted] USD [redacted] NT (2,000LBS)

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

PRODUCER'S COMMENTS: PREVIOUSLY SUPPLIED CRYSTAL RIVER # 4,5 (2000,2001)

CREDIT REFERENCES (Minimum two): BANK OF AMERICA

ARUBA BANK

INDUSTRY REFERENCES (Minimum four): FL. POWER CORP. , DYNEGY, NORTHEAST UTILITIES, SAVANNAH ELECTRIC

SIGNATURE: [signature]	TITLE: President	DATE: 2/15/06

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Annette Britton
annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

REDACTED

CURRENT QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.14		Antimony	1	
SiO_2	57.14		Arsenic	5.3	
Fe_2O_3	8.63		Beryllium	30	
Al_2O_3	20.69		Cadmium	<0.26	
TiO_2	0.71		Chromium	5.5	
CaO	3.60		Cobalt	1.5	
MgO	2.72		Fluorine		
SO_3	2.38		Lead	4	
K_2O	1.37		Lithium		
Na_2O	0.49		Manganese	21	
Undetermined	1.78		Mercury	0.03	
Base/Acid Ratio			Nickel	5.5	

Base/Acid Ratio			Nickel	5.5	
Maximum Base/Acid Ratio			Selenium	4.9	PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	SEE		Antimony	SEE	
SiO_2	CURRENT		Arsenic	CURRENT	
Fe_2O_3	QUALITY		Beryllium	QUALITY	
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		

Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		
*NOTE: ADD SHEETS IF MORE THAN ONE SEAM					

PFCFEB2006-12

Britton, Annette

From: William Grebenc [WGrebenc@PeabodyEnergy.com]
Sent: Wednesday, February 15, 2006 10:14 AM
To: Britton, Annette
Cc: Barb Busby; Raphael Pierce; Stephen Miller; Robert W. Bennett; Charles Ebetino
Subject: COALTRADE LLC response to rfp -- csx 1.2#

fmc 2/15/06

pef021406csxcomp .doc (748 KB)

Cook Mountain Typ.xls (56 KB)

ACCEPTED BY: Brett Phipps RWB 2/15/06 CEV 2/15/06

annette -- attached is our response to PEF rfp dated 2/03
if you have any questions pls feel free to contact myself or raphael pierce on the trade desk.
thank you for your consideration

(See attached file: pef021406csxcomp.doc)(See attached file: Cook Mountain Typ.xls)

E-mail Disclaimer:
The information contained in this e-mail, and in any accompanying documents, may constitute confidential and/or legally privileged information. The information is intended only for use by the designated recipient. If you are not the intended recipient (or responsible for the delivery of the message to the intended recipient), you are hereby notified that any dissemination, distribution, copying, or other use of, or taking of any action in reliance on this e-mail is strictly prohibited. If you have received this email communication in error, please notify the sender immediately and delete the message from your system.

COALTRADE

COALTRADE, LLC
A Peabody Energy Company

701 Market Street
St. Louis, Missouri 63101-1826
314.342.7610

BMC
2/16/06

DP
2/15/06

CEV
2/15/06

Stephen L. Miller
President – COALTRADE

February 15, 2006

Annette Britton
Progress Energy Carolinas, Inc
Regulated Fuels Department
410 S Wilmington St.
Mail Code: PEB –10
Raleigh, NC 27601

Dear Annette:

COALTRADE, LLC is pleased to offer the following proposal for coal in response to your February 3, 2006 coal solicitation. This is for Crystal River Units #4-5 – CSX compliance <1.2# lbs so2.

This proposal will remain valid until 12 noon CST, February 28, 2006 provided however, COALTRADE, LLC retains the right to withdraw this proposal at any time and without prior notice to you.

It is incumbent upon you to confirm with us that this proposal is still outstanding at the time of consideration and evaluation by you, and prior to any decision by you based on this proposal.

This proposal is further subject to the following conditions:

- Prior sale of the coal,
- Negotiation and execution of a mutually agreeable coal supply agreement,
- Approval of credit terms, and
- Obtaining the approvals of Peabody's senior management to the sale of the coal and to the execution of the negotiated coal supply agreement.

We appreciate the opportunity to submit this proposal and look forward to your response. Should you have any questions or require additional information please contact me at (314) 342-7590 or by email - smiller@peabodyenergy.com

Sincerely,

Stephen L. Miller
President – Coaltrade LLC

Coal Proposal to
Progress Energy Florida

BOC 2/15/06

CEV 2/15/06

Date: February 15, 2006

Buyer: Progress Energy Florida.

Seller: COALTRADE, LLC

Term & Price, FOB Mine:

Term	Base Price
Jan 1 2007 – Dec 31 2009	[redacted]

Sources: Cook Mountain Mine or substitute source

Delivery Schedule: [redacted] in 2007-2008-2009

Delivery Point: FOB, Wells loadout, CSX Kanawha Freight District if Cook Mountain
FOB Big Sandy/Kanawha if substitute source

Quantity: Total tonnage is 720,000

Term	Quantity/Tons
Jan 1 2007 -- Dec 31 2009	[redacted]

Quality:

Parameters (As Received)	Monthly Typical	Rejection Limit
Btu/lb.	12,500	12,200 min.
Lbs. SO_2/mmBtu	1.20	1.20 max
Moisture, %	7.5	N/A
Ash, %	12.0	13.5 max.
Volatile Matter, %	30.0	30.0
Hardgrove Grindability	43	40
Ash Fusion Temperature (H=1/2W) deg F Red Atm.	+2700	Not Applicable

Quality Adjustment: The sales price shall be subject to adjustment monthly based upon Btu and sulfur dioxide (Lbs. SO_2/mmBtu) content as follows. These are the only quality adjustments.

Btu: At the end of each calendar month a quality adjustment would be computed based on the difference between the actual weighted average Btu / lb. and 12,500 Btu/lb. Such adjustment would be based on the FOB mine price/ton. (12500 BTU – Actual BTU/12500 BTU) x Contract Price.

REDACTED

SO2: At the end of each calendar month an adjustment would be computed based on the difference between 1.20 Lbs. SO_2/mmBtu and the actual weighted average Lbs. SO_2/mmBtu shipped multiplied by the Air Daily SO2 Monthly Average Price (EA Value) using the following formula:

$$\frac{(1.20 \text{ Lbs. } SO_2/\text{mmBtu} - \text{actual weighted average SO2})(\text{AR Btu})(\text{EA Value})}{1{,}000{,}000}$$

Mine information:

Mine	Cook Mountain
Location:	Wharton
Seam:	Winifrede
Type of Mine:	Surface
Mining Method:	Truck/shovel
Annual Total Shipments:	1,200,000 + Tons
Mine Union:	None
Mine District:	8

Loadout Information:

Loadout Details	**Wells**
Shipping Point	Wharton
Railroad	CSX
Freight District	CSX-Kanawha Coal River II
OPSL	CSXT 85275
Unit Train Car Rating	150
Loadout Capacity	< 4.0 Hours

Sampling System: Multi-Stage Automatic Mechanical Sampler

Weighing System: Certified Batch Weigh Bin Scale System

Scale Certification: Certification Semi-Annually

Mine Analysis: Third Party Independent Lab

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

Force Majeure: Force majeure events that impact the mining, processing, or loading of coal at Cook Mountain including adverse geologic conditions are covered in the additional terms and conditions of the proposed contract.

Payment Terms: 15 days after receipt of fax invoice with payment via wire transfer of funds

Title and Risk Of Loss: Title to and risk of loss of all coal bought and sold under this agreement will pass to Progress Energy Florida, Inc. and coal will be considered to be delivered by COALTRADE, LLC when it is loaded into the railcar at the Delivery Point.

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

Adjustment to Price for Changes in Laws: Effective March 1, 2006 If any federal, state or local governmental authority enacts, promulgates or otherwise makes effective any new statute, ordinance, regulation, rule or other governmental mandate, including, but not limited to any tax mandate except income tax, or amends, modifies or changes in any way the text, interpretation or application of any existing statute, ordinance, regulation, rule or other governmental mandate, including, but not limited to any tax mandate except income tax relative to Seller's performance (collectively referred to herein as "Changes in Laws"), and if any Changes in Laws directly or indirectly increase(s) or decrease(s) Seller's cost of performance, the price of coal shall be adjusted upward or downward by an amount equal to Seller's increased or decreased costs per ton resulting from the Changes in Laws.

Inflation Protection/ Enviromental Language: Seller expects language in a coal supply agreement to compensate for increased costs resulting from inflation and the event of environmental force majeure.

Credit: In the event of an adverse change in Buyer's or related affiliates' credit rating as issued by Standard & Poor's (or the equivalent as defined by another public rating agency), Buyer shall provide assurances (as set forth herein) as to its ability to perform its obligations under this agreement. If Buyer's or any affiliates' senior unsecured or corporate credit rating falls below investment grade (BBB- as defined by Standard & Poor's or the equivalent as defined by other public ratings agencies), Buyer shall provide Seller with Adequate Assurance. Adequate Assurance for Buyer shall mean collateral in the form of cash, Letter(s) of Credit, or other security acceptable to Seller. Letter(s) of Credit means one or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a credit rating of at least A- from S&P or A3 from Moody's, in a form acceptable to the Seller in whose favor the Letter of Credit is issued. Costs of a Letter of Credit shall be borne by Buyer. Until Buyer delivers such Adequate Assurance to Seller, Seller shall have the right, without limiting any other rights that may be available to Seller, to require payment not more than three business days in advance of loading.

Expiration Date and Conditions: This proposal will remain open until 12:00 noon CST, February 28, 2006 and is subject to the conditions noted on the cover letter.

COOK MOUNTAIN

PERMITTED AREA
TYPICAL ANALYSIS

Raw Basis
Seam: Kittanning Seams
State of West Virginia

Report Data 09/18/04

Proximate Analysis	**As Received**	**Dry**
Moisture	5.1	
Ash	11.1	11.7
Volatile Matter	31.6	33.3
Fixed Carbon	52.2	53.2
BTU	12585	13266
Sulfur	0.70	0.74
MAFBTU	15024	
Lb. SO2/MMBTU	1.11	

Ultimate Analysis	
Carbon	73.7
Hydrogen	4.6
Nitrogen	1.3
Chlorine	0.15
Sulfur	0.74
Ash	11.7
Oxygen	7.21

Sulfur Forms	
Pyritic	0.07
Sulfate	<0.01
Organic	0.66

Water Soluble Alkalies	
Sodium Oxide	0.004
Potassium Oxide	0.003

Equilibrium Moisture	2.5
Free Swelling Index	5.0
Hardgrove Grindability Index	46

Ash Fusion	
Reducing Atmosphere	
Initial Deformation (I.D.)	+2700
Softening (H=W)	+2700
Hemispherical (H=1/2W)	+2700
Fluid	+2700
Oxidizing Atmosphere	
Initial Deformation (I.D.)	+2700
Softening (H=W)	+2700
Hemispherical (H=1/2W)	+2700
Fluid	

Mineral Analysis Of Ash (Ignited Basis)	
Silica (SiO2)	58.6
Alumina (Al2O3)	31.5
Titania (TiO2)	2.2
Ferric Oxide (Fe2O3)	2.9
Lime (CaO)	1.2
Magnesia (MgO)	0.6
Potassium Oxide (K2O)	1.60
Sodium Oxide (Na2O)	0.25
Phosphorous Pentoxide (P2O5)	0.2
Sulfur Trioxide (SO3)	0.8
Strontium Oxide (SrO)	0.07
Barium Oxide (BaO)	0.07
Manganese Dioxide (MnO2)	0.01

Alkalies As Na2O	0.15
Base/Acid Ratio	0.07
Silica Value	92.58
Slag Viscosity @ T250	>2900
lb. Ash/MMBTU	8.8

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

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

Britton, Annette

From: Jack Wells [jackwells@emeraldcoal.com]
nt: Wednesday, February 15, 2006 10:17 AM
'o: Britton, Annette
Subject: RFP

PFCFEB2006-13

2/15/06

Attached are two offers for your consideration. Please confirm your receipt.

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

2/16/06

CEU
2/15/06

PROGRESS Energy Florida

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

CEL 2/15/06 BSP 2/15/06 for BSC 2/15/06

PRODUCER NAME:	Emerald International Corp.		
STREET ADDRESS:	6895 Burlington Pike Florence, KY 41042		
CONTACT:	Steve Weber	TELEPHONE NO.	859-525-2522
MINE(S):	BOM DISTRICT:	COUNTY:	STATE: N/A
ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____		R/R TIPPLE DESIGNATION/NUMBER:	
TYPE OF LOADING FACILITY: UNIT TRAIN: _____	SINGLE CAR: _____	TRAINLOAD: _____	
MAXIMUM LOADING CAPACITY: _____ TONS	_____ HOURS	_____ TRACK CAPACITY	
WATER DELIVERY CAPABILITY: X YES ____ NO	IMPORT COAL: LOAD PORT Russia		
SHIP THROUGH: IMT _____ DOCK	LOAD RATE:: _____		
TOTAL PRODUCTION CAPACITY PER MONTH: _____ TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: _____ TONS			
TYPE OF MINE: _____% DEEP	_____% STRIP	_____% AUGER	
SEAMS:	BLEND RATIOS:		
COAL PREPARATION: 100 RAW	_____ WASHED	_____ COMBINATION	
TYPE OF COAL WASHER, IF WASHED:			
TYPE OF COAL SAMPLING: Automatic Samples			
TYPE OF LABOR CONTRACT(S):	DATE FOR RENEGOTIATION:		
TYPE OF COAL WEIGHING: Vessel Draft	SCALE CERTIFIED? ____YES ____ NO		

PERIOD	TONNAGE	BASE PRICE PER TON ~~FOB MINE~~
2007	[redacted]	[redacted]

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

PRODUCER'S COMMENTS: Price is CIF (Delivered to) IMT. 2 VESSELS

THIS OFFER EXPIRES FEBRUARY 21 2006.

CREDIT REFERENCES (Minimum two): Cinergy
Camelot Coal Company

INDUSTRY REFERENCES (Minimum four): Cinergy Southern Company
Progress Fuels
DTE

SIGNATURE: Dale Swem TITLE: President DATE: 2/15/06

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Annette Britton
annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

REDACTED

PROGRESS Energy Florida

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PRODUCER NAME: Emerald International Corp.			
STREET ADDRESS: 6895 Burlington Pike Florence, KY 41042			
CONTACT: Steve Weber		TELEPHONE NO. 859-525-2522	
MINE(S):	BOM DISTRICT:	COUNTY:	STATE: N/A
ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____		R/R TIPPLE DESIGNATION/NUMBER:	
TYPE OF LOADING FACILITY: UNIT TRAIN: _____		SINGLE CAR: _____	TRAINLOAD: _____
MAXIMUM LOADING CAPACITY: _____ TONS		_____ HOURS	_____ TRACK CAPACITY
WATER DELIVERY CAPABILITY: X YES ____ NO		IMPORT COAL: LOAD PORT Russia	
SHIP THROUGH: IMT DOCK		LOAD RATE:: _____	
TOTAL PRODUCTION CAPACITY PER MONTH: _____ TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: _____ TONS			
TYPE OF MINE: _____% DEEP		_____% STRIP	_____% AUGER
SEAMS:		BLEND RATIOS:	
COAL PREPARATION: 100 RAW		_____ WASHED	_____ COMBINATION
TYPE OF COAL WASHER, IF WASHED:			

TYPE OF COAL SAMPLING: Automatic Samples

TYPE OF LABOR CONTRACT(S):	DATE FOR RENEGOTIATION:
TYPE OF COAL WEIGHING: Vessel Draft	SCALE CERTIFIED? ____YES ____NO

PERIOD	TONNAGE	BASE PRICE PER TON ~~FOB MINE~~
2007	[redacted]	[redacted]

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

PRODUCER'S COMMENTS: Price is CIF (Delivered to) IMT.

THIS OFFER EXPIRES FEBRUARY 21.2006.

CREDIT REFERENCES (Minimum two): Cinergy
Camelot Coal Company

INDUSTRY REFERENCES (Minimum four): Cinergy Southern Company
Progress Fuels
DTE

SIGNATURE: [signature] TITLE: President DATE: 2/13/06

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Annette Britton
annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

REDACTED

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	9-11%	11.00% [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %	8-11%	11.00% [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	.727	.909	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	11,400	11,300 [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2318	2200 [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	31-34%	31.0% [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	55	[4]	42 MIN.[3]	65 MIN.[3]
SIZE	2X0	2X0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	40%	45%	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR			0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	72.25%	72.25%	—	—
HYDROGEN %	4.45%	4.45%	—	—
'TROGEN %	1.98%	1.98%	—	—
CHLORINE %	0.02%	.02%	—	—
OXYGEN %			—	—

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	.71%		Antimony		
SiO_2	50.28%		Arsenic	7.60mg/kg	
Fe_2O_3	8.61%		Beryllium		
Al_2O_3	19.55%		Cadmium		
TiO_2	.72%		Chromium	8.70 mg/kg	
CaO	6.35%		Cobalt		
MgO	3.03%		Fluorine		
SO_3	5.65%		Lead	5.20 mg/kg	
K_2O	2.30%		Lithium		
Na_2O	1.55%		Manganese		
Undetermined			Mercury	0.15 mg/kg	
ase/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS Energy Florida

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PROJECTED QUALITY

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

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

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PFCFEB2006-14

Britton, Annette

From: Steul, Dennis [djsteul@drummondco.com]
Sent: Wednesday, February 15, 2006 10:49 AM
To: Britton, Annette
Cc: Steul, Dennis
Subject: Term Contract Compliance Coal Quotation

JSR 2/15/06
PSF 2/15/06
CEV 2/15/06

Please find attached our offer for Crystal River Units #4 and #5.

Drummond Coal Sales Inc.
1000 Urban Center Drive
Suite 300
Vestavia Hills, Alabama 35242
Office: 205-945-6411
Fax: 205-945-6440

Confidentiality Notice: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain material that is confidential, privileged and/or attorney work product. Any unauthorized review; usage, reliance, disclosure or distribution by others or forwarding without express permission is strictly prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and delete and destroy all copies of the original message. Thank You.

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	27	MIN 26 – MAX 30 [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %	3.0	MIN 2.8 – MAX 4.0 [4]	10.0% MAX.[2]	7.8% MAX.[2]
TOTAL SULFUR %	0.10	MIN 0.08 – MAX 0.15 [4]	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB GROSS AS RECEIVED	8,700	8,200 MIN	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,080	MIN 2,048 – MAX 2,156 [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	36.0	MIN 35.0 – MAX 43.0 [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	46	MIN 44 – MAX 47 [4]	42 MIN.[3]	65 MIN.[3]
SIZE	2 x 0		2" X 0"	2" X 0"
FINES (-1/4" X 0")	30	28 – 35	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR			0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	BY DIFFERENCE – ASTM		———	———
HYDROGEN %	3.30	MAX 10.00	———	———
NITROGEN %	0.56	MAX 3.00	———	———
CHLORINE %	< 100PPM	< 100PPM	———	———
OXYGEN %	17.02	MAX 25.00	———	———

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT ON DRY BASIS			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.68		Antimony		
SiO_2	32.24		Arsenic		
Fe_2O_3	21.14		Beryllium		
Al_2O_3	11.70		Cadmium		
TiO_2	0.89		Chromium		
CaO	16.35		Cobalt		
MgO	7.83		Fluorine	<100PPM	
SO_3	8.14		Lead		
K_2O	0.49		Lithium		
Na_2O	0.11	1 MAX	Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium	<100PPM	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

ATTACHMENT 3

This offer of Indonesian coal is subject to mutual agreement on SSM's general terms and conditions.

1. QUANTITY
   The offered tonnage is comprised of [redacted]) Panamax gearless cargoes per year of [redacted] ~~ST +/- 10% seller~~'s option each with guaranteed ~~discharge rate~~ at IMT of 20,000 MT/DAY SHINC. Shipment period beginning in 2007 and ending in ~~2009 fairly evenly spread~~.

2. PRICE
   The offered price is $[redacted] per short ton for shipments in 2007, $[redacted] per short ton for shipments in 2008, and $ [redacted] per short ton for shipments in 2009 DES IMT, Mississippi River, and firm until February 22, 2006.

3. PREMIUM/PENALTY
   The contract price will be adjusted on a prorata basis if actual heating value is over/under 8,700 Btu/lb gross as received.

4. WEIGHT DETERMINATION
   Draft survey of vessel at loadport by independent surveyor to be final and binding to both parties. Cost for Seller's account.

5. QUALITY DETERMINATION
   At loadport in accordance with ASTM standards by an independent laboratory for Seller's account.

6. PAYMENT
   Telegraphically within 25 banking days after B/L-date, subject to credit approval.

7. DISCHARGING RATE
   20,000 MT/DAY SHINC.

8. DEMURRAGE/DESPATCH
   As per Seller's contract of Affreightment.

9. CREDIT
   Subject to SSM credit department approval.

REDACTED

Commonwealth Coal
SERVICES, INC.

KIMCO ARMINDO

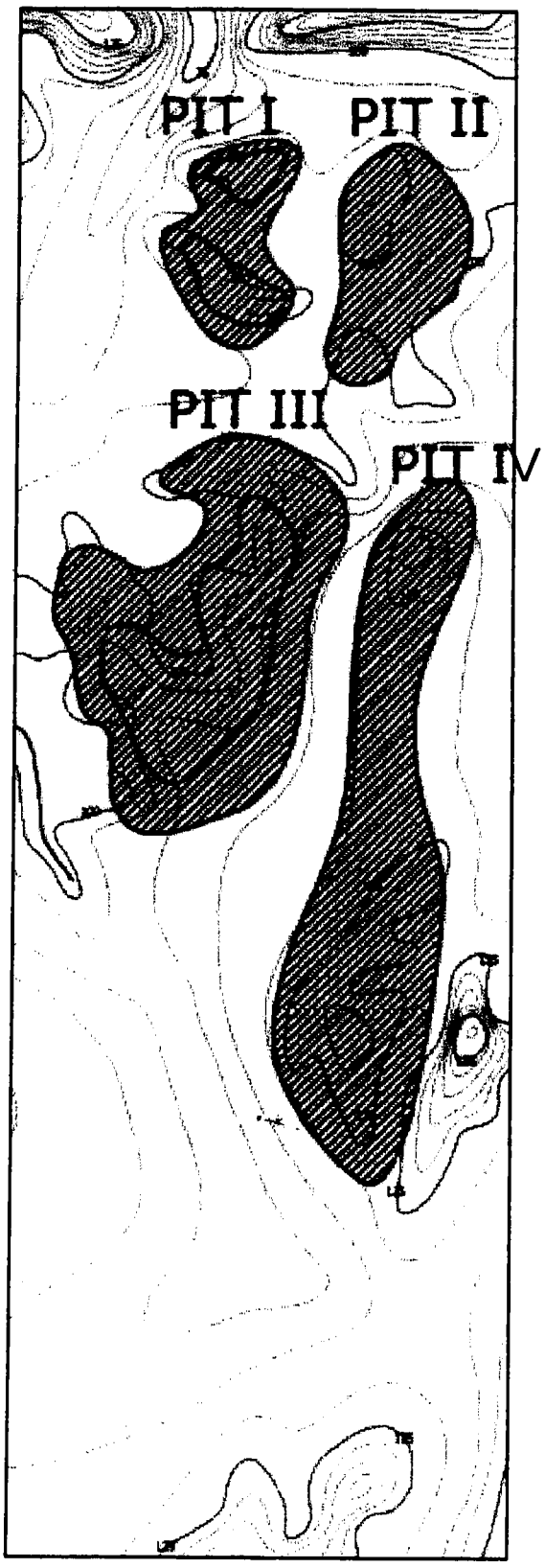
Sukamaju Coal

Parameter	Units	Typical	Range(Min/Max)
Calorific Value			
GAD	kcal/kg	6,200	6,100 Min
GAR	kcal/kg	5,800	5,700 Min
NAR	kcal/kg	5,550	5,400 Min
Total moisture	%	18	21.0 Max
Proximate Analysis (air dried)			
Inherent moisture	%	12.3	14.0 Max
Ash	%	7	9.0 Max
Volatile matter	%	40	35.0 Min
Total Sulfur	%	0.45	0.55 Max
Phosphorus	%	0.002	
Chlorine	%	0.01	
Physical Properties			
Hardgrove Index	HGI	47	45 Min
Size	% above 50mm	0	0 Max
	% under 2mm	25	30 Max
Ash Fusion Temperture (Reducing atmosphere)			
Deformation	℃	1,200	1,150 Min
Ultimate Analysis (dry basis)			
Carbon	%	70	
Hydrogen	%	4	
Nitrogen	%	1.2	1.5 Max
Oxygen	%	24.8	
Ash Analysis (dry basis)			
Fe_2O_3	%	13	
Na_2O	%	0.5	
K_2O	%	1	
CaO	%	10	

PT Kimco Armindo Coal Reserves

Saleable Coal Reserves
- Pit I: 16 million tons
- Pit II: 8 million tons
- Pit III: 35 million tons
- Pit IV: 21 million tons

Total: 80 million tons



Commonwealth Coal
SERVICES, INC.

N

1Km 2Km 3Km

PEF-CC-000424

PT Kimco Armindo Stripping Ratio

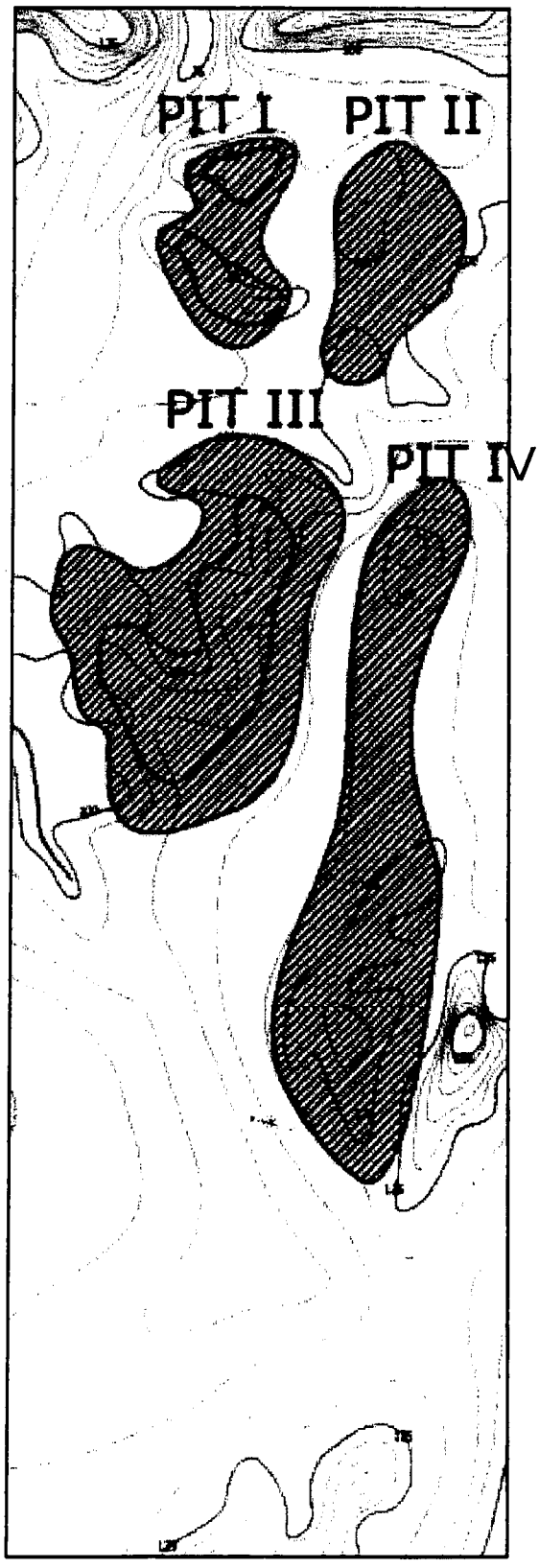
Overburden Ratio

Pit I: 3:1

Pit II: 3:1

Pit III: 5:1

Pit IV: 5:1



Commonwealth Coal SERVICES, INC.

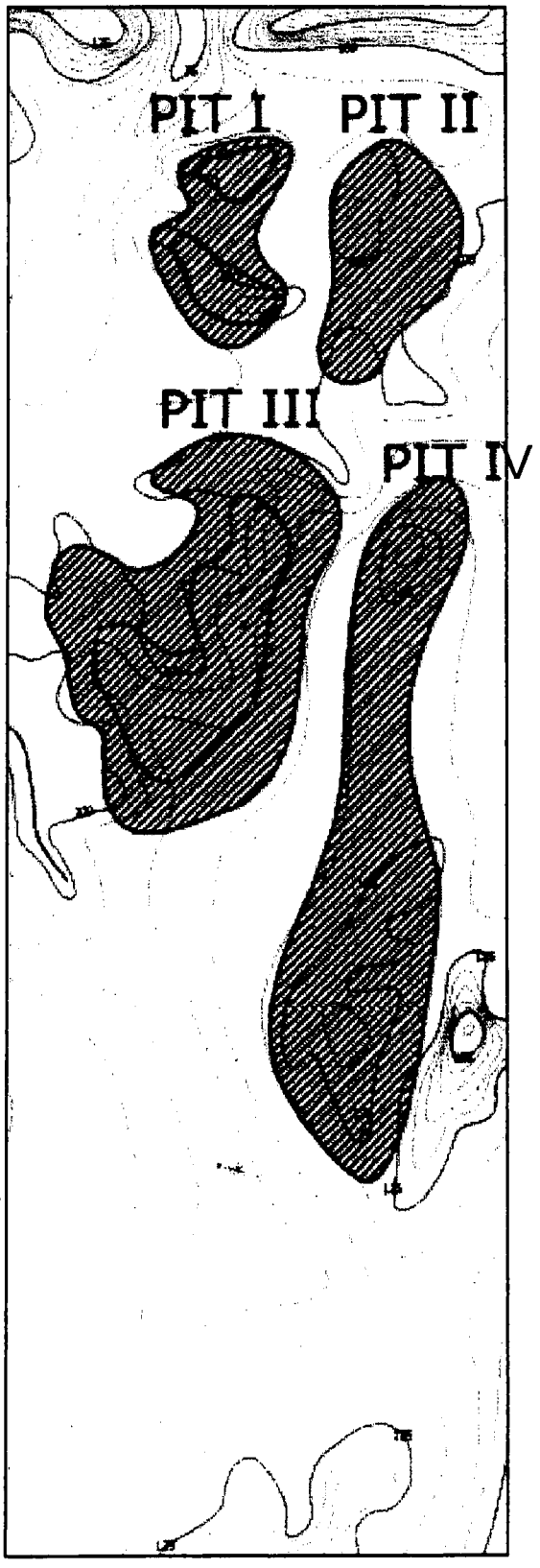
N

1Km 2Km 3Km

PT Kimco Armindo Mining Plan

Mining Plan by Year

- 2005: Pit III
- 2006: Pit III
- 2007: Pit I
- 2007 – 2010: Pit I, II, III
- >2010: Pit I, II, III, IV



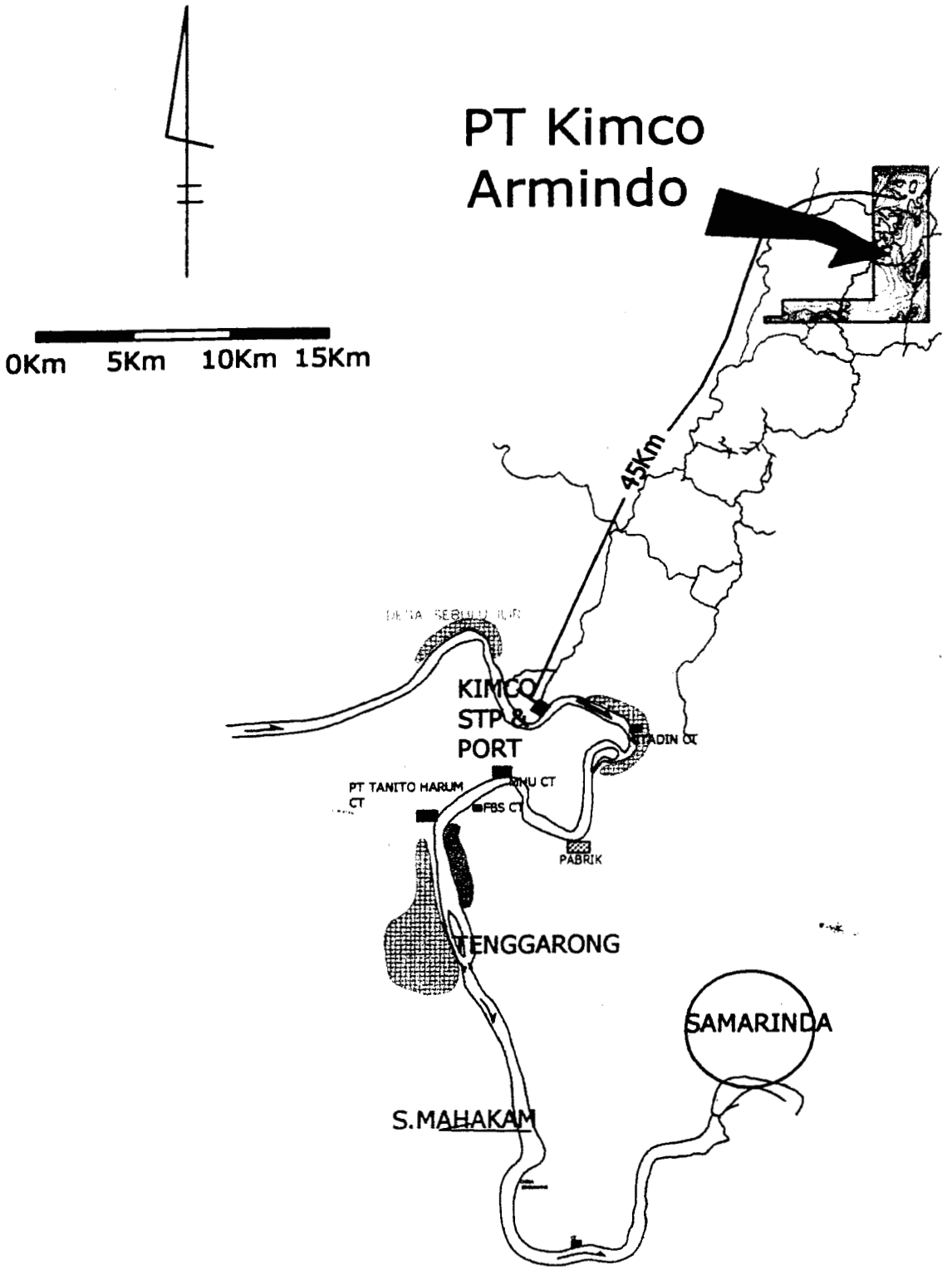
Commonwealth Coal
SERVICES, INC.

N

1Km 2Km 3Km

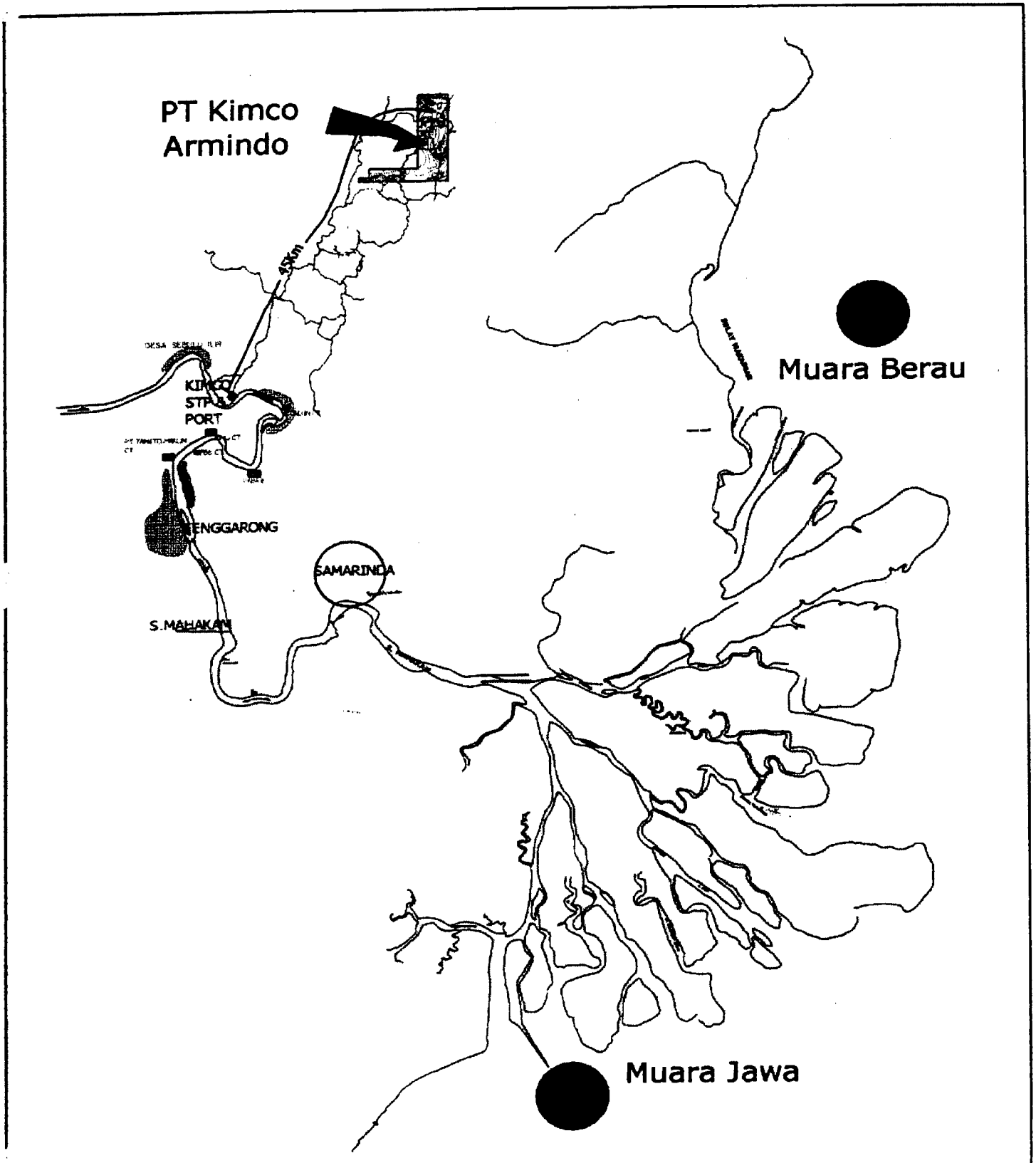
Kimco Shipping
Mine to River Terminal

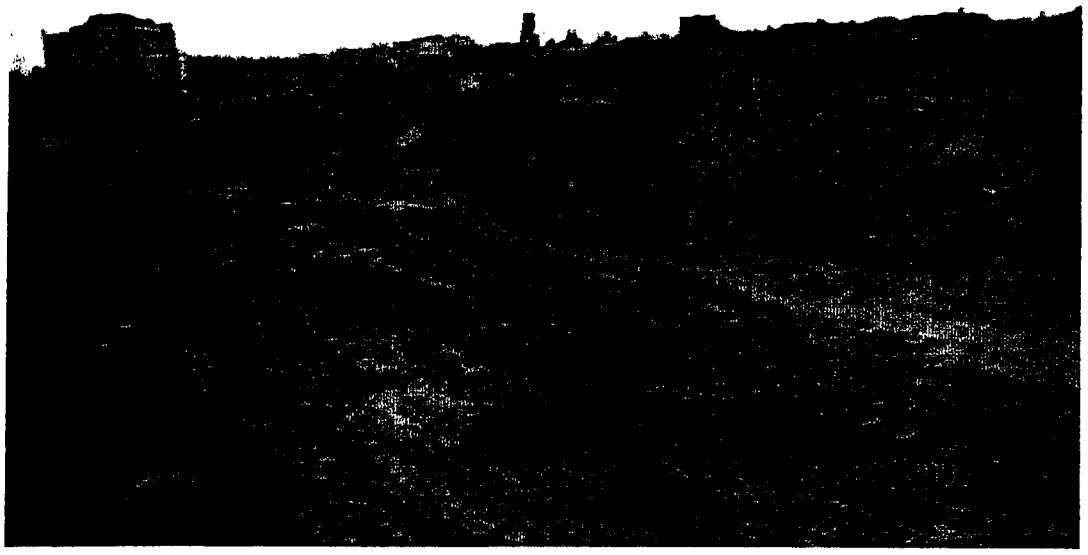
Commonwealth Coal
SERVICES, INC.



Kimco Shipping
Mine to Vessel

Commonwealth Coal
SERVICES, INC.





Overburden Haulage



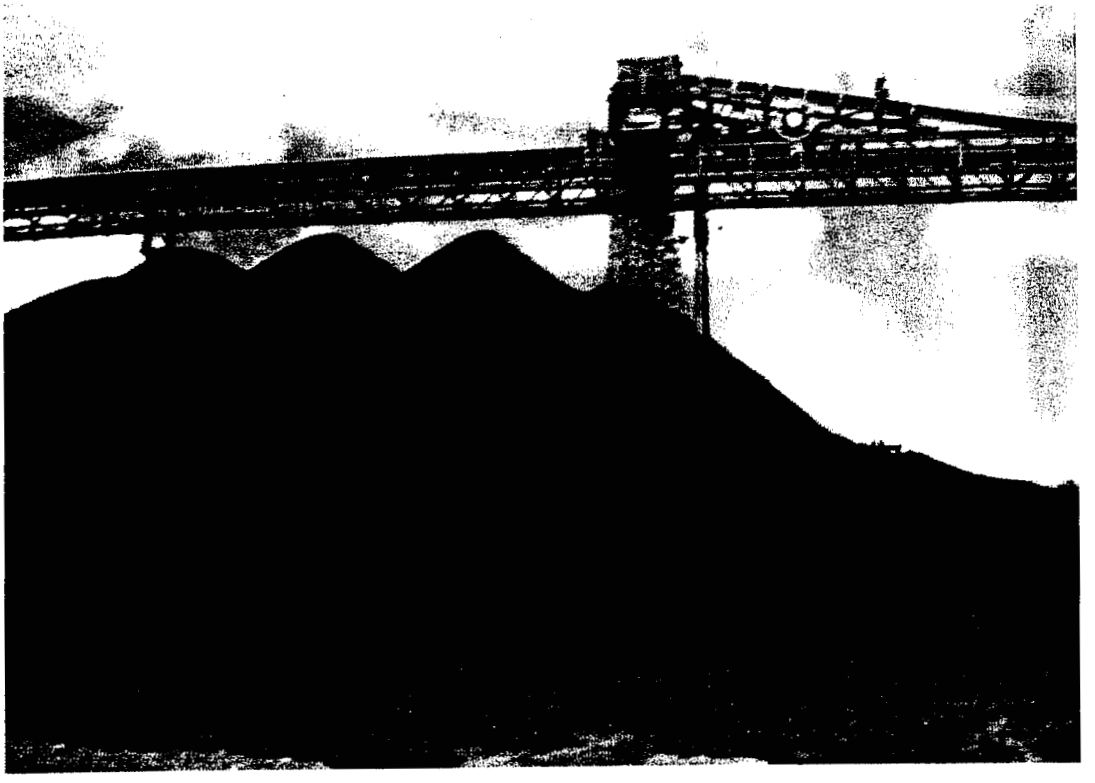
Pit Looking Northeast



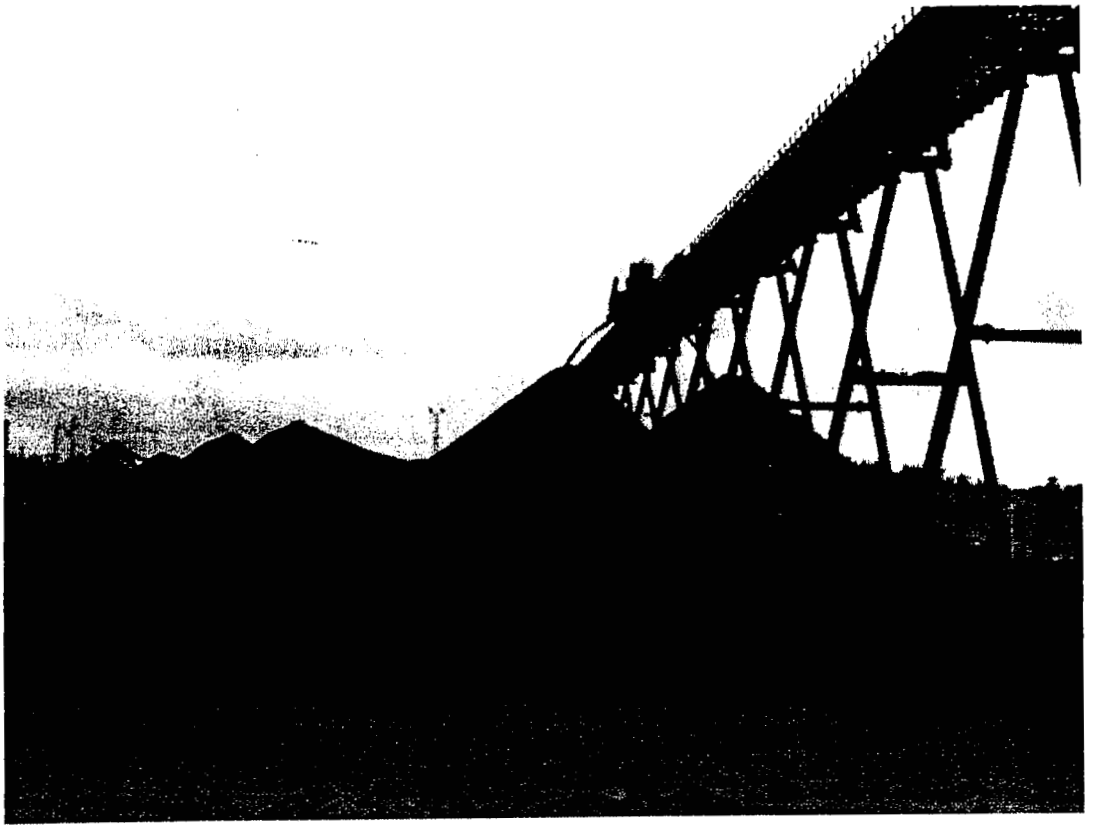
Pit Looking Northeast



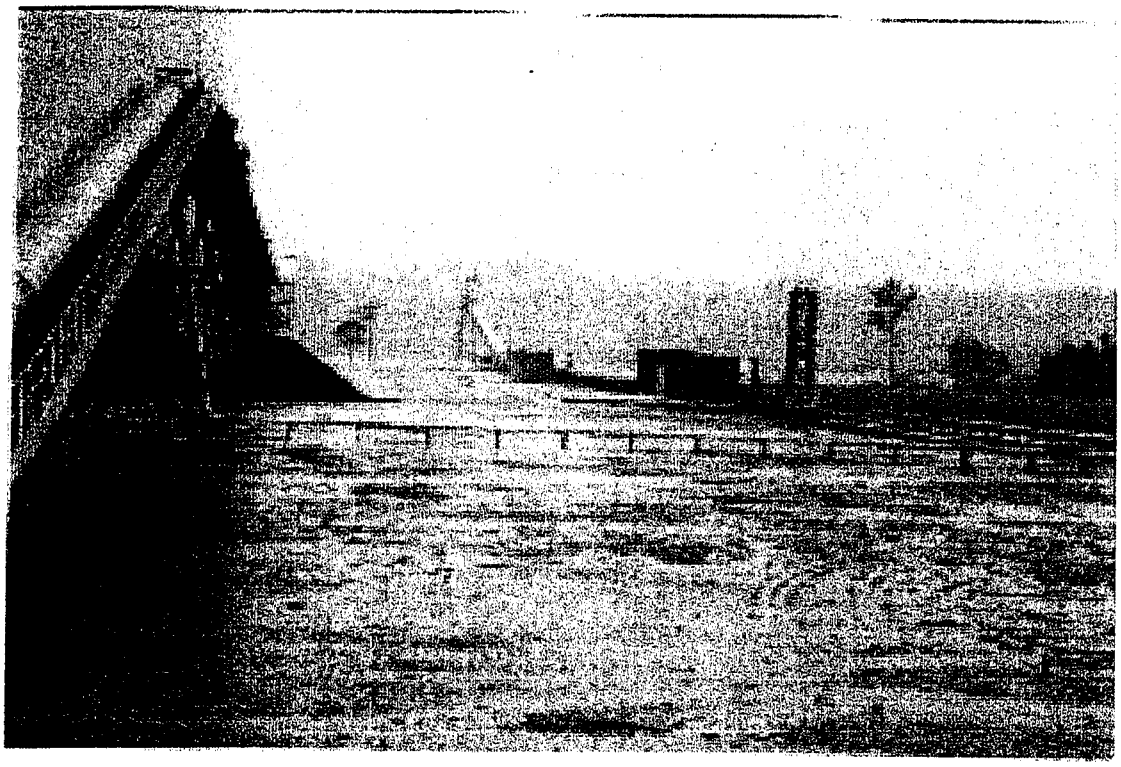
Pit Looking East



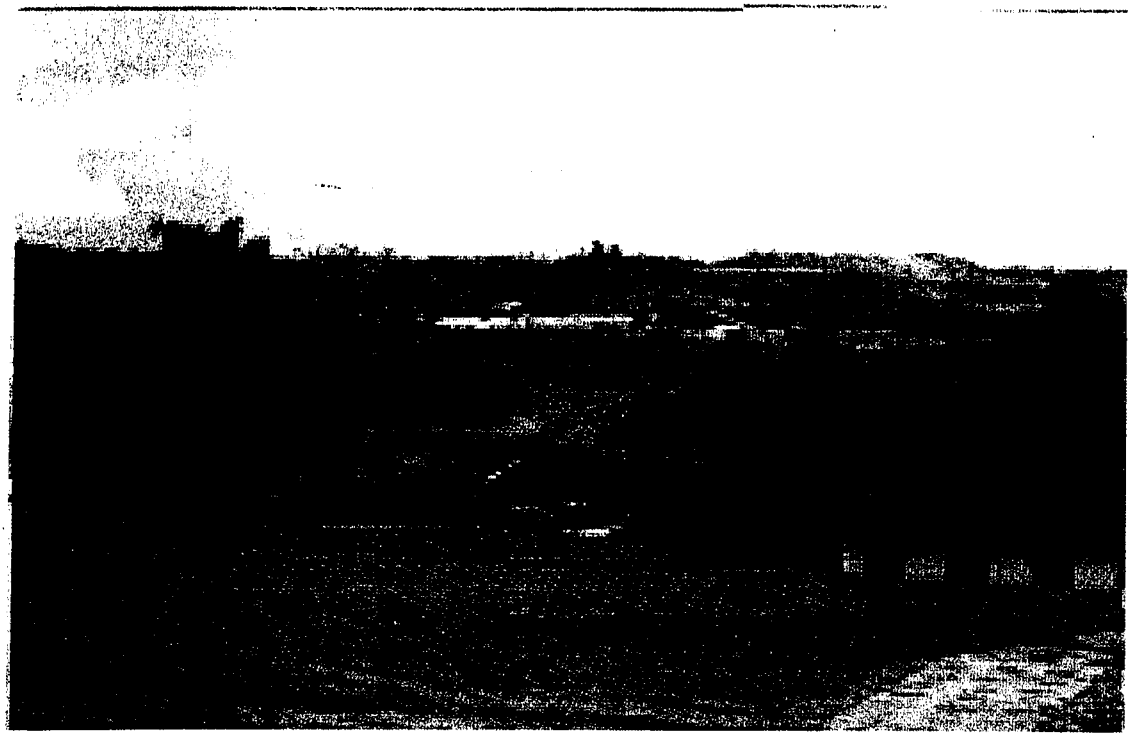
River Terminal Stockpile



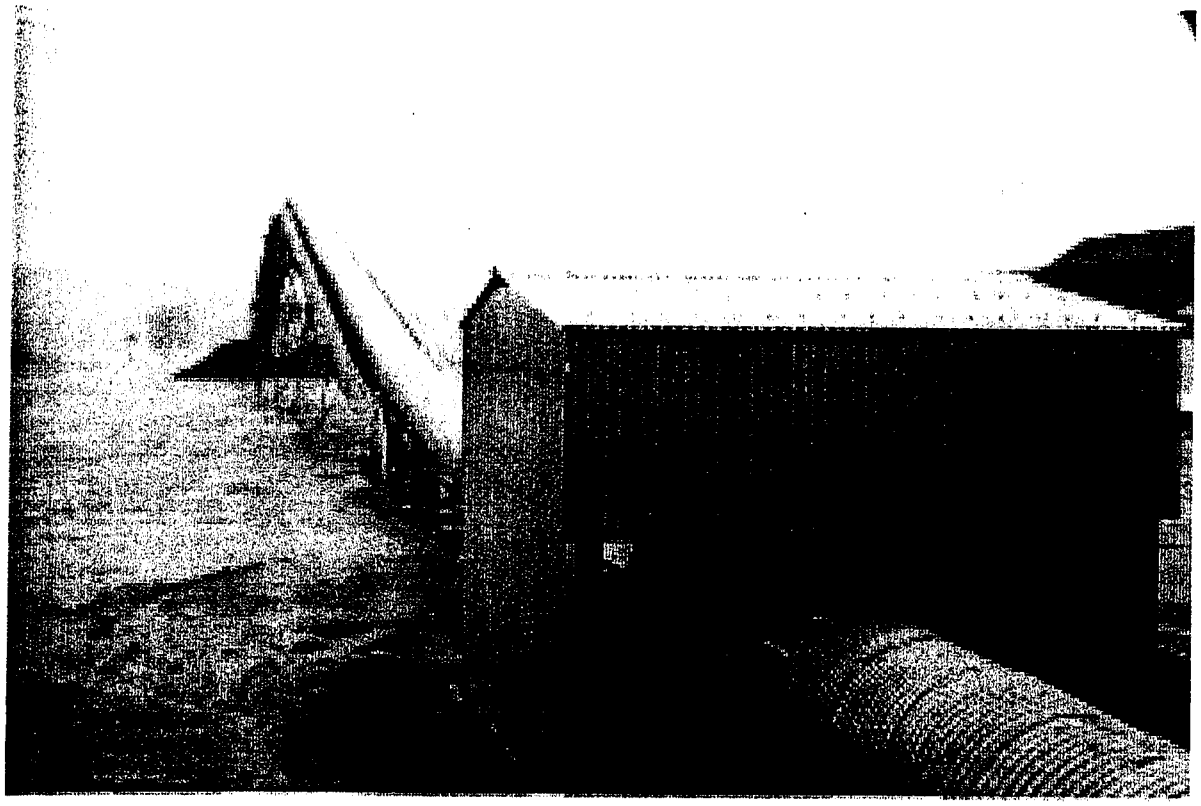
Stockpile Area from River



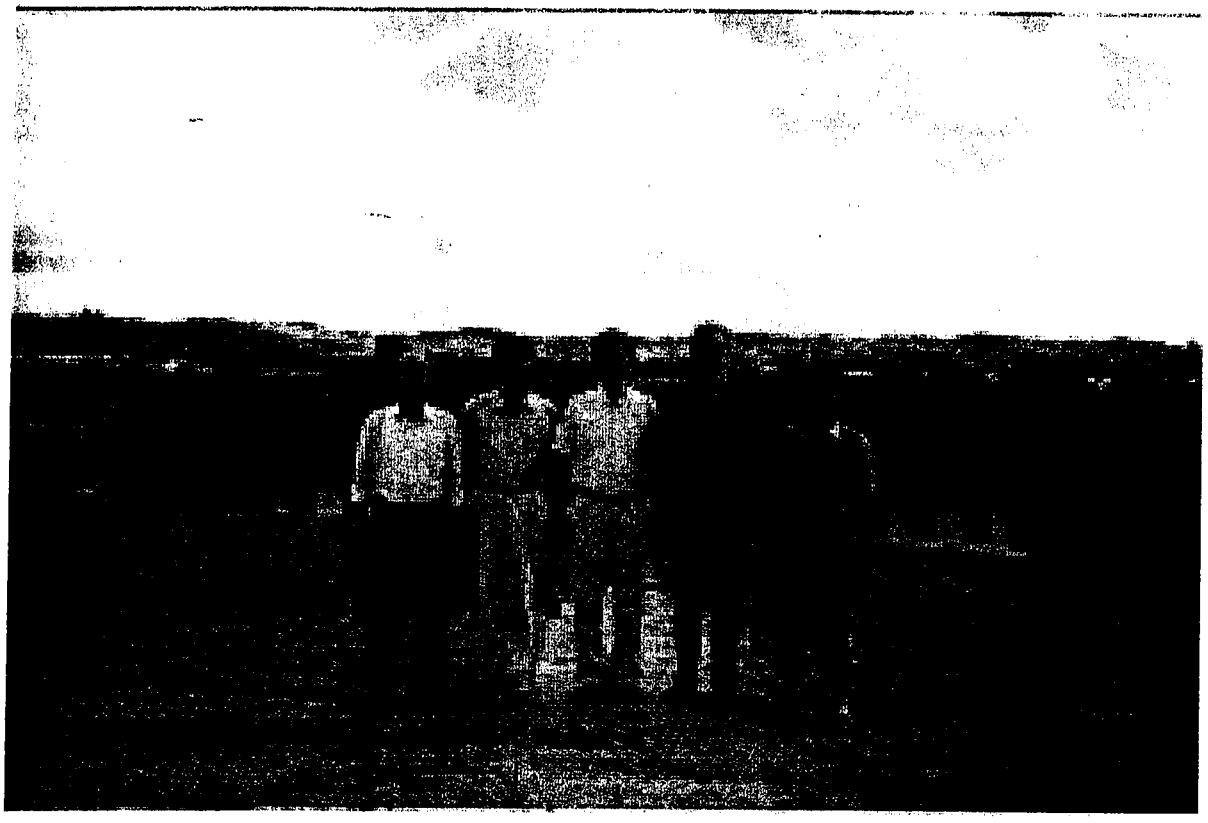
Terminal Under Construction



Terminal from Mine Office



Coal Crusher



Kimco Management

AMVEST COAL SALES, INC.

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

JAMES T. McSHERRY
SENIOR VICE PRESIDENT

DIRECT DIAL (434) 972-7770

February 13, 2006

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

Dear Ms. Britton:

AMVEST Coal Sales, Inc. appreciates the opportunity to submit a proposal in response to your solicitation dated February 3, 2005 for your coal requirements. After careful examination of our uncommitted tonnage of the coal meeting your specifications during the specified shipping period, we are unable to submit a proposal at the present time. Please retain us on your bidders list for subsequent solicitations.

Thank you for your time and consideration.

Sincerely,

Tim McSherry

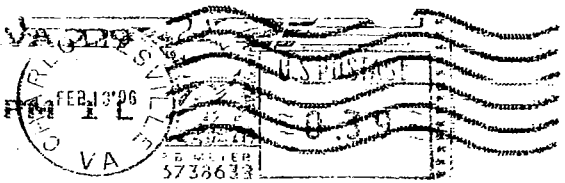
/jtm

PEF-CC-000434

AMVEST COAL SALES, INC.
ONE BOAR'S HEAD POINTE POST OFFICE BOX 5347 CHARLOTTESVILLE, VIRGINIA 22905-5347

CHARLOTTESVILLE VA 229

13 FEB 2006 PM 1 L



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

27601+1843

PEF-CC-000435

Britton, Annette

From: Britton, Annette
nt: Wednesday, February 15, 2006 8:58 AM
To: 'Joey Davis'
Subject: RE: Request for Proposals for Coal Supply

Thank you. We will keep you on our bid list for future RFPs.

Annette Britton
Sr Administrative Assistant to Sasha Weintraub
Director - Coal, Regulated Fuels Department
Progress Energy Carolinas, Inc.
410 South Wilmington Street - PEB 10A
Raleigh, NC 27601
T 919.546.3478 / F 919.546.4721
annette.britton@pgnmail.com
www.progress-energy.com

-----Original Message-----
From: Joey Davis [mailto:jdavis@nationalcoal.com]
Sent: Wednesday, February 15, 2006 8:28 AM
To: Britton, Annette
Subject: RE: Request for Proposals for Coal Supply

Annette,

We are unable to bid on your attached "Proposal for Coal Supply". However we feel we will be in a position to offer you coal by the second half of this year. Please keep us on your bid list and we look forward to working with you in the future.

Joey Davis
Vice President of Sales & Marketing

From: Britton, Annette [mailto:Annette.Britton@pgnmail.com]
Sent: Friday, February 03, 2006 3:56 PM
To: Britton, Annette
Subject: Request for Proposals for Coal Supply

Attached are four files regarding the Request for Proposals for Coal Supply to Progress Energy Florida Inc.'s Crystal River Units Nos. 1, 2, 4, and 5. Please see the RFP letter for instructions when returning the proposals (to my attention), and direct your questions to either Barbara Coppola (919.546.6002) or Eddie Vinson (919.546.3622). Thank you.

<<PEF 1 and 2 02-03-06.DOC>> <<PEF 1 and 2 Specs 02-03-06.DOC>> <<PEF 4 and 5 02-03-06.DOC>> <<PEF 4 and 5 Specs 02-03-06.DOC>>

Annette Britton
Sr Administrative Assistant to Sasha Weintraub
Director - Coal, Regulated Fuels Department
Progress Energy Carolinas, Inc.
410 South Wilmington Street - PEB 10A

Britton, Annette

From: CRezor1@aol.com
Sent: Monday, February 06, 2006 5:44 PM
To: Britton, Annette
Subject: Re: Request for Proposals for Coal Supply

Annette:

Thanks so much for forwarding your bid solicitation. We are presently evaluating availability and will submit a proposal if tonnage is available.

Charles Reasor
First American Coal

Britton, Annette

From: Bryan Stickney [bryan.stickney@psenergy.com]
nt: Monday, February 06, 2006 5:13 PM
To: Britton, Annette
Subject: RE: Request for Proposals for Coal Supply

Annette,

Thanks for your inquiry for the supply of coal to your facilities. However, PS Energy is no longer in the coal supply business and therefore will "NO BID" these RFPs.

Regards,

Bryan Stickney
PS Energy Group, Inc.
404-321-5711

-----Original Message-----
From: "Britton, Annette" <Annette.Britton@pgnmail.com>
Sent: 2/6/2006 4:36 PM
To: "Britton, Annette"
Subject: *Request for Proposals for Coal Supply*

Attached are four files regarding the Request for Proposals for Coal Supply to Progress Energy Florida Inc.'s Crystal River Units Nos. 1, 2, 4, and 5. Please see the RFP letter for instructions when returning the proposals (to my attention), and direct your questions to either Barbara Coppola (919.546.6002) or Eddie Vinson (919.546.3622). Thank you.

<<PEF 1 and 2 02-03-06.DOC>> <<PEF 1 and 2 Specs 02-03-06.DOC>> <<PEF 4 and 5 02-03-06.DOC>> <<PEF 4 and 5 Specs 02-03-06.DOC>>

Annette Britton
Sr Administrative Assistant to Sasha Weintraub
Director - Coal, Regulated Fuels Department
Progress Energy Carolinas, Inc.
410 South Wilmington Street - PEB 10A
Raleigh, NC 27601
T 919.546.3478 / F 919.546.4721
annette.britton@pgnmail.com
www.progress-energy.com

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PROGRESS Energy Florida

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

CEV 2/15/06 SAC 2/15/06 DAP 2/15/06

PRODUCER NAME: Interocean Coal Sales (Drummond)			
STREET ADDRESS: 1000 Urban Center Drive, Ste 300, Vestavia Hills, AL 35242			
CONTACT: Dennis Steul	TELEPHONE NO. 205-945-6411		
MINE(S): Pribbenow BOM DISTRICT: N/A	COUNTY: Colombia	STATE: Cesar	
ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other____	R/R TIPPLE DESIGNATION/NUMBER:		
TYPE OF LOADING FACILITY: UNIT TRAIN: N/A	SINGLE CAR: N/A	TRAINLOAD: N/A	
MAXIMUM LOADING CAPACITY: ~~N/A~~ TONS	N/A HOURS	N/A TRACK CAPACITY	
WATER DELIVERY CAPABILITY: ____ YES ____ NO	IMPORT COAL: LOAD PORT Puerto Drummond		
SHIP THROUGH: Alabama State Dock DOCK	LOAD RATE:: 25,000 MT/day		
TOTAL PRODUCTION CAPACITY PER MONTH: ~~2.5 mm~~ TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 2.0MM TONS			
TYPE OF MINE: 0 % DEEP	100 % STRIP	0 % AUGER	
SEAMS: Various	BLEND RATIOS:		
COAL PREPARATION: 99% RAW	1% WASHED	____ COMBINATION	
TYPE OF COAL WASHER, IF WASHED: Jig Washer			
TYPE OF COAL SAMPLING: JB Long Mechanical Sampler			
TYPE OF LABOR CONTRACT(S): Local	DATE FOR RENEGOTIATION: 2007		
TYPE OF COAL WEIGHING: Barge Draft	SCALE CERTIFIED? ____ YES __x__ NO		

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
2007-2009	[redacted]	[redacted] FOB Barge

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

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

INDUSTRY REFERENCES (Minimum four):

SIGNATURE: Dennis Steul TITLE: VP Sales Americas DATE: 2/15/2006

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Annette Britton
annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

REDACTED

PROGRESS Energy Florida

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	12	15 [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	2	5	5.0% MAX.	5.0% MAX.
ASH %	6.5	7 [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.05	1.2	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	11,550	11,500 [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W(R)	2350	2250 [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	36	+31 [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	45	43 [4]	42 MIN.[3]	65 MIN.[3]
SIZE	2 x 0	2 x o	2" X 0"	2" X 0"
FINES (-1/4" X 0")	40	45	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.18	0.2	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	44		—	—
HYDROGEN %	4.46		—	—
NITROGEN %	1.27		—	—
CHLORINE %	0.03		—	—
OXYGEN %	9.65		—	—

[1] Must be met on an individual shipment basis.
[2] Adjustable in direct proportion to Btu.
[3] Adjustable in inverse proportion to Btu.
[4] Economic analyses will be based on these values.
[5] Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS % WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20		Antimony	N/A	
SiO_2	58.45		Arsenic	2.9	
Fe_2O_3	7.40		Beryllium	0.2	
Al_2O_3	23.48		Cadmium	0.2	
TiO_2	1.02		Chromium	5.6	
CaO	2.36		Cobalt	N/A	
MgO	1.13		Fluorine	30	
SO_3	2.49		Lead	4.2	
K_2O	1.56		Lithium	N/A	
Na_2O	0.48		Manganese	N/A	
Undetermined	1.43		Mercury	0.07	
Base/Acid Ratio	0.16		Nickel	24.8	
Maximum Base/Acid Ratio			Selenium	3.3	

* NOTE: ADD SHEETS IF MORE THAN ONE SEAM

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	12	15 [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	2	5	5.0% MAX.	5.0% MAX.
ASH %	6.5	7 [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.05	1.2	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	11,550	11,500 [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W(R)	2350	2250 [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	36	+31 [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	45	43 [4]	42 MIN.[3]	65 MIN.[3]
SIZE	2 x 0	2 x o	2" X 0"	2" X 0"
FINES (-1/4" X 0")	40	45	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.18	0.2	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	44		—	—
HYDROGEN %	4.46		—	—
NITROGEN %	1.27		—	—
CHLORINE %	0.03		—	—
OXYGEN %	9.65		—	—

[1] Must be met on an individual shipment basis.
[2] Adjustable in direct proportion to Btu.
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[5] Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS % WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD. DEV.
P_2O_5	0.20		Antimony	N/A	
SiO_2	58.45		Arsenic	2.9	
Fe_2O_3	7.40		Beryllium	0.2	
Al_2O_3	23.48		Cadmium	0.2	
TiO_2	1.02		Chromium	5.6	
CaO	2.36		Cobalt	N/A	
MgO	1.13		Fluorine	30	
SO_3	2.49		Lead	4.2	
K_2O	1.56		Lithium	N/A	
Na_2O	0.48		Manganese	N/A	
Undetermined	1.43		Mercury	0.07	
Base/Acid Ratio	0.16		Nickel	24.8	
Maximum Base/Acid Ratio			Selenium	3.3	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

INTEROCEAN COAL SALES, LDC

1000 Urban Center Drive
Suite 300
Vestavia Hills, AL 35242

February 15, 2006

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

Dear Ms. Britton:

Interocean Coal Sales LDC is please to offer its Mina Pribbenow coal for your consideration. Our offer is FOB in your supplied ocean-going barges at McDuffie Coal Terminal located in Mobile, Alabama. Interocean Coal Sales, (Drummond) as part of its long-term agreement with the Alabama State Docks, has berth priority at McDuffie Coal Terminal. This will eliminate your exposure to vessels delays. The price indicated is good for 2007. For years 2008 and 2009 Progress Energy and Interocean will *negotiate a sales price each year.*

Quantity: [redacted] net tons per year

Term: January 1, 2007 – December 31, 2009

Specifications – as received basis, ASTM

Moisture	14.00 % max
Ash	7.00 % max
Sulfur	1.20 lbs. SO2/mmbtu max.
Volatile	31.00 % min
BTU	11,500 min
HGI	43-47
Size	0 x 2"

Price: [redacted] /net ton FOB barge, Mobile, Alabama

Sulfur premium/penalty: To be calculated annually based on the value of sulfur credits

Btu premium/penalty: prorata based on sales price FOB barge

This offer is valid through March 3, 2006, and is subject to prior sale.

All terms and conditions are subject to mutual agreement.

REDACTED

A test is planned in April to determine if Crystal River can successfully burn our 11,300 Btu product. If successful, we would like to convert any potential award to an 11,300 btu basis.

Thank you for this opportunity to quote our Colombian coal to Progress Energy.

Sincerely,

Dennis J. Steul
For Interocean Coal Sales, LDC

Vinson, Eddie

From: Cole, Rick [RCole@drummondco.com]
Sent: Wednesday, March 22, 2006 5:42 PM
To: Vinson, Eddie; Phipps, Brett
Cc: Steul, Dennis
Subject: Recent offers/test shipments

Eddie:

Confirming our recent conversations Progress Energy and Interocean Coal Sales LDC agree as follows:

1) Progress agrees to purchase four unit trains from Interocean for test shipments to the Cape Fear and Lee plants. Rail shipments will commence on or near May 15, 2006. Guaranteed coal spec and price as per letter of February 22, 2006.

2) Progress and Interocean agree that the Feb. 15, 2006 offer to supply the Crystal River plant will be accepted.

3) Progress and Interocean agree that the April 2006 Crystal River contract shipment will be loaded at 11,300 BTU. Sales price on each barge shipment from the vessel will be reduced prorata. Should Progress encounter operational difficulties with this shipment Interocean agrees to use its best efforts to divert any coal remaining at Mobile to another Interocean customer.

Please indicate your acceptance of the above as soon as possible.

Rick

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Progress Energy Florida Deal Ticket

Counterparty Interocean | Fuelworx Contract # | Date: 4/20/2006

Deal Type | New [x] | Revision [ ] | Termination [ ] | MOB [Yes or No]

Freight District: Mobile | Mine/Type of Mine: Mina Pribbenow

Rail	
Truck	
Gulf Barge	x
River Barge	
Region	

Counterparty Contact: Rick Cole | Phone #: 804-323-3004

Term: 1/1/07 thr 12/31/2009 | Effective Date: 1/1/2007 | Payment Terms: Net 25 from invoice

$	[redacted]	Coal Price	2008 and 2009 pricing to be negotiated
+ or - $			
+ or - $			
+ or - $		Other	
Total Price $			
		Total Volume	[redacted] total tons
		Volume/month	[redacted]
MTM $		Delivery Point	FOB Barge Mobile
Budget/Target $		Delivery Terms	
		Governing Weights	Certified Independent Draft @ Orgin
		Governing Analysis	Certified Independent Lab @ Orgin

P/P Calculations: BTU Prem.& Penalty pro rata. SO2 prem. And penalty pro rata

	Guarantee	Minimum	Maximum	Reject
Moisture	12.0%		14	> 14
Ash	7.0%		7	> 7
SO_2	1.2		1.2	> 1.2
Sulfur				
BTU	11,500	11,300		<11,300
HGI	47	43		<43
Volatile	32	30		< 31
Ash Fusion	2350	2250		<2250
Sizing	2x0		2x0	> 2x0

*Comments: If there is a succesful test with the 11,300 product at CR Drummond has ask that there gurantee BTU be reduced to11,300

Communicated on _____ to: | Date:

Coal Procurement Manager
Procurement Agent
Coal Procurement Analyst
FMS Fuels Specialist
Transportation
Back- Office
Mid-Office

REDACTED

PFCFEB2006-17

Britton, Annette

From: Kim Lanham [KimLanham@centralcoal.com]
Sent: Wednesday, February 15, 2006 11:00 AM
To: Britton, Annette
Subject: Progress Bids.pdf

<<Progress Bids.pdf>>

fmc 2/15/06
BFP 2/15/06
CEV 2/15/06

PROGRESS Energy Florida

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

CEU 2/15/06 BAC 2/15/06 DP 2/15/06

PRODUCER NAME: Central Coal Company

STREET ADDRESS: 148 Bristol East Road, Bristol, VA 24202

CONTACT: Clark Wisman | TELEPHONE NO. 276-669-8599

MINE(S): [redacted] | BOM DISTRICT: 8 | COUNTY: Kanawha | STATE: WV

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other Kanawha | R/R TIPPLE DESIGNATION/NUMBER: 81902

TYPE OF LOADING FACILITY:
UNIT TRAIN: _____ SINGLE CAR: _____ TRAINLOAD: 75

MAXIMUM LOADING CAPACITY:
7500 TONS 8 HOURS 100 TRACK CAPACITY

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

SHIP THROUGH: Winifrede DOCK LOAD RATE:: 15,000 Daily

TOTAL PRODUCTION CAPACITY PER MONTH: 150,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: _____ TONS

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

SEAMS: Eagle, Coalburg | BLEND RATIOS: 50 - 50

COAL PREPARATION: _____ RAW 100 WASHED ____ COMBINATION

TYPE OF COAL WASHER, IF WASHED: Heavy Media

TYPE OF COAL SAMPLING: J. B. Long Automatic

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

TYPE OF COAL WEIGHING: Railroad or Barge Draft | SCALE CERTIFIED? ____YES X NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
[redacted]	[redacted]	[redacted] FOB Barge or Railcar

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

PRODUCER'S COMMENTS: [redacted]

CREDIT REFERENCES (Minimum two): 1) Wachovia
2) Catepillar

INDUSTRY REFERENCES (Minimum four): 1) Duke Power 2) Dominion 3) American Electric Power 4) Constellation

SIGNATURE: [signature] TITLE: Director of Marketing DATE: 2-15-06

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Annette Britton
annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

REDACTED

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.5	8.0 [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	4.25	5.0	5.0% MAX.	5.0% MAX.
ASH %	11.50	13.0 [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.1	1.2 [4]	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	12,500	12,300 [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2700 [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	32.0	31.0 [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	46	42 [4]	42 MIN.[3]	65 MIN.[3]
SIZE	2" x 0	2" x 0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	40	45	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	.10	.2	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	50.0	48.0	—	—
HYDROGEN %	4.55	5.00	—	—
NITROGEN %	1.34	1.5	—	—
CHLORINE %	.10	.20	—	—
OXYGEN %	7.33	8.0	—	—

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	.21	.05	Antimony		
SiO_2	59.77	3.0	Arsenic		
Fe_2O_3	2.63	3.0	Beryllium		
Al_2O_3	29.80	3.0	Cadmium		
TiO_2	2.10	.4	Chromium		
CaO	1.12	.3	Cobalt		
MgO	.77	.3	Fluorine		
SO_3	.38	.05	Lead		
K_2O	2.68	.4	Lithium		
Na_2O	.27	.03	Manganese		
Undetermined	.04	.05	Mercury		
Base/Acid Ratio	.08	.03	Nickel		
Maximum Base/Acid Ratio	.12	.03	Selenium		

Progress Energy Florida Deal Ticket

Counterparty Central Coal Sales | Fuelworx Contract # | Date: 3/30/2006

Deal Type | New [x] | Revision [ ] | Termination [ ] | MOB [Yes or No]

Freight District: Marmet Pool

Mine/Type of Mine: Kanawha Eagle; 100% Deep Mine (washed)

Rail	
Truck	
Gulf Barge	
River Barge	X
Region	

~~There is a pricing collar for 2009 +/- $5.00~~ THIS WAS REMOVED FROM DEAL (CCV)

Counterparty Contact: Clarke Wisman | Phone #: 276-669-8599

Term: 1/1/07 thr 12/31/2008 | Effective Date: 1/1/2007 | Payment Terms: Net 25 from invoice

$	64.65	Coal Price	
+ or - $			
+ or - $			
+ or - $		Other	
Total Price $	**64.65**		
MTM $			
Budget/Target $			

Total Volume	600,000 total tons
Volume/month	25,000
Delivery Point	FOB Barge Marmet Pool
Delivery Terms	FOB Barge Marmet Pool
Governing Weights	Certified Independent Draft @ Orgin
Governing Analysis	Certified Independent Lab @ Orgin

P/P Calculations: BTU

	Guarantee	Minimum	Maximum	Reject
Moisture	8.0%		9	>9
Ash	13.0%		13	> 13
SO_2	1.2		1.2	> 1.2
Sulfur				
BTU	12,300	12,000		< 12,000
HGI	42	42		< 42
Volatile	31	30		< 30
Ash Fusion	2700	2500		
Sizing	2x0		2x0	> 2x0

*Comments

Communicated on 3/30/06 to:
Coal Procurement Manager
Procurement Agent
Coal Procurement Analyst
FMS Fuels Specialist
Transportation
Back- Office
Mid-Office
System Administrator

Date: 3/30/2006

Britton, Annette

PFCFEB2006-18

From: Andy Cox [andy.cox@cmc-coal.com]

Sent: Wednesday, February 15, 2006 11:00 AM

To: Britton, Annette

Subject: Progress Energy Florida Coal Proposal - Term Contract Compliance Coal Quotation

Please accept the attached response to your RFP. If you have any trouble with the contents, please contact me for resubmittal. Thank you.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

CMC
Coal Marketing Company

2720 Willow Oak Circle
Charlottesville, VA 22901 - 9526

Tel: 434 - 984 - 2625
Fax: 434 - 984 - 2624

FAC 2/15/06

2/15/06

CEY 2/15/06

February 15, 2006

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

Progress Energy Florida Coal Proposal – Term Contract Compliance Coal Quotation

Attention Ms. Britton:

Please accept the enclosed proposal and solicitation form as Coal Marketing Company (U.S.A.) Inc.'s formal response to your request for proposals dated February 3, 2006. We are pleased to offer coal to Progress Energy Florida and hope to continue our relationship with the Crystal River plant.

Our proposal contains a firm price and tonnage offer for calendar year 2007. As we are offering our [redacted] Btu/lb compliance product, which has not yet been tested at Crystal River, we feel it may be presumptuous for us to offer an extended term proposal. We would hope that the test of this product, which has discussed for this year, will be successful and that we can then use those results and this proposal as a basis for a longer term relationship. CMC(USA) is would be interested in discussing either firm price or term with reopener contracts.

CMC reserves the right to negotiate the final terms and conditions of any coal supply agreement between the parties. The product offered herein is subject to prior sale and availability. Any coal supply agreement is subject to CMC(USA) board and credit approval.

This proposal is [redacted] The fluidity of the ocean freight market prevents extended offer validity time frames. The validity of this proposal may be extended by mutual agreement of the parties.

Thank you for this opportunity to continue our relationship with Progress Energy. We look forward to receiving your favorable response.

Sincerely,

Andrew W. Cox
Sales Director

PROGRESS Energy Florida

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

CEA 2/15/06 BAC 2/15/06 BDL 2/15/06

PRODUCER NAME: **Coal Marketing Company (U.S.A.) Inc. for its affiliate, Carbones del Cerrejon**

STREET ADDRESS: **2720 Willow Oak Circle Charlottesville, VA 22901**

CONTACT: **Andrew W. Cox** | TELEPHONE NO. **(434) 984 - 2625**

MINE(S): **Carbones del Cerrejon** BOM DISTRICT: **N/A** | COUNTY: **N/A** | STATE: **N/A**

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____ | R/R TIPPLE DESIGNATION/NUMBER: **N/A**

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

MAXIMUM LOADING CAPACITY:
_____ TONS _____ HOURS _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: __X__ YES ____ NO IMPORT COAL: LOAD PORT **Puerto Bolivar, Colombia, South America**

SHIP THROUGH: **International Marine Terminal (IMT)** DOCK LOAD RATE: **6,000 tons per hour**

TOTAL PRODUCTION CAPACITY PER MONTH: **2.9 Million** TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: **1.8 Million** TONS

TYPE OF MINE: _____% DEEP **100** % STRIP _____% AUGER

SEAMS: **Approximately 32 seams.** | BLEND RATIOS:

COAL PREPARATION: **95 %** RAW **5%** WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

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

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

TYPE OF COAL WEIGHING: **Vessel Draft Survey** | SCALE CERTIFIED? ____YES __X__ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
[redacted]	[redacted]	[redacted] net ton DES International Marine Terminal

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

PRODUCER'S COMMENTS: **The product offered herein is subject to prior sale and availability. All final terms and conditions of a sales agreement are subject to negotiation, CMC(USA) board and credit approval. Ocean freight rates offered as part of this proposal are subject to confirmation.**

CREDIT REFERENCES (Minimum two): **Kinder Morgan Bulk Terminals, Alabama State Docks**

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

SIGNATURE: **Andrew W. Cox** | TITLE: **Sales Director** | DATE: **15 February 2006**

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Annette Britton
annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

REDACTED

PEF-CC-000356

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	13.2	13.9 MAX[1]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	3.0	5.0 MAX	5.0% MAX.	5.0% MAX.
ASH %	7.6	8.4 MAX	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.05	[illegible]	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	11,400	[illegible]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,310	2,250 MIN	2,500 MIN.	2,200 MIN.
VOLATILE %	33.3	31.7 MIN	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	49	46 MIN	42 MIN.[3]	65 MIN.[3]
SIZE	2" x 0"	2" x 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	47 %	53 % MAX	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.2	0.25 MAX	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	45.9		———	———
HYDROGEN %	4.6		———	———
NITROGEN %	1.2		———	———
CHLORINE %	0.03		———	———
OXYGEN %	8.0		———	———

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.22	0.03	Antimony	1.4	
SiO_2	60.2	0.8	Arsenic	1.5	
Fe_2O_3	8.4	0.5	Beryllium	0.4	
Al_2O_3	20.1	0.9	Cadmium	0.4	
TiO_2	0.96	0.1	Chromium	11	
CaO	2.4	0.4	Cobalt	1.0	
MgO	2.3	0.4	Fluorine	52	
SO_3	2.1	0.2	Lead	7	
K_2O	2.2	0.35	Lithium	n/a	
Na_2O	0.8	0.15	Manganese	48	
Undetermined	0.32		Mercury	0.01	
Base/Acid Ratio	0.20		Nickel	11	
Maximum Base/Acid Ratio	0.24		Selenium	0.3	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	13.2	13.9 MAX[1]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	3.0	5.0 MAX	5.0% MAX.	5.0% MAX.
ASH %	7.6	8.4 MAX	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.05	1.20 MAX	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	11,400	11,400 MIN	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,310	2,250 MIN	2,500 MIN.	2,200 MIN.
VOLATILE %	33.3	31.7 MIN	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	49	46 MIN	42 MIN.[3]	65 MIN.[3]
SIZE	2" x 0"	2" x 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	47 %	53 % MAX	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.2	0.25 MAX	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	45.9		—	—
HYDROGEN %	4.6		—	—
NITROGEN %	1.2		—	—
CHLORINE %	0.03		—	—
OXYGEN %	8.0		—	—

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.22	0.03	Antimony	1.4	
SiO_2	60.2	0.8	Arsenic	1.5	
Fe_2O_3	8.4	0.5	Beryllium	0.4	
Al_2O_3	20.1	0.9	Cadmium	0.4	
TiO_2	0.96	0.1	Chromium	11	
CaO	2.4	0.4	Cobalt	1.0	
MgO	2.3	0.4	Fluorine	52	
SO_3	2.1	0.2	Lead	7	
K_2O	2.2	0.35	Lithium	n/a	
Na_2O	0.8	0.15	Manganese	48	
Undetermined	0.32		Mercury	0.01	
Base/Acid Ratio	0.20		Nickel	11	
Maximum Base/Acid Ratio	0.24		Selenium	0.3	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

CMC
Coal Marketing Company Ltd

CERREJON "COMPLIANCE" PRODUCT

Proximate Analysis (As received basis)

	TYPICAL	RANGE MIN	RANGE MAX
Gross Heating Value, BTU/lb	11,400	11,200	11,500
Ash, %	8.1	6.2	9.9
Volatile Matter, %	33.5	32.0	35.0
Total Moisture, %	12.9	11.1	14.9
Fix Carbon,%	45.5		

Ultimate Analysis (As received basis)

Moisture, %	12.9	11.1	14.8
Carbon,%	64.3		
Hydrogen, %	4.6		
Nitrogen,%	1.2		
Chlorine, %	0.03		
Sulfur	0.55	0.40	0.67
Ash, %	8.2	6.2	9.7
Oxygen, %	8.22		

Other Analysis

HGI	48	44	52
Fluorine (p.p.m.)	51		

Size Distribution

Nominal Top Size mm.	50		
% below 6.3 mm.	47	41	52

p.p.m. = Parts per million

Mineral Analysis of Ash . (As ignited basis)

		TYPICAL	RANGE MIN	RANGE MAX
Silica	SiO2, %	60.2		
Aluminum	Al2O3, %	20.1		
Titanium	TiO2, %	0.96		
Iron	Fe2O3, %	8.4		
Calcium	CaO, %	2.4		
Magnesium	MgO, %	2.3		
Potassium	K2O, %	2.2		
Sodium	Na2O, %	0.8		
Sulfur	SO3, %	2.1		
Manganese	Mn3O4, %	0.06		
Phosphorus	P2O5, %	0.22		
Undetermined, %		0.26		

Fusion Temperatures of Ash

Reducing Atmosphere - oF

Initial Deformation	2,180
Softening H=W	2,280
Hemispherical H=W/2	2,380
Fluid	2,490

calculated combustion parameters

SO2/MBTU =(S/BTU) x 20000	0.96	0.70	1.20
B/A =(1)	0.20		
F.F. =(1) x Na20 in ash	0.16		
S.F. =(1) x S (dry)	0.13		

(1) = (Fe2O3+CaO+MgO+K2O+Na2O) / (Al2O3+SiO2+TiO2) in ash

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Tuesday, March 14, 2006 7:45 PM
To: Vinson, Eddie; Phipps, Brett
Subject: 2007 Proposal

Eddie,

Attached to this e amil you will see our proposal to provide 11,600 Btu/lb compliance coal to Progress Energy Florida during 2007. I have included several ideas from our discussions last week. I hope you will be able to give us a positive answer.

The ocean freight is solid through close of business on Friday, 17 March. Think of it as our St. Patrick's Day gift. If you can give us a go ahead, subject to finalizing the details, we can lock in the rates.

My US cell phone works in Catagena. Call me if you need me.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

CMC
Coal Marketing Company

2720 Willow Oak Circle
Charlottesville, VA 22901 - 9526

Tel: 434 - 984 - 2625
Fax: 434 - 984 - 2624

March 15, 2006

Mr. Eddie Vinson
Senior Coal Procurement Agent
Regulated Fuels Department
Progress Energy Carolinas, Inc.
410 S. Wilmington Street
Raleigh, NC 27601

Dear Eddie,

Per our discussions, Coal Marketing Company (USA), Inc. is pleased to restate our term proposal originally submitted to Progress Energy on February 15, 2006. This current offer reflects the items discussed during our meeting of March 10, 2006. We hope that this proposal will serve as the basis for the continuation of our current business relationship.

Term
CMC (USA) is interested in entering into a coal sales and purchase agreement to supply compliance coal to Progress Energy Florida's Crystal River Units #1 and #2 during the 2007 calendar year.

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

Delivery
Coal would be sold CIF International Marine Terminal, Myrtle Grove, LA unless otherwise mutually agreed. Except as provided, the provisions of Incoterms 2000 would apply.

Tonnage
CMC (USA) would be willing to supply [redacted] approximately [redacted] net tons +/- 10% during the term of this agreement. The final

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Tuesday, March 14, 2006 7:46 PM
To: Vinson, Eddie; Phipps, Brett
Subject: Coal Quality

Forgat to include the two coal qualities. Please add to my previous e mail for 2007.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

QUALITY PLANNING SUMMARY CERREJON MINE 2005

PRODUCT "C"

EXPORT QUALITY, AS RECEIVED BASIS

Proximate Analysis , % wt.	AVG.	RANGE	
Gross Heating Value, BTU/lb	11600	11400	11699
Net Heating Value			
BTU/lb	11053	10853	11152
Kcal/Kg	6141	6030	6196
Total Sulfur	0.67	0.50	0.81
Ash	8.40	6.90	10.20
Volatile Matter	33.40	32.00	34.40
Total Moisture	11.60	10.20	13.00
Equilibrium Moisture	8.60	7.40	9.80
Fixed Carbon	46.60	45.50	47.70

Ultimate Analysis , % w			
Moisture, %	11.60	10.20	13.00
Carbon,%	65.40	63.70	67.10
Hydrogen, %	4.60	4.40	4.80
Nitrogen,%	1.20	1.06	1.34
Chlorine, %	0.03	0.01	0.07
Sulfur	0.67	0.50	0.81
Ash, %	8.40	6.90	10.20
Oxygen, %	8.10	6.60	9.60

Other Analysis			
HGI	48	45	53
Fluorine ppm.	52	44	60
FSI	2.5	1.5	3.5

Sulfur Forms, % wt.			
Pyritic	0.23	0.20	0.33
Sulfate	0.03	0.01	0.09
Organic	0.41	0.27	0.55
Total	0.67	0.50	0.81

Size			
Nominal Top Size inc	2		
% wt.< 1/4 in.	46	40.0	52.0

(1) = (Fe2O3+CaO+MgO+K2O+Na2O) / (Al2O3+SiO2+TiO2) in ash

(2) = (100xSiO2) / (SiO2+Fe2O3+CaO+MgO) in ash

(3) = (CaO+MgO) / (Fe2O3+CaO+MgO+K2O+Na2O) in ash

p.p.m. = Parts per million

Mineral Analysis of Ash , % wt.	AVG.	RANGE	
Silica SiO2	60.20	58.60	61.80
Aluminum Al2O3	20.30	18.20	22.50
Titanium TiO2	1.00	0.74	1.26
Iron Fe2O3	8.40	7.20	9.60
Calcium CaO	2.50	1.30	3.70
Magnesium MgO	2.20	1.40	3.00
Potassium K2O	2.20	1.40	3.00
Sodium Na2O	0.65	0.50	0.80
Sulfur SO3	2.10	1.40	2.80
Manganese Mn3O4	0.06	0.03	0.09
Phosphorus P2O5	0.22	0.18	0.26
Undetermined	0.17		

Ash Fusion Temperatures			
IDT Red.°F	2210	2146	2274
IDT Red.°C	**1210**	**1174**	**1246**
ST Red. °F	2318	2254	2382
ST Red. °C	**1270**	**1234**	**1306**
HT Red. °F	2444	2364	2524
HT Red. °C	**1340**	**1296**	**1384**
FT Red. °F	2552	2480	2624
FT Red. °C	**1400**	**1360**	**1440**
IDT Oxi.°F	2341	2281	2401
IDT Oxi.°C	**1283**	**1249**	**1316**
ST Oxi. °F	2458	2358	2558
ST Oxi. °C	**1348**	**1292**	**1403**
HT Oxi. °F	2544	2444	2644
HT Oxi. °C	**1396**	**1340**	**1451**
FT Oxi. °F	2642	2542	2700
FT Oxi. °C	**1450**	**1394**	**1482**

Calculated Combustion Parameters			
SO2/MBTU =(S/BTU) x 20000	1.16	0.86	1.40
B/A =(1)	0.20	0.16	0.24
F.F. =(1) x Na20 in ash	0.13	0.07	0.19
S.F. =(1) x S (dry)	0.15	0.11	0.19
Silica V. =(2)	82	72	92
Dolomite =(3)	0.29	0.19	0.39
Si/Al =SiO2 / Al2O3	3.0	2.4	3.6
Fe/Ca =Fe2O3/CaO	3.4	1.4	5.4

CMC
Coal Marketing Company Ltd

CERREJON "COMPLIANCE" PRODUCT

Proximate Analysis (As received basis)

	TYPICAL	RANGE MIN	RANGE MAX
Gross Heating Value, BTU/lb	11,400	11,200	11,500
Ash, %	8.1	6.2	9.9
Volatile Matter, %	33.5	32.0	35.0
Total Moisture, %	12.9	11.1	14.9
Fix Carbon,%	45.5		

Ultimate Analysis (As received basis)

Moisture, %	12.9	11.1	14.8
Carbon,%	64.3		
Hydrogen, %	4.6		
Nitrogen,%	1.2		
Chlorine, %	0.03		
Sulfur	0.55	0.40	0.67
Ash, %	8.2	6.2	9.7
Oxygen, %	8.22		

Other Analysis

HGI	48	44	52
Fluorine (p.p.m.)	51		

Size Distribution

Nominal Top Size mm.	50		
% below 6.3 mm.	47	41	52

p.p.m. = Parts per million

Mineral Analysis of Ash . (As ignited basis)

		TYPICAL	RANGE MIN	RANGE MAX
Silica	SiO2, %	60.2		
Aluminum	Al2O3, %	20.1		
Titanium	TiO2, %	0.96		
Iron	Fe2O3, %	8.4		
Calcium	CaO, %	2.4		
Magnesium	MgO, %	2.3		
Potassium	K2O, %	2.2		
Sodium	Na2O, %	0.8		
Sulfur	SO3, %	2.1		
Manganese	Mn3O4, %	0.06		
Phosphorus	P2O5, %	0.22		
Undetermined, %		0.26		

Fusion Temperatures of Ash

Reducing Atmosphere - oF

Initial Deformation	2,180
Softening H=W	2,280
Hemispherical H=W/2	2,380
Fluid	2,490

calculated combustion parameters

SO2/MBTU =(S/BTU) x 20000		0.96	0.70	1.20
B/A	=(1)	0.20		
F.F.	=(1) x Na20 in ash	0.16		
S.F.	=(1) x S (dry)	0.13		

(1) = (Fe2O3+CaO+MgO+K2O+Na2O) / (Al2O3+SiO2+TiO2) in ash

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Tuesday, March 21, 2006 8:28 PM
To: Vinson, Eddie
Cc: Mooney, Aoife
Subject: Confirmation of 2007 Business

Eddie,

This note is to restate and confirm the basic terms and conditions of our proposed sale of coal to Progress Energy Florida. If I omit or misstate any particular part of our previous discussions please do not hesitate to correct me. If you agree with this memo, please send me your confirming reply.

Seller: Coal Marketing Company (USA), Inc.

Source: Carbones del Cerrejon, La Guajira District, Colombia, South America

Buyer: Progress Energy Florida

Tons: Approximately [redacted] net tons +/- 10% at vessel owner's discretion. (We will load [redacted]

Price: [redacted] per net ton CIF International Marine Terminal (IMT) Myrtle Grove, LA.

Delivery: January 1, 2007 – December 31, 2007. It would be anticipated that the shipments would be made on a ratable basis, subject to load port, vessel and discharge port availability.

Quality: The guaranteed heating value is 11,600 Btu/lb gar and the guaranteed SO2 would be 1.2 #/mmBtu. The typical specifications are shown attached to this e mail. Please note that the specifications shown in the attachment represent typical ranges of quality, not rejection levels. We have not formally discussed any premium / penalty provisions or rejection limits, but we would assume that they would be similar to our existing compliance business. It is also clearly understood that CMC and Progress Energy will arrange for a test of our 11,300 Btu/lb. compliance coal product at Crystal River. When this test is successfully completed the parties will agree to use this product for the contract coal supply.

We have received your proposed Coal Purchase Confirmation draft and we are studying its content. As you and I have agreed, it is anticipated that our agreement will be based on CIF INCO terms as opposed to the draft FOB Barge /Railcar basis. Aoife Mooney will handle contract language coordination for us as we get to the final terms and conditions. She is located in our Dublin, Ireland office and is copied on this e mail.

Eddie, it is indeed a great personal pleasure to be able to continue our relationship with Progress Energy. I have enjoyed working with you and look forward to continued business. Please let me know if this e mail captures your understanding of our transaction. I hope we can wrap up this transaction to everyone's satisfaction in short order.

Regards,

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

REDACTED

CMC
Coal Marketing Company Ltd

CERREJON "COMPLIANCE" PRODUCT

Proximate Analysis (As received basis)

	TYPICAL	RANGE MIN	RANGE MAX
Gross Heating Value, BTU/lb	11,400	11,200	11,500
Ash, %	8.1	6.2	9.9
Volatile Matter, %	33.5	32.0	35.0
Total Moisture, %	12.9	11.1	14.9
Fix Carbon,%	45.5		

Ultimate Analysis (As received basis)

Moisture, %	12.9	11.1	14.8
Carbon,%	64.3		
Hydrogen, %	4.6		
Nitrogen,%	1.2		
Chlorine, %	0.03		
Sulfur	0.55	0.40	0.67
Ash, %	8.2	6.2	9.7
Oxygen, %	8.22		

Other Analysis

HGI	48	44	52
Fluorine (p.p.m.)	51		

Size Distribution

Nominal Top Size mm.	50		
% below 6.3 mm.	47	41	52

p.p.m. = Parts per million

Mineral Analysis of Ash (As ignited basis)

		TYPICAL	RANGE MIN	RANGE MAX
Silica	SiO2, %	60.2		
Aluminum	Al2O3, %	20.1		
Titanium	TiO2, %	0.96		
Iron	Fe2O3, %	8.4		
Calcium	CaO, %	2.4		
Magnesium	MgO, %	2.3		
Potassium	K2O, %	2.2		
Sodium	Na2O, %	0.8		
Sulfur	SO3, %	2.1		
Manganese	Mn3O4, %	0.06		
Phosphorus	P2O5, %	0.22		
Undetermined, %		0.26		

Fusion Temperatures of Ash

Reducing Atmosphere - oF

Initial Deformation	2,180
Softening H=W	2,280
Hemispherical H=W/2	2,380
Fluid	2,490

calculated combustion parameters

SO2/MBTU =(S/BTU) x 20000	0.96	0.70	1.20
B/A =(1)	0.20		
F.F. =(1) x Na20 in ash	0.16		
S.F. =(1) x S (dry)	0.13		

(1) = (Fe2O3+CaO+MgO+K2O+Na2O) / (Al2O3+SiO2+TiO2) in ash

QUALITY PLANNING SUMMARY CERREJON MINE 2005

PRODUCT "C"

EXPORT QUALITY, AS RECEIVED BASIS

Proximate Analysis , % wt.	AVG.	RANGE	
Gross Heating Value, BTU/lb	11600	11400	11699
Net Heating Value			
BTU/lb	11053	10853	11152
Kcal/Kg	6141	6030	6196
Total Sulfur	0.67	0.50	0.81
Ash	8.40	6.90	10.20
Volatile Matter	33.40	32.00	34.40
Total Moisture	11.60	10.20	13.00
Equilibrium Moisture	8.60	7.40	9.80
Fixed Carbon	46.60	45.50	47.70

Ultimate Analysis , % w			
Moisture, %	11.60	10.20	13.00
Carbon,%	65.40	63.70	67.10
Hydrogen, %	4.60	4.40	4.80
Nitrogen,%	1.20	1.06	1.34
Chlorine, %	0.03	0.01	0.07
Sulfur	0.67	0.50	0.81
Ash, %	8.40	6.90	10.20
Oxygen, %	8.10	6.60	9.60

Other Analysis			
HGI	48	45	53
Fluorine ppm.	52	44	60
FSI	2.5	1.5	3.5

Sulfur Forms, % wt.			
Pyritic	0.23	0.20	0.33
Sulfate	0.03	0.01	0.09
Organic	0.41	0.27	0.55
Total	0.67	0.50	0.81

Size			
Nominal Top Size inc	2		
% wt.< 1/4 in.	46	40.0	52.0

(1) = (Fe2O3+CaO+MgO+K2O+Na2O) / (Al2O3+SiO2+TiO2) in ash

(2) = (100xSiO2) / (SiO2+Fe2O3+CaO+MgO) in ash

(3) = (CaO+MgO) / (Fe2O3+CaO+MgO+K2O+Na2O) in ash

p.p.m. = Parts per million

Mineral Analysis of Ash , % wt.	AVG.	RANGE	
Silica SiO2	60.20	58.60	61.80
Aluminum Al2O3	20.30	18.20	22.50
Titanium TiO2	1.00	0.74	1.26
Iron Fe2O3	8.40	7.20	9.60
Calcium CaO	2.50	1.30	3.70
Magnesium MgO	2.20	1.40	3.00
Potassium K2O	2.20	1.40	3.00
Sodium Na2O	0.65	0.50	0.80
Sulfur SO3	2.10	1.40	2.80
Manganese Mn3O4	0.06	0.03	0.09
Phosphorus P2O5	0.22	0.18	0.26
Undetermined	0.17		

Ash Fusion Temperatures			
IDT Red.°F	2210	2146	2274
IDT Red.°C	**1210**	**1174**	**1246**
ST Red. °F	2318	2254	2382
ST Red. °C	**1270**	**1234**	**1306**
HT Red. °F	2444	2364	2524
HT Red. °C	**1340**	**1296**	**1384**
FT Red. °F	2552	2480	2624
FT Red. °C	**1400**	**1360**	**1440**
IDT Oxi.°F	2341	2281	2401
IDT Oxi.°C	**1283**	**1249**	**1316**
ST Oxi. °F	2458	2358	2558
ST Oxi. °C	**1348**	**1292**	**1403**
HT Oxi. °F	2544	2444	2644
HT Oxi. °C	**1396**	**1340**	**1451**
FT Oxi. °F	2642	2542	2700
FT Oxi. °C	**1450**	**1394**	**1482**

Calculated Combustion Parameters			
SO2/MBTU =(S/BTU) x 20000	1.16	0.86	1.40
B/A =(1)	0.20	0.16	0.24
F.F. =(1) x Na20 in ash	0.13	0.07	0.19
S.F. =(1) x S (dry)	0.15	0.11	0.19
Silica V. =(2)	82	72	92
Dolomite =(3)	0.29	0.19	0.39
Si/Al =SiO2 / Al2O3	3.0	2.4	3.6
Fe/Ca =Fe2O3/CaO	3.4	1.4	5.4

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Tuesday, March 14, 2006 7:45 PM
To: Vinson, Eddie; Phipps, Brett
Subject: 2007 Proposal

Eddie,

Attached to this e amil you will see our proposal to provide 11,600 Btu/lb compliance coal to Progress Energy Florida during 2007. I have included several ideas from our discussions last week. I hope you will be able to give us a positive answer.

The ocean freight is solid through close of business on Friday, 17 March. Think of it as our St. Patrick's Day gift. If you can give us a go ahead, subject to finalizing the details, we can lock in the rates.

My US cell phone works in Catagena. Call me if you need me.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

CMC
Coal Marketing Company

2720 Willow Oak Circle
Charlottesville, VA 22901 - 9526

Tel: 434 - 984 - 2625
Fax: 434 - 984 - 2624

March 15, 2006

Mr. Eddie Vinson
Senior Coal Procurement Agent
Regulated Fuels Department
Progress Energy Carolinas, Inc.
410 S. Wilmington Street
Raleigh, NC 27601

Dear Eddie,

Per our discussions, Coal Marketing Company (USA), Inc. is pleased to restate our term proposal originally submitted to Progress Energy on February 15, 2006. This current offer reflects the items discussed during our meeting of March 10, 2006. We hope that this proposal will serve as the basis for the continuation of our current business relationship.

Term
CMC (USA) is interested in entering into a coal sales and purchase agreement to supply compliance coal to Progress Energy Florida's Crystal River Units #1 and #2 during the 2007 calendar year.

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

Delivery
Coal would be sold CIF International Marine Terminal, Myrtle Grove, LA unless otherwise mutually agreed. Except as provided, the provisions of Incoterms 2000 would apply.

Tonnage
CMC (USA) would be willing to supply [redacted], approximately [redacted] +/- 10% during the term of this agreement. The final

REDACTED

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Tuesday, March 28, 2006 12:23 PM
To: Vinson, Eddie; Phipps, Brett; Duttinger, Jason
Cc: Martelo, Maria Claudia; Mooney, Aoife; Diaz, Omaira; Lynn Guthrie
Subject: 2007 Contract - transportation questions

Eddie,

Per our conversation last week and a follow up conversation with Jason Duttinger, also last week, we have tried to address three transportation related issues that Progress had concerns about. In no particular order:

Demurrage

Our COA for the 2007 movements from Puerto Bolivar will contain a demurrage rate of US$14,500.00 pd hd. We hope you will agree that this rate is indicative of the current market.

Vessel Discharge Rate

Our current COA is based on vessel discharge rates of 10,000 mt wwd shinc – conventional discharge at International Marine Terminal and 20,000 mt wwd shinc – conventional discharge at Mobile.

Mobile Option

We have received permission from the ship owner to schedule up to two vessels to Mobile instead of IMT during 2007. The Mobile shipments, with a maximum vessel draft of 40', would cost an additional US$0.36 per short ton.

We hope that these issues have been addressed to your satisfaction. Should you feel the need to incorporate these details into the contract document, please let Aoife Mooney and I know.

Thanks for the opportunity to work with Progress Energy, Eddie.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Vinson, Eddie

From: Vinson, Eddie
Sent: Tuesday, April 04, 2006 10:19 AM
To: 'Andy Cox'
Cc: 'Mooney, Aoife'
Subject: RE: Confirmation

Andy:

I am in the process of getting a working draft started for CMC's review that will include our GTC's, transportation language and the discharge rate, demurrage discussions as well as the revised pricing and quality per our latest conversations.

Thanks

Eddie

-----Original Message-----
From: Andy Cox [mailto:andy.cox@cmc-coal.com]
Sent: Tuesday, March 28, 2006 4:28 PM
To: Vinson, Eddie
Subject: Confirmation

Eddie,

If you agree with my letter of confirmation, could you send me a reply acknowledging our deal? If you think I've missed anything and would like to add or delete something, go ahead and send it back with your changes.

Thanks for the help.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Progress Energy Florida Deal Ticket

Counterparty Coal Marketing Company | Fuelworx Contract # | Date: 3/29/2006

Deal Type | New [x] | Revision [ ] | Termination [ ] | MOB [Yes or No]

Freight District: Import

Mine/Type of Mine: Carbones del Cerrejon
La Guajira District,
Columbia, South America
100% suface

Rail	
Truck	
Gulf Barge	x
River Barge	
Region	

Received by vessel to IMT Myrtle Grove,LA

Counterparty Contact: Andy Cox | Phone #: 434-984-2625

Term: 1/1/07 thru 12/31/07 | Effective Date: 1/1/2007 | Payment Terms:

$	[redacted]	Coal Price	
+ or - $			
+ or - $			
+ or - $		Other	
Total Price $	[redacted]		

Total Volume	approx [redacted] +/- 10%
Volume/month	[redacted]
Delivery Point	IMT
Delivery Terms	CIF IMT.Myrtle Grove LA
Governing Weights	Draft survey at loadport
Governing Analysis	Origin
MTM $	
Budget/Target $	

P/P Calculations: BTU

	Guarantee	Minimum	Maximum	Reject
Moisture	13.9%		13.9	> 15
Ash	8.4%		8.4	> 10.5
SO_2	1.2		1.2	> 1.2
Sulfur				
BTU	11,600	11,100		<11,100
HGI	46	46		< 44
Volatile	31.7	31.7		< 30
Ash Fusion	2250	2250		< 2200
Sizing	2x0		2x0	> 2x0

*Comments

Communicated on _____ to: | Date:

Coal Procurement Manager
Procurement Agent
Coal Procurement Analyst
FMS Fuels Specialist

Transportation
Back- Office
Mid-Office

REDACTED

PFCFEB2006-20

Britton, Annette

From: Barb Busby [BBusby@PeabodyEnergy.com]
Sent: Wednesday, February 15, 2006 11:23 AM
To: Britton, Annette
Cc: John Hanekamp
Subject: Coaltrade International Bid for Compliance Coal

BRC 2/15/06

2/15/06

CEV 2/15/06



Progress Florida International...

Attached.

(See attached file: Progress Florida International Bid Package 2-15-06.pdf)

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COALSALES

COALSALES, LLC
A Peabody Energy Company

701 Market Street
St. Louis, Missouri 63101-1826
314.342.7600

BAC 2/15/06

RD 2/15/06

CEV 2/15/06

February 15, 2006

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

Term Contract Compliance Coal Quotation

Dear Barbara:

Thank you for the opportunity to respond to the Solicitation for the long term coal supply for Progress Energy Florida, Crystal River Units 4 and 5. On behalf of COALTRADE International, LLC I am pleased to submit the attached Proposal for your review and consideration.

It is incumbent upon Progress Energy Florida to confirm with COALTRADE International LLC that this Proposal is still outstanding at the time of its consideration and evaluation, and prior to any decision by Progress Energy Florida based on this Proposal. This Proposal will remain valid until 5 p.m. EST, March 15, 2006, provided, however, COALTRADE International, LLC retains the right to withdraw this Proposal at any time and without prior notice to you.

This Proposal is further subject to the following conditions:

- Prior sale of the coal,
- Negotiation and execution of a mutually agreeable coal supply agreement,
- Approval of credit terms, and
- Obtaining the approvals of Peabody's senior management to the sale of the coal and to the execution of the negotiated coal supply agreement.

COALTRADE International, LLC appreciates the opportunity to provide this information and will be glad to answer any questions.

Sincerely,

Barbara E. Busby

Barbara E. Busby

CEU 2/15/06

PROGRESS Energy Florida

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

BSC 2/15/06 BSP 2/15/06

PRODUCER NAME: **COALTRADE International LLC**

STREET ADDRESS: **701 Market Street, St. Louis MO. 63101**

CONTACT: **Barb Busby/John Hanekamp** | TELEPHONE NO. 314.342.3400

MINE(S): **Australia** BOM DISTRICT: N/A | COUNTY:N/A | STATE: N/A

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____ | R/R TIPPLE DESIGNATION/NUMBER:

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

MAXIMUM LOADING CAPACITY:
_____ TONS _____ HOURS _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: __X__ YES ____ NO IMPORT COAL: LOAD PORT: New Castle / Gladstone Australia, subject to Seller's right of substitution

SHIP THROUGH: _____ DOCK LOAD RATE:: >=35,000mt/WWD

TOTAL PRODUCTION CAPACITY PER MONTH: 500,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 500,000 TONS

TYPE OF MINE: _____% DEEP ___100___% STRIP _____% AUGER

SEAMS: Multiple | BLEND RATIOS:

COAL PREPARATION: ____x____ RAW _____ WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: **Mechanical**

TYPE OF LABOR CONTRACT(S): | DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: **Independent Draft Survey** | SCALE CERTIFIED? ____YES ____NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
01/01/2007-12/31/20007	[redacted] NT (+/- 10% for shipping purposes only)	$US [redacted] NT C.I.F.O. Mobile/NOLA
01/01/2008-12/31/2008	[redacted] NT (+/- 10% for shipping purposes only)	$US [redacted] NT C.I.F.O. Mobile/NOLA
01/01/2009-12/31/2009	[redacted] NT(+/- 10% for shipping purposes only)	$US [redacted] NT C.I.F.O. Mobile/NOLA

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

PRODUCER'S COMMENTS::

Price is based on minimum discharge rate at Mobile/NOLA 15,000 Metric Tons per Weather Working Day, Sundays, Holidays Included.

Demurrage/Despatch rates per charter party terms.

[redacted] for ratable delivery throughout each calendar year, approximately [redacted] per Quarter.

Prices are subject to confirmation of ocean freight rates.

Terms and conditions are subject to the successful negotiation of a coal supply agreement and acceptable credit terms acceptable to the Sr. Management of both companies.

CREDIT REFERENCES (Minimum two):

REDACTED

INDUSTRY REFERENCES (Minimum four):

SIGNATURE: _____ TITLE: VP International Sales & Trading DATE: 2/15/06

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Annette Britton
annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

CURRENT QUALIT

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	8.0	9.5% MAX.	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	2.5	2.5% MAX.	5.0% MAX.	5.0% MAX.
ASH %	13.0	13.5% MAX.[2]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	.75	[illegible] LB/MAX.	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	11500	[illegible] MIN.	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2650	2,500 MIN.	2,500 MIN.	2,200 MIN.
VOLATILE %	33.0	31.0% MIN.[1]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	48	42 MIN.[3]	42 MIN.[3]	65 MIN.[3]
SIZE	100%	100%	2" X 0"	2" X 0"
FINES (-1/4" X 0")	40%	45%	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.06%	0.1%max	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	48%		---	---
HYDROGEN %	4.7%		---	---
NITROGEN %	1.8%		---	---
CHLORINE %	0.03%		---	---
OXYGEN %	By Difference		---	---

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.30		Antimony		
SiO_2	68.0		Arsenic		
Fe_2O_3	4.2		Beryllium		

Al_2O_3	23.0		Cadmium		
TiO_2	1.0		Chromium		
CaO	0.6		Cobalt		
MgO	0.7		Fluorine		
SO_3	0.50		Lead		
K_2O	1.20		Lithium		
Na_2O	0.40		Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

PROJECTED QUALIT

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.

P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

Coppola, Barbara

From: John McConaghy/stamford/glen [John.McConaghy@glencore-us.com]
Sent: Monday, June 26, 2006 8:57 AM
To: Coppola, Barbara
Subject: April 2006 Sale Confirmation Florida Progress - Bulker Vessels



FL Progress Bid Form-Complianc...

Barbara,

Loadport price is [redacted] st basis 12,400. Please let us know if you need any additional information.

Regards,
John

---------- Forwarded by John McConaghy/stamford/glen on 06/26/2006 08:54 AM ----------

From: John McConaghy on 04/21/2006 02:35 PM

To: "Coppola, Barbara" <Barbara.Coppola@pgnmail.com>
cc: "Andrew Lawson/stamford/glen" <Andrew.Lawson@glencore-us.com>, "Phipps, Brett" <Brett.Phipps@pgnmail.com>

Subject: Sale Confirmation Florida Progress - Bulker Vessels (Document link: John McConaghy)

Barbara,

Thank you for the additional business.
We look forward to your confirmation.

Regards,
John

"Coppola, Barbara" <Barbara.Coppola@pgnmail.com> on 04/21/2006 02:23:00 PM

To: "John McConaghy/stamford/glen" <John.McConaghy@glencore-us.com>

REDACTED

PEF-CC-000379

cc: "Andrew Lawson/stamford/glen" <Andrew.Lawson@glencore-us.com>,
"Phipps, Brett" <Brett.Phipps@pgnmail.com>

Subject: FW: Offer for Florida Progress April 20, 2006 - Bulker Vessels

John,

We accept your offer. Thank you.

We will be sending you a draft confirmation, including the three 2006 vessels @[redacted] /nt, for your review.

Regards,
Barbara

-----Original Message-----
From: John McConaghy/stamford/glen
[mailto:John.McConaghy@glencore-us.com]
Sent: Thursday, April 20, 2006 9:29 AM
To: Coppola, Barbara
Cc: andrew.lawson@glencore-us.com
Subject: Offer for Florida Progress April 20, 2006 - Bulker Vessels

Barbara,

Further to my voice message, please see below details to our discussion over the past weeks. Despite the rise in the import market we are willing
to maintain our pricing from the revised offer on March 28, 2006 for bulker
vessels delivered into IMT with a reduced takeaway speed of 12,000 mt /day.
We have adjusted tonnage as per your request:

Year	Tonnage		Price
2007	[redacted]	nt +/- 10% Shipping Tolerance	[redacted] /nt DES IMT basis 12,400 Btu/lb
2008	[redacted]	nt +/- 10% Shipping Tolerance	[redacted] /nt DES IMT basis 12,400 Btu/lb
2009	[redacted]	nt +/- 10% Shipping Tolerance	[redacted]0/nt DES IMT basis 12,400 Btu/lb

We can maintain validity on this offer until 5pm EST April 21, 2006. All
other terms and conditions as per pervious offer.

If you have any questions or would like to discuss further please do not hesitate to call.

REDACTED

Regards,
John

---------- Forwarded by John McConaghy/stamford/glen on 04/20/2006 08:43 AM ----------

03/28/2006 10:15 AM
John McConaghy
John McConaghy
John McConaghy
03/28/2006 10:15 AM
03/28/2006 10:15 AM

To: "Phipps, Brett" <Brett.Phipps@pgnmail.com>, "Coppola, Barbara" <Barbara.Coppola@pgnmail.com>, Eddie.Vinson@pgnmail.com
cc: andrew.lawson@glencore-us.com

Subject: Offer for Florida Progress Mar 28, 2006

Brett / Barbara / Eddie,

Please see our attached revalidated/revised offer below.

(See attached file: FL Progress Bid Form-Compliance Mar 28, 2006 La Jagua.DOC)

Please note our rate into IMT has increased [redacted] /nt due to reduced takeaway speed as discussed with Jason D. Additionally we are awaiting CSL
to revalidate freight rates for belted tonnage and will have an offer to you in next few days.

We look forward to your feedback and please do not hesitate to call with any questions.

Regards,
John
(See attached file: FL Progress Bid Form-Compliance Mar 28 2006 La Jagua.DOC)

REDACTED

LEGAL DISCLAIMER. The contents of this e-mail and any attachments are strictly confidential and they may not be used or disclosed by someone who is not a named recipient.
If you have received this email in error please notify the sender by replying

to this e-mail inserting the word "misdirected" as the message and delete this e-mail from your system.

PEF-CC-000382

Coppola, Barbara

From: John McConaghy/stamford/glen [John.McConaghy@glencore-us.com]
Sent: Thursday, April 20, 2006 9:29 AM
To: Coppola, Barbara
Cc: andrew.lawson@glencore-us.com
Subject: Offer for Florida Progress April 20, 2006 - Bulker Vessels



FL Progress Bid Form-Complianc...

Barbara,

Further to my voice message, please see below details to our discussion over the past weeks. Despite the rise in the import market we are willing to maintain our pricing from the revised offer on March 28, 2006 for bulker vessels delivered into IMT with a reduced takeaway speed of 12,000 mt /day. We have adjusted tonnage as per your request:

Year	Tonnage		Price
2007	[redacted]	nt +/- 10% Shipping Tolerance	[redacted]/nt DES IMT basis 12,400 Btu/lb
2008	[redacted]	nt +/- 10% Shipping Tolerance	[redacted] /nt DES IMT basis 12,400 Btu/lb
2008	[redacted]	nt +/- 10% Shipping Tolerance	[redacted]/nt DES IMT basis 12,400 Btu/lb

We can maintain validity on this offer until 5pm EST April 21, 2006. All other terms and conditions as per pervious offer.

If you have any questions or would like to discuss further please do not hesitate to call.

Regards,
John

---------- Forwarded by John McConaghy/stamford/glen on 04/20/2006 08:43 AM ----------

03/28/2006 10:15 AM
John McConaghy
John McConaghy
John McConaghy
03/28/2006 10:15 AM

REDACTED

PEF-CC-000383

03/28/2006 10:15 AM

To: "Phipps, Brett" <Brett.Phipps@pgnmail.com>, "Coppola, Barbara" <Barbara.Coppola@pgnmail.com>, Eddie.Vinson@pgnmail.com
cc: andrew.lawson@glencore-us.com

Subject: Offer for Florida Progress Mar 28, 2006

Brett / Barbara / Eddie,

Please see our attached revalidated/revised offer below.

(See attached file: FL Progress Bid Form-Compliance Mar 28, 2006 La Jagua.DOC)

Please note our rate into IMT has increased $0.20/nt due to reduced takeaway speed as discussed with Jason D. Additionally we are awaiting CSL to revalidate freight rates for belted tonnage and will have an offer to you in next few days.

We look forward to your feedback and please do not hesitate to call with any questions.

Regards,
John

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

RODUCER NAME: GLENCORE LTD.

STREET ADDRESS: 301 TRESSER BLVD. STAMFORD, CT 06901

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

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

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____
Other VESSEL | R/R TIPPLE DESIGNATION/NUMBER:

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

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

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

SHIP THROUGH: IMT, LA OR MOBILE RIVER TERMINAL (MRT), AL DOCK UNLOAD RATE: BUYER TO GUARANTEE AT IMT, LA SW PASS DRAFT AND 12,000 MT PER DAY SHINC AND AT MRT AL 40 FT DRAFT AND 12,000 MT PER DAY SHINC

TOTAL PRODUCTION CAPACITY PER MONTH: 400,000 MT TONS

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

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

SEAMS: VARIOUS | BLEND RATIOS: NONE

AL PREPARATION: X RAW ____ WASHED ____ COMBINATION

PE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: AUTOMATIC BELT SAMPLING

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

TYPE OF COAL WEIGHING: VESSEL DRAFT SURVEY | SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON CIF
2007-09 IN GEARLESS PANAMAX VESSELS ([redacted] NT+/- 10% VESSEL SIZE)	[redacted] +/- 10% SHIPPING TOLLERANCE PER YEAR	US [redacted] / NT DES IMT, LA BASIS 12,400 BTU/LB Or US$ [redacted] / NT DES MRT, AL BASIS 12,400 BTU/LB
2007-09 IN BELTED SELF-UNLOADING VESSELS (50-60,000 NT +/- 10% VESSEL SIZE)	REVERTING WITH CSL FREIGHT BACKING	

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

PRODUCER'S COMMENTS: PLEASE NOTE THIS OFFER IS VALID UNTIL 12 PM EST APRIL 7, 2006 AND SUBJECT TO RECONFIRMATION THEREAFTER. SHIPPING DATES ARE MUTUALLY AGREED AND EVENLY SPREAD IN PANAMAX VESSELS TO BE GEAR/GRAB OR GEARLESS IN SELLERS OPTION OR IN CSL BELTED SELF-UNLOADING VESSELS AS STATED ABOVE. BUYER TO ARRANGE AND PAY FOR ALL OFFLOADING FEES FOR GEARLESS PANAMAX VESSELS. BUYER TO GUARANTEE 12,000 METRIC TONS PER DAY TAKEAWAY SHINC AND SW PASS DRAFT AT IMT, LA AND BUYER TO GUARANTEE 12,000 METRIC TONS PER DAY TAKEAWAY SHINC AND DRAFT OF 40 FEET AT MRT, AL.

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

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

JUSTRY REFERENCES (Minimum four): PSE+G (HARRY PAPADOPOULOS (973) 430-5930), NORTHEAST UTILITIES

(KEITH SAUNDERS (860) 665-4571), TAMPA ELECTRIC (MARTIN DUFF (813) 228-1596), DOMINION (MATT SCHWIEDER (804) 787-5768).

SIGNATURE:	TITLE: COAL EXECUTUVE	DATE: 3/28/06

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

CURRENT QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe_2O_3	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
O_3	20.5 %	+/- 3.0 %	Cadmium	<0.4	-
O_2	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CaO	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0

J_3	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5
K_2O	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na_2O	0.50 %	+/- 0.2 %	Manganese	30.0	+/- 5.0
Undetermined	0.4 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.20	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

PROJECTED QUALITY

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

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MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
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P_2O_5	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe_2O_3	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
J_3	20.5 %	+/- 3.0 %	Cadmium	<0.4	-
TiO_2	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CaO	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75

,O	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0
SO_3	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5
K_2O	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na_2O	0.50 %	+/- 0.2 %	Manganese	30.0	+/- 5.0
Undetermined	0.4 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.20	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

Coppola, Barbara

From: Andrew Lawson/stamford/glen [Andrew.Lawson@glencore-us.com]
Sent: Wednesday, March 29, 2006 3:54 PM
To: Phipps, Brett
Cc: Coppola, Barbara; John McConaghy/stamford/glen
Subject: Offer for Florida Progress Mar 28, 2006

REDACTED

FL Progress Bid Form-Complianc...

Brett

Further to our telephone conversation yesterday, we confirm that we could offer 3 gearless panamax size vessels ([redacted] net tons +/-10% per vessel) for delivery to IMT for May - December 2006 at [redacted] more than the offer for 2007 - 2009 (increase is due to freight). This would make the price [redacted]net ton DES IMT basis 12400 btu/b arb.

(SPOT FREIGHT) + DISCHARGE RATE ASKED # [redacted] / TON FOR 4/6/06 ACCEPTED.

We could deliver the first cargo in 2nd half May, with the rest to be spread over the remaining period.

Have not made any enquiries into IMT availability for 2nd half May arrival - offer is conditional on KMP making IMT available for this timing.

Validity until noon Raleigh time on Monday April 3, 2006.

Rest as per the 2007 - 2009 offer. Have not offer belted vessel delivery as believe there is no availability.

Always happy to discuss if you need further information.

Rgds
Andrew

4/18/06 JOHN M. TELEPHONE CALL REQUESTED [redacted] @ # [redacted] TON

----- Forwarded by Andrew Lawson/stamford/glen on 03/29/2006 03:41 PM -----

John McConaghy

03/28/2006 10:15 AM

To: "Phipps, Brett" <Brett.Phipps@pgnmail.com>, "Coppola, Barbara" <Barbara.Coppola@pgnmail.com>, Eddie.Vinson@pgnmail.com
cc: andrew.lawson@glencore-us.com
Subject: Offer for Florida Progress Mar 28, 2006

Brett / Barbara / Eddie,

Please see our attached revalidated/revised offer below.

(See attached file: FL Progress Bid Form-Compliance Mar 28, 2006 La Jagua.DOC)

Please note our rate into IMT has increased $0.20/nt due to reduced takeaway speed as discussed with Jason D. Additionally we are awaiting CSL to revalidate freight rates for belted tonnage and will have an offer to you in next few days.

We look forward to your feedback and please do not hesitate to call with any questions.

Regards,
John

PROGRESS FUELS CORPORATION

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

RODUCER NAME: GLENCORE LTD.

STREET ADDRESS: 301 TRESSER BLVD. STAMFORD, CT 06901

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

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

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other VESSEL | R/R TIPPLE DESIGNATION/NUMBER:

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

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

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

SHIP THROUGH: IMT, LA OR MOBILE RIVER TERMINAL (MRT), AL DOCK UNLOAD RATE: BUYER TO GUARANTEE AT IMT, LA SW PASS DRAFT AND 12,000 MT PER DAY SHINC AND AT MRT AL 40 FT DRAFT AND 12,000 MT PER DAY SHINC

TOTAL PRODUCTION CAPACITY PER MONTH: 400,000 MT TONS

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

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

SEAMS: VARIOUS | BLEND RATIOS: NONE

AL PREPARATION: X RAW ____ WASHED ____ COMBINATION

/PE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: AUTOMATIC BELT SAMPLING

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

TYPE OF COAL WEIGHING: VESSEL DRAFT SURVEY | SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON CIF
2007-09 IN GEARLESS PANAMAX VESSELS (' [redacted] -/- 10% VESSEL SIZE)	[redacted] +/- 10% SHIPPING TOLLERANCE PER YEAR	US$ [redacted] / NT DES IMT, LA BASIS 12,400 BTU/LB Or US' [redacted] / NT DES MRT, AL BASIS 12,400 BTU/LB
2007-09 IN BELTED SELF-UNLOADING VESSELS (' [redacted] NT +/- 10% VESSEL SIZE)	REVERTING WITH CSL FREIGHT BACKING	

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

PRODUCER'S COMMENTS: PLEASE NOTE THIS OFFER IS VALID UNTIL 12 PM EST APRIL 7, 2006 AND SUBJECT TO RECONFIRMATION THEREAFTER. SHIPPING DATES ARE MUTUALLY AGREED AND EVENLY SPREAD IN PANAMAX VESSELS TO BE GEAR/GRAB OR GEARLESS IN SELLERS OPTION OR IN CSL BELTED SELF-UNLOADING VESSELS AS STATED ABOVE. BUYER TO ARRANGE AND PAY FOR ALL OFFLOADING FEES FOR GEARLESS PANAMAX VESSELS. BUYER TO GUARANTEE 12,000 METRIC TONS PER DAY TAKEAWAY SHINC AND SW PASS DRAFT AT IMT, LA AND BUYER TO GUARANTEE 12,000 METRIC TONS PER DAY TAKEAWAY SHINC AND DRAFT OF 40 FEET AT MRT, AL.

REDACTED

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

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

JUSTRY REFERENCES (Minimum four): PSE+G (HARRY PAPADOPOULOS (973) 430-5930), NORTHEAST UTILITIES

(KEITH SAUNDERS (860) 665-4571), TAMPA ELECTRIC (MARTIN DUFF (813) 228-1596), DOMINION (MATT SCHWIEDER (804) 787-5768).

SIGNATURE:	TITLE: COAL EXECUTUVE	DATE: 3/28/06

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

CURRENT QUALITY

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

[1]Must be met on an individual shipment basis.
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SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe_2O_3	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
O_3	20.5 %	+/- 3.0 %	Cadmium	<0.4	-
O_2	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CaO	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0

$_{2}O_3$	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5
K_2O	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na_2O	0.50 %	+/- 0.2 %	Manganese	30.0	+/- 5.0
Undetermined	0.4 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.20	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

PROJECTED QUALITY

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

[1]Must be met on an individual shipment basis.
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SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe_2O_3	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
Al_2O_3	20.5 %	+/- 3.0 %	Cadmium	<0.4	-
TiO_2	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CaO	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75

,O	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0
SO_3	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5
K_2O	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na_2O	0.50 %	+/- 0.2 %	Manganese	30.0	+/- 5.0
Undetermined	0.4 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.20	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

Coppola, Barbara

From: John McConaghy/stamford/glen [John.McConaghy@glencore-us.com]
Sent: Tuesday, April 04, 2006 11:44 AM
To: Coppola, Barbara
Cc: Phipps, Brett; Vinson, Eddie; andrew.lawson@glencore-us.com
Subject: Sale Confirmation for Florida Progress 2006

Barbara,

We are pleased to accept your counter of $ [redacted] /short ton DES IMT, LA basis 12,400 Btu/lb for 3 cargoes (vessel size [redacted] st +/- 10% shipping tolerance) of La Jagua coal during May to December 2006. First cargo to load late May/early June. Buyer to guarantee 12,000 metric tons per day takeaway SHINC at IMT. All other terms and conditions as per previous business.

REDACTED

Thank you for the additional business.

Regards,
John

PEF-CC-000395

PFCFEB2006-22

Britton, Annette

From: John McConaghy/stamford/glen [John.McConaghy@glencore-us.com]
Sent: Wednesday, February 15, 2006 11:54 AM
To: Britton, Annette
Cc: andrew.lawson@glencore-us.com
Subject: Progress Fuels Coal Proposal - Term Contract Compliance Coal Quotation Feb 15, 2006

FL Progress Bid Form-Complianc...

Annette,

Please see our attached offer below.

(See attached file: FL Progress Bid Form-Compliance Feb 15, 2006 La Jagua.DOC)

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

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

CEV 2/15/06 DSP 2/15/06 BSC 2/15/06

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PRODUCER NAME: GLENCORE LTD.

STREET ADDRESS: 301 TRESSER BLVD. STAMFORD, CT 06901

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

MINE(S) [redacted] BOM DISTRICT: | STATE:

ORIGIN RAILROAD(S)/DISTRICT: EK_____ CV_____ Big Sandy_____
Other VESSEL | R/R TIPPLE DESIGNATION/NUMBER:

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

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

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

SHIP THROUGH: IMT, LA OR MOBILE RIVER TERMINAL (MRT), AL DOCK UNLOAD RATE: BUYER TO GUARANTEE AT IMT, LA 47.5 FT DRAFT AND 15,000 MT PER DAY SHINC AND AT MRT, AL 40 FT DRAFT AND 12,000 MT PER DAY SHINC

TOTAL PRODUCTION CAPACITY PER MONTH: 400,000 MT TONS

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

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

SEAMS: VARIOUS | BLEND RATIOS: NONE

COAL PREPARATION: X RAW _____ WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: AUTOMATIC BELT SAMPLING

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

TYPE OF COAL WEIGHING: VESSEL DRAFT SURVEY | SCALE CERTIFIED? _____YES _____NO

PERIOD	TONNAGE	BASE PRICE PER TON CIF
2007-09 IN GEARLESS PANAMAX VESSELS	[redacted] NT +/- 10% SHIPPING TOLLERANCE PER YEAR ([redacted] NT +/- 10% IN TOTAL)	US$[redacted] NT DES IMT, LA BASIS 12,400 BTU/LB Or US$[redacted] / NT DES MRT, AL BASIS 12,400 BTU/LB
2007-09 IN BELTED SELF-UNLOADING VESSELS	[redacted] NT +/- 10% SHIPPING TOLLERANCE PER YEAR WITH A CONTRACT OF 3 YEARS ([redacted] NT +/- 10% IN TOTAL)	US$[redacted] NT DES IMT, LA BASIS 12,400 BTU/LB Or US$[redacted] NT DES MRT, AL BASIS 12,400 BTU/LB

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

PRODUCER'S COMMENTS: PLEASE NOTE THIS OFFER IS VALID UNTIL 12 PM EST FEBRUARY 22, 2006 AND SUBJECT TO RECONFIRMATION THEREAFTER. SHIPPING DATES ARE MUTUALLY AGREED AND EVENLY SPREAD IN PANAMAX VESSELS TO BE GEARED/GRABBED OR GEARLESS IN SELLERS OPTION OR IN CSL BELTED SELF-UNLOADING VESSELS AS STATED ABOVE. BUYER TO ARRANGE AND PAY FOR ALL OFFLOADING FEES FOR GEARLESS PANAMAX VESSELS. BUYER TO GUARANTEE 15,000 METRIC TONS PER DAY TAKEAWAY SHINC AND DRAFT OF 47.5 FEET AT IMT, LA AND BUYER TO GUARANTEE 12,000 METRI C TONS PER DAY TAKEAWAY SHINC AND DRAFT OF 40 FEET AT MRT, AL.

REDACTED

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

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

INDUSTRY REFERENCES (Minimum four): PSE+G (HARRY PAPADOPOULOS (973) 430-5930), NORTHEAST UTILITIES (KEITH SAUNDERS (860) 665-4571),

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

SIGNATURE:	TITLE: COAL EXECUTUVE	DATE: 2/15/06

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

CURRENT QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
O_3	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
Al_2O_3	20.5 %	+/- 3.0 %	Cadmium	<0.4	-
TiO_2	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75

O	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0
SO_3	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5
K_2O	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na_2O	0.50 %	+/- 0.2 %	Manganese	30.0	+/- 5.0
Undetermined	0.4 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.20	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

PROJECTED QUALITY

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe_2O_3	8.8 %	+/- 1.0 %	Beryllium	<0.1	-
Al_2O_3	20.5 %	+/- 3.0 %	Cadmium	<0.4	-

$_2$	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CaO	2.80 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	1.20 %	+/- 0.5 %	Fluorine	40.0	+/- 8.0
SO_3	3.0 %	+/- 0.5 %	Lead	6.0	+/- 1.5
K_2O	1.5 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na_2O	0.50 %	+/- 0.2 %	Manganese	30.0	+/- 5.0
Undetermined	0.4 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.20	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

PFCFEB2006-23

Britton, Annette

From: Joey Davis [jdavis@nationalcoal.com]
Sent: Wednesday, February 15, 2006 8:28 AM
To: Britton, Annette
Subject: RE: Request for Proposals for Coal Supply

SAC 2/15/06
CEU 2/15/06
2/15/06

Annette,

We are unable to bid on your attached "Proposal for Coal Supply". However we feel we will be in a position to offer you coal by the second half of this year. Please keep us on your bid list and we look forward to working with you in the future.

Joey Davis
Vice President of Sales & Marketing

From: Britton, Annette [mailto:Annette.Britton@pgnmail.com]
Sent: Friday, February 03, 2006 3:56 PM
To: Britton, Annette
Subject: Request for Proposals for Coal Supply

Attached are four files regarding the Request for Proposals for Coal Supply to Progress Energy Florida Inc.'s Crystal River Units Nos. 1, 2, 4, and 5. Please see the RFP letter for instructions when returning the proposals (to my attention), and direct your questions to either Barbara Coppola (919.546.6002) or Eddie Vinson (919.546.3622). Thank you.

<<PEF 1 and 2 02-03-06.DOC>> <<PEF 1 and 2 Specs 02-03-06.DOC>> <<PEF 4 and 5 02-03-06.DOC>> <<PEF 4 and 5 Specs 02-03-06.DOC>>

Annette Britton
Sr Administrative Assistant to Sasha Weintraub
Director - Coal, Regulated Fuels Department
Progress Energy Carolinas, Inc.
410 South Wilmington Street - PEB 10A
Raleigh, NC 27601
T 919.546.3478 / F 919.546.4721
annette.britton@pgnmail.com
www.progress-energy.com

PFCFEB2006-24

Britton, Annette

From: vzenww5w@verizon.net
Sent: Monday, February 13, 2006 5:33 PM
To: Britton, Annette

Annette, at this time I do not have the coal available to supply your proposals. Please keep me on your bidder's list for future proposals. Thank you, Mike Perilli, K & P Mining, Inc.

2/15/06

2/15/06

CEU
2/15/06

PEF-CC-000402

PFCFEB2006-25

Britton, Annette

From: Bryan Stickney [bryan.stickney@psenergy.com]
Sent: Monday, February 06, 2006 5:13 PM
To: Britton, Annette
Subject: RE: Request for Proposals for Coal Supply

BB 2/15/06
GAC 2/15/06
CEV 2/15/06

Annette,

Thanks for your inquiry for the supply of coal to your facilities. However, PS Energy is no longer in the coal supply business and therefore will "NO BID" these RFPs.

Regards,

Bryan Stickney
PS Energy Group, Inc.
404-321-5711

-----Original Message-----
From: "Britton, Annette" <Annette.Britton@pgnmail.com>
Sent: 2/6/2006 4:36 PM
To: "Britton, Annette"
Subject: Request for Proposals for Coal Supply

Attached are four files regarding the Request for Proposals for Coal Supply to Progress Energy Florida Inc.'s Crystal River Units Nos. 1, 2, 4, and 5. Please see the RFP letter for instructions when returning the proposals (to my attention), and direct your questions to either Barbara Coppola (919.546.6002) or Eddie Vinson (919.546.3622). Thank you.

<<PEF 1 and 2 02-03-06.DOC>> <<PEF 1 and 2 Specs 02-03-06.DOC>> <<PEF 4 and 5 02-03-06.DOC>> <<PEF 4 and 5 Specs 02-03-06.DOC>>

Annette Britton
Sr Administrative Assistant to Sasha Weintraub
Director - Coal, Regulated Fuels Department
Progress Energy Carolinas, Inc.
410 South Wilmington Street - PEB 10A
Raleigh, NC 27601
T 919.546.3478 / F 919.546.4721
annette.britton@pgnmail.com
www.progress-energy.com

Confidentiality Notice:
This electronic message, together with attachments, if any, is intended to be viewed only by the

If the reader of this message is not the intended recipient or if you have received this communi

-virus statement:
ergy's email system is protected by an anti-virus program that will delete infected message

Late Bid PFC FEB2006-26

Britton, Annette

From: Smith, Kelly [Kelly.Smith@masseyenergyco.com]
Sent: Wednesday, February 15, 2006 3:08 PM
To: Britton, Annette
Cc: Parker, John R.
Subject: Progress Carolinas Bid Solicitation (2.15.06)
Importance: High
Sensitivity: Confidential

fax 2/15/06
LATE BID
(2 BIDS ATTACHED)
CEV 2/15/06
2/15/06

Annette,

The attached PDF Files are for your review and consideration, from John Parker.

Thank you,
Kelly

LATE BID
ACCEPTED BY: Brett Phipps
BRETT PHIPPS

Kelly Smith
Contract Administrator
Massey Utility Sales Company*
P.O. Box 26765 Richmond, Virginia 23261
Four North Fourth Street Richmond, Virginia 23219
Telephone (804) 788-1830
Facsimile (804) 788-1811
Internet: *kelly.smith@masseyenergyco.com*
* Subsidiary of Massey Energy Company (NYSE: MEE)

PROGRESS Energy Florida

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5
PAGE 1 OF 2

PRODUCER NAME: Bandmill Coal Company			
STREET ADDRESS: County Rt. 14, Rum Creek Road, Yolyn, W.V. 25654			
CONTACT: Sid Young		TELEPHONE NO. 304-239-2300	
MINE(S): Highland	BOM DISTRICT: 8	COUNTY: Logan	STATE: West Virginia
ORIGIN RAILRAOD(S) DISTRICT: EK____ CV____ Big Sandy____ Other Kanawha		R/R TIPPLE DESIGNAITON/NUMBER:	
TYPE OF LOADING FACILITY: UNIT TRAIN: X	SINGLE CAR:	TRAINLOAD:	
MAXIMUM LOADING CAPACITY: 15,000 TONS	4 HOURS 150 loads/150 empties	TRACK CAPA	
TOTAL PRODUCTION CAPACITY PER MONTH: 450,000 TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 150,000 TONS			
TYPE OF MINE: 50 % DEEP	50 % STRIP	% AUGER	
SEAMS: Coalburg	BLEND RATIOS:		
COAL PREPARATION: 50% RAW	50% WASHED	COMBINATION	
TYPE OF COAL WASHER, IF WASHED: Heavy Media – Cyclones – Spirals			
TYPE OF COAL SAMPLING: John B. Long – 2 Stage Automatic			
TYPE OF LABOR CONTRACT(S): N/A	DATE FOR RENEGOTIATION:		
TYPE OF COAL WEIGHING: Certified Batch Weigh	SCALE CERTIFIED? X YES ____ NO		

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
January 1, 2007 – December 31, 2009	[redacted] tons/month total	$ [redacted]

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

PRODUCER'S COMMENTS: This Proposal is subject to prior sale and subject mutually agreeable terms and conditions.

Please refer to cover letter.

CUSTOMER REFERENCES: Duke Energy; Southern Company Services; South Carolina Electric & Gas

SIGNATURE:	TITLE: Senior Vice President	DATE: 2/15/06

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

Ms. Annette Britton
Annette.britton@pgnmail.org
c/o PROGRESS ENERGY CAROLINAs, Inc. Regulated Fuels Department
410 SOUTH WILMINGTON
MAIL CODE PEB 10
RALEIGH, NORTH CAROLINA 27602

REDACTED

PROGRESS Energy Florida

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

Base 2/15/06 ADD 2/15/06

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	NORTH CAROLINA BITUMINOUS "AS RECEIVED"	SOUTH CAROLINA BITUMINOUS "AS RECEIVED"
MOISTURE (TOTAL) %	7.02	8.00	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	4.70	5.00	5.0% MAX.	5.0% MAX.
ASH %	12.75	13.00	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.18	1.20 Lb./Max	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	12100	12100	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H = 1/2W (R)	2600	2500	2,500 MIN.	2,200 MIN.
VOLATILE %	30	30	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	43	42	42 MIN.[3]	65 MIN.[3]
SIZE	2"	2 x 0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	50%	50%	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.2		0.2% MAX[1]	0.2% MAX[1]
FIXED CARBON %	48.70		---	---
HYDROGEN %	4.28		---	---
NITROGEN %	1.24		---	---
CHLORINE %	0.16		---	---
OXYGEN %	5.41		---	---

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.13		Antimony		
SiO_2	61.90		Arsenic	5.8	
Fe_2O_3	5.15		Beryllium	2.1	
Al_2O_3	30.65		Cadmium	0.1	
TiO_2	1.21		Chromium	33	
CaO	0.74		Cobalt	4.1	
MgO	0.65		Fluorine		
SO_3	0.58		Lead	5.2	
K_2O	1.88		Lithium		
Na_2O	0.67		Manganese		
Undetermined			Mercury	0.049	
Base/Acid Ratio	0.10		Nickel		
Maximum Base/Acid Ratio			Selenium	5.1	

Massey Utility Sales Company



Post Office Box 26765
Richmond, Virginia 23261

4 North Fourth Street
Richmond, Virginia 23219

Tel (804) 788-1800

fax 2/15/06

February 15, 2006

CEV 2/15/06

DP 2/15/06

Annette Britton
Progress Energy Carolinas, Inc.
410 S. Wilmington Street
Mail Code: PEB 10
Raleigh, NC 27601

Email: annette.britton@pgnmail.com

Dear Annette:

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

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

1. This proposal is subject to prior sale.
2. The quantities offered are fixed with no quantity options.
3. Payment terms: 10-days from date of invoice.
4. Additional Massey owned operating subsidiaries shall be included as possible sources with the understanding that guaranteed specifications shall remain as quoted.
5. Should any Massey proposals be accepted, additional analytical information will be provided.
6. This proposal is subject to mutually agreeable terms and conditions.
7. If this proposal is competitive, we will include exceptions to the Contract terms and conditions, at that time.
8. The contract will have an SO_2 premium.

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

Sincerely,

John R. Parker

Senior Vice President

JRP/kcs

2/15/06 BAC CEV 2/15/06

Coppola, Barbara

LATE BID
ACCEPTED BY: BRETT PHIPPS

From: Filippov Youri [FilippovYA@suekag.com]
Sent: Wednesday, February 15, 2006 [redacted]
To: Coppola, Barbara
Cc: Gribanovsky Igor
Subject: Offer from SUEK

Late Bid PFC FEB2006 27

Dear Barbara,

Pls find below our offer. We are offering this coal for any of your two inquiries. I'm travaling so do not have time to prepare everything carefully but price, tonnage, quality is here. Pls check and let us know if additional info is required.

1. Quantity: [redacted] metric tones +/-10% in Seller's option

2. Commodity: [redacted] (Kuzbass) steam coal

3. Quality as per attached file

4. Delivery: 2 shipments during June-Dec 2007 evenly spread.

5. Price is:

USD [redacted] per short ton CIF [redacted] ✓ a

USD [redacted] per short ton CIF [redacted] ✓ b

USD [redacted] per short ton CIF [redacted] ✓ c

USD [redacted] per short ton CIF [redacted] ✓ d

REDACTED

All prices are on basis of [redacted] GAR, prorata price adjustment.

6. Weight stated in B/L is final and binding for parties. B/L weight shall be on basis of draft survey made by mutually agreed independent international surveyor. Costs at Seller's account.

Average quality between loadport and disport is final and binding for Parties. Sampling and analysis to be done by mutually agreed independent international labs. At loadport costs at Seller's account, at disport - at Buyer's account. Only manual sampling (according to ISO/ASTM srandards) is achievable at loading ports.

7. Shipping terms:

Seller has the right to deliver coal by gearless handymax vessel or by gearless panamax vessel (not fully loaded)

1 sb, NOR tendered SHINC WWWW, 12 hrs TT UU

Disrate/draft:

McDuffie Mobile 27 560 short tones (250000 mt) SHINC/45' sw

Bulkplant berth 19 850 short tones(18000 mt) SHINC/40'sw

IMT Terminal 13 250 short tones (12000 mt) SHINC/47' sw

Electro Coal Davant 16 550 short tones (15000 mt)SHINC/50'sw Dem as per c/p, half dispatch

Other terms to be mutually agreed

Offer is valid till 22.02.2006 COB EDT

Awaiting reply.

Best regards,

Youri

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

2/15/06 BAC 2/15/06 CEV 2/15/06

PRODUCER NAME: SUEK AG (exclusive trading company of SUEK, Russia)

STREET ADDRESS: Vadianstrasse, 59

CONTACT: Mr.Y.Filippov	TELEPHONE NO. +41 79 590 5579

MINE(S): SUEK's mines	B O M DISTRICT:	C OUNTRY: Szitserland	STATE:

ORIGIN RAILROAD(S)/DISTRICT: EK____ ____ Big Sandy____ Other_____	R/R TIPPLE DESIGNATION/NUMBER:

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

MAXIMUM LOADING CAPACITY:
_____ TONS _____ HOURS _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: _____ YES _____ NO IMPORT COAL: LOAD PORT Murmansk or Ventspils or Riga

SHIP THROUGH: _____DOCK LOAD RATE:: 15500mt/10000mt/12000mt
SHINC _____

TOTAL PRODUCTION CAPACITY PER MONTH: abt 6,5 mln metric TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: abt 850 thousand metric TONS

TYPE OF MINE: _____% DEEP _____% STRIP _____% AUGER

SEAMS:	BLEND RATIOS:

COAL PREPARATION: ___X___ RAW _____ WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING:

TYPE OF LABOR CONTRACT(S):	DATE FOR RENEGOTIATION:
TYPE OF COAL WEIGHING:	SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE

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

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

INDUSTRY REFERENCES (Minimum four):

SIGNATURE:	TITLE:	DATE:

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

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	10	12	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	6	8	5.0% MAX.	5.0% MAX.
ASH %	10	12	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	0,6	~~0,7~~	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	11 600	11300	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2400	2250	2,500 MIN.	2,200 MIN.
VOLATILE %	33	31	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	55	50	42 MIN.[3]	65 MIN.[3]
SIZE	2" X 0"		2" X 0"	2" X 0"
FINES (-1/4" X 0")	50		45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR			0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	65		———	———
ɔROGEN %	4,5		———	———
NITROGEN %	2,1		———	———
CHLORINE %	0,03		———	———
OXYGEN %	7,2		———	———

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0,7		Antimony	n/d	
SiO_2	56		Arsenic	<0,0005	
Fe_2O_3	5		Beryllium	0,0002	
Al_2O_3	22		Ca dmium	<0,001	
TiO_2	0,8		Chromium	<0,001	
CaO	5,5		Cobalt	<0,0001	
MgO	2,7		Fluorine	0,008	
SO_3	2,6		Lead	0,0005	
K_2O	2		Lithium	<0,001	
O	1,4		Manganese	0,002	
ɔndetermined	1,3		Mercury	0,00009	
Base/Acid Ratio	0,2		Nickel	0,0004	

imum Base/Acid tio	0,24		Selenium	0.000018	PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

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

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
)			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		

e/Acid Ratio			Nickel		
aximum Base/Acid Ratio			Selenium		
*NOTE: ADD SHEETS IF MORE THAN ONE SEAM					

Late Bid PFCFEB2006 28

Britton, Annette

From: Rybak Vladimir [rybakvl@yahoo.fr]
Sent: Wednesday, February 15, 2006 5:40 PM
To: Britton, Annette
Cc: Dmitry Ermakov; vladimir_rybak@mirtrade.orc.ru; ts@anksoft.ru; opopova@mirtrade.orc.ru; elena.mccloskey@merlin.gb.com
Subject: Tender 2007

BTB 2/16/06

CEV 2/16/06

LATE BID
Approved by: Brent J. Ripps

Dear Annette,

Sorry for the delay due to technical reasons. In accordance with our letter sent to you beforehand in which we guaranteed that we are ready to supply you with coal [redacted] per year in 2007 - 2009.

Please find enclosed hereinafter our offer for the abovementioned tender. The offer valid till 15th of March 2006.

Looking forward to hearing from you,

Best regards,

Vladimir Rybak
MIR Trade
Tel: + 7 495 500 66 26

REDACTED

N eau : téléphonez moins cher avec Yahoo! Messenger ! Découvez les tarifs exceptionnels pour appeler la France et ernational. Téléchargez la version beta.

CEV 2/16/06

2/16/06

PROGRESS Energy Florida

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

PRODUCER NAME: MIR Trade AG

STREET ADDRESS: Hauptgasse 41, CH-9050, Appenzell, Switzerland

CONTACT: Dmitriy Ermakov | TELEPHONE NO. + 7 495 410 12 89

MINE(S): N/A | BOM DISTRICT: N/A | COUNTY: Russia | STATE: N/A

ORIGIN RAILROAD(S)/DISTRICT: EK_N/A___ CV_N/A___ Big Sandy_N/A___
Other_____ | R/R TIPPLE DESIGNATION/NUMBER: N/A

TYPE OF LOADING FACILITY:
UNIT TRAIN: N/A SINGLE CAR: N/A TRAINLOAD: N/A

MAXIMUM LOADING CAPACITY:
N/A TONS N/A HOURS N/A TRACK CAPACITY

WATER DELIVERY CAPABILITY: N/A IMPORT COAL: LOAD PORT Ventspils or Yuzhny

SHIP THROUGH: N/A DOCK LOAD RATE:: 12000 or 15000 SHINC

TOTAL PRODUCTION CAPACITY PER MONTH: N/A TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: N/A TONS

TYPE OF MINE: N/A % DEEP N/A % STRIP N/A % AUGER

SEAMS: N/A | BLEND RATIOS: N/A

COAL PREPARATION: N/A RAW N/A WASHED N/A COMBINATION

E OF COAL WASHER, IF WASHED: N/A

PE OF COAL SAMPLING: ISO

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

TYPE OF COAL WEIGHING: Draft survey | SCALE CERTIFIED? N/A

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
3 years	[redacted] per annum	2007 – [redacted] JSD/Mton CIF Mobile basis 11800 BTU/lb → no terms 2007 - [redacted] JSD/Mton CIF Nola basis 11800 BTU/lb → EMT 2008 – Renegotiate 12,000 MT/day 2009 - Renegotiate

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

PRODUCER'S COMMENTS: Dispatch should be half the demurrage.

CREDIT REFERENCES (Minimum two):

REDACTED

INDUSTRY REFERENCES (Minimum four):

NATURE: | TITLE: Manager | DATE: 15.02.2006

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Annette Britton
annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street

PEF-CC-000415

PEF 4 and 5 Specs 02 03 06 1

Mail Code PEB10
Raleigh, NC 27601

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	10,00	12,00 max[4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %	10,60	12,00 max[4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)			1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	11800	11300 min[4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)		[4]	2,500 MIN.	2,200 MIN.
VOLATILE %	30,00	28,00 min[4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	>50	50 min[4]	42 MIN.[3]	65 MIN.[3]
SIZE	0 – 50	Max 3% above 50 mm.	2" X 0"	2" X 0"
FINES (-1/4" X 0")			45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	83,53		0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	4,93		—	—
HYDROGEN %	2,44		—	—
NITROGEN %	0,01		—	—
CHLORINE %	8,78		—	—
OXYGEN %			—	—

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0,95	N/A	Antimony	N/A	N/A
SiO_2	56,71	N/A	Arsenic	N/A	N/A
Fe_2O_3	8,36	N/A	Beryllium	N/A	N/A
Al_2O_3	25,13	N/A	Cadmium	N/A	N/A
TiO_2	0,99	N/A	Chromium	N/A	N/A
CaO	2,76	N/A	Cobalt	N/A	N/A
MgO	1,71	N/A	Fluorine	N/A	N/A
	N/A	N/A	Lead	N/A	N/A
K_2O	2,35	N/A	Lithium	N/A	N/A
Na_2O	0,60	N/A	Manganese	N/A	N/A

.etermined	N/A	N/A	Mercury	N/A	N/A
Base/Acid Ratio	N/A	N/A	Nickel	N/A	N/A
Maximum Base/Acid Ratio	N/A	N/A	Selenium	N/A	N/A

PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	10,00	12,00 max[4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %	10,60	12,00 max[4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)			1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	11800	11300 min[4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)		[4]	2,500 MIN.	2,200 MIN.
VOLATILE %	30,00	28,00 min[4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	>50	50 min[4]	42 MIN.[3]	65 MIN.[3]
SIZE	0 – 50	Max 3% above 50 mm.	2" X 0"	2" X 0"
FS (-1/4" X 0")			45% MAX.[5]	30% MAX.[5]
. RITIC SULFUR	83,53		0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	4,93		—	—
HYDROGEN %	2,44		—	—
NITROGEN %	0,01		—	—
CHLORINE %	8,78		—	—
OXYGEN %			—	—

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0,95	N/A	Antimony	N/A	N/A
SiO_2	56,71	N/A	Arsenic	N/A	N/A
Fe_2O_3	8,36	N/A	Beryllium	N/A	N/A
Al_2O_3	25,13	N/A	Cadmium	N/A	N/A
TiO_2	0,99	N/A	Chromium	N/A	N/A
CaO	2,76	N/A	Cobalt	N/A	N/A
···O	1,71	N/A	Fluorine	N/A	N/A
₂O3	N/A	N/A	Lead	N/A	N/A
K_2O	2,35	N/A	Lithium	N/A	N/A
Na_2O	0,60	N/A	Manganese	N/A	N/A

ıetermined	N/A	N/A	Mercury	N/A	N/A
Base/Acid Ratio	N/A	N/A	Nickel	N/A	N/A
Maximum Base/Acid Ratio	N/A	N/A	Selenium	N/A	N/A
*NOTE: ADD SHEETS IF MORE THAN ONE SEAM					

Late Bid PFCFEB2006 30

Britton, Annette

LATE BID
ACCEPTED BY: Brett Phillips
CEV 2/17/06 DRP 2/17/06

From: Martinez, Alvaro [Alvaro.Martinez@ssmcoal.com]
It: Friday, February 17, 2006 11:21 AM
To: Britton, Annette
Subject: RE: SSM Response to Progress Energy RFP for Coal

Annette,
Please find attachd SSM's third offer. We tried sending it yesterday but unfortunately our servers where down. I appreciate your consideration.
Regards,
AM

-----Original Message-----
From: Martinez, Alvaro
Sent: Wednesday, February 15, 2006 10:58 AM
To: 'Britton, Annette'
Subject: RE: SSM Response to Progress Energy RFP for Coal

Annette,
Please find attached two separate offers which SSM is submitting. I will also fax these two to you with the first page of each offer signed and dated. Please confirm receipt of this e-mail and advise fax number.
Thank you.
Alvaro Martinez

-----Original Message-----
From: Britton, Annette [mailto:Annette.Britton@pgnmail.com]
Sent: Monday, February 06, 2006 4:26 PM
To: Britton, Annette
Subject: Request for Proposals for Coal Supply

Attached are four files regarding the Request for Proposals for Coal Supply to Progress Energy Florida Inc.'s Crystal River Units Nos. 1, 2, 4, and 5. Please see the RFP letter for instructions when returning the proposals (to my attention), and direct your questions to either Barbara Coppola (919.546.6002) or Eddie Vinson (919.546.3622). Thank you.

<<PEF 1 and 2 02-03-06.DOC>> <<PEF 1 and 2 Specs 02-03-06.DOC>> <<PEF 4 and 5 02-03-06.DOC>> <<PEF 4 and 5 Specs 02-03-06.DOC>>

Annette Britton
Sr Administrative Assistant to Sasha Weintraub
Director - Coal, Regulated Fuels Department
Progress Energy Carolinas, Inc.
410 South Wilmington Street - PEB 10A
Raleigh, NC 27601
T 919.546.3478 / F 919.546.4721
annette.britton@pgnmail.com
www.progress-energy.com

CeV 2/17/06
2/17/06

PROGRESS Energy Florida

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

PRODUCER NAME: PT KIDECO JAYA AGUNG		
STREET ADDRESS: MENARA MULIA SUITE 1701, 17TH FLOOR, JALAN JENDRAL GATOT SUBROTO KAV 9 – 11 JAKARTA 12930		
CONTACT: MR KIM SUNG KOOK – PRESIDENT DIRECTOR OR MR. REYNARD HANOPPO – MARKETING MANAGER	TELEPHONE NO. +62 21 525 76 26	
MINE(S): PASIR MINE, BATUKAJANG BOM DISTRICT:	REGENCY: PASIR REGENCY	PROVINCE : EAST KALIMANTAN
ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____	R/R TIPPLE DESIGNATION/NUMBER:	
TYPE OF LOADING FACILITY: UNIT TRAIN: NA	SINGLE CAR: NA	TRAINLOAD: NA
MAXIMUM LOADING CAPACITY: 70,000 METRIC TONNES PER 24 HOUR NA TONS	NA HOURS	NA TRACK CAPACITY
WATER DELIVERY CAPABILITY: x YES ____ NO	IMPORT COAL: LOAD PORT _____	
SHIP THROUGH: ADANG BAY TRANSHIPMENT POINT ON MAKASSAR STRAIT, EAST KALIMANTAN	LOAD RATE:: 20,000 MT/DAY SHINC GEARLESS VESSEL	
TOTAL PRODUCTION CAPACITY PER MONTH: 1,600,000 METRIC TONS		
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 1,200,0000 METRIC TONS		
TYPE OF MINE: ____% DEEP	____% STRIP	____% AUGER
SEAMS: MULTIPLE SEAMS OF 10 – 20 SEAMS WITH THICKNESS OF SEAMS BETWEEN 6 TO 60 METRES	BLEND RATIOS: NA	
COAL PREPARATION: X RAW	____ WASHED	____ COMBINATION
TYPE OF COAL WASHER, IF WASHED:		

TYPE OF COAL SAMPLING: MECHANICAL TWO-STAGE CROSS-BELT COAL SAMPLER ON THE BARGE LOADER CONVEYOR BELT PRODUCED BY SGS AUSTRALIA AND BIAS-TESTED BY SGS AUSTRALIA AND PT SUCOFINDO (INDONESIAN CORRESPONDENCE OF SGS)

TYPE OF LABOR CONTRACT(S): RENEGOTIATED EVERY 3 YEARS	DATE FOR RENEGOTIATION: PART OF SUBCONTRACTORS CONTRACT – REGENEGOTIATED EVERY 3 YEARS
TYPE OF COAL WEIGHING: VESSEL DRAFT SURVEY	SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON DES IMT
2007 – 2009	[redacted] ST/YEAR ([redacted] ST) +/- 10% FES	2007: $[redacted]ST; 2008:[redacted]/ST; 2009: $45.75/ST DES

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

PRODUCER'S COMMENTS: KIDECO IS INDONESIA'S THIRD LARGEST COAL MINE PRODUCTING 18.2 MILLION METRIC TONNES OF STEAM COAL IN 2005 AND PLANNED FOR 18.5 MILLION METRIC TONNES OF STEAM COAL IN 2006. PLEASE SEE ATTACHMENT 3.

CREDIT REFERENCES (Minimum two): CITIBANK NA JAKARTA OFFICE, KOREA EXCHANGE BANK JAKARTA OFFICE

INDUSTRY REFERENCES (Minimum four): ENEL TRADE SPA (ITALY) , EDF TRADING LTD (UK), SSM COAL AMERICAS LLC (US), TAIWAN POWER COMPANY (TAIWAN ROC)

SIGNATURE:	TITLE:	DATE:

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:
Ms. Annette Britton
annette.britton@pgnmail.com
c/o Progress Energy Carolinas, Inc. Regulated Fuels Department
410 S. Wilmington Street
Mail Code PEB10
Raleigh, NC 27601

REDACTED

OPC
1st POD

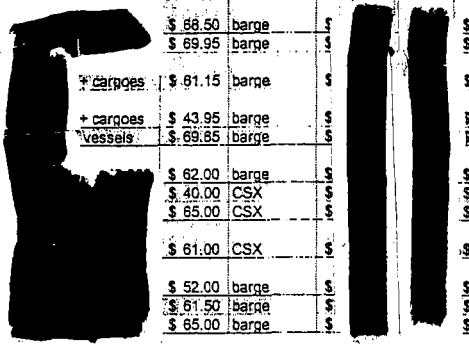
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DOCUMENT NUMBER-DATE
00960 FEB-7 08
FPSC-COMMISSION CLERK

D Coal Summary Sheet

Submission Date	Supplier	Contract Number (PRB Coal 2005 Solicitation)	Mine	Term	Origin	Per Month Short Tons	Base Price	Transp. Mode	Transp. Cost	SO2 Rate	Fuel Cost	Ash	Sulfur	Btu	Moisture
2006 Bids															
10/18/2005	Oxbow Mining LLC	2	Columbia	2006	IMT	3, 50000+ton cargoes	$ 68.95	barge	$ 10.82	$ 839	$ -	9.00%	0.75%	12,700	7.00%
10/18/2005	Oxbow Mining LLC	2	Columbia	2006	Mobile, AJ	3, 50000+ton cargoes	$ 68.95	barge	$ 10.37	$ 839	$ -	9.00%	0.75%	12,700	7.00%
10/18/2005	Coal Marketing Company	7	Columbia	2006	IMT	~6, 50000NT vessels	$ 55.45	barge	$ 10.82	$ 839	$ -	7.50%	0.60%	11,400	13.10%
10/18/2005	Kennecott Energy	10	Rio Tinto	2006	IMT	70000ton cargo	$ 64.00	barge	$ 10.82	$ 839	$ -	12.50%	0.50%	11,400	10.00%
10/18/2005	Kennecott Energy	10	Rio Tinto	2006	Mobile, AJ	70000ton cargo	$ 64.00	barge	$ 10.37	$ 839	$ -	12.50%	0.50%	11,400	10.00%
10/18/2005	Inter-American Coal	12	Mina Norte	2006	IMT	2, 50500NT vessels	$ 69.95	barge	$ 10.82	$ 839	$ -	7.00%	0.72%	13,000	6.50%
10/18/2005	SSM Coal Americas	14	Columbia/Ven	2006	IMT	4, 33000NT+ cargoes	$ 68.78	barge	$ 16.73	$ 839	$ -	9.00%	0.75%	12,500	7.50%
10/18/2005	SSM Coal Americas	14	Columbia/Ven	2006	Mobile, AJ	4, 33000NT+ cargoes	$ 69.23	barge	$ 16.28	$ 839	$ -	9.00%	0.75%	12,500	7.50%
10/18/2005	Glencore LTD	19	La Jagua	2006	IMT/McDuffie	3, 65000NT+ cargoes	$ 61.40	barge	$ 10.82	$ 839	$ -	6.50%	0.74%	12,400	8.00%
10/18/2005	Glencore LTD	19	La Jagua	2006	IMT/McDuffie	3, 65000NT+ cargoes	$ 61.15	barge	$ 10.82	$ 839	$ -	6.50%	0.74%	12,400	8.00%
10/18/2005	Glencore LTD	20	Melawan	2006	IMT/McDuffie	3, 65000NT+ cargoes	$ 45.45	barge	$ 10.82	$ 839	$ -	4.25%	0.43%	9,630	23.00%
10/18/2005	Glencore LTD	20	Melawan	2006	IMT/McDuffie	3, 65000NT+ cargoes	$ 43.95	barge	$ 10.82	$ 839	$ -	4.25%	0.43%	9,630	23.00%
10/18/2005	GCI	22	Paso Diablo	2006	IMT	2, 45000NT vessels	$ 69.65	barge	$ 10.82	$ 839	$ -	6.50%	0.75%	12,800	7.50%
10/18/2005	CoalSales LLC	17	Air Quality	2006	Evansville Terminal	20,800	$ 60.00	barge	$ 17.32	$ 839	$ -	8.50%	0.55%	11,000	18.50%
10/18/2005	Bandmill Coal Co.	24	Highland	2006	Kanawha/Logan	20,000	$ 65.00	CSX	$ 24.31	$ 839	$ -	12.75%	0.71%	12,100	7.02%
10/18/2005	Constellation	n/a	n/a	2006	Big Sandy	10,000	$ 65.50	CSX	$ 22.44	$ 839	$ -	10.00%	0.77%	12,800	8.00%
2007 Bids															
10/18/2005	CoalSales LLC	16	Twentymile	2007	Cook Coal Terminal		$ 68.50	barge	$		$ -	11.00%	0.57%	11,300	9.40%
10/18/2005	Inter-American Coal	12	Mina Norte	2007	IMT		$ 69.95	barge	$		$ -	7.00%	0.72%	13,000	6.50%
10/18/2005	Glencore LTD	19	La Jagua	2007	IMT/McDuffie	* cargoes	$ 61.15	barge	$		$ -	6.50%	0.74%	12,400	8.00%
10/18/2005	Glencore LTD	20	Melawan	2007	IMT/McDuffie	+ cargoes	$ 43.95	barge	$		$ -	4.25%	0.43%	9,630	23.00%
10/18/2005	GCI	22	Paso Diablo	2007	IMT	vessels	$ 69.65	barge	$		$ -	6.50%	0.75%	12,800	7.50%
10/18/2005	CoalSales LLC	17	Air Quality	2007	Evansville Terminal		$ 62.00	barge	$		$ -	8.50%	0.55%	11,000	18.50%
10/18/2005	Oxbow Mining LLC	1	Elk Creek	2007	Kanawa		$ 40.00	CSX	$		$ -	9.00%	0.45%	12,000	8.50%
10/18/2005	Bandmill Coal Co.	24	Highland	2007	Kanawha/Loga		$ 65.00	CSX	$		$ -	12.75%	0.71%	12,100	7.02%
10/18/2005	CoalTrade LLC	18	Horizon	2007	Wells Loadout/ Kanawha		$ 61.00	CSX	$		$ -	12.00%	0.75%	12,500	8.00%
add. Bid	Coal Marketing Company	7a	Columbia	2007	IMT		$ 52.00	barge	$		$ -	10.00%	0.69%	11,300	11.50%
11/16/2005	Keystone	n/a	n/a	2007	Kanawha / IMT		$ 61.50	barge	$		$ -	12.00%	0.72%	12,000	8.00%
11/22/2005	Central Coal Co	n/a	Kanawha Eagle	2007	Kanawha / IMT		$ 65.00	barge	$		$ -	12.00%	0.74%	12,300	8.00%



Bids for Massey "A" RTM	C/NC	fob $/mmbtu	fob mine	CSX Rate	district	mine	Btu	SO2
Henwood	Non-Compliance	[redacted]					12500	1.20
Evolution	Non-Compliance						12500	1.20
United Power	Non-Compliance						12500	1.20

*John Dean forecast of 2006 SO2 Allowances price = $ [redacted]

Bids:
Henwood Forecast
Evolution Forecast
United Power Forecast

Adjusted to:		12,100	1.2
Adjustments to Henwood*:			$0.00
Henwood Adjusted Cost:			-> (includes SO2 & btu adjustments)
Adjustments to Evolution*:			$0.00
Evolution Adjusted Cost:			-> (includes SO2 & btu adjustments)
Adjustments to United Power*:			$0.00
United Power Adjusted Cost:			-> (includes SO2 & btu adjustments)
Market Average	$	[redacted]	
Massey "D" coal offer:	$		

REDACTED

PEF-CC-000441

Bids for Massey "D" RTM	C/NC	del $/mmbtu	tons	fob $/mmbtu	fob mine	CSX Rate	district	mine	Btu	SO2	mois	ash	AST	vol	HGI
Bandmill Coal Co.	Compliance	[redacted]					Kanawha	Highland	12100	1.18	7.02	12.75		31	43
Based on Projected Freight Rates to Crystal River															
Bandmill Coal Co.	Compliance	[redacted]					Kanawha	Highland	12100	1.18	7.02	12.75		31	43
	Freight Differential	$0.0000		$0.0000	$ -										

Adjusted to: 12,100 1.2
Adjustments**: $0.00 -$0.20
Adjusted Delivered Cost: [redacted] -> (includes SO2, btu, and transp. adjustments)
Cash Cost: -> (does not include any adjustments, purely WA cost of lowest coal options)

*John Dean forecast of 2006 SO2 Allowances price = $ [redacted]

Bids:
PFCOCT2005-24

Massey "D" coal offer: $ [redacted]

PEF-CC-000442

REDACTED

September 2005 PFC RFP

Goal: Seek feedback from suppliers regarding lack of domestic River Coal proposals

Counter Party	Contact	Phone #	PFC Lead	Date Contacted	Comments
Adaro Envirocoal Americas	Frederick J. Murrell	941.747.2630	E. Vinson	11/22/2005	No river coal avaliable
Alliance Coal Sales Corporation	John W. Tanner	305.448.6164	B. Coppola	11/28/2005	No river coal available.
Alpha Coal Sales	L. Ellis Dusenbury	704.643.5013	B. Coppola	11/28/2005	No river coal available.
AMCI Export Corporation	Ernie L. Thrasher	724.537.2444	B. Coppola	11/28/2005	International coals only.
American Innovation Group, LLC	Greg Cantrell		B. Coppola		No contact information
AMVEST Coal Sales, Inc.	James T. McSherry	434.972.7770	E. Vinson	11/22/2005	No river business
Apex Coal Sales	David E. Long	304.752.2365	E. Vinson	11/22/2005	Left Message
Appalachian Fuels, LLC	John C. Smith	606.923.5890	E. Vinson	11/22/2005	Left Message
Arch Coal, Inc.	Jerry Bonacorsi Ken Hodak	314.994.2851 314.994.2842	E. Vinson	11/22/2005	Left Message
BHP Billiton Energy Coal	Victor I. Valenzuela	011.56.2.330.5981	B. Coppola	11/22/2005	International coals only.
Black Gold, LLC	Dan Hendrickson	276.623.8336	E. Vinson	11/22/2005	Will send offer if river coal becomes available.
C/C Chemical & Coke Company	Don E. Cain		E. Vinson		Unable to contact.
Central Appalachian Mining	Mike Goff	606.432.3900, ext 306	B. Coppola	11/22/2005	Evaluating river coal supply; will not have firm plans until January.
Central Coal and Coke, Inc.	Steve Hershberger	317.841.7733	B. Coppola	11/28/2005	Number Disconnected
Central Coal Company	Clark Wisman	276.669.8599	E. Vinson	11/22/2005	Will send offer if river coal becomes available.
	Richard Clonch	240.687.2542			
Coal Energy Resources, Inc.	Greg Jordan	276.676.3101	B. Coppola	11/28/2005	Left Message
Coal Marketing Company, Ltd.	Francisco J. Garcia	011.57.5.350.2123	E. Vinson		International coals only.
Coal Report	Will Fitzgerald	865.694.0403	N/A		
Coal Sourcing and Sales, Inc.	Sam Broverman	304.645.5950	E. Vinson		Will send offer if river coal becomes available.
Commonwealth Coal Sales, L.C.	Robert H. Scott	804.282.9826	B. Coppola	11/29/2005	Number Disconnected
Compass Coal Services, LLC	William E. Massey, Jr.	804.288.9500	E. Vinson	11/22/2005	No river coal avaliable
Compliance Holding Company, Inc.	Alan Weed		B. Coppola	11/28/2005	Unable to contact.
CONSOL Energy, Inc.	Dennis P. Duffy	770.951.2625	E. Vinson	11/22/2005	No river coal avaliable
CONSOL Energy, Inc.	Barbara Moore	770.951.2625	E. Vinson		
Constellation Power Source	Rob Nelson	713.628.7248	E. Vinson	11/22/2005	No river coal avaliable
Conona Resources	John Seibel	859.426.1375	E. Vinson	11/22/2005	Will send offer if river coal becomes available.
Cumberland River Energies, Inc.	Charles R. Reasor	770.977.3177	B. Coppola	11/29/2005	Left Message
Delta Coals, Inc.	D. Tate Rich	615.352.5484	E. Vinson	11/22/2005	No river coal avaliable
Dominion Energy	Douglas C. Young	804.787.5779	B. Coppola	11/29/2005	Wasn't aware we procured river coal; no availability at present time.
Drummond Coal Sales, Inc.	Rick Cole	804.323.3004	E. Vinson	11/22/2005	International coals only.
DTE Energy	Rolando Sanz-Guerrero	734.913.5877	E. Vinson	11/22/2005	International coals only.

Counter Party	Contact	Phone #	PFC Lead	Date Contacted	Comments
East River Coal Company	Ronald L. Whalen	304.327.2596	B. Coppola	11/29/2005	No river coal available.
Emerald Interriational Corporation	Steven E. Weber	859.525.2522	E. Vinson	11/22/2005	Will send offer if river coal becomes available.
Energy Argus	Abby Caplan	202.775.0240	N/A		
Energy Consulting, Inc.	Robert Lewis	865.584.9200	N/A		
Energy Publishing, LLC	Jim Thompson	865.588.0645	N/A		
Evolution Markets, LLC	Thomas Hiemstra	914.323.0200	N/A		
Garland Coal Company	David Byrd	865.588.9711	B. Coppola	11/29/2005	Number Invalid
Glencore, Ltd.	John McConaghy	203.328.4958	B. Coppola	11/29/2005	International coals only.
Guasare Coal International	Eladio Bueno	44.207.471.3806	B. Coppola	11/29/2005	International coals only.
Horizon Natural Resources Sales Company	Bud Runyon	606.920.7777	E. Vinson		Company bankrupt
Horizon Natural Resources Sales Company	Timothy Monson	859.219.1250	E. Vinson		Company bankrupt
Infinity Coal Sales	Thomas A. McQuade	704.542.4100, ext 11	E. Vinson	11/22/2005	Will send offer if river coal becomes available.
Integrity Coal Sales, Inc.	Kevin McEvoy	631.582.6340	B. Coppola	11/29/2005	Will send offer if river coal becomes available.
Inter-American Coal, Inc.	Marcel L.J. Van den Berg	410.730.6800	B. Coppola	11/29/2005	International coals only.
James River Coal Sales, Inc.	Mark Dooley	804.780.3003	E. Vinson	11/22/2005	Left Message
Jim Walter Resources, Inc.	Rodney L. Camp	205.554.6230	E. Vinson	11/22/2005	Will send offer if river coal becomes available.
Kennecott Energy Company	J. Michael E. Kelley	307.687.6045	E. Vinson		Unable to contact.
Kentucky Cumberland Coal Company	James R. "Kenny" Gillum	423.562.4799	E. Vinson	11/30/2005	Left Message
Knott Floyd Land Company, Inc.	Earl Roop	606.874.9003	E. Vinson	11/29/2005	Will send offer if river coal becomes available.
Koch Carbon, LLC	Gene Stone	606.739.6177	E. Vinson	11/22/2005	Will send offer if river coal becomes available.
Koch Carbon, Inc.	Gene Mitchell		E. Vinson		
Lafayette Coal Company	Mike Aresica	704.622.8613	B. Coppola	11/29/2005	Left Message
Lake Shore International, Ltd.	Mary Eileen O'Keefe	312.482.9701	B. Coppola	11/29/2005	Left Message
Lakeway Fuel Corporation	Paul Greer	404.835.2990	B. Coppola	11/29/2005	Number Disconnected
Landmark Mining Company, Inc.	Chris Ratliff	606.639.4346	B. Coppola	11/29/2005	May send proposal if river coal becomes available.
Logan & Kanawha Coal Co., Inc.	Steve Melton	304.746.4014	E. Vinson	11/30/2005	No river coal avaliable
Massey Coal Sales Company, Inc.	John R. Parker	804.782.1678	B. Coppola	11/29/2005	Submitted bid in RFP process
McCloskey Coal Report	Jacqueline Cantillo	011.57.1.271.5743	N/A		
McWane Coal Sales, Inc.	John R. Baker, Jr.	205.323.2400	E. Vinson	11/29/2005	Please remove from list not interested in utility market
Mitsubishi International Corporation	Rocco D. Prichinello	212.605.2304	B. Coppola	11/29/2005	International coals only.
Mitsui & Company	Matt Inamuro	212.878.4117	E. Vinson	11/29/2005	International coals only.
National Coal Corporation	Joey Davis	865.769.3749, ext 12	E. Vinson	1/29/2005	No river coal avaliable
Oak Hill Coal Corporation	John A. Collins	606.743.7891	B. Coppola	11/29/2005	Sells Big Sandy river compliance coal; no current availability.
Oxbow Carbon & Minerals, Inc.	Jay Bruton	303.328.2839	E. Vinson	1/30/2005	Colorado Coal only
Peabody COALSALES Company	Barbara Busby	314.342.7698	B. Coppola	11/29/2005	Submitted bid in RFP process
Perry County Coal Corporation	Cecil Lewis	606.439.1391	B. Coppola	11/29/2005	Left Message

Counter Party	Contact	Phone #	PFC Lead	Date Contacted	Comments
Pevler Coal Sales Company	J. Mark Campbell	304.345.1276	B. Coppola	11/29/2005	No river coal available at this time.
Pickands Mather Coal Company	Scott F. Brown	440.256.7622	E. Vinson	11/29/2005	Left Message
Pincelli & Associates	Nancy James		E. Vinson	11/29/2005	Unable to contact.
Pittston Coal Sales Corporation	Jim Campbell	540.889.6300	E. Vinson	11/29/2005	Unable to contact.
Pittston Coal Sales Corporation	Rick Meade	540.889.6300	E. Vinson		
Powderhorn Coal Company	Dale L. Fenwick		E. Vinson	11/29/2005	Unable to contact.
Progress Fuels Corporation	Dayton E. Eisel, III	919.546.3434	E. Vinson	11/29/2005	No river coal avaliable
PS Energy Group, Inc.	Jim Sobery	404.321.5711	B. Coppola	11/29/2005	Spoke with Brian Stickney. Requested we remove them from Supplier List as they do not sell coal anymore.
R&T Coal Company, Inc.	Gene Mowery		B. Coppola	11/29/2005	Unable to contact.
Rapoca Energy Company	Ken Stacy		E. Vinson	11/29/2005	Unable to contact.
RB Coal Company	Robert Chadwell		E. Vinson	11/29/2005	Unable to contact.
Red River Coal Company, Inc.	Jim LaForce	276.679.1400	B. Coppola	11/29/2005	No River Coal
Saylor Brothers Enterprises, Inc.	Deron F. Saylor	606.664.2961	B. Coppola	11/29/2005	Number Disconnected
Sigmon Coal Company, Inc.	Jerry Cooksey		B. Coppola	11/29/2005	Unable to contact.
Smoky Mountain Coal Corp.	John McDonnell	865.966.8222, ext 2003	E. Vinson	11/29/2005	Will send offer if river coal becomes available.
SOCRAT Co., Ltd.	Yuriy Piksaykin	650.366.6930	B. Coppola	11/29/2005	Left Message
Solar Sources	Fred A. Bowman	317.788.0084	B. Coppola	11/29/2005	Sells 3-4 million tons/year Petersburg, Indiana. 2.5 lb to 6.0 lb sulfur on CSX/NS.
Southeast Fuels, Inc.	Ralph Shelton	336.854.1106	E. Vinson	11/30/2005	Will send offer if river coal becomes available.
Southern Appalachian Coal Sales, Inc.	Ken Daniels	865.470.8595	E. Vinson	11/30/2005	Left Message
Southern Company Energy Marketing	Mark Canon		B. Coppola	11/29/2005	Unable to contact.
SSM Petocke, LLC	Mark Jones	410.910.0634	B. Coppola	11/29/2005	International coals only.
Stafford Energy, Inc.	John Stafford	606.324.2625	B. Coppola	11/29/2005	Does have river coal; may send proposal.
TECO Coal Corporation	Edward L. Billips	606.523.4444	E. Vinson	11/29/2005	No river coal avaliable
Thoroughbred Coal Company	Steve Isaacs	859.381.8200	E. Vinson	11/30/2005	Left Message
TMT Coal Company, LLC	Kevin C. Burns	703.771.9191	E. Vinson	11/30/2005	Number Disconnected
Trail Energy, Inc.	Bill Andrews	865.856.2859	E. Vinson	11/30/2005	No coal availability at this time.
TransGlobal Ventures Corporation	Frank M. Kolojeski	856.396.0808	B. Coppola	11/29/2005	Left Message
TransMar Coal, Inc.	Keith G. Kleiser	812.937.4536	B. Coppola	11/29/2005	Left Message
Triton Coal Company, LLC	Robert B. Gabbard	859.223.8820	B. Coppola	11/29/2005	Does have river coal; may send proposal.
U.S. Steel Mining Company, LLC	John W. Pierce	412.433.4611	E. Vinson	11/30/2005	No longer working in Business
United Coal Company	Travis Hutton	540.466.0014	E. Vinson	11/30/2005	No Answer
United Power, Inc.	Dan Vaughn	812.473.5810	E. Vinson	11/30/2005	Left Message
USS Coal Sales, LLC	Bruce L. Washburn	865.573.9632	E. Vinson	11/30/2005	Left Message
Venro Petroleum Corporation	Frank Hurtado	212.969.1722	B. Coppola	11/29/2005	International coals only.
Woodruff Coal Company	John W. Garside, Jr.	616.343.5531	B. Coppola	11/29/2005	No coal availability at this time.

Massey Utility Sales Company

Coal Sales Agreement
Executive Summary

This recommendation documents a [redacted] coal purchase Agreement with Massey Utility Sales Company FOB the barge Ceredo WV. These trains were purchased as opportunity coals for our Crystal River units. Below are the essential elements of the deal.

Seller: Massey Utility Sales Company

Buyer: Progress Energy Florida

Term: October thru December 2007

Quantity: [redacted]/tons total

Price: [redacted] per ton

Market Price; United Power BSR 12000, 1.2# $[redacted]

Quality: 1.22#

Btu: 9,000

Source: Superior Mine

Exceptions:

Maximum Value of Contract: $[redacted]
Required Approval Level: Director Coal Procurement, Regulated Fuels Department

Prepared by: Eddie Vinson
October 29, 2007

REDACTED

United ICAP 10/23/07

BS RWR 12,000 1.2# [redacted]

BTU Adjust [redacted]

$ [redacted] EA JAGUE - $ [redacted]

SO_2 Adjusted - [redacted]

$ [redacted] /TON

FOB Ceredo for 9,000 1.22# $ [redacted] /TON

REDACTED



2006 Edison Award

Progress Energy

Constellation Energy Commodities Group, INC.
Coal Supply Agreement
Executive Summary

This recommendation documents a [redacted] CSX compliance coal Agreement with Constellation Energy Commodities Group, INC. for delivery in first quarter of 2006. These trains were purchased for inventory requirements at the Crystal River plant. Below are the essential elements of the deal:

Seller: Constellation Energy Commodities Group, INC.

Buyer: Progress Energy Florida, Inc.

Term: January 01, 2006 thru March 31, 2006

Quantity: 2006: approximately 30,000 tons

Price: 2006: $66.05 per ton

Market Price: United Power 12/23/05 $65.75, 12,500 Btu, 1.2 lb SO2, $1550 Emission Allowance Value

Quality: 1.20 # SO_2 per mmbtu

Btu: 12,500

Source: Charlene Loadout or Kanawha District Loadout

Exceptions: None (short Confirmation form utilized)

Maximum Value of Contract: $1,981,500.00
Required Approval Level: Coal Procurement Manager, Regulated Fuels Department

Prepared by: Eddie Vinson
January16, 2006

REDACTED

DATE 1/30/06 PREPARED BY Debra Haynes PHONE NO. X3516

NEW ✓ OTHER SPOT < 6 months Deal

AMENDMENT TO CONTRACT/EFF. DATE

COMPANY/ENTITY Progress Energy Florida, Inc

COUNTERPARTY Constellation Energy Commodities Group, Inc.

CONTRACT NUMBER Debra said she will call with FMS#

COMMODITY RF - Coal

CONTRACT TYPE Purchase Confirmation

DIRECTION

EFFECTIVE DATE 2/1/2006 EXPIRATION DATE 3/31/2006

EARLY TERMINATION EXTEND THRU

COMMENTS (Keyed into EFC Comments Field) $ 66.00 New spot deal (2 trains)
~~Re: # 511505 EX~~

OTHER INTERNAL COMMENTS (Will not be entered into EFC)

CONTRACT ADMINISTRATION CHECKLIST (FOR INTERNAL USE ONLY)

DB TABLE: FF Entry Date N-01/31/06 ID# 192
DB ADDRESS TABLE: Entry Date ID#
ID REFERENCE# (IF APPLICABLE)

EFC CHECKED FOR DUPLICATES

FILENAME # Will Call - RF- PEFI - Constellation Energy Commodities Group Inc - Coal - Purchase Confirmation - $66.00 per ton (2 trains) - Eff 02.01.06 - Term 03.31.06

SCAN DATE 1-31-06 xbv PDF FILE LOCATION Regulated Fuels - Short Term Agreements

EFC ENTRY DATE on shared drive only - Not in EFC

FOLDER & LABEL Red Purple

PHYSICAL FILE LOCATION (Cabinet & Drawer No.) C14-1

Contract Admin. Notes (See back for Continuation)

Constellation Energy Commodities Group, INC.
Coal Supply Agreement
Executive Summary

This recommendation documents a two train CSX compliance coal Agreement with Constellation Energy Commodities Group, INC. for delivery in first quarter of 2006. These trains were purchased for inventory requirements at the Crystal River plant. Below are the essential elements of the deal:

Seller: Constellation Energy Commodities Group, INC.

Buyer: Progress Energy Florida, Inc.

Term: February 01, 2006 thru March 31, 2006

Quantity: 2006: approximately 20,000 tons

Price: 2006: $66.00 per ton

Market Price: United Power 1/4/06 $65.75, 12,500 Btu, 1.2 lb SO2, $1575 Emission Allowance Value

Quality: 1.20 # SO_2 per mmbtu

Btu: 12,500

Source: Charlene Loadout

Exceptions: None (short Confirmation form utilized)

Maximum Value of Contract: $1,320,000.00
Required Approval Level: Coal Procurement Manager, Regulated Fuels Department

Prepared by: Eddie Vinson
January16, 2006

CEV

Oxbow Carbon & Minerals LLC
Coal Sales Agreement
Executive Summary

This recommendation documents [redacted] coal purchase Agreement with Oxbow Carbon & Minerals LLC FOB the barge, Cora Dock. These Colorado coal trains were purchased for testing at our Crystal River units and blending at our Gulf teminals. Below are the essential elements of the deal.

Seller: Oxbow Carbon & Minerals LLC

Buyer: Progress Energy Florida

Term: November thru December 2007

Quantity: [redacted] tons total

Price: [redacted] per ton

Market Price; United Power BSR 12000, 1.2# $[redacted]

Quality: .90#

Btu: 12,000

Source: Coal Elk Creek Mine in Somerset, CO

Exceptions:

Maximum Value of Contract: $[redacted]
Required Approval Level: Director Coal Procurement, Regulated Fuels Department

Prepared by: Eddie Vinson
November 12, 2007

REDACTED

Vinson, Eddie

From: Duttinger, Jason
Sent: Thursday, October 18, 2007 9:08 AM
To: Vinson, Eddie
Subject: RE:

If Memco has barges we can expect to pay the following during the fourth quarter (adjusted for fuel):

Cora - $[redacted]
Big Sandy - $[redacted]

If not, we will likely use Ingram (Base, not adjusted for fuel):

Cora - $[redacted]
Big Sandy - $[redacted]

Jason

-----Original Message-----
From: Vinson, Eddie
Sent: Thursday, October 18, 2007 8:23 AM
To: Duttinger, Jason
Subject:

Jason will you please send me the transportation rates we discussed yesterday. If you have questions call my cell.

EV

REDACTED

BS River 12,000 1.2 # = [redacted]/TON Nov, DEC. 2007 UPI

BS River 12,000 1.2# = $[redacted]/TON
[redacted] BS Barge Rate
$[redacted] DEL IMT

Product offered 12,000 .90# SO_2 = $[redacted] FOB Barge Coal Dock

Mississippi River Coal Dock 12,000 .90# = [redacted]/TON FOB Barge
[redacted] Miss. barge rate
$[redacted]/TON Del IMT
([redacted]) SO_2 premium
$[redacted] DEL IMT

EA value = [redacted] UPI OCT 16, 2007

Conclusion: The Mississippi River product has $[redacted]/TON advantage to the BSR product.

I used ICAP United, INC-Coal
Dated October 16, 2007

REDACTED



2006 Edison Award

Progress Energy

ICAP

ICAP United, Inc - Coal

16-Oct-07

www.upicoal.com — Dan Vaughn @ 417-336-5582

www.icapenergy.com — Ian Tapsall, Manzar Iqbal @ 203-762-8493 — Matt Keck @ 502-327-1417

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Nov	46.50	47.00	*46.20*	9-Oct
Dec	47.25	47.75	*46.85*	9-Oct
Q1 08	49.75	50.25	*50.00*	16-Oct
Q2 08	51.75	52.25	*52.15*	16-Oct
Q3 08	54.05	54.55	*54.35*	16-Oct
Q4 08	55.75	56.25	*56.00*	16-Oct
Q1 09	56.20	56.70	*56.45*	15-Oct
Q2 09	56.65	57.15	*52.25*	13-Sep
Q3 09	57.05	57.55		
CY 08	52.83	53.33	*53.10*	16-Oct
CY 09	56.80	57.30	*56.90*	15-Oct
CY 10	58.45	58.95	*58.70*	16-Oct

CSX-BSK < 1%

Bid - Ask Range		Last	Date
47.75	48.25	*44.25*	21-Sep
48.00	48.50	*45.00*	21-Sep
49.50	50.00	*48.25 est*	5-Oct
50.90	51.40	*50.45 est*	5-Oct
52.10	52.60	*48.50 est*	19-Sep
52.50	53.00	*49.50 est*	19-Sep
52.90	53.40		
53.30	53.80		
53.70	54.20		
51.25	51.75	*51.60 fin*	11-Oct
53.50	54.00	*52.50*	8-Oct
54.50	55.00	*est*	

PRB 8800 - physical market

Bid - Ask Range		Last	Date
10.75	11.25	*10.90*	20-Sep
10.85	11.35		
11.15	11.65	*11.00 est*	11-Jul
11.35	11.85	*9.00*	28-Mar
11.55	12.05	*9.05*	2-Apr
11.75	12.25		
11.95	12.45		
12.15	12.65		
12.35	12.85		
11.45	11.95	*11.75*	16-Oct
12.25	12.75	*12.50 est*	16-Oct
13.00	13.50	*est*	

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
CY 08	CSX	12500	1.2	*54.00*	15-Oct
Q3Q4 08	CSX	12500	1.2	*55.00*	15-Oct
Aug-Sep	NS	12500	1.2	*45.75*	7-Aug
CY 08	NS	12500	1.6	*51.00*	10-Sep
Q4	MGA	13000	3.2	*46.75*	24-Aug
Q1	MGA	13000	4.0-4.5	*45.00*	25-Sep
Aug-Dec	PRB 84	8400	0.8	*9.00*	26-Jul
CY 08	PRB 84	8400	0.8	*9.60*	9-Oct
CY 08	8400 xCC	8400	0.8	*9.30*	6-Sep

Emissions

SO2	Bid	Ask
2007	548	555
2008	546	554
2009	545	553
2010	281	285

NOx		
Bank	700	775
2007	850	900
2008	700	800
2009	675	750

The Daily Scoreboard

Nymex look-alike & other
- Q1 trades 50.00 Q2 trades 52.15
- Q3 trades 54.35 (10)
- Q4 trades 56.00 (10)
- Q1Q2 trades 51.15 (10)
- Q3Q4 trades 55.25 (10)
- CY 08 trades 53.20, 53.10
- CY 10 trades 58.70
- CY 10 / 09 trades 1.65

PRB 8800
- CY 08 trades 11.60, 11.75
- CY 09/ 08 trades 0.75 (2x - once fin)
- CY 09 15.00 Call trades 1.40

PRB 8400
- Nov-Dec trades 9.50 (3T)

SO2
- Spot trades 2x, 550

Additional Market Activity

Delivery	Origin	Btu	#SO2	Bid	Ask

Vaughn's View of the Market - a perspective provided by Dan Vaughn to assist in marking coals to market

PRB Coal — 16-Oct-07

Origin	Btu	#SO2	Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4	PY	PY + 1	PY + 2
			Nov	Dec	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	CY 08	CY 09	CY 10
BNSF / UP	8800	0.8	11.00	11.10	11.40	11.60	11.80	12.00	12.20	11.70	12.50	13.25
BNSF / UP	8400	0.8	9.50	9.50	9.50	9.70	9.90	10.10	10.30	9.80	10.60	11.35

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Nov	Dec	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	CY 08	CY 09	CY 10
BS Rvr	12000	1.2	49.54	50.00	52.50	54.25	56.55	58.25	58.70	55.33	59.30	60.95
Nym LAL	12000	1.7	46.75	47.50	50.00	52.00	54.30	56.00	56.45	53.08	57.05	58.70
BS Rvr	11500	1.8	42.40	43.25	45.50	47.50	49.80	51.50	51.95	48.58	52.80	54.45
CSX-BSK	12500	1.2	50.29	50.65	52.25	53.65	54.85	55.25	55.55	54.00	56.15	57.00
CSX-BSK	12500	1.6	48.00	48.25	49.75	51.15	52.35	52.75	53.15	51.50	53.75	54.75
NS-T/K	12500	1.2	53.24	53.15	53.85	55.25	56.45	56.85	56.85	55.60	57.45	58.35
NS-T/K	12500	1.6	50.50	50.75	51.35	52.75	53.95	54.35	54.45	53.10	55.05	56.05

NAPP Coal

Origin	Btu	#SO2	Nov	Dec	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	CY 08	CY 09	CY 10
MGA	13000	3.0 / 3.4	53.00	53.00	51.00	51.00	50.50	50.50	51.50	50.75	52.00	53.25
MGA	13000	4.0 / 4.5	49.23	49.25	47.00	47.00	46.50	46.50	47.50	46.75	48.00	49.25
Mon Rvr	13000	4.5 - 5.0	49.50	49.50	47.50	47.50	47.00	47.00	48.00	47.25	48.50	49.75
U. OH Rvr	12200	6.5	39.00	39.00	39.00	39.00	39.00	39.00	40.00	39.00	40.00	41.00

ILB Barge Coal

Origin	Btu	#SO2	Nov	Dec	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	CY 08	CY 09	CY 10
L. OH Rvr	12000	2.0	46.50	46.50	46.50	46.50	46.50	46.50	47.50	46.50	47.50	48.75
L. OH Rvr	12000	5.0	36.50	36.50	36.50	36.50	36.00	36.00	37.00	36.25	37.25	38.25

Colorado Coal

Origin	Btu	#SO2	Nov	Dec	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	CY 08	CY 09	CY 10
UP	11800	1.0	21.75	21.75	25.00	25.25	25.50	25.75	26.25	25.50	26.50	27.50
UP	11300	1.0	21.50	21.50	24.75	25.00	25.25	25.50	26.00	25.25	26.25	27.25

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All trades are based on market information reported to ICAP United by market participants. Information is believed to be reliable but cannot be guaranteed.

Massey Utility Sales Company

Coal Sales Agreement
Executive Summary

This recommendation documents a [redacted] coal purchase Agreement with Massey Utility Sales Company FOB the barge Ceredo WV. This test train was purchased as an opportunity coal for our Crystal River units. Below are the essential elements of the deal.

Seller: Massey Utility Sales Company

Buyer: Progress Energy Florida

Term: August 2007

Quantity: [redacted] tons (1 train)

Price: [redacted] per ton FOB BARGE

Market Price; United Power BSR 12000, 1.2# $[redacted]

Quality: 1.22#

Btu: 9,000

Source: Superior Mine

Exceptions:

Maximum Value of Contract: $[redacted]
Required Approval Level: Director Coal Procurement, Regulated Fuels Department

Prepared by: Eddie Vinson
August 21, 2007

REDACTED

ICAP

ICAP United, Inc - Coal

17-Aug-07

www.upicoal.com — Dan Vaughn @ 417-336-5582

www.icapenergy.com — Ian Tapsall, Manzar Iqbal @ 203-762-8493 — Matt Keck @ 502-327-1417

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Sep	42.50	43.00	*42.50*	13-Aug
Oct	44.00	44.50		
Q4 07	44.50	45.00	*45.05*	15-Aug
Q1 08	46.25	46.75	*46.40*	17-Aug
Q2 08	47.55	48.05	*48.10*	16-Aug
Q3 08	49.05	49.55	*49.50*	16-Aug
Q4 08	50.35	50.85	*51.30*	13-Aug
Q1 09	51.35	51.85	*52.75*	13-Aug
Q2 09	51.85	52.35		
CY 08	48.30	48.80	*48.60*	17-Aug
CY 09	52.10	52.60	*52.50 est*	16-Aug
CY 10e	54.85	55.35	*55.25*	16-Aug

CSX-BSK < 1%

Bid - Ask Range		Last	Date
42.65	43.15	*41.90 est*	25-Jul
43.00	43.50		
43.00	43.50	*43.25*	17-Aug
44.85	45.35	*45.35*	14-Aug
46.00	46.50	*46.00 est*	19-Apr
47.15	47.65	*48.00 est*	11-Jul
48.00	48.50	*48.75 est*	11-Jul
48.50	49.00		
49.00	49.50		
46.50	47.00	*47.35*	13-Aug
49.25	49.75	*49.00*	11-Jun
51.00	51.50	*est*	

PRB 8800 - physical market

Bid - Ask Range		Last	Date
11.10	11.60	*11.35*	16-Aug
10.65	11.15		
10.65	11.15	*10.90*	3-Aug
10.45	10.85	*11.00 est*	11-Jul
10.55	10.95	*9.00*	28-Mar
10.65	11.05	*9.05*	2-Apr
10.75	11.15		
10.95	11.45		
11.15	11.65		
10.60	11.00	*11.00*	16-Jul
11.25	11.75	*9.75*	20-Apr
12.00	12.50	*est*	

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
Aug-Sep	NS	12500	1.6	*43.35*	11-Jul
Aug-Sep	NS	12500	1.2	*45.75*	7-Aug
CY 08	NS	12500	1.6	*48.00*	3-Jul
Q3	MGA	13000	4.0	*41.00*	1-May
Q3Q4	MGA	13000	3.0	*45.00*	30-May
Q4	PRB Clr	8800	0.8	*10.80*	8-Aug
Sep-Dec	8400 BN	8400	0.8	*8.10*	27-Jul
Aug-Dec	PRB 84	8400	0.8	*9.00*	26-Jul
CY 09	8400 xCC	8400	0.8	*10.50*	12-Jul

Additional Market Activity

Delivery	Origin	Btu	#SO2	Bid	Ask

Emissions

SO2	Bid	Ask
2007	548	557
2008	547	556
2009	546	555
2010	277	282

NOx

Bank	435	500
2007	500	550
2008	450	550
2009	425	525

Weekly - Market Change

Q4 07	10-Aug	17-Aug
Nym LAL	4500	4475
CSX 1.2#	4590	4565
CSX -1%	4365	4325
PRB 88	1105	1090
PRB 84	880	880

The Daily Scoreboard

Nymex look-alike & other
Q1 trades 46.65, 46.50, 46.55, 46.50 and 46.40
Q3Q4 trades 52.85
CY 08 trades 48.90, 48.60 (2x)

CSX Rail
Q4 trades 43.25

PRB 8800

SO2

Vaughn's View of the Market - a perspective provided by Dan Vaughn to assist in marking coals to market

PRB Coal — 17-Aug-07

Origin	Btu	#SO2	Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4	PY	PY + 1	PY + 2
			Sep	Oct	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	CY 08	CY 09	CY 10e
BNSF / UP	8800	0.8	11.35	10.90	10.90	10.65	10.75	10.85	10.95	10.80	11.50	12.25
BNSF / UP	8400	0.8	8.85	8.80	8.80	8.80	8.90	9.00	9.10	8.95	9.65	10.40

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Sep	Oct	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	CY 08	CY 09	CY 10e
BS Rvr	12000	1.2	45.09	46.50	47.00	48.75	50.05	51.55	52.85	50.80	54.60	57.35
Nym LAL	12000	1.7	42.75	44.25	44.75	46.50	47.80	49.30	50.60	48.55	52.35	55.10
BS Rvr	11500	1.8	38.56	40.00	40.25	42.00	43.30	44.80	46.10	44.05	48.10	50.85
CSX-BSK	12500	1.2	45.64	45.65	45.65	47.35	48.75	49.90	50.75	49.25	51.85	53.50
CSX-BSK	12500	1.6	42.50	43.25	43.25	45.10	46.25	47.40	48.25	46.75	49.50	51.25
NS-T/K	12500	1.2	48.14	48.40	48.40	49.75	50.90	52.05	52.90	51.40	53.00	54.25
NS-T/K	12500	1.6	45.40	45.75	45.75	47.25	48.40	49.55	50.40	48.90	50.65	52.00

NAPP Coal

Origin	Btu	#SO2	Sep	Oct	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	CY 08	CY 09	CY 10e
MGA	13000	3.0 / 3.4	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	48.75	50.00
MGA	13000	4.0 / 4.5	43.73	43.75	43.75	43.85	43.85	43.85	43.85	43.85	45.15	46.50
Mon Rvr	13000	4.5 - 5.0	45.00	45.00	45.00	45.25	45.25	45.25	45.25	45.25	46.50	47.75
U. OH Rvr	12200	6.5	29.50	29.50	29.50	33.00	32.50	33.00	33.00	33.00	34.00	35.00

ILB Barge Coal

Origin	Btu	#SO2	Sep	Oct	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	CY 08	CY 09	CY 10e
L. OH Rvr	12000	2.0	41.00	41.00	41.50	44.00	44.00	44.00	44.00	44.00	45.25	46.50
L. OH Rvr	12000	5.0	32.50	32.50	33.00	35.00	35.00	35.00	35.00	35.00	36.00	37.00

Colorado Coal

Origin	Btu	#SO2	Sep	Oct	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	CY 08	CY 09	CY 10e
UP	11800	1.0	21.50	21.50	23.00	25.50	25.75	26.25	26.50	26.00	27.00	28.00
UP	11300	1.0	21.50	21.50	23.00	25.50	25.50	25.50	26.00	25.75	26.75	27.75

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8/21/07

MASSEY UTILITY SALES COMPANY

1 COW QUALITY TRAIN PURCHASE FOR PEF FOB Barge Cinda

UPI BSR 12,000, 1.2# [redacted]

[redacted] BTU ADJUSTMENT

[redacted] SO_2 ADJUSTMENT EA = [redacted]

$ [redacted]

REDACTED



2006 Edison Award

Progress Energy

SSM Coal Americas, LLC
Coal Supply Agreement
Executive Summary

This recommendation documents a [redacted] compliance spot coal Agreement with SSM Coal Americas, LLC originating on the CSX rail Big Sandy District. These trains were purchased for inventory at a below market price for Crystal River units 4 and 5. Below are the essential elements of the deal.

Seller: SSM Coal Americas, LLC

Buyer: Progress Energy Florida, Inc.

Term: July thru November 2007

Quantity: [redacted]

Price: [redacted] per ton

Market Price: United Power 6/1/07 CSX 12500, 1.2# [redacted]

Quality: 1.2 # SO_2 per mmbtu

Btu: 12,000

Source: Pardee WV

Exceptions: None

Maximum Value of Contract: Approximately [redacted]
Required Approval Level: Director - Coal, Regulated Fuels Department

Prepared by: Eddie Vinson
July 16, 2007

REDACTED

Market Price July → November 2007

JULY - 44.73
Aug 45.00
Sept 45.00
Oct 46.25
NOV 46.25

5 ÷ 227.23 = $ 45.45

July – November 2007 UPI CSX 12,500, 1.2# on 8/1/07 = [redacted]

12500 1.2# [redacted]
([redacted] BTU ADJUSTMENT
12000 1.2# = [redacted]

REDACTED



2006 Edison Award

Progress Energy

ICAP

ICAP United, Inc - Coal

1-Jun-07

www.upicoal.com — Dan Vaughn @ 417-336-5582

www.icapenergy.com — Ian Tapsall, Manzar Iqbal @ 203-762-8493 — Matt Keck @ 502-327-1417

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Jul	44.75	45.25	*45.00*	1-Jun
Aug	44.85	45.35		
Q3 07	44.85	45.35	*44.75*	31-May
Q4 07	45.85	46.15	*45.75*	31-May
Q1 08	47.15	47.65	*47.40 est*	1-Jun
Q2 08	48.30	48.80	*48.55 est*	1-Jun
Q3 08	49.55	50.05	*49.70*	29-May
Q4 08	50.65	51.15	*50.75*	1-Jun
Q1 09	51.15	51.65	*48.90*	8-Mar
CY 08	48.91	49.41	*49.00*	30-May
CY 09	51.80	52.30	*52.00*	30-May
CY 10e	52.40	52.90	*est*	

CSX-BSK < 1%

Bid - Ask Range		Last	Date
42.00	43.00		
42.25	43.25		
42.25	43.25	*42.50*	28-Mar
43.50	44.50	*43.75*	29-May
45.20	46.00	*45.50*	10-Apr
46.35	47.15	*46.00 est*	19-Apr
47.25	48.05	*46.50 est*	19-Apr
48.00	48.80	*47.00 est*	19-Apr
48.40	49.20		
46.70	47.50	*47.25*	14-May
48.60	49.60	*49.50*	14-May
49.20	50.20	*est*	

PRB 8800 - physical market

Bid - Ask Range		Last	Date
9.30	9.80	*9.55 est*	1-Jun
9.40	9.90		
9.40	9.90	*9.65*	1-Jun
9.55	10.05	*9.75 clr*	1-Jun
9.95	10.45	*9.20 est*	18-Jan
10.15	10.65	*9.00*	28-Mar
10.35	10.85	*9.05*	2-Apr
10.55	11.05		
10.75	11.25		
10.25	10.75	*10.50*	31-May
11.00	11.50	*9.75*	20-Apr
11.60	12.10	*est*	

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
CY 08	CSX	12500	1.2	*49.25*	10-Apr
May-Jun	NS	12500	1.2	*43.00*	26-Apr
May-Jun	NS	12500	1.6	*41.80*	26-Feb
Q4	NS	12500	1.6	*45.50*	17-May
Q3	MGA	13000	4.0	*41.00*	1-May
Q3Q4	MGA	13000	3.0	*45.00*	30-May
Jan-Feb	CO	11800	0.8	*29.50 est*	10-Jan
Jun	PRB 84	8400	0.8	*7.50*	30-May
CY 08	PRB 84	8400	0.8	*8.25*	3-May

Additional Market Activity

Delivery	Origin	Btu	#SO2	Bid	Ask
Jul	CSX	12500	1.6		43.00
Q3Q4	NS	12500	1.6		44.50
Q3Q4	NPRB	9350	0.8		8.60

Emissions

SO2	Bid	Ask
2007	685	688
2008	685	688
2009	682	685
2010	351	353

NOx		
Bank	625	700
2007	710	775
2008	675	775
2009	625	725

Weekly - Market Change

Q3 '07	25-May	1-Jun
Nym LAL	4500	4510
CSX 1.2#	4500	4500
CSX -1%	4300	4275
PRB 8800	940	965
PRB 8400	785	775

The Daily Scoreboard

Nymex look-alike & other
- Jul trades 45.00
- Sep trades 45.00
- Q2/Q1 08 trades 1.15
- Q4 08 trades 50.75 (3x)

PRB 8800
- Jun-Jul trades 9.50
- Q3 trades 9.65 (2x)
- Q4 Clrear trades 9.75 (5k)
- Q4/Q3 trades 0.15

SO2
- Spot trades xx 685

Vaughn's View of the Market - a perspective provided by Dan Vaughn to assist in marking coals to market

PRB Coal — 1-Jun-07

Origin	Btu	#SO2
BNSF / UP	8800	0.8
BNSF / UP	8400	0.8

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4
Jul	Aug	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08
9.55	9.65	9.65	9.80	10.20	10.40	10.60
7.65	7.75	7.75	7.90	8.35	8.55	8.75

PY	PY + 1	PY + 2
CY 08	CY 09	CY 10e
10.50	11.25	11.85
8.65	9.40	10.00

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Jul	Aug	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	CY 08	CY 09	CY 10e
BS Rvr	12000	1.2	49.61	48.10	48.10	49.00	50.15	51.30	52.55	51.91	54.80	55.40
Nym LAL	12000	1.7	45.00	45.10	45.10	46.00	47.40	48.55	49.80	49.16	52.05	52.65
BS Rvr	11500	1.8	39.96	40.10	40.10	41.00	42.65	43.80	45.05	44.41	47.30	47.90
CSX-BSK	12500	1.2	44.75	45.00	45.00	46.25	48.10	49.25	50.15	49.35	51.35	51.95
CSX-BSK	12500	1.6	42.50	42.75	42.75	44.00	45.60	46.75	47.65	47.10	49.10	49.70
NS-T/K	12500	1.2	44.93	45.25	45.25	46.75	48.60	49.75	50.65	49.85	51.85	52.45
NS-T/K	12500	1.6	43.00	43.25	43.25	44.50	46.10	47.25	48.15	47.60	49.60	50.20

NAPP Coal

Origin	Btu	#SO2	Jul	Aug	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	CY 08	CY 09	CY 10e
MGA	13000	3.0 / 3.4	45.25	45.25	45.25	45.50	46.00	46.00	46.00	46.00	47.50	48.50
MGA	13000	4.0 / 4.5	39.91	40.25	40.25	40.50	41.25	41.25	41.25	41.25	43.10	44.50
Mon Rvr	13000	4.5 - 5.0	41.00	41.00	41.00	41.00	43.00	43.00	43.00	43.00	44.00	44.75
U. OH Rvr	12200	6.5	28.50	28.50	28.50	29.00	32.00	32.00	32.00	32.00	32.75	33.50

ILB Barge Coal

Origin	Btu	#SO2	Jul	Aug	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	CY 08	CY 09	CY 10e
L. OH Rvr	12000	2.0	41.25	41.25	41.25	41.50	43.75	44.25	44.75	44.50	45.50	46.25
L. OH Rvr	12000	5.0	33.50	33.50	33.50	33.75	34.50	34.75	35.00	35.00	36.00	36.75

Colorado Coal

Origin	Btu	#SO2	Jul	Aug	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	CY 08	CY 09	CY 10e
UP	11800	1.0	24.75	24.75	24.75	24.75	26.25	26.75	27.25	27.00	28.00	28.75
UP	11300	1.0	24.00	24.00	24.00	24.00	25.50	26.00	26.50	26.25	27.25	28.00

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All trades are based on market information reported to United by market participants. Information is believed to be reliable but cannot be guaranteed.

Emerald International Corporation
Coal Sales Agreement
Executive Summary

This recommendation documents a [redacted] coal purchase Agreement with Emerald International Corporation FOB the barge Ceredo WV. This was a distressed barge purchased a below market price. Below are the essential elements of the deal.

Seller: Emerald International Corporation

Buyer: Progress Energy Florida

Term: March 2007

Quantity: [redacted] tons

Price: [redacted] per ton

Market Price; United Power BSR 12000, 1.2# $45.04

Quality: 1.2#

Btu: 12,000

Source: Big Sandy River

Exceptions:

Maximum Value of Contract: $[redacted]
Required Approval Level: Director Coal Procurement, Regulated Fuels Department

Prepared by: Eddie Vinson
March 1, 2007

REDACTED

ICAP®

27-Feb-07

www.upicoal.com

ICAP United, Inc - Coal

Dan Vaughn @ 417-336-5582 Ian Tapsall, Manzar Iqbal @ 203-762-8493 Matt Keck @ 502-327-1417

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Mar	41.00	41.50	*41.25*	27-Feb
Apr	41.35	41.85	*41.50*	27-Feb
Q2 07	41.75	42.25	*41.00*	22-Feb
Q3 07	42.95	43.45	*44.00*	27-Feb
Q4 07	44.20	44.70	*44.55*	27-Feb
Q1 08	45.10	45.60	*45.25*	21-Feb
Q2 08	46.00	46.50	*46.25*	26-Feb
Q3 08	46.90	47.40	*45.60 est*	9-Feb
Q4 08	47.80	48.30	*48.00*	26-Feb
CY 08	46.45	46.95	*46.00 est*	23-Feb
CY 09	48.75	49.25	*49.00*	26-Feb
CY 10e	49.50	50.00	*est*	

CSX-BSK < 1%

Bid - Ask Range		Last	Date
39.00	39.50	*39.00*	13-Feb
39.50	40.00	*39.75*	12-Feb
39.75	40.25	*38.75*	15-Feb
40.50	41.00	*39.50*	15-Feb
41.50	42.00	*40.10 est*	9-Feb
42.50	43.00	*39.50 est*	1-Feb
43.50	44.00	*40.00 est*	1-Feb
44.50	45.00		
45.50	46.00		
44.00	44.50	*41.75*	16-Feb
46.00	46.50	*43.00 est*	1-Feb
47.00	47.50	*est*	

PRB 8800

Bid - Ask Range		Last	Date
8.60	8.90	*8.75*	27-Feb
8.45	8.95		
8.45	8.95	*8.75 est*	23-Feb
8.45	8.95	*8.75 est*	23-Feb
8.70	9.20	*9.15 est*	15-Feb
8.95	9.45	*9.20 est*	18-Jan
9.15	9.65		
9.35	9.85		
9.55	10.05		
9.25	9.75	*9.55*	16-Feb
10.10	10.60		
10.95	11.45	*est*	

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
Q2Q3Q4	CSX	12500	1.2	*40.40*	22-Jan
Q1	NS	12500	1.2	*49.75*	2-Nov
Mar-Apr	NS	12500	1.6	*39.75*	26-Feb
Apr	NS	12500	1.6	*41.00*	26-Feb
May-Jun	NS	12500	1.6	*41.80*	26-Feb
Feb-Jun	MGA	13000	3.4	*43.00*	30-Jan
Jan-Feb	CO	11800	0.8	*29.50 est*	10-Jan
Q3Q4	PRB 84	8400	0.8	*7.50*	23-Jan
CY 08	PRB 84	8400	0.8	*8.15*	9-Feb

Emissions

SO2	Bid	Ask
2007	465	478
2008	465	478
2009	463	475
2010	242	248

NOx

Bank	925	1025
2007	1000	1075
2008	950	1025
2009	900	1050

The Daily Scoreboard

Nymex look-alike & other
- Mar trades 41.25, April 41.50
- Q3 07 trades 43.25, 44.00
- Q3 44.00 Call trades 0.90, 1.00
- Q3Q4 07 trades 44.20
- Q3/Q4 spread trades 1.25, 1.15
- Q4 07 trades 44.55
- Q1 08 trades 45.00, 45.25 (2x)
- Q2 08 trades 46.25
- CY 08 trades 46.50 (3x)

CAPP Rail

PRB 8800
- Mar trades 8.75
- Swap Q3 /Q2 spread trades flat

SO2
- Spot trades 475

Additional Market Activity

Delivery	Origin	Btu	#SO2	Bid	Ask
Mar	NS	12500	1.2	44.00	
Q2	NS	12500	1.6	41.00	
Q2	CSX	12500	1.6	39.25	
Q3	CSX	12500	1.6	39.25	

Vaughn's View of the Market - a perspective provided by Dan Vaughn to assist in marking coals to market

PRB Coal 27-Feb-07

Origin	Btu	#SO2
BNSF / UP	8800	0.8
BNSF / UP	8400	0.8

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4	PY	PY + 1	PY + 2
Mar	Apr	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	CY 08	CY 09	CY 10e
8.75	8.70	8.70	8.70	8.95	9.20	9.40	9.50	10.35	11.20
7.90	7.10	7.10	7.10	7.35	7.55	7.75	7.85	8.70	9.55

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Mar	Apr	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	CY 08	CY 09	CY 10e
BS Rvr	12000	1.2	45.04	45.85	46.25	47.45	48.70	49.60	50.50	50.95	53.00	53.75
Nym LAL	12000	1.7	41.25	41.60	42.00	43.20	44.45	45.35	46.25	46.70	49.00	49.75
BS Rvr	11500	1.8	38.12	38.35	38.75	39.95	41.20	41.35	42.25	42.70	45.00	45.75
CSX-BSK	12500	1.2	42.58	43.05	43.30	44.05	45.05	46.05	47.05	47.55	49.25	49.75
CSX-BSK	12500	1.6	39.25	39.75	40.00	40.75	41.75	42.75	43.75	44.25	46.25	47.25
NS-T/K	12500	1.2	43.98	44.65	45.15	45.70	46.70	47.55	48.55	49.00	50.50	51.25
NS-T/K	12500	1.6	40.00	41.00	41.50	42.05	43.05	44.05	45.05	45.50	47.25	48.25

below

NAPP Coal

Origin	Btu	#SO2	Mar	Apr	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	CY 08	CY 09	CY 10e
MGA	13000	3.0 / 3.4	44.50	44.50	44.50	44.50	44.50	44.75	44.75	44.75	45.50	46.25
MGA	13000	4.0 / 4.5	40.02	40.00	40.00	40.00	40.00	40.50	40.50	40.50	41.25	42.00
Mon Rvr	13000	4.5 - 5.0	39.25	39.25	39.25	39.25	39.50	40.00	40.00	40.00	40.75	41.50
U. OH Rvr	12200	6.5	28.50	28.50	28.50	29.00	29.50	32.00	32.00	32.00	32.50	33.25

ILB Barge Coal

Origin	Btu	#SO2	Mar	Apr	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	CY 08	CY 09	CY 10e
L. OH Rvr	12000	2.0	43.00	43.00	43.00	43.00	43.50	44.00	44.00	44.00	44.75	45.75
L. OH Rvr	12000	5.0	32.00	32.00	32.00	32.50	33.00	34.50	34.50	34.75	35.50	36.50

Colorado Coal

Origin	Btu	#SO2	Mar	Apr	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	CY 08	CY 09	CY 10e
UP	11800	1.0	26.00	26.00	26.00	26.00	27.00	28.00	28.00	28.00	28.75	29.75
UP	11300	1.0	25.50	25.50	25.50	25.50	26.50	27.50	27.50	27.50	28.25	29.25

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All trades are based on market information reported to United by market participants. Information is believed to be reliable but cannot be guaranteed.

2/27/07

BIG SANDY River Mkt.

12,000 1.2# #45.04

BTU ADJ FOR 12,176 = [redacted]

SO_2 Adj for 1.15# SO_2 = [redacted]

EA Value = 470.00

=$[redacted] IS TOTAL VALUE FOR:

12,176, 1.15# SO_2 Big Sandy origin barge.

PURCHASED FOR: $[redacted] TON FOB Barge Ceredo WV.

CUSTOMER SAVINGS [redacted]/TON VALUE

[redacted]/TON purchase price

[redacted]/TON

X [redacted] TOTAL TONS

[redacted] TOTAL CUSTOMER SAVINGS

REDACTED



2006 Edison Award

Progress Energy

Emerald International Corporation
Coal Sales Agreement
Executive Summary

This recommendation documents a [redacted] coal purchase Agreement with Emerald International Corporation FOB the barge Ceredo WV. These barges were purchased at below market price. Below are the essential elements of the deal.

Seller: Emerald International Corporation

Buyer: Progress Energy Florida

Term: July 2007

Quantity: [redacted]/tons

Price: [redacted] per ton

Market Price; United Power BSR 12000, 1.2# $49.61

Quality: 1.27#

Btu: 11,600

Source: Big Sandy River

Exceptions:

Maximum Value of Contract: $[redacted]
Required Approval Level: Director Coal Procurement, Regulated Fuels Department

Prepared by: Eddie Vinson
July 16, 2007

REDACTED

ICAP.
ICAP United, Inc - Coal

22-Jun-07

www.upicoal.com
Dan Vaughn @ 417-336-5582

www.icapenergy.com
Ian Tapsall, Manzar Iqbal @ 203-762-8493

Matt Keck @ 502-327-1417

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Jul	47.25	47.75	*49.30*	14-Jun
Aug	47.25	47.75	*48.00*	15-Jun
Q3 07	47.25	47.75	*48.25*	14-Jun
Q4 07	47.60	48.10	*48.00*	22-Jun
Q1 08	49.25	49.75	*49.20*	22-Jun
Q2 08	50.25	50.75	*50.10*	22-Jun
Q3 08	51.50	52.00	*51.25*	22-Jun
Q4 08	52.50	53.00	*52.60*	19-Jun
Q1 09	53.25	53.75	*48.90*	8-Mar
CY 08	50.88	51.38	*51.60*	22-Jun
CY 09	54.15	54.65	*54.75*	22-Jun
CY 10e	56.00	57.00	*est*	

CSX-BSK < 1%

Bid - Ask Range		Last	Date
41.25	42.25	*41.75*	7-Jun
42.25	43.25		
42.00	43.00	*42.50*	28-Mar
43.60	44.60	*44.25*	11-Jun
45.25	46.25	*45.50*	11-Jun
46.45	47.45	*46.00 est*	19-Apr
47.50	48.50	*48.15 est*	18-Jun
48.40	49.40	*48.85 est*	18-Jun
48.90	49.90		
46.90	47.90	*47.50*	21-Jun
49.60	50.10	*49.00*	11-Jun
50.50	51.50	*est*	

PRB 8800 - physical market

Bid - Ask Range		Last	Date
10.00	10.50	*10.25*	20-Jun
10.00	10.50		
10.00	10.50	*10.25*	22-Jun
10.00	10.50	*10.00*	14-Jun
10.15	10.65	*9.20 est*	18-Jan
10.45	10.95	*9.00*	28-Mar
10.70	11.20	*9.05*	2-Apr
10.90	11.40		
11.10	11.60		
10.55	11.05	*11.00*	4-Jun
11.40	11.90	*9.75*	20-Apr
12.10	12.60	*est*	

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
CY 08	CSX	12500	1.2	*49.25*	10-Apr
Jun	NS	12500	1.2	*42.50*	5-Jun
May-Jun	NS	12500	1.6	*41.80*	26-Feb
Q4	NS	12500	1.6	*45.50*	17-May
Q3	MGA	13000	4.0	*41.00*	1-May
Q3Q4	MGA	13000	3.0	*45.00*	30-May
Jan-Feb	CO	11800	0.8	*29.50 est*	10-Jan
Jul	PRB 84	8400	0.8	*8.60*	19-Jun
CY 08	PRB 84	8400	0.8	*8.25*	3-May

Emissions

SO2	Bid	Ask
2007	560	570
2008	560	570
2009	557	567
2010	291	296

NOx

Bank	600	615
2007	700	750
2008	600	660
2009	575	615

The Daily Scoreboard

Nymex look-alike & other
Q4 47.75, (10), 47.85, 48.00 (10)
Q1 49.50
Q1/Q4 1.85 Q2 51.00, 51.50
Q2/Q1 1.00 (10)
Q3 51.85 (10) 2x, 52.15, 52.25
Q3/Q2 1.35 (10)
CY 08 51.60
CY 09 54.25, 54.50, 54.75, 55.00
CY 09/08 3.10 (15), 3.10 (10), 3.10, 3.15 (3x), 3.20 (10), 3.25

PRB 8800
Q3 10.25 (2x)

SO2
Spot trades 9x, from 575 - 560

Additional Market Activity

Delivery	Origin	Btu	#SO2	Bid	Ask
Q3Q4	NPRB	9350	0.8		8.25
CY 08	CSX	12500	1.6	46.50	47.75
Q3	West	12000	0.9		23.75

Vaughn's View of the Market - a perspective provided by Dan Vaughn to assist in marking coals to market

PRB Coal 22-Jun-07

Origin	Btu	#SO2	Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4	PY	PY + 1	PY + 2
			Jul	Aug	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	CY 08	CY 09	CY 10e
BNSF / UP	8800	0.8	10.25	10.25	10.25	10.25	10.40	10.70	10.95	10.80	11.65	12.35
BNSF / UP	8400	0.8	8.45	8.45	8.45	8.50	8.65	8.95	9.20	9.05	9.85	10.55

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Jul	Aug	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	CY 08	CY 09	CY 10e
BS Rvr	12000	1.2	49.61	49.75	49.75	50.10	51.75	52.75	54.00	53.38	56.65	58.75
Nym LAL	12000	1.7	47.50	47.50	47.50	47.85	49.50	50.50	51.75	51.13	54.40	56.50
BS Rvr	11500	1.8	42.50	42.50	42.50	42.85	44.50	45.50	46.75	46.13	49.40	51.50
CSX-BSK	12500	1.2	43.35	45.00	44.75	46.35	48.00	49.20	50.25	49.65	52.10	53.25
CSX-BSK	12500	1.6	41.75	42.75	42.50	44.10	45.75	46.95	48.00	47.40	49.85	51.00
NS-T/K	12500	1.2	43.55	45.25	45.00	46.60	48.50	49.70	50.75	50.15	52.60	53.75
NS-T/K	12500	1.6	42.25	43.10	42.85	44.45	46.25	47.45	48.50	47.90	50.35	51.50

NAPP Coal

Origin	Btu	#SO2	Jul	Aug	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	CY 08	CY 09	CY 10e
MGA	13000	3.0 / 3.4	45.25	45.25	45.25	45.50	46.25	46.25	46.25	46.25	47.75	48.75
MGA	13000	4.0 / 4.5	40.38	40.25	40.25	40.50	41.25	41.25	41.25	41.25	43.25	44.75
Mon Rvr	13000	4.5 - 5.0	41.00	41.00	41.00	41.00	43.00	43.00	43.00	43.00	44.00	44.75
U. OH Rvr	12200	6.5	28.50	28.50	28.50	29.00	32.00	32.00	32.00	32.00	32.75	33.50

ILB Barge Coal

Origin	Btu	#SO2	Jul	Aug	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	CY 08	CY 09	CY 10e
L. OH Rvr	12000	2.0	41.00	41.00	41.00	41.50	43.75	44.25	44.75	44.50	45.50	46.25
L. OH Rvr	12000	5.0	32.50	32.50	32.50	32.75	34.50	34.75	35.00	35.00	36.00	36.75

Colorado Coal

Origin	Btu	#SO2	Jul	Aug	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	CY 08	CY 09	CY 10e
UP	11800	1.0	23.75	23.75	23.75	23.75	26.00	26.00	26.50	26.25	27.25	28.00
UP	11300	1.0	23.50	23.50	23.50	23.50	25.50	25.50	26.00	25.75	26.75	27.50

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All trades are based on market information reported to United by market participants. Information is believed to be reliable but cannot be guaranteed.

Phipps, Brett

From: Chris Hastings [chrishastings@emeraldcoal.com]
Sent: Friday, June 22, 2007 4:13 PM
To: Phipps, Brett
Subject: Fw: BLACK CASTLE BARGES

-----Original Message-----
From: Jill Karst
To: Chris Hastings
Sent: Fri Jun 22 14:40:01 2007
Subject: BLACK CASTLE BARGES

J <<BLACK CASTLE BARGES.pdf>> ack asked me to email these to you.

Have a good weekend.

6/22/07 EMERALD OFFERED @ $[redacted]
6/25/07 COUNTERED @ $[redacted]
6/25/07 AGREED @ $[redacted]

REDACTED

SO2 Emissions Calculator

Enter values in yellow fields

Calculate emissions and compliance

EA Price	$ [redacted]	
Base SO2	[redacted]	lbs. SO2/mmBtu
Base Btu		
Target SO2	[redacted]	lbs. SO2/mmBtu
Target Btu		
EA Value/Ton Coal	**$** [redacted]	lb. SO2 reduction needed to meet target

Comments:
Each Emission Allowance represents one ton of SO2 reduction
SO2 is expressed in pounds per million Btu

CONVERSIONS	(Sulfur % by weight to # SO2/mmBtu)		Convert #SO2/mmBtu to % Sulfur by weight	
Assume:			Assume:	
Btu	12,300	Btu/lb of coal	Btu	12,500 Btu/lb of coal
% Sulfur	1.48%	% Sulfur by weight	#SO2	1.2 # SO2/mmBtu
Read:			Read	
SO2	**2.40**	#SO2/mmBtu	**% Sulfur**	**0.75%** % Sulfur by weight

Logic:
Multiply 2,000 lbs in one ton by decimal % sulfur by weight to determine number of pounds of sulfur in one ton of coal.
Multiply Btu/pound by .002 to determine number of mmBtus in one ton of coal.
Divide pounds of sulfur by mmBtu in one ton to determine pounds of sulfur per mmBtu
Multiply pounds sulfur/mmBtu by 2 for approximate conversion of elemental sulfur to sulfur dioxide.

JUNE 22ND 2007 UPI

.5 RVR 12,000 1.2# 13½% July '07 [redacted]

[redacted]

([redacted]) BTU ADJ.

[redacted] 11,627; 1.2# 13½%

([redacted]) SO_2 ADJ

[redacted] 11,627; 1.26# 13½%

([redacted]) ASH ADJ.

[redacted] 11,627; 1.26#; 17½%

REDACTED

SO2 Emissions Calculator

Enter values in yellow fields

Calculate emissions and compliance

EA Price	$ [redacted]	
Base SO2		[redacted] lbs. SO2/mmBtu
Base Btu		
Target SO2	[redacted]	
Target Btu		[redacted] lbs. SO2/mmBtu
EA Value/Ton Coal	**$** [redacted]	[redacted] lb. SO2 reduction needed to meet target

Comments:
Each Emission Allowance represents one ton of SO2 reduction
SO2 is expressed in pounds per million Btu

CONVERSIONS	(Sulfur % by weight to # SO2/mmBtu)	Convert #SO2/mmBtu to % Sulfur by weight
Assume:		Assume:
Btu	12,300 Btu/lb of coal	Btu 12,500 Btu/lb of coal
% Sulfur	1.48% % Sulfur by weight	#SO2 1.2 # SO2/mmBtu
Read:		Read
SO2	**2.40** #SO2/mmBtu	**% Sulfur** **0.75%** % Sulfur by weight

Logic:
Multiply 2,000 lbs in one ton by decimal % sulfur by weight to determine number of pounds of sulfur in one ton of coal.
Multiply Btu/pound by .002 to determine number of mmBtus in one ton of coal.
Divide pounds of sulfur by mmBtu in one ton to determine pounds of sulfur per mmBtu
Multiply pounds sulfur/mmBtu by 2 for approximate conversion of elemental sulfur to sulfur dioxide.

JUNE 22ND 2007 UPI

RS RVR 12,000 1.7# 13½% July '07 [redacted]

[redacted]

([redacted]) BTU ADJ.

[redacted] 11,627, 1.7# 13½%

[redacted] SO2 ADJ.

[redacted] 11,627; 1.26# 13½

([redacted]) ASH ADJ.

[redacted] 11,627, 1.26# 17½%

REDACTED

SO2 Emissions Calculator

Enter values in yellow fields

Calculate emissions and compliance

EA Price	$ [redacted]	
Base SO2	[redacted]	lbs. SO2/mmBtu
Base Btu		
Target SO2	[redacted]	lbs. SO2/mmBtu
Target Btu		
EA Value/Ton Coal	**$** [redacted]	lb. SO2 reduction needed to meet target

Comments:
Each Emission Allowance represents one ton of SO2 reduction
SO2 is expressed in pounds per million Btu

CONVERSIONS	(Sulfur % by weight to # SO2/mmBtu)		Convert #SO2/mmBtu to % Sulfur by weight	
Assume:			Assume:	
Btu	12,300	Btu/lb of coal .	Btu	12,500 Btu/lb of coal
% Sulfur	1.48%	% Sulfur by weight	#SO2	1.2 # SO2/mmBtu
Read:			Read	
SO2	**2.40**	#SO2/mmBtu	**% Sulfur**	**0.75%** % Sulfur by weight

Logic:
Multiply 2,000 lbs in one ton by decimal % sulfur by weight to determine number of pounds of sulfur in one ton of coal.
Multiply Btu/pound by .002 to determine number of mmBtus in one ton of coal.
Divide pounds of sulfur by mmBtu in one ton to determine pounds of sulfur per mmBtu
Multiply pounds sulfur/mmBtu by 2 for approximate conversion of elemental sulfur to sulfur dioxide.

June 22nd 2007 UPI

SS River 11,500 ; 1.8# 18% July 07 # [redacted]

[redacted]
[redacted] BTU ADJ
[redacted] 11,627; 1.8 ; 18%
[redacted] SO2 ADJ

REDACTED

[redacted] 11,627; 1.26; 18%
[redacted] ASH ADJ.

[redacted] 11,627; 1.26# ; 17½%

Customer
Location
Date

Source	TONS	$/ton	TM	ARA	DBA	ARS	DBS	ARBTU	DB BTU	MAF	SO2
PEN 144	[redacted]	$ [redacted]	4.14	15.48	16.15	0.75	0.78	11,976	12,493	14,899	1.25
MEM564		$	4.37	17.84	18.66	0.71	0.74	11,542	12,069	14,837	1.23
EFC9644		$	4.51	17.39	18.21	0.73	0.76	11,645	12,195	14,910	1.25
MEM613		$	4.17	18.93	19.75	0.73	0.76	11,471	11,970	14,917	1.27
MEM637		$	4.61	17.90	18.77	0.74	0.78	11,499	12,055	14,839	1.29
					0.00		0.00		-	-	0.00
					0.00		0.00		-	-	0.00
					0.00		0.00		-	-	0.00

SO2 CALC. 2

WT. AVG	[redacted]	$ [redacted]	4.36	17.51	18.31	0.73	0.77	11,627	12,157	14,881	1.26	1.26

FOB Barge Laredo
At [redacted] Ton

REDACTED

PEF-CC-000470

CONSTELLATION ENERGY COMMODITIES GROUP, INC.
Coal Supply Agreement
Executive Summary

This recommendation documents a one train CSX compliance coal Agreement with Constellation Energy Commodities Group, Inc. for delivery August 2006. This train was purchased $2.35 per ton below current market price of $55.35. This purchase is recommended primarily due to suppliers' failure to perform with respect to quality and reliability of delivery of compliance coal to Crystal River. Below are the essential elements of the deal.

Seller: Constellation Energy Commodities Group, Inc.

Buyer: Progress Energy Florida, Inc.

Term: August 2006

Quantity: 10,000 tons (1 train)

Price: $53.00 per ton

Market Price: United Power 7/31/06 12500, 1.2#, CSX $ 55.35

Quality: 1.20 # SO_2 per mmbtu

Btu: 12,500

Source: OTC

Exceptions: None

Maximum Value of Contract: $530,000
Required Approval Level: Director - Coal, Regulated Fuels Department

Prepared by: Eddie Vinson
August 23, 2006



UNITED 31-Jul-06 www.upicoal.com Coal Desk Emissions Desk

United Power, a division of ICAP United, Inc. Dan Vaughn @ 812-473-5810 Ian / Manzar @ 203-762-8493 Tom Gibson @ 281-340-8300

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Aug	48.00	49.00	*47.50*	28-Jul
Sep	49.00	50.00	*50.00*	31-Jul
Q4 06	49.50	50.50	*48.00*	27-Jul
Q1 07	50.50	51.50	*51.00*	28-Jul
Q2 07	51.00	52.00	*48.50 est*	25-Jul
Q3 07	51.50	52.50	*48.25 est*	19-Jul
Q4 07	52.00	53.00	*48.75 est*	19-Jul
CY 07	51.25	52.25	*51.75*	31-Jul
CY 08	51.75	52.75	*52.25*	31-Jul

CSX-BSK < 1%

Bid - Ask Range		Last	Date
51.00	52.00	*50.25*	25-Jul
51.00	52.00	*51.75*	28-Jul
51.00	52.00	*51.75*	28-Jul
50.50	51.50	*48.75*	27-Jul
49.50	50.50		
49.00	50.00		
49.00	50.00		
49.50	50.50	*50.50*	31-Jul
49.75	50.75	*47.00*	7-Jul

PRB 8800

Bid - Ask Range		Last	Date
9.75	10.25	*10.00*	31-Jul
9.85	10.35	*10.15*	31-Jul
9.95	10.45	*10.15*	31-Jul
12.15	12.65	*11.70*	26-Jul
12.50	13.00		
12.75	13.25	*12.85 est*	6-Jul
13.00	13.50	*13.05 est*	6-Jul
12.60	13.10	*12.70*	31-Jul
13.15	13.65	*13.40*	31-Jul

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
Jul	CSX	12500	1.2	*52.50*	29-Jun
Aug-Dec	CSX	12500	1.2	*52.00*	12-Jul
Aug-Dec	NS	12500	1.2	*54.60*	31-Jul
Jul	NS	12500	1.6	*46.60*	18-Jul
CY 07	NS	12500	1.6	*46.25*	7-Jul
Oct-Nov	MGA	13000	3.0	*39.75*	7-Jul
CY 07	MGA	13000	3.4	*42.50*	14-Mar
Jul	CO	11800	0.9	*35.75*	26-Jun
Q4	PRB 84	8400	0.8	*8.15*	31-Jul
CY 07	PRB 84	8400	0.8	*9.60 est*	10-Jul

Emissions

SO2	Bid	Ask
2006	740	755
2007	739	753
2008	734	749
2009	709	724
2010	384	392

NOx		
Bank	1375	1500
2006	1750	1800
2007	1450	1550
2008	1425	1500

The Daily Scoreboard

Nymex look-alike & other
- Sept trades 50.00
- CY 07 trades 53.00 (2x), 52.25, 51.75
- CY 08 trades 53.50, 53.00, 52.75, 52.25

CSX 1% Rail
- CY 07 trades 50.50

NS 1.2# Rail
- Aug-Dec trades 54.60

PRB 8800
- Aug trades 10.00, Sept trades 10.15
- Q4 trades 10.15
- CY 07 trades 12.70
- CY 08 trades 13.40

PRB 8800
- Q4 trades 8.15

SO2
- Spot trades 18x from 685 to 755

Nox
- 2006 trades 1775 (2x)

Additional Market Activity

Delivery	Origin	Btu	#SO2	Mo. Qnty	Bid	Ask

Vaughn's View of the Market - a perspective provided by Dan Vaughn to assist in marking coals to market

PRB Coal 31-Jul-06

Origin	Btu	#SO2
BNSF / UP	8800	0.8
BNSF / UP	8400	0.8

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4
Aug	Sep	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07
10.00	10.10	10.20	12.40	12.75	13.00	13.25
8.15	8.10	8.20	9.60	9.95	10.20	10.45

PY	PY + 1	PY + 2
CY 07	CY 08	CY 09
12.85	13.40	13.75
10.05	10.60	10.95

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Aug	Sep	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	CY 07	CY 08	CY 09
BS Rvr	12000	1.2	54.44	54.50	55.00	56.00	56.50	57.00	57.50	56.75	57.25	58.00
Nym LAL	12000	1.7	48.50	49.50	50.00	51.00	51.50	52.00	52.50	51.75	52.25	53.00
BS Rvr	11500	1.8	44.50	45.50	46.00	47.00	47.50	48.00	48.50	47.75	48.25	49.00
CSX-BSK	12500	1.2	55.35	55.00	55.00	55.25	54.25	53.75	53.75	54.25	54.75	55.25
CSX-BSK	12500	1.6	51.50	51.50	51.50	51.00	50.00	49.50	49.50	50.00	50.25	50.75
NS-T/K	12500	1.2	54.85	54.50	54.50	55.50	54.50	54.00	54.00	54.50	54.75	55.25
NS-T/K	12500	1.6	50.00	50.00	50.00	51.00	50.00	49.50	49.50	50.00	50.25	50.75

NAPP Coal

Origin	Btu	#SO2	Aug	Sep	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	CY 07	CY 08	CY 09
MGA	13000	3.0 / 3.4	40.50	40.50	40.50	41.50	41.75	42.00	42.00	41.85	42.60	43.10
MGA	13000	4.0 / 4.5	36.48	37.50	37.50	38.00	38.00	38.00	38.00	38.00	38.60	39.10
Mon Rvr	13000	4.5 - 5.0	37.25	37.25	37.25	38.85	38.85	38.85	38.85	38.85	40.25	40.50
U. OH Rvr	12200	6.5	30.00	30.00	31.00	32.00	32.00	32.00	32.00	32.00	32.50	32.75

ILB Barge Coal

Origin	Btu	#SO2	Aug	Sep	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	CY 07	CY 08	CY 09
L. OH Rvr	12000	2.0	49.00	49.00	49.50	50.50	50.50	50.50	50.50	50.50	51.00	51.50
L. OH Rvr	12000	5.0	33.00	33.00	34.50	35.00	35.00	35.00	35.00	35.00	35.75	36.50

Colorado Coal

Origin	Btu	#SO2	Aug	Sep	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	CY 07	CY 08	CY 09
UP	11800	1.0	35.00	35.00	35.00	34.50	34.50	34.50	34.50	34.50	35.00	35.50
UP	11300	1.0	35.00	35.00	35.00	34.50	34.50	34.50	34.50	34.50	35.00	35.50

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All trades are based on market information reported to United by market participants. Information is believed to be reliable but cannot be guaranteed.

CONSTELLATION ENERGY COMMODITIES GROUP, INC.
Coal Supply Agreement
Executive Summary

This recommendation documents a four train CSX compliance coal Agreement with Constellation Energy Commodities Group, Inc. for delivery September 2006 through December 2006. This train was purchased $0.85 per ton below current market price of $53.25. This purchase is recommended primarily due to suppliers' failure to perform with respect to quality and reliability of delivery of compliance coal to Crystal River. Below are the essential elements of the deal.

Seller: Constellation Energy Commodities Group, Inc.

Buyer: Progress Energy Florida, Inc.

Term: September through December 2006

Quantity: 40,000 tons (4 train)

Price: $52.40 per ton

Market Price: United Power 8/17/06 12500, 1.2#, CSX $ 53.25

Quality: 1.20 # SO_2 per mmbtu

Btu: 12,500

Source: OTC

Exceptions: None

Maximum Value of Contract: $2,096,000
Required Approval Level: Director - Coal, Regulated Fuels Department

Prepared by: Barbara Coppola
August 23, 2006

8/23/2006

evolution
MARKETS LLC

Coal Transaction Confirmation

Attention:	Barbara Coppola Progress Energy Florida Inc.

We hereby confirm, that acting as agent on your instruction, we have arranged the following transaction on your behalf.

Transaction Type:	Central Appalachia Compliance Steam Coal
Transaction Number:	tc985376
Transaction Date:	8/18/2006
Seller:	Constellation Energy Commodities Group, Inc.
Buyer:	Progress Energy Florida Inc.
Term:	September 2006 - December 2006
Coal Specifications:	12,500 Btu/lb., 12,200 Btu/lb. reject (as rec'd basis) 1.2# SO2 per mmBtu max/reject 12% Ash typical, 13.5% max/reject (as rec'd) 7% Moisture typical 2600 AFT typical HGI 42 - 45 typical, reject below 40 Min. 30% Vols (as rec'd) Size 2" X 0" with max 55% below 1/4 inch
Quantity:	1 train of approximately 10,000 tons each per month.
Weights/Analysis:	Origin weights and analysis to apply.
Price $US:	$52.40/ton
Premium/Penalty:	Prorata btu adjustment above/below 12,500 btu/lb.
Delivery:	FOB Railcar Mine - CSX - Big Sandy/Kanawha Freight District capable of loading 100 car/10,000 ton unit trains in 4 hours or less.
Payment:	As agreed between Buyer and Seller.
Additional Detail:	non-massey loadout. Non-fola loadout.
Commission rate:	$0.00 /ton
Total Commission Due:	US$0.00

Your counterparty contact is:

Chris Savage
Constellation Energy Commodities Group, Inc.
111 Market Street, Suite 500
Baltimore, MD 21202
Phone: (410) 468-3696
Fax: (410) 468-3541

We trust that the above accurately reflects your understanding of the referenced transaction.

Evolution Markets LLC acts solely as agent in the introduction of trading counterparties. Evolution Markets LLC is not responsible for, and is not a substitute for, your determination as to the merits of the provisions and contingencies of the transaction. Evolution Markets LLC does not hold itself responsible for the financial condition and/or performance of either counterparty in this transaction. It is the responsibility of the trading counterparties to confirm the details of this transaction directly. Please notify a representative of Evolution Markets LLC immediately upon discovery of any discrepancies concerning this transaction.

Thank you for your business.

Evolution Markets LLC
10 Bank Street, 4th Floor
White Plains, New York 10606
Phone: (914) 323-0200
Fax: (914) 328-3701

Coppola, Barbara

From: Ken Worst [KWorst@evomarkets.com]
Sent: Friday, August 18, 2006 11:05 AM
To: Coppola, Barbara
Subject: aug-sep CSX compliance offered at $53.25.....q4'06 CSX compliance at $53.25

Barbara:

Tom just asked me to keep you updated

Thank you

Ken Worst

SETTLED AT
2 BAC
$54.35 + .05
EVOLUTION FEE
= $54.40
2 BAC

Ken Worst
Vice-President, Coal Services
Evolution Markets Inc.

P: 914.323.0250
F: 914.328.3701
kworst@evomarkets.com
http://www.evomarkets.com

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Evolution Express

Registered User FEEDBACK

« August

Mo	Tu	We	Th
	1	2	3
7	8	9	10
14	15	16	**17**
21	22	23	24
28	29	30	31

GOTO

Coal Market Prices on 08/17/06:

□ CLICK TO VIEW | EMISSIONS | COAL | GHG | VOLUNTARY RECS | COMPLIANCE RECS | WEATHER |

□ Colored rows highlight watched markets. [click here t

Powder River Basin 8400 prices on 08/17/06

term	bid price	offer price	last price	date	actions
Aug'06	$6.90	$7.90			
Sep'06	$6.90	$7.90			
Q4'06	$6.90	$7.90			
Q1'07	$8.05	$9.05	$9.00		
Q2'07	$8.35	$9.35			
Q3'07	$8.65	$9.65			
Q4'07	$8.95	$9.95			
Cal'07	$8.50	$9.50	$9.10		
Cal'08	$9.25	$10.25			

Platts OTC Brok Index

for US coal trading for **17 August 200(**

PRODUCT	TER
PRB8400	Sep'
PRB8400	Q4'(
PRB8800	Sep'
PRB8800	Q4'(
NYMEX	Q4'(
NYMEX	Sep'
CSX <1%	Sep'
CSX <1%	Q4'(
<1% vs 1.2#	Sep'
<1% vs 1.2#	Q4'(

PDF Monthly Mar

Powder River Basin 8800 prices on 08/17/06

term	bid price	offer price	last price	date
Aug'06	$8.40	$9.40		
Sep'06	$8.40	$9.40	$9.00	
Q4'06	$8.40	$9.40	$10.20	
Q1'07	$10.80	$11.80	$11.65	
Q2'07	$11.10	$12.10		
Q3'07	$11.40	$12.40		
Q4'07	$11.70	$12.70		
Cal'07	$11.25	$12.25	$12.10	
Cal'08	$12.00	$13.00	$12.95	

NYMEX prices on 08/17/06

term	bid price	offer price	last price	date
Aug'06	$46.25	$47.25	$47.75	

PEF-CC-000476

Sep'06	$46.25	$47.25	$46.85	
Q4'06	$47.25	$48.25	$47.75	
Q1'07	$49.00	$50.00	$49.50	
Q2'07	$49.65	$50.65	$50.40	
Q3'07	$50.30	$51.30		
Q4'07	$50.85	$51.85	$51.60	
Cal'07	$49.95	$50.95	$50.40	
Cal'08	$51.15	$52.15	$51.45	

CSX BigSandy/Kanawha 12,500 <1% prices on 08/17/06

term	bid price	offer price	last price	date
Aug'06	$48.25	$49.25	$50.50	
Sep'06	$48.25	$49.25	$51.75	
Q4'06	$48.50	$49.50	$49.50	
Q1'07	$47.75	$48.75	$49.00	
Q2'07	$47.50	$48.50		
Q3'07	$47.45	$48.45		
Q4'07	$47.40	$48.40		
Cal'07	$47.55	$48.55	$50.50	
Cal'08	$47.55	$48.55	$48.75	

CSX BigSandy/Kanawha 12,500 1.2# prices on 08/17/06

term	bid price	offer price	last price	date
Aug'06	$51.25	$52.25		
Sep'06	$51.25	$52.25		
Q4'06	$51.50	$52.50		
Q1'07	$51.25	$52.25		
Q2'07	$51.00	$52.00		
Q3'07	$50.95	$51.95		
Q4'07	$50.90	$51.90		
Cal'07	$51.05	$52.05		
Cal'08	$51.05	$52.05		

CSX Sulfur Spread - <1% vs 1.2# prices on 08/17/06

term	bid price	offer price	last price	date
Aug-Dec'06	$2.50	$3.50		
Cal'07	$3.00	$4.00		
Cal'08	$3.00	$4.00		

NS Thacker/Kenova 12,500 <1% prices on 08/17/06

term	bid price	offer price	last price	date
Aug'06	$47.25	$48.25		
Sep'06	$47.25	$48.25	$48.25	
Q4'06	$47.50	$48.50		
Q1'07	$48.00	$49.00		
Q2'07	$47.75	$48.75		
Q3'07	$47.70	$48.70		
Q4'07	$47.65	$48.65		
Cal'07	$47.80	$48.80		

Cal'08	$47.80	$48.80		

NS Thacker/Kenova 12,500 1.2# prices on 08/17/06

term	bid price	offer price	last price	date
Aug'06	$51.25	$52.25		
Sep'06	$51.25	$52.25		
Q4'06	$51.50	$52.50		
Q1'07	$51.25	$52.25		
Q2'07	$51.00	$52.00		
Q3'07	$50.95	$51.95		
Q4'07	$50.90	$51.90		
Cal'07	$51.05	$52.05		
Cal'08	$51.05	$52.05		

NS Sulfur Spread - <1% vs 1.2# prices on 08/17/06

term	bid price	offer price	last price	date
Aug-Dec'06	$2.50	$3.50		
Cal'07	$3.00	$4.00		
Cal'08	$3.00	$4.00		

Sulfur Spread prices on 08/17/06

term	bid price	offer price	last price	date
Aug-Dec'06	$2.50	$3.50		
Cal'07	$3.00	$4.00		
Cal'08	$3.00	$4.00		

PRB 8800 Financial Swaps prices on 08/17/06

term	bid price	offer price	last price	date
Aug'06	$8.15	$9.65		
Sep'06	$8.15	$9.65		
Q4'06	$8.15	$9.65		
Cal'07	$11.00	$12.50		
Cal'08	$11.75	$13.25		

NYMEX Financial Swaps prices on 08/17/06

term	bid price	offer price	last price	date
Aug'06	$46.00	$47.50		
Sep'06	$46.00	$47.50		
Q4'06	$47.00	$48.50		
Q1'07	$48.75	$50.25		
Q2'07	$49.40	$50.90		
Q3'07	$50.05	$51.55		
Q4'07	$50.60	$52.10		
Cal'07	$49.70	$51.20		
Cal'08	$50.90	$52.40		

CSX <1% Financial Swaps prices on 08/17/06

term	bid price	offer price	last price	date
Aug'06	$48.00	$49.50		

PEF-CC-000478

Sep'06	$48.00	$49.50	
Q4'06	$48.25	$49.75	
Q1'07	$47.50	$49.00	
Q2'07	$47.25	$48.75	
Q3'07	$47.20	$48.70	
Q4'07	$47.15	$48.65	
Cal'07	$47.30	$48.80	
Cal'08	$47.30	$48.80	

Coal Options market on 08/17/06

spec	term	expiry	strike price	type	bid price	offer price	last price	date	imp.v
NYMEX	Q2'07	Q	$46.00	put	$0.90				
NYMEX	Cal'07	Q	$50.00	put	$2.20				

Coal Physical Indices on 08/17/06

spec	term	bid price	offer price	last price	dat
PRB8800	Cal'07	flat	$0.15		
CSX <1%	Cal'07	$-0.20	$0.25		
CSX <1%	Cal'08	$-0.25	$0.25		
CSX <1%	Cal'09	$-0.35	$0.35		
CSX <1%	Cal'10	$-0.40	$0.45		

Acrobat (PDF) version | all markets | Export data to Excel | all markets

VIEWING COAL DATA. CLICK TO VIEW | EMISSIONS | GHG | VOLUNTARY RECS | COMPLIANCE RECS | WEATHER |

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Product Snapshot Click on this icon to receive a full view of recent market activity for this market. Data points include bid-offer-last and settle information for the last trading day, plus the most recent spot and option trades for this market.

Settle Price Chart Quick Link This indicates there price chart available for this market. Click on the icon directly to the settle price chart.

Trade Quick Link Indicates the marked product traded on the current day. Click on the icon to go directly to trade (spot or option) data for this market.

Highlighted rows Mark products that are being wat Adding and removing watched products is easy; just icon to quickly update the watcher.

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voted *Best SO_2, NO_x, REC, EU GHG Broker* in Environmental Fina

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name	phone	email
		anne.boggs@

PEF-CC-000479

UNITED 17-Aug-06 www.upicoal.com Coal Desk Emissions Desk

United Power, a division of ICAP United, Inc. Dan Vaughn @ 812-473-5810 Ian / Manzar @ 203-762-8493 Tom Gibson @ 281-340-8300

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Sep	46.25	47.25	*46.85*	16-Aug
Oct	47.00	48.00	*47.75*	16-Aug
Q4 06	47.50	48.50	*47.75*	16-Aug
Q1 07	48.75	49.75	*49.25*	17-Aug
Q2 07	49.75	50.75	*50.50 est*	11-Aug
Q3 07	50.30	51.30	*50.75 est*	17-Aug
Q4 07	50.80	51.80	*51.25 est*	17-Aug
CY 07	49.90	50.90	*50.40*	17-Aug
CY 08	51.40	52.40	*51.45*	16-Aug

CSX-BSK < 1%

Bid - Ask Range		Last	Date
48.75	49.75	*49.25*	14-Aug
49.00	50.00		
49.00	50.00	*49.50*	16-Aug
47.90	48.90	*49.00*	9-Aug
47.40	48.40		
47.15	48.15		
47.15	48.15		
47.40	48.40	*48.00*	16-Aug
48.60	49.60	*47.00*	7-Jul

PRB 8800

Bid - Ask Range		Last	Date
8.50	9.50	*9.00*	17-Aug
8.50	9.30		
8.50	9.30	*10.20*	2-Aug
10.70	11.20	*11.65*	9-Aug
11.30	11.80		
11.60	12.10	*12.10 est*	6-Jul
11.80	12.30	*12.30 est*	6-Jul
11.35	11.85	*11.75*	17-Aug
12.30	12.80	*13.10*	9-Aug

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
Sep	CSX	12500	1.2	*54.00*	7-Aug
Sep-Dec	CSX	12500	1.2	*54.50*	9-Aug
Aug-Dec	NS	12500	1.2	*54.60*	31-Jul
Jul	NS	12500	1.6	*46.60*	18-Jul
Q4	NS	12500	1.6	*49.50*	14-Aug
Q4	MGA	13000	3.0	*41.00*	1-Aug
CY 07	MGA	13000	3.4	*42.50*	14-Mar
Jul	CO	11800	0.9	*35.75*	26-Jun
Q1	PRB 84	8400	0.8	*9.00*	9-Aug
CY 07	PRB 84x	8400	0.8	*9.00*	17-Aug

Emissions

SO2	Bid	Ask
2006	670	680
2007	669	679
2008	666	676
2009	649	659
2010	357	362

NOx

Bank	1460	1565
2006	1775	1840
2007	1450	1500
2008	1425	1500

The Daily Scoreboard

Nymex look-alike & other
- Q4 trades 48.00 (2x), 47.75 (2x)
- Q1 trades 49.25 (2x)
- Q3Q4 trades 51.00
- CY 07 trades 50.40 (2x)
- CY 08 over CY 07 trades 1.20

CSX Rail

PRB 8800
- Sep trades 9.00
- Q4 88/84 spread trades 1.50
- CY 07 trades 11.75

PRB 8400
- CY 07 ex Coal Crk trades 9.00

SO2
- Spot trades 9x from 680 - 675

Nox

Additional Market Activity

Delivery	Origin	Btu	#SO2	Mo. Qnty	Bid	Ask
Aug-Sep	CSX	12500	1.2	*10k*		54.00
Q4	NS	12500	1.6	*20k*		48.75
Q4	CSX	12500	1.6	*20k*	49.00	50.00
Q4	CSX	12500	1.2	*10k*		53.75
Q4	NS	12500	1.2	*10k*		55.00

Vaughn's View of the Market - a perspective provided by Dan Vaughn to assist in marking coals to market

PRB Coal 17-Aug-06

Origin	Btu	#SO2	Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4	PY	PY + 1	PY + 2
			Sep	Oct	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	CY 07	CY 08	CY 09
BNSF / UP	8800	0.8	9.00	8.90	8.90	10.95	11.55	11.85	12.05	11.60	12.55	13.00
BNSF / UP	8400	0.8	7.50	7.40	7.40	8.35	8.75	9.05	9.25	8.85	9.75	10.20

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Sep	Oct	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	CY 07	CY 08	CY 09
BS Rvr	12000	1.2	51.87	52.25	52.75	54.00	55.00	55.55	56.05	55.15	56.65	57.40
Nym LAL	12000	1.7	46.75	47.50	48.00	49.25	50.25	50.80	51.30	50.40	51.90	52.65
BS Rvr	11500	1.8	42.51	43.25	43.75	45.00	46.00	46.55	47.05	46.15	47.65	48.40
CSX-BSK	12500	1.2	53.10	53.25	53.25	52.40	51.90	51.65	51.65	51.90	53.10	53.60
CSX-BSK	12500	1.6	49.25	49.50	49.50	48.40	47.90	47.65	47.65	47.90	49.10	49.60
NS-T/K	12500	1.2	53.10	53.00	53.00	52.80	52.30	52.05	52.05	52.30	53.50	54.00
NS-T/K	12500	1.6	48.50	48.75	48.75	48.40	47.90	47.65	47.65	47.90	49.10	49.60

NAPP Coal

Origin	Btu	#SO2	Sep	Oct	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	CY 07	CY 08	CY 09
MGA	13000	3.0 / 3.4	41.00	41.00	41.00	41.25	41.50	41.75	42.00	41.65	42.30	43.00
MGA	13000	4.0 / 4.5	37.27	37.35	37.35	37.60	37.85	38.10	38.35	38.00	38.55	39.15
Mon Rvr	13000	4.5 - 5.0	37.50	37.50	37.50	38.25	38.50	38.75	39.00	38.65	39.25	39.85
U. OH Rvr	12200	6.5	31.00	31.00	31.00	32.50	32.75	33.00	33.25	32.85	33.45	34.05

ILB Barge Coal

Origin	Btu	#SO2	Sep	Oct	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	CY 07	CY 08	CY 09
L. OH Rvr	12000	2.0	49.50	49.50	49.50	50.50	50.50	50.50	50.50	50.50	51.25	52.00
L. OH Rvr	12000	5.0	35.50	35.50	35.50	36.00	36.00	36.00	36.00	36.00	36.75	37.50

Colorado Coal

Origin	Btu	#SO2	Sep	Oct	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	CY 07	CY 08	CY 09
UP	11800	1.0	35.00	35.00	35.00	34.00	34.00	34.00	34.00	34.00	34.75	35.50
UP	11300	1.0	35.00	35.00	35.00	34.00	34.00	34.00	34.00	34.00	34.75	35.50

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All trades are based on market information reported to United by market participants. Information is believed to be reliable but cannot be guaranteed.

Koch Carbon LLC
Coal Supply Agreement
Executive Summary

This recommendation documents a [redacted] compliance spot coal Agreement with Koch Carbon LLC originating on Big Sandy River. These barges were purchased for the purpose of testing the blending capabilities at Teco Bulk Terminal. Below are the essential elements of the deal.

Seller: Koch Carbon LLC

Buyer: Progress Energy Florida, Inc.

Term: February 2007

Quantity: [redacted]

Price: $[redacted] per ton

Market Price: United Power 1/31/07 BSR 12,000 1.2 # $45.12

Quality: 1.2 # SO_2 per mmbtu

Btu: 11,500

Source: Arch Coal Terminal

Exceptions: None

Maximum Value of Contract: Approximately $[redacted]
Required Approval Level: Director - Coal, Regulated Fuels Department

Prepared by: Eddie Vinson
February 22, 2007

REDACTED

UNITED 31-Jan-07 www.upicoal.com Coal Desk Emissions Desk

United Power, a division of ICAP United, Inc. Dan Vaughn @ 417-336-5582 Ian / Manzar @ 203-762-8493 Tom Gibson @ 281-340-8300

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Feb	39.75	40.25	*39.75*	24-Jan
Mar	39.75	40.25	*39.75*	25-Jan
Q2 07	40.00	40.50	*40.35*	30-Jan
Q3 07	40.35	40.85	*40.75*	31-Jan
Q4 07	41.25	41.75	*41.50*	30-Jan
Q1 08	42.55	43.05	*43.00*	30-Jan
Q2 08	43.40	43.90	*43.50*	30-Jan
CY 08	43.80	44.30	*44.25*	19-Jan
CY 09	46.30	46.80	*46.75*	31-Jan
CY 10e	47.50	48.00	*est*	

CSX-BSK < 1%

Bid - Ask Range		Last	Date
35.00	36.00	*34.00*	25-Jan
36.25	36.75	*36.50*	31-Jan
36.35	36.85	*36.75*	31-Jan
36.75	37.25	*36.50 est*	30-Jan
37.25	37.75	*37.25 est*	30-Jan
38.75	39.25	*39.00 est*	30-Jan
39.50	40.00	*39.75 est*	30-Jan
40.00	40.50	*40.25 est*	30-Jan
42.50	43.00	*42.00 est*	18-Jan
43.75	44.25	*est*	

PRB 8800

Bid - Ask Range		Last	Date
8.80	9.30	*9.00*	29-Jan
8.80	9.30	*9.10*	31-Jan
8.80	9.30	*8.90 est*	12-Jan
8.80	9.30	*9.00*	24-Jan
8.90	9.40	*9.55 est*	23-Jan
9.10	9.60	*9.20 est*	18-Jan
9.20	9.70		
9.25	9.75	*9.50*	23-Jan
9.90	10.40		
10.80	11.30	*est*	

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
Q2Q3Q4	CSX	12500	1.2	*40.40*	22-Jan
Q1	NS	12500	1.2	*49.75*	2-Nov
Q2	NS	12500	1.6	*43.75*	18-Dec
CY 07	NS	12500	1.6	*46.75 est*	30-Oct
Dec	MGA	13000	3.0	*43.00*	6-Dec
Feb-Jun	MGA	13000	3.4	*43.00*	30-Jan
Jul	CO	11800	0.9	*35.75*	26-Jun
Q3Q4	PRB 84	8400	0.8	*7.50*	23-Jan
CY 08	PRB 84	8400	0.8	*7.80 est*	16-Jan

Emissions

SO2	Bid	Ask
2007	470	480
2008	470	480
2009	467	477
2010	243	248

NOx

Bank	850	925
2007	900	1000
2008	900	975
2009	825	1000

The Daily Scoreboard

Nymex look-alike & other
- Q3 07 trades 40.75
- Q3 08/ Q3 07 spread trades 3.75
- CY 09 trades 46.75

CSX
- Mar trades 36.50
- Q2 trades 36.75

PRB 8800

PRB 8400

SO2

Nox

Additional Market Activity

Delivery	Origin	Btu	#SO2	Mo. Qnty	Bid	Ask
Mar-Dec	CSX	12500	1.6	*10k*	35.75	
CY 08	NS	12500	1.6	*10k*	40.00	
CY 08	CSX	12500	1.6	*10k*	39.50	

Vaughn's View of the Market - a perspective provided by Dan Vaughn to assist in marking coals to market

PRB Coal 31-Jan-07

Origin	Btu	#SO2	Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4	PY	PY + 1	PY + 2
			Feb	Mar	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	CY 08	CY 09	CY 10e
BNSF / UP	8800	0.8	9.05	9.05	9.05	9.05	9.15	9.35	9.45	9.50	10.15	11.05
BNSF / UP	8400	0.8	7.40	7.40	7.40	7.45	7.60	7.90	8.00	8.05	8.70	9.60

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Feb	Mar	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	CY 08	CY 09	CY 10e
BS Rvr	12000	1.2	45.25	45.00	45.25	45.60	46.00	47.05	47.90	48.30	50.55	51.75
Nym LAL	12000	1.7	40.00	40.00	40.25	40.60	41.50	42.80	43.65	44.05	46.55	47.75
BS Rvr	11500	1.8	36.92	36.75	37.00	37.35	38.25	38.80	39.65	40.05	42.55	43.75
CSX-BSK	12500	1.2	39.85	40.50	40.10	40.50	41.00	42.25	43.00	43.50	45.75	46.50
CSX-BSK	12500	1.6	35.50	36.50	36.60	37.00	37.50	39.00	39.75	40.25	42.75	44.00
NS-T/K	12500	1.2	42.00	43.00	43.10	43.50	44.00	44.00	44.75	45.50	47.00	48.00
NS-T/K	12500	1.6	38.00	39.00	39.10	39.50	40.00	40.25	41.00	41.75	43.75	45.00

NAPP Coal

Origin	Btu	#SO2	Feb	Mar	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	CY 08	CY 09	CY 10e
MGA	13000	3.0 / 3.4	45.00	45.00	45.00	44.75	44.75	44.75	44.75	44.75	45.50	46.25
MGA	13000	4.0 / 4.5	40.83	41.00	41.00	40.75	40.75	40.75	40.75	40.75	41.50	42.25
Mon Rvr	13000	4.5 - 5.0	39.00	39.00	39.00	39.25	39.50	40.00	40.00	40.00	40.75	41.50
U. OH Rvr	12200	6.5	28.50	28.50	28.50	29.00	29.50	32.00	32.00	32.00	32.50	33.25

ILB Barge Coal

Origin	Btu	#SO2	Feb	Mar	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	CY 08	CY 09	CY 10e
L. OH Rvr	12000	2.0	44.50	44.50	44.50	44.50	44.50	45.00	45.00	45.00	45.75	46.75
L. OH Rvr	12000	5.0	33.50	33.50	33.50	34.00	34.50	35.00	35.00	35.00	35.75	36.75

Colorado Coal

Origin	Btu	#SO2	Feb	Mar	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	CY 08	CY 09	CY 10e
UP	11800	1.0	30.00	30.00	30.00	30.50	31.00	32.00	32.00	32.00	32.75	33.75
UP	11300	1.0	30.00	30.00	30.00	30.50	31.00	32.00	32.00	32.00	32.75	33.75

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All trades are based on market information reported to United by market participants. Information is believed to be reliable but cannot be guaranteed.

January 31, 200[illegible]

BS River 12,000, 1.2# [redacted]
BS River 11,500, 1.2# [redacted] (BTU Adjusted)
[redacted]

11 500, 1.2# Big Sandy River origin =# [redacted]

Purchased FOR [redacted]

[redacted] per ton below MARKET

REDACTED

Keystone Industries, LLC
Coal Supply Agreement
Executive Summary

This recommendation documents a purchase of compliance coal on the pad at International Marine Terminal from Keystone Industries, LLC for delivery in February thru April of 2006. This coal was purchased to offset recent disruptions in supply from WV mining operations and the scheduled outage of the Marmet Lock and Dam along the Kanawha River. Below are the essential elements of the deal:

Seller: Keystone Industries, LLC

Buyer: Progress Energy Florida, Inc.

Term: February, March, April, 2006

Quantity: 2006: approximately 60,000 net short tons

Price: 2006: $72.00 per ton FOB gulf barges @ IMT

Market Price: United Power 2/3/06 $65.75, 12,000 Btu, 1.2 lb SO2, $1050 Emission Allowance Value, Big Sandy River Q2 2006 (this market example does not considered BTU adjustment and transportation differentials).

Quality: 1.20 # SO_2 per mmbtu

Btu: 12,500

Source: CAPP coal on pad @ IMT

Exceptions: None (short Confirmation form utilized)

Maximum Value of Contract: $4,320,000.00
Required Approval Level: Coal Procurement Manager, Regulated Fuels Department

Prepared by: Eddie Vinson
February 9, 2006

Amvest Coal Sales

Coal Supply Agreement
Executive Summary

This recommendation documents a one train CSX compliance coal Agreement with Amvest Coal Sales for delivery in July 2006. These trains were purchased for inventory and quality requirements at the Crystal River plant given the recent force majeure notice from Interocean Coal Sales, LDC. Below are the essential elements of the deal.

Seller: Amvest Coal Sales

Buyer: Progress Energy Florida, Inc.

Term: July 2006

Quantity: 10,000 ton (1 train)

Price: $54.75 per ton

Market Price; United Power 5/25/06 12500, 1.2#, CSX $ 56.00: Teco $65.00, Peabody $57.50, Arch $55.25 June only $58.50 July/August, Constellation $55.50, Am vest $54.75

Quality: 1.20 # SO_2 per mmbtu

Btu: 12,400

Source: Kanawha District, Fola Operation

Exceptions: None

Maximum Value of Contract: $547,500
Required Approval Level: Coal Procurement Manager, Regulated Fuels Department

Prepared by: Eddie Vinson
May 26, 2006

Arch Coal Sales

Coal Supply Agreement
Executive Summary

This recommendation documents a two train CSX compliance coal Agreement with Arch Coal Sales for delivery in June 2006. These trains were purchased for inventory requirements at the Crystal River plant given the recent force majeure notice from Interocean Coal Sales, LDC. Below are the essential elements of the deal.

Seller: Arch coal Sales

Buyer: Progress Energy Florida, Inc.

Term: June 2006

Quantity: 20,000 ton (2 trains)

Price: $55.25 per ton

Market Price; United Power 5/25/06 12500, 1.2#, CSX $ 56.00: Teco $65.00, Peabody $57.50, Arch $55.25 June only $58.50 July/August, Constellation $55.50, Am vest $54.75

Quality: 1.20 # SO_2 per mmbtu

Btu: 12,500

Source: SW Virginia District, Lone Mountain

Exceptions: None

Maximum Value of Contract: $1,105,000
Required Approval Level: Coal Procurement Manager, Regulated Fuels Department

Prepared by: Eddie Vinson
May 26, 2006

Massey Utility Sales Company

Coal Sales Agreement
Executive Summary

This recommendation documents a one train coal purchase Agreement with Massey Utility Sales Company FOB the barge Ceredo WV. This [redacted] was purchased as an opportunity coal for our Crystal River units. Below are the essential elements of the deal.

Seller: Massey Utility Sales Company

Buyer: Progress Energy Florida

Term: [redacted]

Quantity: [redacted]/tons (1 train)

Price: [redacted] per ton

Market Price; United Power BSR 12000, 1.2# $45.09

Quality: 1.22#

Btu: 9,000

Source: Superior Mine

Exceptions:

Maximum Value of Contract: [redacted]
Required Approval Level: Director Coal Procurement, Regulated Fuels Department

Prepared by: Eddie Vinson
August 21, 2007

REDACTED

D Coal Summary Sheet

Submission Date	Supplier	Counter Identifier (EECEEB2006-xx)	Mine	Term	Origin	Per Month short Tons	short ton Price	Transp. Mode	Transp. Cost	SO2 Price	Railcar Costs	Ash	Sulfur	Btu
2.15.06	National Coal	23	NO BID											
2.15.06	K&P Mining	24	NO BID											
2.15.06	PS Energy Group	25	NO BID											
2007 Bids														
2.15.06	Glencore LTD	22a	La Jagua	2007	IMT	4, 65-75,000 NT cargoes	$ 62.80	barge	$ 11.52	$ 1,514	$ -	7.00%	0.73%	12,200
2.15.06	Glencore LTD	22b	La Jagua	2007	McDuffie	4, 65-75,000 NT cargoes	$ 63.65	barge	$ 10.89	$ 1,514	$ -	7.00%	0.73%	12,200
2.15.06	Glencore LTD	22c	La Jagua	2007	IMT	8, 50-60,000 NT cargoes	$ 66.80	barge	$ 9.34	$ 1,514	$ -	7.00%	0.73%	12,200
2.15.06	Glencore LTD	22d	La Jagua	2007	McDuffie	8, 50-60,000 NT cargoes	$ 65.95	barge	$ 8.72	$ 1,514	$ -	7.00%	0.73%	12,200
2.15.06	Coal Trade Int.	20	Australia	2007	McDuffie	330,000NT Annual	$ 65.35	barge	$ 10.89	$ 1,514	$ -	13.50%	0.48%	11,400
2.15.06	Interocean Coal Sales (I	14	Mina Pribbenow	2007	McDuffie	500,000NT Annual	$ 60.80	barge	$ 6.81	$ 1,514	$ -	7.00%	0.69%	11,500
2.15.06	Inter-American Coal, Inc	9	Mina Norte	2007	IMT	3, 50,000 NT vessels	$ 67.25	barge	$ 9.34	$ 1,514	$ -	7.00%	0.78%	13,000
2.15.06	Coal Marketing Co.	18	Cerrejon	2007	IMT	6, 45,000+ vessels	$ 55.25	barge	$ 11.52	$ 1,514	$ -	8.40%	0.68%	11,400
2.15.06	Oxbow Carbon Minerals	6	Columbian	2007	IMT	115,00 NT Annual	$ 68.50	barge	$ 11.52	$ 1,514	$ -	8.00%	0.75%	12,500
2.15.06	Emerald Coal	13	Russian Coal	2007	IMT	150,000 annual	$ 62.00	barge	$ 11.52	$ 1,514	$ -	11.00%	0.51%	11,300
2.15.06	PT Adaro Indonesia	2	Tutupan	2007	IMT	150,000NT Annual	$ 33.50	barge	$ 11.52	$ 1,514	$ -	1.20%	0.05%	9,300
2.15.06	Suek AG	27c	various Suek	2007	IMT	143,300 NT Annual	$ 67.10	barge	$ 11.52	$ 1,514	$ -	12.00%	0.40%	11,300
2.15.06	Suek AG	27a	various Suek	2007	McDuffie	143,300 NT Annual	$ 65.75	barge	$ 10.89	$ 1,514	$ -	12.00%	0.40%	11,300
2.15.06	LDES	5g	PRB OTC	2007	OTC	12,500	$ 10.75	barge	$ 39.11	$ 1,514	$ -	6.50%	0.49%	8,200
2.15.06	LDES	5g	PRB OTC	2008	OTC	12,500	$ 11.00	barge	$ 39.11	$ 966	$ -	6.50%	0.49%	8,200
2.15.06	LDES	5g	PRB OTC	2009	OTC	12,500	$ 11.75	barge	$ 39.11	$ 872	$ -	6.50%	0.49%	8,200
2.15.06	Central Coal Co.	17b	Kanawha Eagle	2007	Kanawha	25,000	$ 65.00	barge	$ 19.73	$ 1,514	$ -	13.00%	0.74%	12,300
2.15.06	CoalTrade LLC	12	Cook Mountain	2007	Kanawha	20,000	$ 62.00	CSX	$ 24.92	$ 1,514	$ -	13.50%	0.73%	12,200
2.15.06	CoalTrade LLC	12	Cook Mountain	2008	Kanawha	20,000	$ 62.00	CSX	$ 25.54	$ 966	$ -	13.50%	0.73%	12,200
2.15.06	Keystone Industries, LL	1	Rush Creek	2008	Kanawa, Marmet Dock / IMT	25,000	$ 64.50	barge	$ 25.69	$ 966	$ -	13.00%	0.74%	12,200
2.15.06	LDES	5g	PRB OTC	2007	OTC	12,500	$ 10.75	CSX	$ 52.50	$ 1,514	$ -	6.50%	0.49%	8,200
2.15.06	Bandmill Coal Co.	26a	Highland	2008	Kanawha	60,000	$ 65.00	CSX	$ 25.54	$ 966	$ -	13.00%	0.73%	12,100
2.15.06	Bandmill Coal Co.	26a	Highland	2009	Kanawha	60,000	$ 65.00	CSX	$ 26.19	$ 872	$ -	13.00%	0.73%	12,100
2.15.06	LDES	5g	PRB OTC	2009	OTC	12,500	$ 11.00	CSX	$ 52.50	$ 872	$ -	6.50%	0.49%	8,200
2.15.06	LDES	5g	PRB OTC	2009	OTC	12,500	$ 11.00	barge	$ 39.11	$ 872	$ -	6.50%	0.49%	8,200
2.15.06	Emerald Coal	13	Russian Coal	2007	IMT	150,000 annual	$ 62.00	barge	$ 11.52	$ 1,514	$ -	11.00%	0.51%	11,300
2.15.06	MIR Trade AG	28a	n/a	2007	IMT	250,000 NT Annual	$ 67.50	barge	$ 11.52	$ 1,514	$ -	12.00%	0.68%	11,300
2.15.06	MIR Trade AG	28b	n/a	2007	McDuffie	250,000 NT Annual	$ 66.50	barge	$ 10.89	$ 1,514	$ -	12.00%	0.68%	11,300
late 2.15.06	PT Kideco Jaya Agung	30	Pasir / Batukajang	2007	IMT	7, 71,600+ cargoes	$ 44.50	barge	$ 11.52	$ 1,514	$ -	2.80%	0.06%	8,200

OPC
1st POD

#3

070703

DOCUMENT NUMBER-DATE
00960 FEB-7 08
FPSC-COMMISSION CLERK

Progress Energy

Florida

Deal Ticket

Counterparty: Massey Utility Coal Sales **Fuelworx Contract #:** 312 *** Date:** 11/5/2007

Counterparty Contact: John Parker **** Ofc Phone:** (804) 782-1678 **** Cell Phone:**

Deal Type: New **Minority-Owned Business?** No

Freight District: KRT Ceredo- Barge **Mine / Type of Mine:** surface / underground **Transportation Mode:** River Barge

Coal Quality:

Destination Plant(s): Crystal River 4&5 **Coal Quality - Other:** 1.22

Coal Price: [redacted]

Term: October -Dec 2007

Effective Date: 10/4/2007 **Other:**

Payment Terms: Net 25

Year: 2007 **Total Volume:** [redacted]

$ [redacted] **MTM $** [redacted] **Volume / month:**

+ or - $ **Budget / Target $** **Delivery Point:** Crystal River 4 &5

+ or - $ **Delivery Terms:** October - December 2007

+ or - $ **Governing Weights:** Certified Industy Scales

Total Price $ [redacted] **Governing Analysis:** Certified Industy Lab

P / P Calculations

	Guarantee	Minimum	Maximum	Reject
Moisture:	7.0%		9.0%	>9.0%
Ash:	32.0%		34.0%	>34.%
SO_2:	1.22		1.48	>1.48
Sulfur:				
BTU:	9,000	8,800		<8,800
HGI:	42	39		<39
Volatile:	28	27		<27
Ash Fusion:	2400	2400		
Sizing:	2X0		2X0	

Communicated 11/5/2007

TO

Coal Procurement Manager	Transportation
Procurement Agent	Mid-Office
Coal Procurement Analyst	Back-Office
FMS Fuels Specialist	System Administrator

COMMENTS

[redacted] tons FOB Barge KRT Ceredo

** For calendar control, press CTRL D, click on date, and close calendar control window*

*** For the phone number, type area code and number, without dashes or parentheses*

REDACTED

ICAP

ICAP United, Inc - Coal

23-Oct-07

www.upicoal.com — Dan Vaughn @ 417-336-5582

www.icapenergy.com — Ian Tapsall, Manzar Iqbal @ 203-762-8493 — Matt Keck @ 502-327-1417

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Nov	46.75	47.75	*46.20*	9-Oct
Dec	47.50	48.50	*48.00*	18-Oct
Q1 08	50.15	50.65	*51.00*	19-Oct
Q2 08	51.80	52.30	*52.05*	23-Oct
Q3 08	53.25	53.75	*53.75*	22-Oct
Q4 08	54.60	55.10	*54.85*	23-Oct
Q1 09	55.00	55.50	*56.30*	19-Oct
Q2 09	55.30	55.80	*52.25*	13-Sep
Q3 09	55.60	56.10		
CY 08	52.45	52.95	*52.75*	23-Oct
CY 09	55.45	55.95	*55.75*	23-Oct
CY 10	56.90	57.40	*57.85*	19-Oct

CSX-BSK < 1%

Bid - Ask Range		Last	Date
49.50	50.00	*49.75*	23-Oct
50.00	50.50	*50.25 est*	23-Oct
52.00	52.50	*48.25 est*	5-Oct
53.10	53.60	*50.45 est*	5-Oct
53.60	54.10	*48.50 est*	19-Sep
53.90	54.40	*49.50 est*	19-Sep
54.00	54.50		
54.00	54.50		
54.00	54.50		
53.15	53.65	*53.80*	11-Oct
54.00	54.50	*54.25*	17-Oct
54.50	55.50	*est*	

PRB 8800 - physical market

Bid - Ask Range		Last	Date
11.00	11.50	*11.25*	17-Oct
11.30	11.70		
11.35	11.85	*11.00 est*	11-Jul
11.50	12.00	*9.00*	28-Mar
11.65	12.15	*9.05*	2-Apr
11.75	12.25		
11.95	12.45		
12.15	12.65		
12.35	12.85		
11.56	12.06	*11.90*	18-Oct
12.35	12.85	*12.50 est*	16-Oct
13.15	13.65	*est*	

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
CY 08	CSX	12500	1.2	*54.00*	15-Oct
Q3Q4 08	CSX	12500	1.2	*55.00*	15-Oct
Aug-Sep	NS	12500	1.2	*45.75*	7-Aug
CY 08	NS	12500	1.6	*51.00*	10-Sep
Q1	MGA	13000	3.0	*55.50*	19-Oct
Q1	MGA	13000	4.0-4.5	*45.00*	25-Sep
Aug-Dec	PRB 84	8400	0.8	*9.00*	26-Jul
CY 08	PRB 84	8400	0.8	*9.60*	9-Oct
CY 08	8400 xCC	8400	0.8	*9.30*	6-Sep

Emissions

SO2	Bid	Ask
2007	531	535
2008	530	534
2009	529	533
2010	272	274

NOx

Bank	575	650
2007	600	700
2008	600	700
2009	575	675

Additional Market Activity

Delivery	Origin	Btu	#SO2	Bid	Ask
Q1					

The Daily Scoreboard

Nymex look-alike & other
- Q2 trades 52.05, 52.00
- Q3Q4 / Q1Q2 trades 3.00 (10), 2.90 (5)
- Q4 trades 54.85
- CY 08 trades 52.75 (2x)
- CY 09 trades 55.75, 56.00 (15)

CSX Rail 1%
- Nov trades 49.75 (2x)
- Nov-Dec trades 50.00

PRB 8800
- CY 09/ 08 trades 0.80

SO2
- Spot trades 4x, 535 - 530, 533 last

Vaughn's View of the Market - a perspective provided by Dan Vaughn to assist in marking coals to market

PRB Coal — 23-Oct-07

Origin	Btu	#SO2	Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4	PY	PY + 1	PY + 2
			Nov	Dec	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	CY 08	CY 09	CY 10
BNSF / UP	8800	0.8	11.25	11.50	11.60	11.75	11.90	12.00	12.20	11.81	12.60	13.40
BNSF / UP	8400	0.8	9.55	9.65	9.70	9.85	10.00	10.10	10.30	9.91	10.70	11.50

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Nov	Dec	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	CY 08	CY 09	CY 10
BS Rvr	12000	1.2	49.94	50.50	52.90	54.30	55.75	57.10	57.50	54.95	57.95	59.40
Nym LAL	12000	1.7	47.25	48.00	50.40	52.05	53.50	54.85	55.25	52.70	55.70	57.15
BS Rvr	11500	1.8	42.90	43.75	45.90	47.55	49.00	50.35	50.75	48.20	51.45	52.90
CSX-BSK	12500	1.2	52.11	52.65	54.65	55.75	56.25	56.55	56.60	55.80	56.60	57.25
CSX-BSK	12500	1.6	49.75	50.25	52.25	53.35	53.85	54.15	54.25	53.40	54.25	55.00
NS-T/K	12500	1.2	53.36	53.90	55.90	57.00	57.50	57.80	57.85	57.05	57.85	58.25
NS-T/K	12500	1.6	51.00	51.50	53.50	54.60	55.10	55.40	55.50	54.65	55.50	56.00

NAPP Coal

Origin	Btu	#SO2	Nov	Dec	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	CY 08	CY 09	CY 10
MGA	13000	3.0 / 3.4	57.50	57.50	55.50	54.50	53.00	53.00	53.00	54.00	53.50	54.75
MGA	13000	4.0 / 4.5	55.11	55.25	52.00	51.00	49.25	49.25	49.25	50.35	49.75	51.00
Mon Rvr	13000	4.5 - 5.0	52.00	52.00	51.00	50.00	49.00	49.00	49.50	49.75	50.75	52.00
U. OH Rvr	12200	6.5	38.50	38.50	38.00	38.00	38.00	38.00	38.75	38.00	38.75	39.75

ILB Barge Coal

Origin	Btu	#SO2	Nov	Dec	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	CY 08	CY 09	CY 10
L. OH Rvr	12000	2.0	47.00	47.00	47.50	47.50	46.50	46.50	47.50	47.00	47.50	48.75
L. OH Rvr	12000	5.0	38.00	38.00	38.00	38.00	37.00	37.00	38.00	37.50	38.00	39.00

Colorado Coal

Origin	Btu	#SO2	Nov	Dec	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	CY 08	CY 09	CY 10
UP	11800	1.0	22.50	22.50	26.00	28.00	28.00	28.00	28.50	27.50	28.50	29.50
UP	11300	1.0	21.50	21.50	25.00	27.00	27.00	27.00	27.50	26.50	27.50	28.50

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111 Market Place
Suite 500
Baltimore, Maryland 21202

Constellation Energy
Commodities Group

FACSIMILE TRANSMITTAL SHEET

TO: MR. EDDIE VINSON

FROM: LINDA MENZIES

COMPANY: FLORIDA POWER/PROGRESS

SENDER'S PHONE NUMBER:

REC. FAX NUMBER: 919-546-4721

DATE: JANUARY 6, 2006

REC. PHONE NUMBER:

OF PAGES INCL. COVER:

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NOTES/COMMENTS:

Please return the following Confirmation executed to my attention at (f) 410-468-3799.

Thank you for your expedience and your assistance.

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Coppola, Barbara

Back up file w/ hard copy.

From: Phipps, Brett
Sent: Monday, December 26, 2005 5:25 PM
To: Coppola, Barbara; Vinson, Eddie
Subject: Fw: Coal Confirmation - CSX 1.2#

fyi...

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

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

-----Original Message-----
From: Daniel Vaughn
To: Phipps, Brett
Sent: Fri Dec 23 12:28:30 2005
Subject: Coal Confirmation - CSX 1.2#



cl-12976b
ogressConsty-CAPPc

Attached is the trade onfirmation with Constellation for the q1 12500 1.2# CSX coal.
Also, I do not think I have your correct fax number.

Thank you very much for the business. It is greatly appreciated.

Merry Christmas to you and your family.

Dan

Daniel L Vaughn

Manager al Services
United Power
off: 812-473-5810
fax: 812-473-5813
cell: 812-204-COAL

UNITED 23-Dec-05 www.upicoal.com Coal Desk Emissions Desk

United Power, a division of ICAP United, Inc. Dan Vaughn @ 812-473-5810 Ian Tapsall @ 203-762-8493 Tom Gibson @ 281-340-8300

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Jan	57.25	58.25	*56.75*	5-Dec
Feb	57.25	58.25		
Q1 06	57.25	58.25	*58.00 est*	21-Dec
Q2 06	57.75	58.75	*58.50*	21-Dec
Q3 06	58.00	59.00	*58.75*	21-Dec
Q4 06	58.00	59.00	*58.75*	21-Dec
Q1 07	57.75	58.75		
CY 06	57.75	58.75	*58.75*	12-Dec
CY 07	57.25	58.25	*57.75*	12-Dec

CSX-BSK < 1%

Bid - Ask Range		Last	Date
57.25	58.25	*58.00*	12-Dec
57.50	58.50		
57.50	58.50	*58.50*	14-Dec
57.25	58.25	*58.25*	30-Nov
57.25	58.25	*58.00*	8-Dec
57.25	58.25	*58.00*	8-Dec
56.75	57.75		
57.31	58.31	*57.25*	13-Dec
56.00	57.00	*56.50*	13-Dec

PRB 8800

Bid - Ask Range		Last	Date
21.50	22.50	*22.00*	22-Dec
21.50	22.50		
21.50	22.50	*19.75*	13-Dec
20.50	21.50	*19.75*	16-Dec
20.00	21.00	*20.50*	20-Dec
20.00	21.00	*20.50*	20-Dec
19.25	20.25		
20.50	21.50	*14.25*	17-Nov
18.00	19.00	*18.25*	20-Dec

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
Q1	CSX	12500	1.2	*66.00*	23-Dec
CY 07	CSX	12500	1.2	*64.00*	20-Dec
Dec	NS	12500	1.2	*67.75*	6-Dec
Q3Q4	NS	12500	1.6	*58.25*	7-Dec
CY 07	NS	12500	1.6	*55.50*	17-Nov
Nov-Dec	MGA	13000	3.0	*52.00*	14-Nov
Dec	MGA	13000	4.5	*41.75*	1-Dec
CY 06	CO	11900	0.8	*35.00*	6-Oct
Sep-Dec	ILB	12000	2.0	*51.00*	6-Sep
CY 07	PRB 84	8400	0.8	*10.00*	8-Sep

Emissions

SO2	Bid	Ask
Spot	1550	1600
2006	1549	1599
2007	1543	1573
2008	1436	1460
2009	1365	1394

NOx		
Bank	1850	2050
2006	2750	2900
2007	2400	2550
2008	1700	2000

The Daily Scoreboard

Nymex look-alike & other

CSX Rail

NS Rail

PRB 8800

SO2

Additional Market Activity

Delivery	Origin	Btu	#SO2	Mo. Qnty	Bid	Ask
Dec	Napp Bg	13000	4.5	*10k*		39.75
Q1	BS Rvr	11700	1.8	*10k*		56.00
Q1	NS	12500	1.6	*10k*		59.25

Weekly - Market Change

Q1 '06	16-Dec	23-Dec
Nym LAL	5825	5775
CSX 1.2#	6590	6575
CSX -1%	5840	5800
NS 1.2#	6650	6650
NS -1%	5900	5850
PRB 8800	2000	2200
PRB 8400	1575	1700

Vaughn's View of the Market - a perspective provided by United to assist in marking coals to market

PRB Coal 23-Dec-05

Origin	Btu	#SO2
BNSF / UP	8800	0.8
BNSF / UP	8400	0.8

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4
Jan	Feb	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07
22.00	22.00	22.00	21.00	20.50	20.50	19.75
17.00	17.00	17.00	16.50	16.25	16.25	15.75

PY	PY + 1	PY + 2
CY 06	CY 07	CY 08 e
21.00	18.50	16.50
16.50	14.50	13.00

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Jan	Feb	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	CY 06	CY 07	CY 08 e
BS Rvr	12000	1.2	67.49	67.25	67.25	67.25	67.25	67.25	66.50	67.25	66.00	64.50
Nym LAL	12000	1.7	57.75	57.75	57.75	58.25	58.50	58.50	58.25	58.25	57.75	57.00
BS Rvr	11500	2.0	50.13	50.25	50.25	50.75	51.00	51.00	50.75	50.75	50.25	49.50
CSX-BSK	12500	1.2	65.75	65.75	65.75	65.25	65.25	65.25	64.50	65.36	63.75	62.75
CSX-BSK	12500	1.6	57.75	58.00	58.00	57.75	57.75	57.75	57.25	57.81	56.50	55.75
NS-T/K	12500	1.2	66.50	66.50	66.50	65.75	65.75	65.75	65.00	65.86	64.25	63.25
NS-T/K	12500	1.6	58.50	58.50	58.50	58.25	58.25	58.25	57.75	58.31	57.00	56.25

NAPP Coal

Origin	Btu	#SO2	Jan	Feb	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	CY 06	CY 07	CY 08 e
MGA	13000	3.0 / 3.4	48.50	48.50	48.50	48.50	48.50	48.50	48.25	48.50	48.25	48.00
MGA	13000	4.0 / 4.5	39.00	39.00	39.00	39.00	39.00	39.00	38.75	39.00	39.00	39.00
Mon Rvr	13000	4.5 - 5.0	40.75	40.75	40.75	40.75	40.75	40.75	40.50	40.75	40.50	40.25
U. OH Rvr	12200	6.5	33.50	33.50	33.50	33.50	33.50	33.50	33.50	33.50	33.50	33.50

ILB Barge Coal

Origin	Btu	#SO2	Jan	Feb	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	CY 06	CY 07	CY 08 e
L. OH Rvr	12000	2.0	51.75	51.75	51.75	51.75	51.75	51.75	51.75	51.75	51.75	51.75
L. OH Rvr	12000	5.0	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50

Colorado Coal

Origin	Btu	#SO2	Jan	Feb	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	CY 06	CY 07	CY 08 e
UP	11800	1.0	38.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00
UP	11300	1.0	38.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00

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UNITED 22-Dec-05 www.upicoal.com Coal Desk Emissions Desk

United Power, a division of ICAP United, Inc. Dan Vaughn @ 812-473-5810 Ian Tapsall @ 203-762-8493 Tom Gibson @ 281-340-8300

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Jan	57.25	58.25	*56.75*	5-Dec
Feb	57.25	58.25		
Q1 06	57.25	58.25	*58.00 est*	21-Dec
Q2 06	57.75	58.75	*58.50*	21-Dec
Q3 06	58.00	59.00	*58.75*	21-Dec
Q4 06	58.00	59.00	*58.75*	21-Dec
Q1 07	57.75	58.75		
CY 06	57.75	58.75	*58.75*	12-Dec
CY 07	57.25	58.25	*57.75*	12-Dec

CSX-BSK < 1%

Bid - Ask Range		Last	Date
57.25	58.25	*58.00*	12-Dec
57.50	58.50		
57.50	58.50	*58.50*	14-Dec
57.25	58.25	*58.25*	30-Nov
57.25	58.25	*58.00*	8-Dec
57.25	58.25	*58.00*	8-Dec
56.75	57.75		
57.31	58.31	*57.25*	13-Dec
56.00	57.00	*56.50*	13-Dec

PRB 8800

Bid - Ask Range		Last	Date
21.50	22.50	*22.00*	22-Dec
21.50	22.50		
21.50	22.50	*19.75*	13-Dec
20.50	21.50	*19.75*	16-Dec
20.00	21.00	*20.50*	20-Dec
20.00	21.00	*20.50*	20-Dec
19.25	20.25		
20.50	21.50	*14.25*	17-Nov
17.85	18.85	*18.25*	20-Dec

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
CY 07	CSX	12500	1.2	*64.00*	20-Dec
Dec	NS	12500	1.2	*67.75*	6-Dec
Q3Q4	NS	12500	1.6	*58.25*	7-Dec
CY 07	NS	12500	1.6	*55.50*	17-Nov
Nov-Dec	MGA	13000	3.0	*52.00*	14-Nov
Dec	MGA	13000	4.5	*41.75*	1-Dec
CY 06	CO	11900	0.8	*35.00*	6-Oct
Sep-Dec	ILB	12000	2.0	*51.00*	6-Sep
Dec	PRB 84	8400	0.8	*6.75*	9-Nov
CY 07	PRB 84	8400	0.8	*10.00*	8-Sep

Emissions

SO2	Bid	Ask
Spot	1550	1600
2006	1549	1599
2007	1543	1573
2008	1436	1460
2009	1365	1394

NOx		
Bank	1850	2050
2006	2750	2900
2007	2400	2550
2008	1700	2000

The Daily Scoreboard

Nymex look-alike & other

CSX Rail

NS Rail

PRB 8800
Jan trades 22.00
Q3Q4 22.50 Call trades 1.40 (2x)

SO2
Spot trades 1545, 1560, 1575
CY 09 trades 1350

Additional Market Activity

Delivery	Origin	Btu	#SO2	Mo. Qnty	Bid	Ask
Dec	Napp Bg	13000	4.5	*10k*		39.75
Q1	BS Rvr	11700	1.8	*10k*		56.00
Q1	NS	12500	1.6	*10k*		59.25

Vaughn's View of the Market - a perspective provided by United to assist in marking coals to market

PRB Coal 22-Dec-05

Origin	Btu	#SO2
BNSF / UP	8800	0.8
BNSF / UP	8400	0.8

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4	PY	PY + 1	PY + 2
Jan	Feb	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	CY 06	CY 07	CY 08 e
22.00	22.00	22.00	21.00	20.50	20.50	19.75	21.00	18.35	16.35
17.00	17.00	17.00	16.50	16.25	FALSE	15.75	16.50	14.35	12.85

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CAPP Coal

Origin	Btu	#SO2	Jan	Feb	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	CY 06	CY 07	CY 08 e
BS Rvr	12000	1.2	67.49	67.25	67.25	67.25	67.25	67.25	66.50	67.25	66.00	64.50
Nym LAL	12000	1.7	57.75	57.75	57.75	58.25	58.50	58.50	58.25	58.25	57.75	57.00
BS Rvr	11500	2.0	50.13	50.25	50.25	50.75	51.00	51.00	50.75	50.75	50.25	49.50
CSX-BSK	12500	1.2	65.50	65.75	65.75	65.25	65.25	65.25	64.50	65.36	63.75	62.75
CSX-BSK	12500	1.6	57.75	58.00	58.00	57.75	57.75	57.75	57.25	57.81	56.50	55.75
NS-T/K	12500	1.2	66.25	66.25	66.25	65.75	65.75	65.75	65.00	65.86	64.25	63.25
NS-T/K	12500	1.6	58.50	58.50	58.50	58.25	58.25	58.25	57.75	58.31	57.00	56.25

NAPP Coal

Origin	Btu	#SO2	Jan	Feb	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	CY 06	CY 07	CY 08 e
MGA	13000	3.0 / 3.4	48.50	48.50	48.50	48.50	48.50	48.50	48.25	48.50	48.25	48.00
MGA	13000	4.0 / 4.5	39.00	39.00	39.00	39.00	39.00	39.00	38.75	39.00	39.00	39.00
Mon Rvr	13000	4.5 - 5.0	40.75	40.75	40.75	40.75	40.75	40.75	40.50	40.75	40.50	40.25
U. OH Rvr	12200	6.5	33.50	33.50	33.50	33.50	33.50	33.50	33.50	33.50	33.50	33.50

ILB Barge Coal

Origin	Btu	#SO2	Jan	Feb	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	CY 06	CY 07	CY 08 e
L. OH Rvr	12000	2.0	51.75	51.75	51.75	51.75	51.75	51.75	51.75	51.75	51.75	51.75
L. OH Rvr	12000	5.0	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50

Colorado Coal

Origin	Btu	#SO2	Jan	Feb	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	CY 06	CY 07	CY 08 e
UP	11800	1.0	38.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00
UP	11300	1.0	38.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00

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Constellation Energy
Commodities Group

FACSIMILE TRANSMITTAL SHEET

TO: MR. EDDIE VINSON

FROM: LINDA MENZIES

COMPANY: FLORIDA POWER/PROGRESS

SENDER'S PHONE NUMBER:

REC. FAX NUMBER: 919-546-4721

DATE: JANUARY 6, 2006

REC. PHONE NUMBER:

OF PAGES INCL. COVER:

URGENT X | FOR REVIEW | PLEASE REPLY

NOTES/COMMENTS:

Please return the following Confirmation executed to my attention at (f) 410-468-3799. Note that the Force Majeure Section contains mine specific language due to Charlene loadout requirement.

Thank you for your expedience and your assistance.

CONFIDENTIALITY NOTICE: The information contained in this message is confidential and, if addressed to certain counsel, may be subject to the attorney-client or work product privilege, and is intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that if any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this in error, please notify us by telephone, and return this original message to us at the above address via the US Postal Service. Thank you.

Vinson, Eddie

From: Phipps, Brett
Sent: Tuesday, January 03, 2006 1:03 PM
To: Vinson, Eddie
Subject: FW: Q1 '06 1.20# CSX

Back up data / File w/ Hardcopy contract

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

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

-----Original Message-----
From: Nelson, Robert [mailto:Robert.Nelson@constellation.com]
Sent: Friday, December 30, 2005 10:09 AM
To: Phipps, Brett
Cc: Nelson, Robert
Subject: Q1 '06 1.20# CSX

REDACTED

Rob

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

UNITED 4-Jan-06 www.upicoal.com Coal Desk Emissions Desk

United Power, a division of ICAP United, Inc. Dan Vaughn @ 812-473-5810 Ian / Manzar @ 203-762-8493 Tom Gibson @ 281-340-8300

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Feb	56.25	57.25	*56.90*	4-Jan
Mar	56.50	57.50	*56.90*	4-Jan
Q2 06	57.35	58.35	*58.00*	4-Jan
Q3 06	57.50	58.50	*58.00*	4-Jan
Q4 06	57.50	58.50	*58.00*	4-Jan
Q1 07	57.25	58.25		
Q2 07	57.00	58.00		
CY 07	56.75	57.75	*57.25*	4-Jan
CY 08	56.00	57.00		

CSX-BSK < 1%

Bid - Ask Range		Last	Date
57.25	58.25		
57.25	58.25		
57.25	58.25	*58.25*	30-Nov
57.25	58.25	*58.00*	8-Dec
57.25	58.25	*58.00*	8-Dec
56.75	57.75		
56.25	57.25		
56.15	57.15	*56.50*	13-Dec
55.25	56.25		

PRB 8800

Bid - Ask Range		Last	Date
21.50	22.50		
21.50	22.50		
20.50	21.50	*19.75*	16-Dec
20.50	21.50	*20.50*	20-Dec
20.50	21.50	*20.50*	20-Dec
19.50	20.50		
18.75	19.75		
18.25	19.25	*18.75*	4-Jan
16.25	17.25		

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
Q1	CSX	12500	1.2	*66.00*	23-Dec
CY 07	CSX	12500	1.2	*64.00*	20-Dec
Dec	NS	12500	1.2	*67.75*	6-Dec
Q3Q4	NS	12500	1.6	*58.25*	7-Dec
CY 07	NS	12500	1.6	*55.50*	17-Nov
Nov-Dec	MGA	13000	3.0	*52.00*	14-Nov
Dec	MGA	13000	4.5	*41.75*	1-Dec
CY 06	CO	11900	0.8	*35.00*	6-Oct
Sep-Dec	ILB	12000	2.0	*51.00*	6-Sep
CY 07	PRB 84	8400	0.8	*10.00*	8-Sep

Emissions

SO2	Bid	Ask
2006	1570	1600
2007	1565	1595
2008	1437	1464
2009	1386	1413
2010	763	777

NOx

Bank	1850	2025
2006	2650	2775
2007	2350	2525
2008	1750	2050

The Daily Scoreboard

Nymex look-alike & other
Feb trades 57.00
Feb-Mar trades 56.90
Q2 trades 58.00 (2x)
Q3 trades 58.00, 58.25
Q4 trades 58.00
CY 07 trades 57.25 (2x)

CSX Rail

PRB 8800
CY 07 Swap trades 18.75

SO2

Additional Market Activity

Delivery	Origin	Btu	#SO2	Mo. Qnty	Bid	Ask
Feb-Mar	CSX	12500	1.2	*10k*	65.00	

Vaughn's View of the Market - a perspective provided by United to assist in marking coals to market

PRB Coal 4-Jan-06

Origin	Btu	#SO2
BNSF / UP	8800	0.8
BNSF / UP	8400	0.8

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4	PY	PY + 1	PY + 2
Feb	Mar	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07	CY 07	CY 08	CY 09 e
22.00	22.00	21.00	21.00	21.00	20.00	19.25	18.75	16.75	14.75
17.00	17.00	16.50	16.50	16.50	15.50	15.25	14.25	12.75	11.25

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Feb	Mar	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07	CY 07	CY 08	CY 09 e
BS Rvr	12000	1.2	66.39	66.50	66.75	66.75	66.75	66.10	65.85	65.60	64.25	63.25
Nym LAL	12000	1.7	56.75	57.00	57.85	58.00	58.00	57.75	57.50	57.25	56.50	56.00
BS Rvr	11500	2.0	49.22	49.50	50.35	50.50	50.50	50.25	50.00	49.75	49.00	48.75
CSX-BSK	12500	1.2	65.75	65.75	65.50	65.25	65.25	64.75	64.25	64.15	63.00	62.25
CSX-BSK	12500	1.6	57.75	57.75	57.75	57.75	57.75	57.25	56.75	56.65	55.75	55.25
NS-T/K	12500	1.2	66.25	66.25	66.00	65.75	65.75	65.25	64.75	64.65	63.25	62.75
NS-T/K	12500	1.6	58.25	58.25	58.25	58.25	58.25	57.75	57.25	57.15	56.25	55.75

NAPP Coal

Origin	Btu	#SO2	Feb	Mar	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07	CY 07	CY 08	CY 09 e
MGA	13000	3.0 / 3.4	48.50	48.50	48.50	48.50	48.50	48.25	48.25	48.25	48.00	47.75
MGA	13000	4.0 / 4.5	39.00	39.00	39.00	39.00	39.00	38.75	38.75	38.75	38.75	38.75
Mon Rvr	13000	4.5 - 5.0	40.25	40.50	40.75	40.75	40.75	40.50	40.50	40.50	40.50	40.25
U. OH Rvr	12200	6.5	33.50	33.50	33.50	33.50	33.50	33.50	33.50	33.50	33.50	33.50

ILB Barge Coal

Origin	Btu	#SO2	Feb	Mar	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07	CY 07	CY 08	CY 09 e
L. OH Rvr	12000	2.0	51.75	51.75	51.75	51.75	51.75	51.75	51.75	51.75	51.75	51.75
L. OH Rvr	12000	5.0	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50

Colorado Coal

Origin	Btu	#SO2	Feb	Mar	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07	CY 07	CY 08	CY 09 e
UP	11800	1.0	38.50	38.50	38.50	38.00	38.00	37.50	37.50	37.50	37.50	37.50
UP	11300	1.0	38.00	38.00	38.00	38.00	38.00	37.50	37.50	37.50	37.50	37.50

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All trades are based on market information reported to United by market participants. Information is believed to be reliable but cannot be guaranteed.

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Wednesday, October 24, 2007 8:19 AM
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Cora offer

Eddie,

Oxbow accepts the reject specs of 11,500 BTU, 13.5 ash and 10% moisture. We need to make sure that you accept our BTU Premium/Penalty and our SO2 Premium/Penalty:

Btu premium/penalty = (MWA actual Btu/lb – MWA guarantee Btu/lb) * Price / MWA Guarantee Btu/lb

SO2 premium/penalty = (MWA guarantee lbs SO2/mmbtu – MWA actual lbs SO2/mmbtu) * MWA actual Btu/lb * E / 1,000,000
E = average of first 5 business days of month following published by Cantor Fitzgerald (1/2 between bid and offer)

Please let me know if you accept our formulas. Thanks.

Bev

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Tuesday, October 23, 2007 7:20 AM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Cora offer

Bev,

PEF will accept the [redacted]/ton FOB Barge Cora Dock if we can change the reject BTU to 11,500 and the ash reject to 13.5 also moisture reject needs to be 10% reject.
Please let me know if you are acceptable to these changes.

Regards

Eddie

> -----Original Message-----
> **From:** Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
> **Sent:** Thursday, October 18, 2007 5:42 PM
> **To:** Vinson, Eddie
> **Subject:** Cora offer
>
> Eddie,
>
> Per our previous conversation, Oxbow can not accept your counter offer of [redacted] FOB Barge Cora Dock for the Colorado coal. We will however agree to the following:
>
> [redacted] (approximately [redacted]) delivered fob barge at Cora Dock.
> Mutual option for additional train.

REDACTED

Term: November – December, 2007

Price: $[redacted]/ton FOB Barge Cora Dock

Specifications:	MWA	Reject
Btu/lb	12,000 min	11,000
Moisture	8.00 max	NA
Ash-ar	11.0 max	15.0
SO2	0.90 max	1.20
Vol	34.0 min	
Size	2"x0	
Passing ¼	40 max	
HGI	48 min	
Fusion (H=W)	2400 min	

Price adjustments:

Btu premium/penalty = (MWA actual Btu/lb – MWA guarantee Btu/lb) * Price / MWA Guarantee Btu/lb

SO2 penalty = (MWA guarantee lbs SO2/mmbtu – MWA actual lbs SO2/mmbtu) * MWA actual Btu/lb * E / 1,000,000
E = average of first 5 business days of month following published by Cantor Fitzgerald (1/2 between bid and offer)

Should the above specs and price be acceptable to PEF, please make purchase order to:

Oxbow Carbon & Minerals LLC
600 Grant Street, Suite 450
Denver, CO 80203

Thank you for considering this offer.

Bev

REDACTED

Vinson, Eddie

From: Vinson, Eddie
Sent: Monday, October 29, 2007 10:54 AM
To: 'Reynolds, Beverly'
Cc: Kreinest, John (CIN); Phipps, Brett; Shultz, Shawn
Subject: RE: Cora Buy backs

Bev I'm okay with the SO2 formula I'm not familiar with the Cantor Fitzgerald publication. We use Argus Air Daily monthly average to calculate the SO2 for shipments received during the month. Please let me know if this is acceptable or if you wish to discuss please call me on my cell.

Thanks

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Monday, October 29, 2007 8:48 AM
To: Vinson, Eddie
Cc: Kreinest, John (CIN)
Subject: Cora Buy backs

Eddie,

Within 5 minutes I will be pulling out of the Big Sandy office driving to our Columbia, MD office. I have copied John on this e-mail because he expects paperwork from me today. We need to know if you are going to accept our SO2 P/P. You mentioned last Friday you would rather keep it standard with all your other agreements. Please advise whether you are accepting ours or provide yours so John can see if he is willing to agree to it.

John, I am planning to be in Columbia before 3:00 pm. Hopefully, we will have news from Eddie and get this worked out today.

Thanks.

Bev

904 239

2367

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Wednesday, October 31, 2007 9:12 AM
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn; Alicia Levitt; Paul.Fritzler@oxbow.com; Jay.Bruton@oxbow.com
Subject: RE: Cora offer

Eddie, we agree to use the EA value for the average of the month the coal was received. Can you get us some paper work today?

Bev

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Wednesday, October 31, 2007 7:32 AM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Cora offer

Bev this all looks good just one clarification the EA value used will be the average of the month in which we received the coal.

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Tuesday, October 30, 2007 10:32 PM
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn; Jay.Bruton@oxbow.com; Paul.Fritzler@oxbow.com; Alicia Levitt
Subject: RE: Cora offer

Eddie,

After our many conversations, the following is what I believe we have agreed to:

$[redacted] FOB Barge Cora Dock for [redacted] (approx [redacted] tons)
Mutual option for additional train
Term: November – December 2007

Specifications:	MWA	Reject
Btu/lb	12,000 min	11,500
Moisture	8.00 max	10.00
Ash-ar	11.0 max	13.50
SO2	0.90 max	1.20
Vol	34.0 min	
Size	2"x0	
Passing ¼	40 max	
HGI	48 min	
Fusion (H=W)	2400 min	

REDACTED

Btu premium/penalty = (MWA actual Btu/lb – MWA guarantee Btu/lb) * Price / MWA Guarantee Btu/lb

SO2 premium/penalty = (MWA guarantee lbs SO2/mmbtu – MWA actual lbs SO2/mmbtu) * MWA actual Btu/lb * E / 1,000,000

E = average of first 5 business days of month following published by Argus Air Daily (1/2 between bid and offer)

If you agree with the above, please confirm by e-mail and address purchase order to:

Oxbow Carbon & Minerals LLC
600 Grant Street, Suite 450
Denver, CO 80203

I will be at the river office all day tomorrow. Will check in with you in the morning. Thanks.

Bev

Progress Energy

Florida — Deal Ticket

Counterparty: Massey Utility Sales Company | Fuelworx Contract #: 271 | * Date: 8/13/2007

Counterparty Contact: John Parker | ** Ofc Phone: (804) 782-1678 | ** Cell Phone:

Deal Type: | Minority-Owned Business? No

Freight District: Stirrat-FOB Barge KRT | Mine / Type of Mine: surface / underground | Transportation Mode: River Barge

Coal Quality:

Destination Plant(s): Crystal River 1&2 | Coal Quality - Other: 1.22

Coal Price: $25.00

Term: Sept 2007-Dec 2008

Effective Date: 8//7/2007 | Other:

Payment Terms: Standard Payment Terms

Year: 2007-2008 | Total Volume: [redacted]

$ [redacted] | MTM $ 45.07 | Volume / month:

+ or - $ | Budget / Target $ | Delivery Point: Crystal River 1&2

+ or - $ | Delivery Terms: August 2007

+ or - $ | Governing Weights: Certified Industry Scales

Total Price $ [redacted] | Governing Analysis: Certified Industry Lab

P / P Calculations

	Guarantee	Minimum	Maximum	Reject
Moisture:	7.0%		9.0%	>9%
Ash:	32.0%		34.0%	>34%
SO_2:	1.22		1.48#	>1.48#
Sulfur:	0.6%		0.7%	>.65%
BTU:	9,000	8,800		<8,800
HGI:				
Volatile:	28	27		<27
Ash Fusion:	2400	2400		<2400
Sizing:				

Communicated 8/17/2007

TO

Coal Procurement Manager — Transportation

Procurement Agent — Mid-Office

Coal Procurement Analyst — Back-Office

FMS Fuels Specialist — System Administrator

COMMENTS

Test train loaded into [redacted] for delivery to Crystal River

* *For calendar control, press CTRL D, click on date, and close calendar control window*

** *For the phone number, type area code and number, without dashes or parentheses*

REDACTED

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Monday, July 16, 2007 3:12 PM
To: Vinson, Eddie
Cc: Vincent Williams, E. Peta
Subject: FW: Compliance CSX offer



Coal-PEC-SSM_GTC
s (06.21.07).D...

Eddie, will you make sure this has Progress Florida through out? If you will make the changes and send back, we will get signed PDF to you immediately.

Bev

-----Original Message-----
From: Vincent Williams, E. Peta [mailto:Peta.Williams@pgnmail.com]
Sent: Friday, June 22, 2007 9:41 AM
To: Vinson, Eddie; Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Bev,
Please find attached the draft contract we discussed yesterday. Eddie and I discussed using this shorter version since this is only a five train deal.

Thanks and I apologize for the delay.

E. Peta Vincent Williams
Progress Energy Service Company, Inc. LLC.
Legal Department
Manager - Contract Administration
Phone: (919) 546-5164
Fax: (919) 546-2649
E-Mail: Peta.Williams@pgnmail.com

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-----Original Message-----
From: Vinson, Eddie
Sent: Monday, June 11, 2007 9:01 AM
To: 'Reynolds, Beverly'
Cc: Phipps, Brett; Shultz, Shawn; Vincent Williams, E. Peta
Subject: RE: Compliance CSX offer

REDACTED

Bev,

We have a deal for the [redacted] July thru November 2007 for csx compliance pending the internal reviews (credit etc.)Please give me a call so we can get the process started. Thanks Again

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Friday, June 08, 2007 10:34 AM
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Eddie,

If it is still available, we accept your offer of [redacted] for [redacted] shipped at the rate of [redacted] per month July thru Nov, 2007. Please let me know if we have a deal. Thanks.

Bev

-----Original Message-----
From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, June 08, 2007 10:26 AM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Bev,

PEF has no interest in your product at $[redacted]/ton.

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Friday, June 01, 2007 8:34 AM
To: Vinson, Eddie; Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Eddie,

Would you consider $[redacted] instead of $[redacted] Thanks.

Bev

-----Original Message-----
From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, June 01, 2007 7:36 AM
To: Reynolds, Beverly; Phipps, Brett; Shultz, Shawn
Subject: Re: Compliance CSX offer

Bev
PEF would like to counter your offer with a final bid of $[redacted]/ton. If SSM still has interest please let me know.

Eddie

----- Original Message -----
From: Reynolds, Beverly <Beverly.Reynolds@ssmcoal.com>
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Sent: Thu May 31 17:19:42 2007
Subject: RE: Compliance CSX offer

REDACTED

Eddie,

Thanks for your counter offer. We can not accept $[redacted]. We would

consider revising our offer to [redacted] FOB Railcar. Thanks again for your reply.

Bev

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Thursday, May 31, 2007 5:10 PM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Bev,

Thank you for your recent offer but unfortunately we are not interested @ the offered price. PEF would like to counter SSM's offer as follows, [redacted] TPM July-November 2007 @ [redacted]/ton FOB railcar with all other conditions described being accepted. This agreement will be subject to PEF internal guidelines as well as management approval.

Regards

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, May 31, 2007 3:02 PM
To: Vinson, Eddie
Subject: Compliance CSX offer

Eddie,

We would like to offer the following:

[redacted] (100 cars) per month June thru November 2007

82590 Pardee, WV

4 hour load, CSX railroad weights

[redacted] FOB Railcar based on Mineral Lab at origin

REDACTED

Specs:

Moisture: 8.00 Reject: 10.00

Ash: 12.00 Reject: 14.00 (no ash penalty between 12 - 14)

Sulfur:	1.20 lbs SO2	Reject:	1.20 lbs SO2
BTU:	12,000	Reject:	11,900

We look forward to a favorable response. Thanks

Bev Reynolds

O: 606-931-0050

C: 304-638-9562

Progress Energy

Florida

Deal Ticket

Counterparty: Emerald International Corp Fuelworx Contract #: 244 * Date: 3/1/2007

Counterparty Contact: Chris Hastings ** Ofc Phone: (859) 525-2522 ** Cell Phone: (304) 382-3435

Deal Type: New Minority-Owned Business? No

Freight District: Huntington WV/IMT Mine / Type of Mine: surface / underground Transportation Mode: River Barge

Coal Quality:

Destination Plant(s): CR 4&5 Coal Quality - Other: 1.15#

Coal Price: [redacted]

Term: Mar-07

Effective Date: 3/1/2007 Other:

Payment Terms: Standard

Year: 2007 Total Volume:

$ [redacted] MTM $ Volume / month: [redacted]

+ or - $ Budget / Target $ Delivery Point: Crystal River 4&5

+ or - $ Delivery Terms: March 2007

+ or - $ Governing Weights: Certified scales weights

Total Price $ [redacted] Governing Analysis: Certified lab analysis

P / P Calculations: P/P does not apply

	Guarantee	Minimum	Maximum	Reject
Moisture:	6.0%			
Ash:	13.2%			
SO_2:	1.15			
Sulfur:	0.7%			
BTU:	12176			
HGI:				
Volatile:	31.30			
Ash Fusion:				
Sizing:				

Communicated 3/1/2007

TO

Coal Procurement Manager — Transportation

Procurement Agent — Mid-Office

Coal Procurement Analyst — Back-Office

FMS Fuels Specialist — System Administrator

COMMENTS

Barge #9252

* *For calendar control, press CTRL D, click on date, and close calendar control window*

** *For the phone number, type area code and number, without dashes or parentheses*

REDACTED

Vinson, Eddie

From: Chris Hastings [chrishastings@emeraldcoal.com]
Sent: Wednesday, February 28, 2007 3:32 PM
To: Vinson, Eddie
Subject: FW: Barge coal

Note the price is now $[redacted] fob the barge Ceredo.

From: Chris Hastings
Sent: Wednesday, February 14, 2007 1:15 PM
To: 'Phipps, Brett'
Subject: Barge coal

Brett,

Emerald can offer you this barge at $[redacted] fob the barge at Huntington,Wv
AEP 9252
[redacted] tons
6.04 moisture
13.19 ash
31.30 vol
12176 btu
.70 sul
1.15 S02
15076 MAF

If you are interested let me know. Thanks!

Chris Hastings
Emerald International Corp.
6895 Burlington Pike
Florence, Ky 41042
Cell (304) 382-3435
Office (859) 525 2522

REDACTED

Sell?

SGS

February 15, 2007

EMERALD INTERNATIONAL
6895 BURLINGTON PIKE
FLORENCE KY 41042
AIIN: AIDAN C. BOWLES

Sample identification by
SGS

SAMPLE I.D.: AEP 9252
MECHANICAL SAMPLE

Kind of sample reported to us: COAL

Sample taken at: OHIO RIVER HUNTINGTON

Sample taken by: SGS

SGS DID NOT DO THE EMPTY BARGE DRAFT

Date sampled: February 13, 2007

Date received: February 13, 2007

Analysis Report No. 61-180169

PROXIMATE ANALYSIS

	As Received	Dry Basis		
% Moisture	6.04	xxxxx		
% Ash	13.19	14.04		
% Volatile	31.30	33.31		
% Fixed Carbon	49.47	52.65		
	100.00	100.00		
Btu/lb	12176	12959	MAF	15076
% Sulfur	0.70	0.75		
SO_2 lb/million Btu @ 100%	1.15			

Respectfully submitted,
SGS NORTH AMERICA INC.

R Burke

Charleston Laboratory

SGS

February 15, 2007

EMERALD INIERNATIONAL
6895 BURLINGTON PIKE
FLORENCE KY 41042
ATTN: AIDAN C. BOWLES

Sample identification by
SGS

SAMPLE I.D.: AEP 9252
MECHANICAL SAMPLE

Kind of sample reported to us: COAL

Sample taken at: OHIO RIVER HUNTINGION

Sample taken by: SGS

SGS DID NOT DO THE EMPIY BARGE DRAFT

Date sampled: February 13, 2007

Date received: February 13, 2007

Analysis Report No. 61-180169

BARGE SURVEY REPORT

BARGE NO.: AEP 9252
DATE SURVEYED: ------
LOCATION:
MILEPOST:
BARGE COMPANY:

LIGHT DRAFT: 1 ft. 4.80 in.

LIGHT TONNAGE: -2.83

LOADED DRAFT: 9 ft. 11.60 in.

LOADED TONNAGE: [redacted]

NET TONNAGE: [redacted]

REDACTED

Respectfully submitted,
SGS NORTH AMERICA INC

R Barker

Charleston Laboratory

SGS

June 20, 2007

A.T. MASSEY COAL
P.O. BOX 26765
RICHMOND VIRGINIA 23261
ATTN: JOHN PARKER
8047881811

Sample identification by
SGS

SAMPLE.I.D.: PEN 144
MECHANICAL SAMPLE

Kind of sample reported to us: COAL

Sample taken at: KRT-CEREDO

Sample taken by: SGS

Date sampled: June 19, 2007

Date received: June 20, 2007

Analysis Report No. 61-8472

PROXIMATE ANALYSIS

	As Received	Dry Basis		
% Moisture	4.14	xxxxx		
% Ash	15.48	16.15		
% Volatile	33.36	34.80		
% Fixed Carbon	47.02	49.05		
	100.00	100.00		
Btu/lb	11976	12493	MAF	14899
% Sulfur	0.75	0.78		
SO_2 lb/million Btu @ 100%	1.25			

Respectfully submitted,
SGS NORTH AMERICA INC.

R Burke

Charleston Laboratory

PEF-CC-000534

SGS

June 20, 2007

A.T. MASSEY COAL
P.O. BOX 26765
RICHMOND VIRGINIA 23261
ATTN: JOHN PARKER
8047881811

Sample identification by
SGS

SAMPLE.I.D.: MEM 564
MECHANICAL SAMPLE

Kind of sample reported to us: COAL

Sample taken at: KRT-CEREDO

Sample taken by: SGS

Date sampled: June 19, 2007

Date received: June 20, 2007

Analysis Report No. 61-8471

PROXIMATE ANALYSIS

	As Received	Dry Basis		
% Moisture	4.37	xxxxx		
% Ash	17.84	18.66		
% Volatile	33.04	34.55		
% Fixed Carbon	44.75	46.79		
	100.00	100.00		
Btu/lb	11542	12069	MAF	14838
% Sulfur	0.71	0.74		
SO_2 lb/million Btu @ 100%	1.23			

Respectfully submitted,
SGS NORTH AMERICA INC.

Charleston Laboratory

PEF-CC-000535

SGS

June 20, 2007

A.T. MASSEY COAL
P.O. BOX 26765
RICHMOND VIRGINIA 23261
ATTN: JOHN PARKER
8047881811

Sample identification by
SGS

SAMPLE.I.D.: EFC 9644
MECHANICAL SAMPLE

Kind of sample reported to us: COAL

Sample taken at: KRT-CEREDO

Sample taken by: SGS

Date sampled: June 19, 2007

Date received: June 20, 2007

Analysis Report No. 61-8470

PROXIMATE ANALYSIS

	As Received	Dry Basis		
% Moisture	4.51	xxxxx		
% Ash	17.39	18.21		
% Volatile	32.80	34.35		
% Fixed Carbon	45.30	47.44		
	100.00	100.00		
Btu/lb	11645	12195	MAF	14910
% Sulfur	0.73	0.76		
SO_2 lb/million Btu @ 100%	1.25			

Respectfully submitted,
SGS NORTH AMERICA INC.

R Bartee

Charleston Laboratory

PEF-CC-000536

SGS

June 20, 2007

A.T. MASSEY COAL
P.O. BOX 26765
RICHMOND VIRGINIA 23261
ATTN: JOHN PARKER
8047881811

Sample identification by SGS

SAMPLE.I.D.: MEM 613
MECHANICAL SAMPLE

Kind of sample reported to us COAL

Sample taken at KRT-CEREDO

Sample taken by SGS

Date sampled June 19, 2007

Date received June 20, 2007

Analysis Report No. 61-8468

PROXIMATE ANALYSIS

	As Received	Dry Basis		
% Moisture	4.17	xxxxx		
% Ash	18.93	19.75		
% Volatile	31.85	33.24		
% Fixed Carbon	45.05	47.01		
	100.00	100.00		
Btu/lb	11471	11970	MAF	14916
% Sulfur	0.73	0.76		
SO_2 lb/million Btu @ 100%	1.27			

Respectfully submitted,
SGS NORTH AMERICA INC.

Charleston Laboratory

PEF-CC-000537

SGS

June 20, 2007

A.T. MASSEY COAL
P.O. BOX 26765
RICHMOND VIRGINIA 23261
ATTN: JOHN PARKER
8047881811

Sample identification by SGS

SAMPLE.I.D.: MEM 637
MECHANICAL SAMPLE

Kind of sample reported to us COAL

Sample taken at KRT-CEREDO

Sample taken by SGS

Date sampled June 19, 2007

Date received June 20, 2007

Analysis Report No. 61-8469

PROXIMATE ANALYSIS

	As Received	Dry Basis		
% Moisture	4.61	xxxxx		
% Ash	17.90	18.77		
% Volatile	32.74	34.32		
% Fixed Carbon	44.75	46.91		
	100.00	100.00		
Btu/lb	11499	12055	MAF	14841
% Sulfur	0.74	0.78		
SO_2 lb/million Btu @ 100%	1.29			

Respectfully submitted,
SGS NORTH AMERICA INC.

Charleston Laboratory

PEF-CC-000538

SGS

June 20, 2007

A.T. MASSEY COAL
P.O. BOX 26765
RICHMOND VIRGINIA 23261
ATTN: JOHN PARKER
8047881811

Sample identification by
SGS

SAMPLE.I.D.: MEM 669
MECHANICAL SAMPLE

Kind of sample reported to us COAL

Sample taken at KRT-CEREDO

Sample taken by SGS

Date sampled June 19, 2007

Date received June 19, 2007

Analysis Report No. 61-8464

PROXIMATE ANALYSIS

	As Received	Dry Basis		
% Moisture	5.81	xxxxx		
% Ash	16.47	17.49		
% Volatile	32.23	34.22		
% Fixed Carbon	45.49	48.29		
	100.00	100.00		
Btu/lb	11516	12226	MAF	14818
% Sulfur	0.76	0.81		
SO_2 lb/million Btu @ 100%	1.32			

Respectfully submitted,
SGS NORTH AMERICA INC.

R Barker

Charleston Laboratory

PEF-CC-000539

SGS

June 20, 2007

A.T. MASSEY COAL
P.O. BOX 26765
RICHMOND VIRGINIA 23261
ATTN: JOHN PARKER
8047881811

Sample identification by
SGS

SAMPLE.I.D.: MEM 669
MECHANICAL SAMPLE

Kind of sample reported to us: COAL

Sample taken at: KRT-CEREDO

Sample taken by: SGS

Date sampled: June 19, 2007

Date received: June 19, 2007

Analysis Report No. 61-8464

BARGE SURVEY REPORT

BARGE NO.: MEM 669
DATE SURVEYED: ------
LOCATION:
MILEPOST:
BARGE COMPANY:

LIGHT DRAFT: 1 ft. 6.00 in.

LIGHT TONNAGE: 17.75

LOADED DRAFT: 8 ft. 11.80 in.

LOADED TONNAGE: [redacted]

NET TONNAGE: [redacted]

REDACTED

Respectfully submitted,
SGS NORTH AMERICA INC.

R Burke
Charleston Laboratory

PEF-CC-000540

SGS

June 20, 2007

A.T. MASSEY COAL
P.O. BOX 26765
RICHMOND VIRGINIA 23261
ATTN: JOHN PARKER
8047881811

Sample identification by
SGS

SAMPLE.I.D.: HB 0258
MECHANICAL SAMPLE

Kind of sample reported to us COAL

Sample taken at KRT-CEREDO

Sample taken by SGS

Date sampled June 19, 2007

Date received June 19, 2007

Analysis Report No. 61-8465

BARGE SURVEY REPORT

BARGE NO.: HB 0258
DATE SURVEYED: ------
LOCATION:
MILEPOST:
BARGE COMPANY:

LIGHT DRAFT: 1 ft. 5.20 in.

LIGHT TONNAGE: -10.06

LOADED DRAFT: 9 ft. 0.40 in.

LOADED TONNAGE: [redacted]

NET TONNAGE: [redacted]

Respectfully submitted,
SGS NORTH AMERICA INC.

REDACTED

Charleston Laboratory

SGS

June 20, 2007

A.T. MASSEY COAL
P.O. BOX 26765
RICHMOND VIRGINIA 23261
ATTN: JOHN PARKER
8047881811

Sample identification by SGS

SAMPLE.I.D.: HB 0258
MECHANICAL SAMPLE

Kind of sample reported to us: COAL

Sample taken at: KRT-CEREDO

Sample taken by: SGS

Date sampled: June 19, 2007

Date received: June 19, 2007

Analysis Report No. 61-8465

PROXIMATE ANALYSIS

	As Received	Dry Basis		
% Moisture	4.87	xxxxx		
% Ash	16.70	17.56		
% Volatile	32.63	34.30		
% Fixed Carbon	45.80	48.14		
	100.00	100.00		
Btu/lb	11684	12282	MAF	14898
% Sulfur	0.72	0.76		
SO_2 lb/million Btu @ 100%	1.23			

Respectfully submitted,
SGS NORTH AMERICA INC.

R Burke

Charleston Laboratory

Progress Energy

Florida

Deal Ticket

Counterparty: Constellation Energy Commodites Group, **Fuelworx Contract #:** _____ *** Date:** 8/22/2006

Counterparty Contact: Chris Savage **** Ofc Phone:** (410)468-3696 **** Cell Phone:** (410) 468-3541

Deal Type: New **Minority-Owned Business?** No

Freight District: CSX-Non-Massey **Mine / Type of Mine:** surface / underground **Transportation Mode:** Rail CSX

Coal Quality: _____

Coal Quality - Other: 1.2

Destination Plant(s): Crystal River 4&5

Coal Price: $52.40

Term: September 2006-December 2006

Effective Date: 8/18/2006 **Other:** _____

Payment Terms: Standard

Year: 2006 **Total Volume:** 40,000 tons

$ 52.40 **MTM $** _____ **Volume / month:** 10,000

+ or - $ _____ **Budget / Target $** _____ **Delivery Point:** Crystal River 4&5

+ or - $ _____ **Delivery Terms:** September 2006-December 2006

+ or - $ _____ **Governing Weights:** Certified Industry Scales

Total Price $ 52.40 **Governing Analysis:** Certified Industry Lab

P / P Calculations

	Guarantee	Minimum	Maximum	Reject
Moisture:	7.0%		7.0%	
Ash:	12.0%		13.5%	>13.5%
SO_2:	1.2		1.2	>1.2
Sulfur:				
BTU:	12,500	12,200		<12,200
HGI:	42	40		<40
Volatile:	30	30		<30
Ash Fusion:	2600	2600		<2600
Sizing:	2X0		2X0	>2X0

Communicated 8/22/2006

TO

Coal Procurement Manager	Transportation
Procurement Agent	Mid-Office
Coal Procurement Analyst	Back-Office
FMS Fuels Specialist	System Administrator

COMMENTS

OTC Deal BC

* *For calendar control, press* ***CTRL D****, click on date, and close calendar control window*

** *For the phone number, type area code and number, without dashes or parentheses*

Progress Energy

Florida

Deal Ticket

Counterparty: Koch Carbon | Fuelworx Contract #: 239 | * Date: 2/1/2007

Counterparty Contact: Kenny Bailey | ** Ofc Phone: | ** Cell Phone: 606-922-9977

Deal Type: New | Minority-Owned Business?

Freight District: Big Sandy River | Mine / Type of Mine: | Transportation Mode: River Barge

Coal Quality:

Destination Plant(s): Crystal River | Coal Quality - Other: 1.2 # Barge Coal

Coal Price: [redacted] / ton FOB barge Big Sandy River

Term: Feb-07

Effective Date: 2/1/2007 | Other:

Payment Terms: 15 days after receipt of invoice

Year: | Total Volume: [redacted] tons

$ [redacted] | MTM $ | Volume / month: [redacted]

+ or - $ | Budget / Target $ | Delivery Point:

+ or - $ | Delivery Terms: FOB Barge Big Sandy River

+ or - $ | Governing Weights: independent lab

Total Price $ [redacted] | Governing Analysis: independent lab

P / P Calculations: Btu only

	Guarantee	Minimum	Maximum	Reject
Moisture:	8.0%		10.0%	>10
Ash:	13.0%		16.0%	> 16
SO_2:	1.2		1.2	>1.2
Sulfur:				
BTU:	11500	11200		< 11200
HGI:	45	43		<43
Volatile:	32	32		<30
Ash Fusion:	2700			
Sizing:	2x0		2x0	>55%

Communicated 2/22/2007

TO

Coal Procurement Manager	Transportation
Procurement Agent	Mid-Office
Coal Procurement Analyst	Back-Office
FMS Fuels Specialist	System Administrator

COMMENTS

* *For calendar control, press CTRL D, click on date, and close calendar control window*

** *For the phone number, type area code and number, without dashes or parentheses*

REDACTED

Vinson, Eddie

From: Bach, John [John.Bach@kochind.com]
Sent: Wednesday, January 31, 2007 6:37 PM
To: Vinson, Eddie
Subject: RE: Koch Carbon Coal Proposal

Eddie, Thank you for the opportunity. Sure Lance and Peta will get the necessary paperwork flowing and Gene will do his usual great job loading barges. Likewise do not hesitate to give us a call or e-mail if you have any questions or require additional information. Thanks again for the business. John

---

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Wednesday, January 31, 2007 3:01 PM
To: Bach, John
Cc: Phipps, Brett; Shultz, Shawn; Duttinger, Jason; Vincent Williams, E. Peta; Boyd, Jerry
Subject: RE: Koch Carbon Coal Proposal

John, I just spoke with Kenny Bailey and agreed to purchase the [redacted] described below contingent on the successful negotiations of GTC.The agreed upon price was [redacted] FOB Big Sandy River I also mentioned to him earlier we needed to stay as close to the 11,500 as possible as we will utilize these barges for some blend testing in the gulf (I'm sure this will not be a problem for Mr.. Stone). Also we prefer Mineral Lab to be the lab of record, should you have any questions please feel free to give me a call and we appreciate the opportunity to do business with Koch. For contract info please contact Peta Vincent Williams @ 919-546-5164. Thanks Again

Regards

Eddie

-----Original Message-----
From: Bach, John [mailto:John.Bach@kochind.com]
Sent: Friday, January 26, 2007 3:00 PM
To: Vinson, Eddie
Subject: FW: Koch Carbon Coal Proposal

Eddie, Sorry, had your old e-mail. Let's try again. Thanks, John

---

From: Bach, John
Sent: Friday, January 26, 2007 1:25 PM
To: 'Eddie.Vinson@progressfuels.com'
Cc: Bailey, Kenneth
Subject: Koch Carbon Coal Proposal

Eddie Per various discussions between yourself and Kenny Bailey, Koch Carbon LLC is pleased to submit the following coal supply proposal to Progress Energy.

11500 BTU, 1.20 #'s SO2 Deal:

Term: January 29, 2007 – February 28, 2007
Quantity: [redacted] tons; [redacted] total.
Price: [redacted] FOB Barge big Sandy River (based upon 11,500 BTU's Minimum).

REDACTED

Typical Min./Max.

Moisture:	8.0%	10.0% Max.
Ash:	13.0 - 15.0%	16.00% Max.
#'s SO2:	1.15	1.20 #'s Max.
BTU's:	11,500 +	11200 Min.
Volatile:	32	30 Min.
HGI	45	43

Premium and Penalties: Price adjustments for coal quality will be based on the Monthly weighted average composite analysis.
Btu Premium / Penalty: Above 11,500 BTU's, BTU's pro-rata.

If you have any further questions or require additional information please do not hesitate to call or e-mail either Kenny or myself. Thank you again for the opportunity and look forward to discussing further.
John

Best Regards,

John D Bach
Koch Carbon LLC
20 East Greenway Plaza; Houston, TX 77046-2002
Phone: 713-544-5148; Fax: 713-544-6052;
Mobile: 832-495-7654; E-Mail: john.bach@kochind.com

Progress Energy

COAL PURCHASE CONFIRMATION

Confirmation #: _____

Buyer:	Progress Energy Florida, Inc. 410 S. Wilmington St. PEB10A Raleigh, NC 27601 (P) 919-546-3622 (F) 919-546-2590	Seller:	Keystone Industries, LLC 1375 Jackson Street Suite 410 Ft. Meyers, FL 33901(P) 919-546- (P) 239-337-7474 (F)239-332514

The purpose of this letter is to confirm the agreement entered into this ____day of _____, 200__, between Keystone Industries, LLC ("Seller") and Progress Energy Florida, Inc. ("Buyer"), individually a "Party" and collectively the "Parties", regarding the sale and purchase of Coal (the "Transaction") under the terms specified herein.

This Coal Purchase Confirmation (the "Confirmation"), and the General Terms and Conditions ("GTC") that each are attached hereto or transmitted herewith and which shall supplement and are incorporated into this Confirmation, shall be referred to herein as the "Agreement". Any capitalized term used in this Agreement and not defined in the Section in which it appears shall have the meaning set forth in Section 1 of the GTC. Commencement of deliveries of Coal (as defined herein) by Seller under the Transaction described herein shall constitute acceptance of the terms set forth in this Agreement, without regard to whether or not Seller has actually signed this Confirmation. In the event of any conflict between this Confirmation and the GTC, the terms of this Confirmation shall prevail. Notwithstanding any other agreement between the Parties to the contrary, any terms and conditions proposed by Seller that purport to modify, supplement or amend this Agreement shall not be binding upon Buyer unless Buyer has expressly agreed to such terms and conditions in writing.

Product Description:	Physical CAAP Coal
Seller:	Keystone Industries, LLC
Buyer:	Progress Energy Florida, Inc.
Term (Delivery Period):	February-April 2006
Contract Quantity:	60,000 total net short tons;.
Contract Price:	$72.00 per ton fob gulf barge
Delivery Point(s):	International Marine Terminals **Maple Grove, LA** **Mississippi River, West Bank Mile 57**
Production Source(s):	Bituminous CAPP Coal
Destination Plant(s):	**PEF – Crystal River 4 & 5**
Handling/ Coal Flow	Keystone guarantees that all of the coal sold and delivered will handle and/or flow as not to cause problems with loading, unloading, transfer, bunkering and usage of product. In the event Buyer experiences difficulties, in addition to the remedies set forth in this Agreement related to Section 8(c) of the General Terms and Conditions, Buyer shall be entitled to (i) terminate this agreement, (ii) recover from Seller all of the cost incurred by Buyer related to (a) co-firing oil or other fuel at the Destination Plant, and/or (b) purchasing replacement power for power that could not be generated due to the circumstances described in the preceding sentence.

Quality Specifications: All Coal delivered hereunder shall meet the Quality Specifications specified in the following table for each of the listed criteria. The Rejection Limits shall be as specified in the following table for each of the listed criteria. All amounts are as measured on an as-received basis in accordance with ASTM standards.

	Quality Specification	Rejection Limit
BTU:	12,500 Btu/lb. monthly weighted average	Less than 12,400 Btu/lb. Vessel weighted Average
SO_2 lbs./MMBtu:	1.20 lbs. weighted average per shipment	> 1.20 lbs. weighted average per shipment
Moisture:	8.0 % maximum	greater than 9.0%
Ash:	12% maximum	greater than 13 %
Volatile Matter:	30 % minimum	less than 30 %
HGI:	47minimum	less than 45
AST:	AFT Red Atm. ID 2,450 minimum	not applicable
Sizing:	2" x 0"	greater than 55% by weight fines passing ¼" screen

Quality Price Adjustments:

(1) **BTU Price Adjustment Calculation.** If the monthly weighted average for BTU content for Coal delivered hereunder is either above or below the Quality Specification for BTU content specified above, an adjustment to the Contract Price (either an increase or decrease, as the case may be), shall be made with respect to such Coal as follows:

$$\text{Contract Price} \times \frac{\text{(Actual Btu/lb. – Quality Specification Btu/lb.)}}{\text{Quality Specification Btu/lb.}}$$

The Contract Price applicable to such Coal shall be adjusted upward if the Actual Btu/lb. exceeds the Quality Specification for Btu/lb. and the Contract Price applicable to such Coal shall be adjusted downward if the Actual Btu/lb. is less than the Quality Specification for Btu/lb.

This Confirmation shall supersede any broker confirmation concerning this Transaction.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed (including by means of facsimile signatures), by their respective duly authorized representatives as of the first date mentioned herein.

Sincerely,

Progress Energy Florida, Inc.

By: _____

Name: Alexander Weintraub

Title: Director – Coal

Date: 2/15/2006

AGREED TO AND ACCEPTED BY:

Keystone Industries, LLC

By: _____

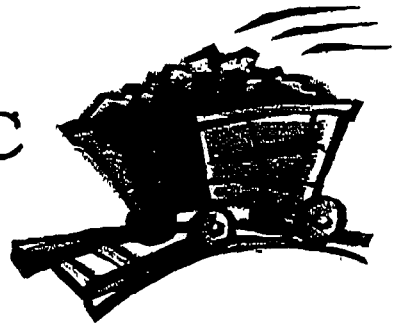
Name: Michael Gates

Title: Executive Vice President

Date: 2-15-06

Poland
12,200
CS
IMT

KEYSTONE INDUSTRIES, LLC



FACSIMILE TRANSMITTAL SHEET

TO: Eddie Vincent	FROM: Jennafer Briggs / mike Gatens
COMPANY: Progress	DATE: 2-15-06
FAX NUMBER: 919-546-2590	TOTAL NO. OF PAGES INCLUDING COVER: 3
PHONE NUMBER:	SENDER'S REFERENCE NUMBER:
RE:	YOUR REFERENCE NUMBER:

☐ URGENT ☐ FOR REVIEW ☒ PLEASE COMMENT ☒ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

Please sign & fax back.

Thankyou

SUITE 401
1375 JACKSON STREET
FORT MYERS, FL 33901

PHONE: (239) 337-7474
FAX: (239) 337-2514

Phipps, Brett

From: Cole, Rick [RCole@drummondco.com]
Sent: Wednesday, March 22, 2006 6:42 PM
To: Vinson, Eddie; Phipps, Brett
Cc: Steul, Dennis
Subject: Recent offers/test shipments

Eddie:

Confirming our recent conversations Progress Energy and Interocean Coal Sales LDC agree as follows:

1) Progress agrees to purchase four unit trains from Interocean for test shipments to the Cape Fear and Lee plants. Rail shipments will commence on or near May 15, 2006. Guaranteed coal spec and price as per letter of February 22, 2006.

2) Progress and Interocean agree that the Feb. 15, 2006 offer to supply the Crystal River plant will be accepted.

3) Progress and Interocean agree that the April 2006 Crystal River contract shipment will be loaded at 11,300 BTU. Sales price on each barge shipment from the vessel will be reduced prorata. Should Progress encounter operational difficulties with this shipment Interocean agrees to use its best efforts to divert any coal remaining at Mobile to another Interocean customer.

Please indicate your acceptance of the above as soon as possible.

Rick

Confidentiality Notice: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain material that is confidential, privileged and/or attorney work product. Any unauthorized review; usage, reliance, disclosure or distribution by others or forwarding without express permission is strictly prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and delete and destroy all copies of the original message. Thank You.

PROGRESS FUELS CORPORATION

Guasare Reopener Offer Analysis

CR45

Quarter 3 - 2005

Submission Date	Supplier	Term	Origin	Total short Short Tons (000)	ton Price	Transp. Mode	Transp. Bunker	Transp. Cost	SO2 Price	Railcar Costs	Purchase Specifications: Ash	Sulfur	Btu	Moist	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
07/21/05	Guasare	1 yr (06)	Pasa Diablo	645	$69.38	Gulf	$1.00	$8.59	$805	$0.00	6.50%	0.67%	12,800	8.00%	31.00%	45	1.05	-$2.30		$78.97	3.085	$76.67	$3.00	One year	Conveyor vessel..IMT
07/21/05	Guasare	2 yr (06-07)	Pasa Diablo	[redacted]		Gulf	[redacted]			$0.00	6.50%	0.67%	12,800	8.00%	31.00%	45	1.05	[redacted]		[redacted]					8 add'l cargoes - (match plant low price)-not included
07/21/05	Guasare	3 yr (06-08)	Pasa Diablo			Gulf				$0.00	6.50%	0.67%	12,800	8.00%	31.00%	45	1.05							Two year	16 add'l cargoes - (match plant low price)-not included
07/22/05	Glencore	2006	LaJagua	400-650	$62.70	Gulf	$0.00	$10.76	$850	$0.00	7.00%	0.71%	12,400	8.50%	35.00%	45	1.15	-$1.07		$73.46	2.962	$72.39	$2.92	One year	
07/26/05	Glencore	2006-2007	LaJagua	[redacted]		Gulf	$0.00	[redacted]		$0.00	7.00%	0.71%	12,400	8.50%	35.00%	45	1.15	[redacted]		[redacted]					
07/26/05	Glencore	2006-2008	LaJagua			Gulf	$0.00			$0.00	7.00%	0.71%	12,400	8.50%	35.00%	45	1.15							Two year	
07/26/05	CMC	2006	Carrejon	500	$61.40	Gulf	$0.00	$10.76	$850	$0.00	7.30%	0.62%	11,800	11.00%	34.00%	49	1.05	-$1.67	M	$72.16	3.058	$70.49	$2.99	One year	
08/04/05	CMC	2006-2008	Carrejon	[redacted]		Gulf	$0.00	[redacted]		$0.00	8.10%	0.55%	11,400	12.90%	34.00%	46	0.98	[redacted]	B&M	[redacted]				Two year	
07/29/05	Drummond	2007-2008	Pribbenow			Gulf	$0.00			$0.00	7.50%	0.60%	11,300	14.00%	32.00%	43	1.08		B&M						

Notes:

Regarding Guasare Blds Only:

Bid 06' is 14 firm cargoes calculated at 50,000 short tons each.

Bid 06-07 is [redacted] cargoes in 06' and [redacted] in 07' at [redacted] short tons each. 07 has an additional option for [redacted] cargoes that match the lowest plant price.

Bid 06-08 is [redacted] cargoes in 06', [redacted] in 07', and [redacted] in 08' at [redacted] short tons each. 07' and 08' each have an additional option for [redacted] cargoes that match. the lowest plant price.

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moist	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

On a one year contract Guasare must reduce their price by $2.05/Ton

On a three year Guasare & Glencore must match CMC. Guasare must reduce by $1.28, Glencore must reduce by $.74

REDACTED

8/4/20054:28 PM

PROGRESS FUELS CORPORATION
Guasare Reopener Offer Analysis
CR45
Quarter 3 - 2005

Submission Date	Supplier	Term	Origin	Total short Short Tons (000)	ton Price	Transp. Mode	Transp. Bunker	Transp. Cost	SO2 Price	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moist	Vol	HGI	SO2	Utilization Cost/ton	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
07/21/05	Guasare	1 yr (06)	Pasa Diablo	645	$69.38	Gulf	$1.00	$8.59	$805	$0.00	6.50%	0.67%	12,800	8.00%	31.00%	45	1.05	-$2.30		$76.97	3.085	$76.67	$3.00		Conveyor vessel..IMT
07/21/05	Guasare	2 yr (06-07)	Pasa Diablo	[redacted]		Gulf	$1.00	[redacted]		$0.00	6.50%	0.67%	12,800	8.00%	31.00%	45	1.05	[redacted]		[redacted]					8 add'l cargoes - (match plant low price)-not included
07/21/05	Guasare	3 yr (06-08)	Pasa Diablo			Gulf	$1.00			$0.00	6.50%	0.67%	12,800	8.00%	31.00%	45	1.05								16 add'l cargoes - (match plant low price)-not included
07/22/05	Glencore	2006	LaJagua	400-650	$62.70	Gulf	$0.00	$10.76	$850	$0.00	7.00%	0.71%	12,400	8.50%	35.00%	45	1.15	-$1.07		$73.46	2.982	$72.39	$2.92		
07/26/05	Glencore	2006-2007	LaJagua	[redacted]		Gulf	$0.00	[redacted]		$0.00	7.00%	0.71%	12,400	8.50%	35.00%	45	1.15	[redacted]		[redacted]					
07/26/05	Glencore	2006-2008	LaJagua			Gulf	$0.00			$0.00	7.00%	0.71%	12,400	8.50%	35.00%	45	1.15								
07/26/05	CMC	2006	Cerrejon	500	$61.40	Gulf	$0.00	$10.76	$850	$0.00	7.30%	0.62%	11,800	11.00%	34.00%	49	1.05	-$1.67		$72.16	3.058	$70.49	$2.99		
07/29/05	Drummond	2007-2008	Pribbenow	[redacted]		Gulf	$0.00	[redacted]		$0.00	7.50%	0.60%	11,300	14.00%	32.00%	43	1.08	[redacted]		[redacted]					

Notes:

Regarding Guasare Bids Only:

Bid 06' is 14 firm cargoes calculated at 50,000 short tons each.

Bid 06-07 is [redacted] cargoes in 06' and [redacted] in 07' at [redacted] short tons each. 07 has an additional option fo [redacted] cargoes that match the lowest plant price.

Bid 06-08 is [redacted] cargoes in 06 [redacted] in 07', and [redacted] in 08' at [redacted] short tons each. 07' and 08' each have an additional option for [redacted] argoes that match. the lowest plant price.

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moist	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

REDACTED

PEF-CC-000552

8/2/200510:50 AM

PROGRESS FUELS CORPORATION
Guasare Reopener Offer Analysis
CR45
Quarter 3 - 2005

Submission Date	Supplier	Term	Origin	Total short Short Tons (000)	ton Price	Transp. Mode	Transp. Bunker	Transp. Cost	SO2 Price	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moist	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
07/21/05	Guasare	1 yr (06)	Pasa Diablo	645	$69.38	Gulf	$1.00	$8.59	$805	$0.00	6.50%	0.67%	12,800	8.00%	31.00%	45	1.05	-$2.30		$78.97	3.085	$76.67	$3.00		Conveyor vessel..IMT
07/21/05	Guasare	2 yr (06-07)	Pasa Diablo	[redacted]		Gulf	[redacted]			$0.00	6.50%	0.67%	12,800	8.00%	31.00%	45	1.05	[redacted]		[redacted]					8 add'l cargoes - (match plant low price)-not included
07/21/05	Guasare	3 yr (06-08)	Pasa Diablo	[redacted]		Gulf	[redacted]			$0.00	6.50%	0.67%	12,800	8.00%	31.00%	45	1.05	[redacted]		[redacted]					16 add'l cargoes - (match plant low price)-not included
07/22/05	Glencore	2006	LaJagua	400-650	$62.70	Gulf	$0.00	$10.76	$850	$0.00	7.00%	0.71%	12,400	8.50%	35.00%	45	1.15	-$1.07		$73.46	2.982	$72.39	$2.92		
07/26/05	Glencore	2006-2007	LaJagua	[redacted]		Gulf	$0.00	[redacted]		$0.00	7.00%	0.71%	12,400	8.50%	35.00%	45	1.15	[redacted]		[redacted]					
07/26/05	Glencore	2006-2008	LaJagua	[redacted]		Gulf	$0.00	[redacted]		$0.00	7.00%	0.71%	12,400	8.50%	35.00%	45	1.15	[redacted]		[redacted]					
07/26/05	CMC	2006	Cerrejon	500	$61.40	Gulf	$0.00	$10.76	$850	$0.00	7.30%	0.62%	11,800	11.00%	34.00%	49	1.05	-$1.67		$72.16	3.058	$70.49	$2.99		
07/29/05	Drummond	2007-2008	Pribbenow	[redacted]		Gulf	$0.00	[redacted]		$0.00	7.50%	0.60%	11,300	14.00%	32.00%	43	1.08	[redacted]		[redacted]					

Notes:

Regarding Guasare Bids Only:

Bid 06' is 14 firm cargoes calculated at 50,000 short tons each.

Bid 06-07 is [redacted] cargoes in 06' and [redacted] in 07' at [redacted] short tons each. 07 has an additional option for [redacted] cargoes that match the lowest plant price.

Bid 06-08 is [redacted] cargoes in 06', [redacted] in 07', and [redacted] in 08 at [redacted] short tons each. 07' and 08' each have an additional option for [redacted] cargoes that match. the lowest plant price.

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moist	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

REDACTED

PROGRESS FUELS CORPORATION
Guasare Reopener Offer Analysis
CR45
Quarter 3 - 2005

corrected. all 2.32'

Submission Date	Supplier	Term	Origin	Total short Short Tons (000)	ton Price	Transp. Mode	Transp. Bunker	Transp. Cost	SO2 Price	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moist	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
07/21/05	Guasare	1 yr (06)	Pasa Diablo	694	$59.38	Gulf	$1.00	$8.59	$805	$0.00	6.50%	0.67%	12,800	8.00%	31.00%	45	1.05	-$2.30		$78.97	3.085	$76.67	$3.00		Conveyor vessel..IMT
07/21/05	Guasare	2 yr (06-07)	Pasa Diablo	[redacted]		Gulf	[redacted]	[redacted]		$0.00	6.50%	0.67%	12,800	8.00%	31.00%	45	1.05	[redacted]		[redacted]					8 add'l cargoes - (match plant low price)-not included
07/21/05	Guasare	3 yr (06-08)	Pasa Diablo	[redacted]		Gulf	[redacted]	[redacted]		$0.00	6.50%	0.67%	12,800	8.00%	31.00%	45	1.05	[redacted]		[redacted]					16 add'l cargoes - (match plant low price)-not included
07/22/05	Glencore	2006	LaJagua	400-650	$62.70	Gulf	$0.00	$10.76	$850	$0.00	7.00%	0.71%	12,400	8.50%	35.00%	45	1.15	-$1.07		$73.46	2.962	$72.39	$2.92		
07/26/05	Glencore	2006-2007	LaJagua	[redacted]		Gulf	$0.00	[redacted]		$0.00	7.00%	0.71%	12,400	8.50%	35.00%	45	1.15	[redacted]		[redacted]					
07/26/05	Glencore	2006-2008	LaJagua	[redacted]		Gulf	$0.00	[redacted]		$0.00	7.00%	0.71%	12,400	8.50%	35.00%	45	1.15	[redacted]		[redacted]					
07/26/05	CMC	2006	Cerrejon	500	$61.40	Gulf	$0.00	$10.76	$850	$0.00	7.30%	0.62%	11,800	11.00%	34.00%	49	1.05	-$1.67		$72.16	3.058	$70.49	$2.99		
07/29/05	Drummond	2007-2008	Pribbenow	[redacted]		Gulf	$0.00	[redacted]		$0.00	7.50%	0.60%	11,300	14.00%	32.00%	43	1.06	[redacted]		[redacted]					

Notes:

Regarding Guasare Bids Only:

Bid 06' is 14 firm cargoes calculated at 50,000 short tons each.

Bid 06-07 is [redacted] cargoes in 06' and [redacted] in 07' at [redacted] short tons each. 07 has an additional option for [redacted] cargoes that match the lowest plant price.

Bid 06-08 is [redacted] cargoes in 06', [redacted] in 07', and [redacted] in 08' at [redacted] short tons each. 07' and 08' each have an additional option for [redacted] cargoes that match. the lowest plant price.

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moist	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

One Year Bid

Cash Basis

#1 Glencore 2.962 $/MMBTU

#2 CMC 3.058

#3 Guasare 3.085

Evaluated Basis

#1 Glencore 2.92 $/MMBTU

#2 CMC 2.99

#3 Guasare 3.00

Three Year Bid

Cash Basis $/MMBTU

#1 Glencore [redacted]

#2 Guasare [redacted]

#3 CMC Pending

Evaluated Basis $/MMBTU

#1 Glencore [redacted]

#2 Guasare [redacted]

#3 CMC Pending

REDACTED

7/29/20055:30 PM

Phipps, Brett

From: Martinez, Alvaro [Alvaro.Martinez@ssmcoal.com]
Sent: Monday, October 17, 2005 12:02 PM
To: Coppola, Barbara; Sheppard, Sheila
Cc: Phipps, Brett
Subject: RE: SSM import steam coal offer - 2006

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

- Freight to discharge in NOLA ANCHORAGE : $16.73/ST
- Freight to discharge in MOBILE ALABAMA TERMINAL: $16.28/ST
- discharging 1 safe port
- Shipments FES 2006
- Fast as can vessel selfdischarge - Buyer guarantees minimum 10,000 MT SHINC takeaway from underneath vessel's grabs
- Vessel's crew to operate vessel's cranes/grabs at discharge port(s) provided permitted by local regulations/authorities otherwise same to be for Buyer's account.
- The final untrimming out of vessel's holds including bulldozers/drivers for Seller's time/account.

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

Regards,
AM

> -----Original Message-----
> From: Martinez, Alvaro
> Sent: Monday, October 17, 2005 11:06 AM
> To: Barbara A. Coppola (E-mail); 'sheila.sheppard@pgnmail.com'
> Cc: Brett Phipps (E-mail)
> Subject: SSM import steam coal offer - 2006
>
> October 17, 2005
>
> Barbara A. Coppola
> Progress Energy Carolinas, Inc.
> 410 S. Wilmington Street
> Raleigh, NC 27602
>
> Phone: +1 (919) 546-6002
>
> RE: Import steam coal offer for Crystal River generating plant / 2006 shipments
>
>
> Dear Barbara,
>
> SSM Coal Americas LLC is pleased to offer subject to prior sale and reconfirmation of freight steam coal to Progress Energy Carolinas, Inc., for your generating station in Crystal River, Florida, as follows:
>
>
> 1. COMMODITY AND QUANTITY
>
> 154,300 short tons plus or minus 10% of steam coal from Cucuta (Colombia) and Tachira (Venezuela) area.
>
>
> 2. DELIVERY PERIOD
>
> Four cargoes of 33,000-38,600 short tons plus or minus 10 percent each. One shipment per quarter beginning in the first quarter of 2006. Loading laycan as per mutual

agreement.
>
>
> 3. TYPICAL QUALITY
>
> The goods will have the following typical specifications, on an "as received" basis, determined in accordance with ASTM standards:
>
> Calorific Value (BTU/LB) G.A.R: 12,500 Typical, 12,200 Minimum
> Moisture: 7.5% Typical, 10% Maximum
> Ash: 9.0% Typical, 10% Maximum
> Sulfur: 0.75% Typical, 1% Maximum
> Volatiles: 37.0% Typical, 31% Minimum
> HGI: 48 - 53 Typical, 42 Minimum
> Size: Screened 0 x 3> ">
> Ash Softening °F (H=W): +2,700 Typical, +2,500 Minimum
>
> Ash Fusion Temperatures: Reducing Oxidizing
> Initial Deformation +2.700°F +2.700°F
> Softening (H=W) +2.700°F +2.700°F
> Hemispherical (H=1/2W) +2.700°F +2.700°F
> Fluid +2.700°F +2.700°F
>
>
> 4. PRICE AND DELIVERY TERM
>
> The unit price for the coal offered is US$ 52.50 (Fifty Two United States Dollars and fifty cents) plus actual freight per short ton CIF New Orleans or Mobile area unloading port.
>
>
> 5. PENALTY/PREMIUM
>
> The contract price will be adjusted at a pro-rata basis for calorific value above/below 12,500 Btu/lb, G.A.R.
>
>
> 6. QUANTITY DETERMINATION
>
> By independent surveyor at vessel loading port by vessel draft survey, result to be final and binding for both Parties. Costs are for Seller's account.
>
>
> 7. QUALITY DETERMINATION
>
> By independent surveyor at vessel loading port by vessel> '> s certificate of analysis. Although the agreed laboratory will effectively be appointed by the Seller, the appointment will be considered to have been made on behalf of both the Seller and the Buyer. The results found will be final and binding for both Parties. Costs will be equally shared between the Seller and the Buyer.
>
> The laboratory will be instructed to retain an umpire sample for a period of 2 months after sampling. Only if the analysis made appears to be manifestly wrong, either Party may request the umpire sample to be analysed by another mutually acceptable laboratory. Such request must be made within the above 2 months' period on penalty of lapse of the right to challenge the analysis. The cost of such further analysis will be borne by the Party requesting t> he analysis. In case the umpire analysis proves that the initial analysis was manifestly wrong, the figures of the umpire analysis will replace the initial figures. In the alternative, the figures found by the first laboratory remain final and binding.
>
>
> 8. SHIPPING CONDITIONS
>
> Terms to follow upon submittal of actual freight rate.
>
>
> 9. PAYMENT CONDITIONS

>
> Subject to SSM's credit department final approval of Buyer> '> s credit, Buyer shall remit payment to seller by telegraphic transfer within 30 days after bill of lading date.
>
>
> 10. VALIDITY
>
> This offer is valid until 5:00pm ET October 21, 2005. If more time is needed please let us know.
>
>
> 11. OTHER
>
> Other terms and conditions as per SSM Coal Americas LLC Terms & Conditions of Sale to Progress Energy Carolinas, Inc., which are included with this offer.
>
>
> We look forward to your response and hope we can work together.
>
>
> Regards,
>
> Alvaro Martinez
> Phone: +1-410-910-0754
> << File: SSM-Progress Energy Coal Offer 2006.pdf >> << File: SSM TERMS & CONDITIONS TO PROGRESS ENERGY OCT-17-2005.pdf >> << File: SSM Coal - Ash Analysis & Trace Elements.pdf >>

Phipps, Brett

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


SSM-Progress Energy Coal Offer...


SSM TERMS & NDITIONS TO PRO(


SSM Coal - Ash Analysis & Trac...

October 17, 2005

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

Phone: +1 (919) 546-6002

RE: Import steam coal offer for Crystal River generating plant / 2006 shipments

Dear Barbara,

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

1. COMMODITY AND QUANTITY

154,300 short tons plus or minus 10% of steam coal from Cucuta (Colombia) and Tachira (Venezuela) area.

2. DELIVERY PERIOD

Four cargoes of 33,000-38,600 short tons plus or minus 10 percent each. One shipment per quarter beginning in the first quarter of 2006. Loading laycan as per mutual agreement.

3. TYPICAL QUALITY

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

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

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

PEF-CC-000558

4. PRICE AND DELIVERY TERM

The unit price for the coal offered is US$ 52.50 (Fifty Two United States Dollars and fifty cents) plus actual freight per short ton CIF New Orleans or Mobile area unloading port.

5. PENALTY/PREMIUM

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

6. QUANTITY DETERMINATION

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

7. QUALITY DETERMINATION

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

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

8. SHIPPING CONDITIONS

Terms to follow upon submittal of actual freight rate.

9. PAYMENT CONDITIONS

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

10. VALIDITY

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

11. OTHER

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

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

Regards,

Alvaro Martinez

Phone: +1-410-910-0754
<<SSM-Progress Energy Coal Offer 2006.pdf>> <<SSM TERMS & CONDITIONS TO PROGRESS ENERGY OCT-17-2005.pdf>> <<SSM Coal - Ash Analysis & Trace Elements.pdf>>

Phipps, Brett

From: Mike [mikekeystone@t3com.com]
Sent: Wednesday, November 16, 2005 10:20 AM
To: Phipps, Brett
Subject: 07,08,09

Brett,
Keystone would like to discuss doing [redacted] of 12000 1.20# in 2007,2008,2009 would like 09. What do you think about [redacted]? The 2009 wouldn't be a deal killer if you can't go out that far.

REDACTED

REDACTED

Phipps, Brett

From: Tim Monson [Tmonson@insightbb.com]
Sent: Friday, February 03, 2006 2:52 PM
To: Phipps, Brett
Cc: Mike Gaten; Jdbryson@earthlink.net
Subject: RE: IMT- Compliance Coal Proposal 2/2/06

Mr. Phipps,

Keystone Industries, LLC is in receipt of your counter proposal. Keystone agrees to accept the proposed new terms, conditions and the price adjustment of [redacted] per net ton, fob barge at IMT as proposed in this email as modifications to its original proposal provided to you on February 2, 2006.

We thank you for your business and for allowing us to continue to provide coal to Progress Energy.

Regards,

Tim Monson
Agent/Keystone Industries, LLC

From: Phipps, Brett [mailto:Brett.Phipps@pgnmail.com]
Sent: Friday, February 03, 2006 2:33 PM
To: Tim Monson
Cc: Weintraub, Sasha; Mike Gaten
Subject: RE: IMT- Compliance Coal Proposal 2/2/06

Tim,

We would like to counter your proposal with the following:

Price - [redacted] fob barge IMT

Vol - 30% minimum

Handling/Coal Flow - Keystone's guarantee that coal(s) will handle &/or flow as not to cause problems with loading, unloading, transfer, bunkering and usage of product.

The remaining commercial terms of your offer is acceptable. Please provide a response if Keystone agrees with this counter. Thanks.

REDACTED

Brett Phipps
Manager, Coal Procurement

Regulated Fuels Department
Progress Energy
410 S. Wilmington St.
PEB 10
Raleigh, NC 27601

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

-----Original Message-----
From: Tim Monson [mailto:Tmonson@insightbb.com]
Sent: Thursday, February 02, 2006 2:50 PM
To: Phipps, Brett
Subject: RE: IMT- Compliance Coal Proposal 2/2/06

Mr. Phipps,

We are in receipt of your e-mail noting that Crystal River has a minimum volatile requirement of 30.0%. We understand your position and wish to state that the coal loaded at IMT will be with in your specifications on this requirement.

We hope to be able to finalize our proposal with you by tomorrow.

Regards,

Tim Monson

From: Phipps, Brett [mailto:Brett.Phipps@pgnmail.com]
Sent: Thursday, February 02, 2006 10:29 AM
To: Tim Monson
Cc: Mike Gaten; Jdbryson@earthlink.net
Subject: RE: IMT- Compliance Coal Proposal 2/2/06

Tim,
During my discussions with Mike he indicated that you have ~ 40K tons in the South Yard of Eagle and ~20K tons in the North Yard of lower vol. As I'm sure you are aware Crystal River has a minimum vol requirement of 30%. Can you provide additional analysis for both stockpiles to ensure that you can meet this requirement? Additionally, I would require 30% minimum vol to be a guaranteed specification. Thank you for your offer and I look forward to working with Keystone.

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

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

-----Original Message-----
From: Tim Monson [mailto:Tmonson@insightbb.com]
Sent: Thursday, February 02, 2006 10:08 AM
To: Phipps, Brett
Cc: Mike Gaten; Jdbryson@earthlink.net
Subject: IMT- Compliance Coal Proposal 2/2/06

Mr. Phipps,

Please find attached the Keystone proposal for [redacted] tons of compliance coal priced fob the barge at the International Marine Terminals.

Please call if we may be of further assistance to you regarding our proposal.

Regards,

Tim

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

REDACTED

Phipps, Brett

From: Tim Monson [Tmonson@insightbb.com]
Sent: Thursday, February 02, 2006 10:08 AM
To: Phipps, Brett
Cc: Mike Gaten; Jdbryson@earthlink.net
Subject: IMT- Compliance Coal Proposal 2/2/06

Mr. Phipps,

Please find attached the Keystone proposal for [redacted] tons of compliance coal priced fob the barge at the International Marine Terminals.

Please call if we may be of further assistance to you regarding our proposal.

Regards,

Tim

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

REDACTED

Phipps, Brett

From: Tim Monson [Tmonson@insightbb.com]
Sent: Friday, February 03, 2006 10:12 AM
To: Phipps, Brett
Cc: Jdbryson@earthlink.net; Mike Gaten
Subject: IMT Compliance Coal Position 2/3/06

Mr. Phipps,

As we indicated yesterday, Keystone Industries has review the quality regarding the IMT compliance coal inventory proposed on February 2, 2006. Keystone wishes to notify you that they are in agreement with their ability to meet your coal requirements and specifications at Crystal River.

We look forward to your favorable reply.

Regards,

Tim

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

Phipps, Brett

From: Tim Monson [Tmonson@insightbb.com]
Sent: Wednesday, February 01, 2006 9:28 AM
To: Phipps, Brett
Cc: Mike Gaten
Subject: Compliance Coal Proposal " Modifications"

Brett,

Please find in the attachments, some modifications to the proposal letter originally provided by Mike Gaten. If you have additional question, call me at the number listed below.

Thank you,

Tim Monson

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

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

January 25, 2006:

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

Dear Mr. Phipps:

Keystone Industries, LLC is pleased to submit its Compliance Coal Proposal from its operations near the Kanawha River in West Virginia for your consideration.

Customer:	Progress Energy
Operating Company:	Keystone Industries, LLC
Loading Point:	Kanawha River, Marmet pool
Coal Preparation:	2" x 0" Crushed Run of Mine
Type of Mining:	Surface
Size:	2" x 0"
Quality:	
Moisture:	8.00%
Ash:	13.00%
Lbs.SO_2/ MMBTU:	Compliance, 1.20 lbs SO2/MMBtu maximum
Volatile:	>30.00% minimum
Sulfur:	0.73% maximum at 12,200 Btu (SO_2 to govern)
Heating Value:	12,200 Btu minimum
Term and Option:	Two years, beginning January 2007 through December 2008. A mutual option for the third year of 2009 is presented for your consideration. A pricing collar would be established for the 2009 base price. Price modifications are to be determined by mutual agreement and are not to exceed an amount of $4.00, above or below the base coal price for 2008.
Tonnage:	[redacted] tons per month, a total of [redacted] tons per year on a pro-rata shipment basis.
Governing Weighs:	The governing weights will be determined at the load point via certified belt scales or by an independent third party laboratory using an ASTM barge draft weighing procedure.
Terms of Payment:	Net 25 days from date of shipment.
Governing Samples:	The governing coal samples will be taken at the load point using a certified mechanical sampler and ASTM procedures.

REDACTED

Governing Laboratory:	Mineral Labs, Salyersville, KY
Premium/Penalty:	To be mutually agreed upon.
Fuel Price Adjustment	Effective April 1, 2007 and the first day of each quarter thereafter during the Term of the Agreement, the Base Coal price shall be adjusted in accordance with the prior 3-month average based on changed in the cost of #2 diesel fuel used in Keystone's mining operation. The #2 diesel price will be established in January 2007 and will be adjusted for quarterly market changes per the WSJ index, but not below the established #2 diesel fuel benchmark established in January 2007.
Price fob origin point	[redacted] per net ton, fob the barge. The price is fixed for the calendar years of 2007 and 2008. The price for 2009 is addressed under Term and Option.

This offer is made subject to the prior sale of the coal and to our credit approval of the Buyer. This offer shall remain open for the acceptance until February 17, 2006, at which time it shall be deemed revoked if Buyer has not given Seller written notice of acceptance.

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

Respectfully,

Tim Monson

Timothy V. Monson
Agent/ Keystone Industries, LLC

PE26053
PC: MG

REDACTED

Phipps, Brett

From: Tim Monson [Tmonson@insightbb.com]
Sent: Thursday, March 02, 2006 3:53 PM
To: Phipps, Brett
Subject: Compliance Coal Counter Proposal 3/2/06

Mr. Phipps,

Please find attached, the correspondence regarding the compliance coal proposal originally submitted on February 9, 2006. We have agreed to a 2-year (2007-2008) term with a mutual option to be determined during the fourth quarter of 2008 for an additional year (2009). The fuel escalation clause has been removed. The price is fixed for the 2007 -2008 term. The fixed price has been reduced to [redacted] per net ton fob the barge at the load point.

We look forward to receiving your favorable response.

Regards,

Tim Monson

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

REDACTED

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

March 1, 2006

Mr. Brett Phipps
Manager, Coal Procurement
c/o Progress Energy Carolinas, Inc.
Regulated Fuels Department
410 S. Wilmington St.
Mail Code PEB 10
Raleigh, NC 27601

Dear Mr. Phipps:

Keystone Industries, LLC is pleased to submit its response to Progress Energy in regard to our Compliance Coal Proposal discussions for the term of 2007 and 2008 with a mutual option for 2009. The coal will be produced at Keystone's operations near Charleston, West Virginia.

Customer:	Progress Energy
Operating Company:	Keystone Industries, LLC
Loading Point:	Kanawha River, Marmet pool
Coal Preparation:	2" x 0" Crushed Run of Mine
Type of Mining:	Surface
Size:	2" x 0"
Quality:	
Moisture:	8.00%
Ash:	13.00%
Lbs.SO_2/ MMBTU:	Compliance, 1.20 lbs SO2/MMBtu maximum
Volatile:	>30.00% minimum
Sulfur:	0.73% maximum at 12,200 Btu (SO_2 to govern)
Heating Value:	12,200 Btu minimum
Term and Pricing:	Two years, beginning January 2007 through December 2008 with a mutual option agreement for calendar year, 2009. During the fourth quarter of 2008 each party will notify the other of their intent for the option year. A pricing collar would be established for the 2009 base price. Price modifications are to be determined by mutual agreement and are not to exceed an amount of $4.00, above or below the base coal price for 2008.
Tonnage:	[redacted] tons per month, a total of [redacted] tons per year on a pro-rata shipment basis.
Governing Weighs:	The governing weights will be determined at the load point via certified belt scales or by an independent third party laboratory using an ASTM barge draft weighing procedure.
Terms of Payment:	Net 25 days from date of shipment.

REDACTED

Governing Samples:	The governing coal samples will be taken at the load point using a certified mechanical sampler and ASTM procedures.
Governing Laboratory:	Mineral Labs, Salyersville, KY
Trace Elements:	Included with the initial bid proposal.
Premium/Penalty:	To be mutually agreed upon.
Fuel Price Adjustment	None
Price fob origin point	[redacted] per net ton, fob the barge. The price is fixed for the calendar years of 2007 and 2008. The price for 2009 is addressed under Term and Pricing.

This offer is made subject to the prior sale of the coal and to our credit approval of the Buyer. This offer shall remain open for the acceptance until March 15, 2006, at which time it shall be deemed revoked if Buyer has not given Seller written notice of acceptance.

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

Respectfully,

Tim Monson

Timothy V. Monson
Agent/ Keystone Industries, LLC

PE26071
pc: MG

REDACTED

Phipps, Brett

From: Vinson, Eddie
Sent: Wednesday, February 08, 2006 2:18 PM
To: (mailto:Tmonson@insightbb.com)
Cc: Phipps, Brett



PEF_Keystone Spot.DOC

Tim, please let me know if you receive this.

Eddie
(p) 919-546-3622

Phipps, Brett

From: John McConaghy/stamford/glen [John.McConaghy@glencore-us.com]
Sent: Friday, April 21, 2006 2:35 PM
To: Coppola, Barbara
Cc: Andrew Lawson/stamford/glen; Phipps, Brett
Subject: Sale Confirmation Florida Progress - Bulker Vessels



FL Progress Bid Form-Complianc...

Barbara,

Thank you for the additional business.
We look forward to your confirmation.

Regards,
John

"Coppola, Barbara" <Barbara.Coppola@pgnmail.com> on 04/21/2006 02:23:00 PM

To: "John McConaghy/stamford/glen" <John.McConaghy@glencore-us.com>
cc: "Andrew Lawson/stamford/glen" <Andrew.Lawson@glencore-us.com>,
"Phipps, Brett" <Brett.Phipps@pgnmail.com>

Subject: FW: Offer for Florida Progress April 20, 2006 - Bulker Vessels

John,

We accept your offer. Thank you.

We will be sending you a draft confirmation, including the three 2006 vessels [redacted] /nt, for your review.

Regards,
Barbara

-----Original Message-----
From: John McConaghy/stamford/glen
[mailto:John.McConaghy@glencore-us.com]
Sent: Thursday, April 20, 2006 9:29 AM
To: Coppola, Barbara
Cc: andrew.lawson@glencore-us.com
Subject: Offer for Florida Progress April 20, 2006 - Bulker Vessels

Barbara,

Further to my voice message, please see below details to our discussion over the past weeks. Despite the rise in the import market we are willing
to maintain our pricing from the revised offer on March 28, 2006 for bulker
vessels delivered into IMT with a reduced takeaway speed of 12,000 mt /day.
We have adjusted tonnage as per your request:

REDACTED

Year Tonnage Price
2007 [redacted] nt +/- 10% Shipping Tolerance [redacted]/nt DES IMT
basis 12,400 Btu/lb
2008 [redacted] nt +/- 10% Shipping Tolerance [redacted]/nt DES IMT
basis 12,400 Btu/lb
2009 [redacted] nt +/- 10% Shipping Tolerance [redacted]/nt DES IMT
basis 12,400 Btu/lb

We can maintain validity on this offer until 5pm EST April 21, 2006.
All
other terms and conditions as per pervious offer.

If you have any questions or would like to discuss further please do not
hesitate to call.

Regards,
John

---------- Forwarded by John McConaghy/stamford/glen on
04/20/2006 08:43 AM ----------

03/28/2006 10:15 AM
John McConaghy
John McConaghy
John McConaghy
03/28/2006 10:15 AM
03/28/2006 10:15 AM

To: "Phipps, Brett" <Brett.Phipps@pgnmail.com>, "Coppola, Barbara"
<Barbara.Coppola@pgnmail.com>, Eddie.Vinson@pgnmail.com
cc: andrew.lawson@glencore-us.com

Subject: Offer for Florida Progress Mar 28, 2006

Brett / Barbara / Eddie,

Please see our attached revalidated/revised offer below.

(See attached file: FL Progress Bid Form-Compliance Mar 28, 2006 La
Jagua.DOC)

Please note our rate into IMT has increased $0.20/nt due to reduced
takeaway speed as discussed with Jason D. Additionally we are awaiting
CSL
to revalidate freight rates for belted tonnage and will have an offer to
you in next few days.

We look forward to your feedback and please do not hesitate to call with
any questions.

Regards,
John
(See attached file: FL Progress Bid Form-Compliance Mar 28 2006 La
Jagua.DOC)

REDACTED

Phipps, Brett

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Tuesday, March 28, 2006 1:23 PM
To: Vinson, Eddie; Phipps, Brett; Duttinger, Jason
Cc: Martelo, Maria Claudia; Mooney, Aoife; Diaz, Omaira; Lynn Guthrie
Subject: 2007 Contract - transportation questions

Eddie,

Per our conversation last week and a follow up conversation with Jason Duttinger, also last week, we have tried to address three transportation related issues that Progress had concerns about. In no particular order:

Demurrage

Our COA for the 2007 movements from Puerto Bolivar will contain a demurrage rate of US$14,500.00 pd hd. We hope you will agree that this rate is indicative of the current market.

Vessel Discharge Rate

Our current COA is based on vessel discharge rates of 10,000 mt wwd shinc – conventional discharge at International Marine Terminal and 20,000 mt wwd shinc – conventional discharge at Mobile.

Mobile Option

We have received permission from the ship owner to schedule up to two vessels to Mobile instead of IMT during 2007. The Mobile shipments, with a maximum vessel draft of 40', would cost an additional US$0.36 per short ton.

We hope that these issues have been addressed to your satisfaction. Should you feel the need to incorporate these details into the contract document, please let Aoife Mooney and I know.

Thanks for the opportunity to work with Progress Energy, Eddie.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Phipps, Brett

From: Coppola, Barbara
Sent: Tuesday, February 28, 2006 10:21 AM
To: Coppola, Barbara
Subject: Bid

We did receive your bid, Elena, from Vladimir. It was received later than the cut-off time, however, it was accepted for analysis. I have a few points of feedback:

1. Can you confirm that the CIF Nola bid is in a gearless panamax?
2. Our IMT discharge rate is 12,000 tonnes per day. Is this a concern for you?
3. We are wondering if you agree that the dispatch should be half the demurrage.
4. Can you confirm the guaranteed Btu? Is it 11,300 Btu or 11,800 Btu?
5. Please provide Loadport bid.

Regards,
Barbara

919-546-6002

Phipps, Brett

From: Vinson, Eddie
Sent: Tuesday, May 02, 2006 2:41 PM
To: Phipps, Brett
Subject: FW: Compliance Coal for FL River Plant 3/15/06

if your good I'll send
-----Original Message-----
From: Vincent, Peta
Sent: Tuesday, May 02, 2006 2:09 PM
To: Vinson, Eddie
Subject: RE: Compliance Coal for FL River Plant 3/15/06

Changes attached

> -----Original Message-----
> **From:** Vinson, Eddie
> **Sent:** Tuesday, May 02, 2006 1:09 PM
> **To:** Vincent, Peta
> **Subject:** FW: Compliance Coal for FL River Plant 3/15/06
>
> -----Original Message-----
> **From:** Tim Monson [mailto:Tmonson@insightbb.com]
> **Sent:** Wednesday, March 15, 2006 2:07 PM
> **To:** Vinson, Eddie
> **Cc:** Mike Gaten
> **Subject:** FW: Compliance Coal for FL River Plant 3/15/06
>
> Eddie.
>
> We only made (5) five changes to the proposed agreement. Two are in the BTU and Volatile and the rejection BTU and Volatile. The remaining change is a deletion in Item 11, Force Majeure.
>
> Thanks for your help.
>
> Tim
>
> Timothy V. Monson
> 4509 Olde Bridge Court
> Lexington, KY 40513
> Tel: 859-224-2368
> Email: Tmonson@insightbb.com

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, March 10, 2006 9:23 AM
To: tmonson@insightbb.com
Cc: Phipps, Brett; Coppola, Barbara
Subject: FW: Compliance Coal Counter Proposal 3/2/06

Tim attached you will find the original draft for the Florida river coal please forward to the necessary individuals for review and return with any comments. If you have any questions please give me a call.

Thanks

Eddie

-----Original Message-----
From: Vincent, Peta
Sent: Thursday, March 09, 2006 9:18 AM
To: Vinson, Eddie
Subject: RE: Compliance Coal Counter Proposal 3/2/06

-----Original Message-----
From: Vinson, Eddie
Sent: Thursday, March 02, 2006 4:12 PM
To: Vincent, Peta
Subject: FW: Compliance Coal Counter Proposal 3/2/06

Attached are the terms on a new deal from Feb. RFP for Florida with Keystone..please call with any questions
-----Original Message-----
From: Phipps, Brett
Sent: Thursday, March 02, 2006 3:59 PM
To: Vinson, Eddie; Coppola, Barbara
Cc: Weintraub, Sasha
Subject: FW: Compliance Coal Counter Proposal 3/2/06

Eddie,
Please send our GT&Cs to Keystone. Thanks.

-----Original Message-----
From: Tim Monson [mailto:Tmonson@insightbb.com]
Sent: Thursday, March 02, 2006 3:53 PM
To: Phipps, Brett
Subject: Compliance Coal Counter Proposal 3/2/06

Mr. Phipps,

Please find attached, the correspondence regarding the compliance coal proposal originally submitted on February 9, 2006. We have agreed to a 2-year (2007-2008) term with a mutual option to be determined during the fourth quarter of 2008 for an additional year (2009). The fuel escalation clause has been removed. The price is fixed for the 2007 -2008 term. The fixed price has been reduced to $[redacted] per net ton fob the barge at the load point.

We look forward to receiving your favorable response.

Regards,

Tim Monson

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

REDACTED

Phipps, Brett

From: Vinson, Eddie
Sent: Thursday, May 04, 2006 10:16 AM
To: Phipps, Brett
Subject: FW: FW: Compliance Coal for FL River Plant 3/15/06

-----Original Message-----
From: keystone [mailto:keystone@t3com.com]
Sent: Thursday, May 04, 2006 10:03 AM
To: Vinson, Eddie
Subject: Re: FW: Compliance Coal for FL River Plant 3/15/06

I need to speak with Tom regarding the collar and then I'll get with Brett on the matter. Tom is in Jacksonville this week and then he's heading off to Switzerland, so it may be a couple weeks before I get back to you. Thanks.

Mike

Sent via the WebMail system at mail.t3com.com

Phipps, Brett

From: Coppola, Barbara
Sent: Friday, April 21, 2006 2:23 PM
To: 'John McConaghy/stamford/glen'
Cc: 'Andrew Lawson/stamford/glen'; Phipps, Brett
Subject: FW: Offer for Florida Progress April 20, 2006 - Bulker Vessels



FL Progress Bid Form-Complianc...

John,

We accept your offer. Thank you.

We will be sending you a draft confirmation, including the three 2006 vessels @$63.25/nt, for your review.

Regards,
Barbara

-----Original Message-----
From: John McConaghy/stamford/glen [mailto:John.McConaghy@glencore-us.com]
Sent: Thursday, April 20, 2006 9:29 AM
To: Coppola, Barbara
Cc: andrew.lawson@glencore-us.com
Subject: Offer for Florida Progress April 20, 2006 - Bulker Vessels

Barbara,

Further to my voice message, please see below details to our discussion over the past weeks. Despite the rise in the import market we are willing to maintain our pricing from the revised offer on March 28, 2006 for bulker vessels delivered into IMT with a reduced takeaway speed of 12,000 mt /day. We have adjusted tonnage as per your request:

Year	Tonnage		Price
2007	[redacted]	nt +/- 10% Shipping Tolerance	[redacted] /nt DES IMT basis 12,400 Btu/lb
2008	[redacted]	nt +/- 10% Shipping Tolerance	[redacted] /nt DES IMT basis 12,400 Btu/lb
2009	[redacted]	nt +/- 10% Shipping Tolerance	[redacted] /nt DES IMT basis 12,400 Btu/lb

We can maintain validity on this offer until 5pm EST April 21, 2006. All other terms and conditions as per pervious offer.

If you have any questions or would like to discuss further please do not hesitate to call.

Regards,
John

---------- Forwarded by John McConaghy/stamford/glen on 04/20/2006 08:43 AM ----------

03/28/2006 10:15 AM
John McConaghy
John McConaghy
John McConaghy

REDACTED

03/28/2006 10:15 AM
03/28/2006 10:15 AM

To: "Phipps, Brett" <Brett.Phipps@pgnmail.com>, "Coppola, Barbara" <Barbara.Coppola@pgnmail.com>, Eddie.Vinson@pgnmail.com
cc: andrew.lawson@glencore-us.com

Subject: Offer for Florida Progress Mar 28, 2006

Brett / Barbara / Eddie,

Please see our attached revalidated/revised offer below.

(See attached file: FL Progress Bid Form-Compliance Mar 28, 2006 La Jagua.DOC)

Please note our rate into IMT has increased $0.20/nt due to reduced takeaway speed as discussed with Jason D. Additionally we are awaiting CSL to revalidate freight rates for belted tonnage and will have an offer to you in next few days.

We look forward to your feedback and please do not hesitate to call with any questions.

Regards,
John

Phipps, Brett

From: John McConaghy/stamford/glen [John.McConaghy@glencore-us.com]
Sent: Tuesday, March 28, 2006 11:15 AM
To: Phipps, Brett; Coppola, Barbara; Vinson, Eddie
Cc: andrew.lawson@glencore-us.com
Subject: Offer for Florida Progress Mar 28, 2006



FL Progress Bid Form-Compliance...

Brett / Barbara / Eddie,

Please see our attached revalidated/revised offer below.

(See attached file: FL Progress Bid Form-Compliance Mar 28, 2006 La Jagua.DOC)

Please note our rate into IMT has increased $0.20/nt due to reduced takeaway speed as discussed with Jason D. Additionally we are awaiting CSL to revalidate freight rates for belted tonnage and will have an offer to you in next few days.

We look forward to your feedback and please do not hesitate to call with any questions.

Regards,
John

Phipps, Brett

From: Vinson, Eddie
Sent: Thursday, June 22, 2006 3:25 PM
To: Mark Dooley
Subject: PEF 2006 February RFP

Mark,

We appreciate your response to Progress Energy Florida's request for coal proposal, issued in February 2006. We were interested in your bid and we tried to contact you several times to persue additional discussions. Unfortunately, we have been unsuccessful in arranging a meeting with you. As you may know, the markets have softened significantly since the February RFP. Although we have concluded the request, if you would like to consider re-bidding given today's market pricing, we would be happy to talk to you.

We certainly appreciate James' River Coals' efforts and look forward to the next opporutnity to do business with James River Coal.

Regards,

Eddie

Phipps, Brett

From: Andrew Lawson/stamford/glen [Andrew.Lawson@glencore-us.com]
Sent: Wednesday, August 17, 2005 11:37 AM
To: Pitcher, Al (PFC)
Cc: Phipps, Brett; Larger, Pam; Ott, Robin (PFC); John McConaghy/stamford/glen
Subject: RE: Response to Request for Coal - Clarification

Al

As discussed just now, we thank you for confirming this agreement. We note that the contract terms still have to be finalised, but as this is based on the Progress Energy Carolina template which we have previously agreed, this is expected to be a formality. Accordingly we will lock in our freight.

As mentioned, I will be leaving for Australia tonight and back on the evening of Aug 24. I am always contactable, but in my absence please feel free to talk to John McConaghy on any subjects which need addressing. For good order, his contact details are:

Office: 203 328 4958
Mobile: 203 722 3450
john.mcconaghy@glencore-us.com

Thanks again
Andrew

"Pitcher, Al \(PFC\)" <APitcher@progressfuels.com>
Sent by: "Ott, Robin \(PFC\)" <ROtt@progressfuels.com>
08/16/2005 02:05 PM

To: "Andrew Lawson/stamford/glen" <Andrew.Lawson@glencore-us.com>
cc: "Phipps, Brett \(Energy\)" <Brett.Phipps@pgnmail.com>, "Larger, Pam \(Energy\)" <pamela.larger@pgnmail.com>
Subject: RE: Response to Request for Coal - Clarification

PEF-CC-000585

Al is on vacation and will return to the office in the morning, but I was able to relay your message to him and he asked me to advise you as follows:

"We will have you a draft contract, hopefully by Friday, but certainly no later than Monday or Tuesday of next week. Since you already have a contract with Progress Energy Carolina, that contract template will be used for this transaction with modifications as appropriate. Please understand that we have an agreement; and once you see the general format of the contract, I would think that you would be able to lock down your freight. But, again, we do have an agreement."

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

-----Original Message-----
From: Andrew Lawson/stamford/glen [mailto:Andrew.Lawson@glencore-us.com]

Sent: Tuesday, August 16, 2005 9:29 AM
To: Phipps, Brett (Energy)
Cc: Pitcher, Al (PFC); John McConaghy/stamford/glen
Subject: RE: Response to Request for Coal - Clarification

Brett

Wanted to follow up on when we could expect a draft of the contract. We are under pressure due to the freight market - we are unable to lock in a rate at the moment until this is finalised.

Tks
Andrew

----- Forwarded by Andrew Lawson/stamford/glen on 08/16/2005 09:26 AM -----

"Pitcher, Al \(PFC\)" <APitcher@progressfuels.com> — To: "Andrew Lawson/stamford/glen" <Andrew.Lawson@glencore-us.com>; cc: "Phipps, Brett \(Energy\)" <Brett.Phipps@pgnmail.com>, "Weintraub, Sasha \(Energy\)" <sasha.weintraub@pgnmail.com>; Sent by: "Ott, Robin \(PFC\)"; Subject: RE: Response to Request for Coal - Clarification

PEF-CC-000586

<ROtt@progressfue

ls.com>

08/10/2005 04:40

PM

Andrew, Al is currently on vacation, but when he checked in I was able to relay your e-mail below to him. He requested that I send you the following response:

"We agree with your understanding regarding discharge terms as laid out in your e-mail below, and will look forward to receiving the letter containing your signature that we sent to you on August 9. By copy of this e-mail, I am requesting Brett Phipps to assemble the contract that Progress Energy Florida will want to use for this agreement. As previously discussed, this contract will be in the name of Progress Energy Florida, not Progress Fuels Corporation.

"Andrew, we have approvals from management to purchase this coal as discussed. However, all of the terms and conditions must be agreed to in contractual format before final approval can be obtained."

If you have any additional concerns, Andrew, please let me know and I will make sure the information gets to Al.

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

-----Original Message-----
From: Andrew Lawson/stamford/glen [mailto:Andrew.Lawson@glencore-us.com]

Sent: Wednesday, August 10, 2005 11:41 AM
To: Pitcher, Al (PFC)
Cc: Phipps, Brett (Energy); Weintraub, Sasha (Energy); John McConaghy/stamford/glen; Soren Jepsen/baar/glen
Subject: Response to Request for Coal - Clarification

Thank you very much for you revised letter.

It seems that your company and our company have some different interpretations of the wording for the discharge terms. We want to be careful to ensure that there is no confusion, so please see below a few points of clarification. We understand from our discussions that the following is an accurate reflection of our discussions.

Glencore will deliver the coal in gearless vessels.
Title to the coal passes as it goes over the ship's rail.
Progress is responsible for discharging the coal from each vessel and all subsequent movements/stockpiling (and the costs related to this).
Glencore is responsible for all costs up to, but not including, the disharge of the coal from the vessel.

On the basis that this accurately reflects our understanding of the arrangement, we will fax through the signed letter.

We would like to finalise the contractual terms and conditions, get necessary approvals etc as we have to contract with the ship owner based on the freight rate we have on offer for the business. As you will appreciate, we cannot lock in the freight now as the agreement is not confirmed, and there is always a risk that the freight market will move. We presume that you have a draft of standard terms and conditions that you would like to use, and we would be happy to receive this as soon as possible for our review. Please also let us know when you expect management/board approval.

Please do not hesitate to call me if you have any questions.

Regards
Andrew Lawson
Glencore Ltd

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

To: <Andrew.lawson@glencore-us.com>

cc: "Weintraub, Sasha \(Energy\)" <sasha.weintraub@pgnmail.com>, "Phipps, Brett \(Energy\)" <Brett.Phipps@pgnmail.com>

Subject: Letter

08/09/2005 04:13 PM

Attached is a revised letter as we discussed this morning. Please review it and sign one copy and return by fax and regular mail to me. When I return from vacation, we can discuss the contract.

A. W. Pitcher
Vice President-Coal Procurement

Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com
(See attached file: Glencore-Andrew Lawson Ltr-08-09-05.pdf)

Phipps, Brett

From: Andrew Lawson/stamford/glen [Andrew.Lawson@glencore-us.com]
Sent: Wednesday, August 10, 2005 9:39 PM
To: Pitcher, Al (PFC)
Cc: Phipps, Brett; Ott, Robin (PFC); Weintraub, Sasha; John McConaghy/stamford/glen; Soren Jepsen/baar/glen
Subject: RE: Response to Request for Coal - Clarification

Robin

Please thank Al for his response and we look forward to receiving a copy of the draft contract. We will be able to turn this around very quickly.

Regards
Andrew

"Pitcher, Al \(PFC\)" <APitcher@progressfuels.com> Sent by: "Ott, Robin \(PFC\)" <ROtt@progressfuels.com> 08/10/2005 04:40 PM

To: "Andrew Lawson/stamford/glen" <Andrew.Lawson@glencore-us.com>
cc: "Phipps, Brett \(Energy\)" <Brett.Phipps@pgnmail.com>, "Weintraub, Sasha \(Energy\)" <sasha.weintraub@pgnmail.com>
Subject: RE: Response to Request for Coal - Clarification

Andrew, Al is currently on vacation, but when he checked in I was able to relay your e-mail below to him. He requested that I send you the following response:

"We agree with your understanding regarding discharge terms as laid out in your e-mail below, and will look forward to receiving the letter containing your signature that we sent to you on August 9. By copy of this e-mail, I am requesting Brett Phipps to assemble the contract that Progress Energy Florida will want to use for this agreement. As previously discussed, this contract will be in the name of Progress Energy Florida, not Progress Fuels Corporation.

"Andrew, we have approvals from management to purchase this coal as discussed. However, all of the terms and conditions must be agreed to in contractual format before final approval can be obtained."

If you have any additional concerns, Andrew, please let me know and I will make sure the information gets to Al.

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

-----Original Message-----
From: Andrew Lawson/stamford/glen [mailto:Andrew.Lawson@glencore-us.com]

Sent: Wednesday, August 10, 2005 11:41 AM
To: Pitcher, Al (PFC)
Cc: Phipps, Brett (Energy); Weintraub, Sasha (Energy); John McConaghy/stamford/glen; Soren Jepsen/baar/glen
Subject: Response to Request for Coal - Clarification

Thank you very much for you revised letter.

It seems that your company and our company have some different interpretations of the wording for the discharge terms. We want to be careful to ensure that there is no confusion, so please see below a few points of clarification. We understand from our discussions that the following is an accurate reflection of our discussions.

Glencore will deliver the coal in gearless vessels.
Title to the coal passes as it goes over the ship's rail.
Progress is responsible for discharging the coal from each vessel and all subsequent movements/stockpiling (and the costs related to this).
Glencore is responsible for all costs up to, but not including, the disharge of the coal from the vessel.

On the basis that this accurately reflects our understanding of the arrangement, we will fax through the signed letter.

We would like to finalise the contractual terms and conditions, get necessary approvals etc as we have to contract with the ship owner based on the freight rate we have on offer for the business. As you will appreciate, we cannot lock in the freight now as the agreement is not confirmed, and there is always a risk that the freight market will move. We presume that you have a draft of standard terms and conditions that you would like to use, and we would be happy to receive this as soon as possible for our review. Please also let us know when you expect management/board approval.

Please do not hesitate to call me if you have any questions.

Regards
Andrew Lawson
Glencore Ltd

"Pitcher, Al

\(PFC\)" To:
<Andrew.lawson@glencore-us.com>

<APitcher@progres cc: "Weintraub,
Sasha \(Energy\)" <sasha.weintraub@pgnmail.com>, "Phipps, Brett
sfuels.com> \(Energy\)"
<Brett.Phipps@pgnmail.com>

Subject: Letter

08/09/2005 04:13

PM

Attached is a revised letter as we discussed this morning. Please review it and sign one copy and return by fax and regular mail to me. When I return from vacation, we can discuss the contract.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com
(See attached file: Glencore-Andrew Lawson Ltr-08-09-05.pdf)

Phipps, Brett

From: Ott, Robin (PFC) on behalf of Pitcher, Al (PFC)
Sent: Wednesday, August 10, 2005 4:41 PM
To: Andrew Lawson/stamford/glen
Cc: Phipps, Brett; Weintraub, Sasha
Subject: RE: Response to Request for Coal - Clarification

Andrew, Al is currently on vacation, but when he checked in I was able to relay your e-mail below to him. He requested that I send you the following response:

"We agree with your understanding regarding discharge terms as laid out in your e-mail below, and will look forward to receiving the letter containing your signature that we sent to you on August 9. By copy of this e-mail, I am requesting Brett Phipps to assemble the contract that Progress Energy Florida will want to use for this agreement. As previously discussed, this contract will be in the name of Progress Energy Florida, not Progress Fuels Corporation.

"Andrew, we have approvals from management to purchase this coal as discussed. However, all of the terms and conditions must be agreed to in contractual format before final approval can be obtained."

If you have any additional concerns, Andrew, please let me know and I will make sure the information gets to Al.

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

-----Original Message-----
From: Andrew Lawson/stamford/glen [mailto:Andrew.Lawson@glencore-us.com]
Sent: Wednesday, August 10, 2005 11:41 AM
To: Pitcher, Al (PFC)
Cc: Phipps, Brett (Energy); Weintraub, Sasha (Energy); John McConaghy/stamford/glen; Soren Jepsen/baar/glen
Subject: Response to Request for Coal - Clarification

Thank you very much for you revised letter.

It seems that your company and our company have some different interpretations of the wording for the discharge terms. We want to be careful to ensure that there is no confusion, so please see below a few points of clarification. We understand from our discussions that the following is an accurate reflection of our discussions.

Glencore will deliver the coal in gearless vessels.
Title to the coal passes as it goes over the ship's rail.
Progress is responsible for discharging the coal from each vessel and all subsequent movements/stockpiling (and the costs related to this).
Glencore is responsible for all costs up to, but not including, the disharge of the coal from the vessel.

PEF-CC-000593

On the basis that this accurately reflects our understanding of the arrangement, we will fax through the signed letter.

We would like to finalise the contractual terms and conditions, get necessary approvals etc as we have to contract with the ship owner based on the freight rate we have on offer for the business. As you will appreciate, we cannot lock in the freight now as the agreement is not confirmed, and there is always a risk that the freight market will move. We presume that you have a draft of standard terms and conditions that you would like to use, and we would be happy to receive this as soon as possible for our review. Please also let us know when you expect management/board approval.

Please do not hesitate to call me if you have any questions.

Regards
Andrew Lawson
Glencore Ltd

"Pitcher, Al \(PFC\)" <APitcher@progressfuels.com>
08/09/2005 04:13 PM

To: <Andrew.lawson@glencore-us.com>
cc: "Weintraub, Sasha \(Energy\)" <sasha.weintraub@pgnmail.com>, "Phipps, Brett \(Energy\)" <Brett.Phipps@pgnmail.com>
Subject: Letter

Attached is a revised letter as we discussed this morning. Please review it and sign one copy and return by fax and regular mail to me. When I return from vacation, we can discuss the contract.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com
(See attached file: Glencore-Andrew Lawson Ltr-08-09-05.pdf)

Phipps, Brett

From: Eladio Bueno [E.Bueno@GCI-UK.NET]
Sent: Tuesday, August 02, 2005 12:43 PM
To: Pitcher, Al (PFC)
Cc: Weintraub, Sasha; Phipps, Brett; Catarina Carrasquinho; ebjrops
Subject: RE: Paso Diablo 2006 price neg. & offer for 2007/8.

Al,

As per our discussions last week and yesterday we are pleased to extend our attached offer up to 5 pm New York time on August 19th, 2005.

Best regards,

Eladio Bueno
Chief Executive Officer

Guasare Coal International - UK Branch
Phone: ++44 (0)20 7471 3806
Fax: ++44 (0)20 7471 3809
Mobile: +44 (0)7939 136 831
E-mail: e.bueno@gci-uk.net

From: Eladio Bueno
Sent: 21 July 2005 17:24
To: 'Pitcher, Al (PFC)'
Cc: Weintraub, Sasha (Energy); Phipps, Brett (Energy); Catarina Carrasquinho; ebjrops
Subject: RE: Paso Diablo 2006 price neg. & offer for 2007/8.

Al,

a. Our offer for the 2006 firm cargoes, DES IMT, is US$ 2.71 per million BTU.
b. Our offer for the 2006 and 2007 firm cargoes, DES IMT, is US$[redacted] per million BTU
c. Other conditions as per attached e-mail dated July 20th, 2005

Best regards,

Eladio Bueno
Chief Executive Officer

Guasare Coal International - UK Branch
Phone: ++44 (0)20 7471 3806
Fax: ++44 (0)20 7471 3809
Mobile: +44 (0)7939 136 831
E-mail: e.bueno@gci-uk.net

REDACTED

From: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]
Sent: 20 July 2005 22:48
To: Eladio Bueno
Cc: Weintraub, Sasha (Energy); Phipps, Brett (Energy)
Subject: RE: Paso Diablo 2006 price neg. & offer for 2007/8.

Thank you for your offer noted below. In order to begin evaluation of this offer, I need to have the following:

** A separate price for the 2006 renewal only.

** A separate price for 2006 and 2007 only.

We want to evaluate the renewal under the existing contract separate from your offer for multiple years. Per the existing contract, we need to at least look at whether we will move forward with Guasare for 2006 or select another supplier. Your prompt attention to this will be greatly appreciated.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

-----Original Message-----
From: Eladio Bueno [mailto:E.Bueno@GCI-UK.NET]
Sent: Wednesday, July 20, 2005 11:24 AM
To: Pitcher, Al (PFC)
Cc: Catarina Carrasquinho; ebjrops
Subject: Paso Diablo 2006 price neg. & offer for 2007/8.

Al,

As per several telecom, we are pleased to provide the following offer as service provider to GCI NV:

1. *Quantity:*
   a) Price negotiation (January 1st to Dec. 31, 2006) Fourteen (14) firm cargoes. Pls. note we are offering one more cargo than under the existing contract.
   b) Incremental offer (January 1st to Dec. 31 2007) [redacted] firm cargoes. Plus [redacted] cargoes subject to mutual agreement on price prior August 30, 2006.
   c) Incremental offer (January 1st to Dec. 31, 2008) [redacted] firm cargoes. Plus [redacted] cargoes subject to mutual agreement on price prior August 30th, 2007.
   d) Seller shall have the right of first refusal and Seller shall have the right to match the lowest price calculated at the power plant boiler for all cargoes which requires price mutual agreement to be delivered in 2007 and 2008. Seller shall have the right to match and sale the coal but shall not have the obligation to sale if do not match the lowest price at the plant boiler.
   e) The above mentioned cargoes shall be 35 to 50.000 metric tons at Seller's option and each cargo to be +/- 10% at Seller's option, evenly spread through the each 12 month period. Loading laycan of each cargo to be mutually agreed.
2. Price:
   The price of the coal shall be, Gross as Received, DES at International Marine Terminal (IMT) hoppers, New Orleans, USA , for all firm cargoes from January 1st 2006 to December 31st, 2008, US$[redacted] per million BTU, basis 12.800 Btu/lb,
   Bunker clause as per existing contract indicated in Clause 12 Price.
3. Discharge at IMT shall be monitor by an Independent Surveyor. Cost of the surveyor shall be paid by
   Buyer/Seller/Owner in equal portion. The discharge report of the independent surveyor for each cargo shall be binding to all parties including the terminal IMT.
4. Other terms and conditions as per existing Coal Supply Agreement dated 7th August 2003, applicable for Paso Diablo coal.
5. The validity of this offer is up COB (5.0pm) London time on August 2nd, 2005.
6. This offer is subject to Seller concluding a suitable COA with vessel owners and GCI NV and CDG Board approvals.

REDACTED

It will be a pleasure to see you next Tuesday 26th July, for early dinner and to initiate some discussion on this offer.

Best regards,

Eladio Bueno
Chief Executive Officer
Guasare Coal International - UK Branch
Phone: ++44 (0)20 7471 3806
Fax: ++44 (0)20 7471 3809
Mobile: +44 (0)7939 136 831
E-mail: e.bueno@gci-uk.net

Phipps, Brett

From: Eladio Bueno [E.Bueno@GCI-UK.NET]
Sent: Tuesday, August 23, 2005 10:54 AM
To: Pitcher, Al (PFC)
Cc: Weintraub, Sasha; Phipps, Brett; Larger, Pam
Subject: RE: Letter Agreements

Al,

As per our telecom of today, the letters attached are OK for GCI NV, the only point is that the Bunker Clause is also applicable for the 2006 existing contract as per terms already mentioned in the contract.

We understood that the attached letters are original letters and Hernando Torrealba should sign those letters and send via fax and post one original of each letter.

Best regards,

Eladio Bueno
Chief Executive Officer

Guasare Coal International - UK Branch
Phone: ++44 (0)20 7471 3806
Fax: ++44 (0)20 7471 3809
Mobile: +44 (0)7939 136 831
E-mail: e.bueno@gci-uk.net

From: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]
Sent: 18 August 2005 19:55
To: Eladio Bueno
Cc: Weintraub, Sasha (Energy); Phipps, Brett (Energy); Larger, Pam (Energy)
Subject: Letter Agreements

Attached are the letter agreements for the 2006 price re-opener and the 2007-2008 additional coal purchase. As we discussed, the 2006 letter is all that is needed for the existing contract; however, the 2007-2008 letter will require a new contract to be negotiated. A draft of the contract will be sent to you very shortly. Please sign as indicated and return copies to me.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

Phipps, Brett

From: Eladio Bueno [E.Bueno@GCI-UK.NET]
Sent: Thursday, August 11, 2005 11:56 AM
To: brandy pitchr
Cc: Weintraub, Sasha; Phipps, Brett; Ott, Robin (PFC); Hernando Torrealba; Catarina Carrasquinho; ebjrops
Subject: RE: Contract Renewal

Al,

Thanks for your note, all points mentioned in your e-mail attached are acceptable to GCI NV .

On behalf of GCI NV and CDG we appreciate the opportunity to continue the good commercial relationship between all parties.

Best regards,

Eladio Bueno
Chief Executive Officer

Guasare Coal International - UK Branch
Phone: ++44 (0)20 7471 3806
Fax: ++44 (0)20 7471 3809
Mobile: +44 (0)7939 136 831
E-mail: e.bueno@gci-uk.net

From: brandy pitchr [mailto:brandypitcher@comcast.net]
Sent: 11 August 2005 16:21
To: Eladio Bueno
Cc: sasha.weintraub@pgnmail.com; brett.phipps@pgnmail.com; ROtt@progressfuels.com
Subject: Contract Renewal

The email is in response to your communication Wednesday August 10 regarding our contract re-opener discussions. My response is in order of your new proposal:

1. Progress Fuels Corporation (PFC) recognizes Guasare Coal International's (GCI) desire to have flexibility in obtaining various size vessels during the term of this agreement. However, GCI must also recognize PFC is concerned with purchasing a particular quantity of coal for Progress Energy Florida's Crystal River facility. We can agree with GCI on the range of [redacted] MT for [redacted] firm cargoes in 2006, [redacted] firm cargoes for 2007 and 2008, and [redacted] optional cargoes for each year of 2007-2008 providing the quantity to be shipped is based upon only finding suitable vessel sizes and not an economic opportunity to reduce shipments to PFC based upon market fluctuations. Since you mention a previous agreement with the ship owners, this should not be an issue. If you can agree with this provision, consider the matter resolved.
2. PFC is required to purchase from the lowest cost supplier(s). In order to satisfy our Florida Public Commission concerns and our fiduciary responsibility to our rate payers, we can agree to a price of [redacted] per million BTU based upon 12800, DES IMT hoppers fixed from January 1, 2006 through December 31, 2008. This price is based upon the lowest evaluated cost at Crystal River including consideration for BTU, sulfur, ash, and moisture.
3. PFC agrees with contractual terms as per the existing contract for 2006. However, the contract for 2007 and 2008 will consist of an entirely new contract determined by Progress Energy Florida but should include most of the basic terms of the existing contract.
4. PFC can accept the existing Bunker Clause providing it is back to back with your ship owner's agreement. As indicated earlier, this would imply that you have fixed your agreement for freight as indicated in (1) above.

5. The other terms as indicated in your email dated July 20, 2005 were previously acceptable.

Based upon the above five points, PFC is ready to begin negotiations with GCI for the new agreement. As you indicated time is of the essence in finalizing this phase of the process. I need to resolve whether we have an understanding of the basic terms of our agreement by today's close of business. Please convey your acceptance via email. You may be able to reach me on my mobile, but I am not sure of the reception.

Phipps, Brett

From: Eladio Bueno [E.Bueno@GCI-UK.NET]
Sent: Thursday, August 11, 2005 4:55 AM
To: Ott, Robin (PFC)
Cc: Phipps, Brett; Weintraub, Sasha; Hernando Torrealba
Subject: RE: Contract Price Re-opener

Robin,

No problem the message is being disregarded.

Please ask Al if I can call him to his mobile to discuss the status of our new offer.

Best regards,

Eladio Bueno
Chief Executive Officer

Guasare Coal International - UK Branch
Phone: ++44 (0)20 7471 3806
Fax: ++44 (0)20 7471 3809
Mobile: +44 (0)7939 136 831
E-mail: e.bueno@gci-uk.net

From: Ott, Robin (PFC) [mailto:ROtt@progressfuels.com]
Sent: 10 August 2005 21:40
To: Eladio Bueno
Cc: Phipps, Brett (Energy); Weintraub, Sasha (Energy)
Subject: FW: Contract Price Re-opener

Eladio, please disregard the e-mail below...I inadvertently sent this to you in error.

I apologize for any confusion this may have caused.

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

-----Original Message-----
From: Ott, Robin (PFC) **On Behalf Of** Pitcher, Al (PFC)
Sent: Wednesday, August 10, 2005 4:06 PM
To: 'Eladio Bueno'
Cc: Phipps, Brett (Energy); Weintraub, Sasha (Energy)
Subject: RE: Contract Price Re-opener

Eladio, Al is currently on vacation, but when he checked in I was able to relay your e-mail below to him. He requested that I send you the following response:

"We agree with your understanding regarding discharge terms as laid out in your e-mail below, and will look forward to receiving the letter containing your signature that we sent to you on August 9. By copy of this e-mail, I

am requesting Brett Phipps to assemble the contract that Progress Energy Florida will want to use for this agreement. As previously discussed, this contract will be in the name of Progress Energy Florida, not Progress Fuels Corporation.

"Eladio, we have approvals from management to purchase this coal as discussed. However, all of the terms and conditions must be agreed to in contractual format before final approval can be obtained."

If you have any additional concerns, Eladio, please let me know and I will make sure the information gets to Al.

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

-----Original Message-----
From: Eladio Bueno [mailto:E.Bueno@GCI-UK.NET]
Sent: Wednesday, August 10, 2005 5:57 AM
To: Pitcher, Al (PFC)
Cc: Phipps, Brett (Energy); htorrealba@carbozulia.com.ve; Catarina Carrasquinho; ebjrops
Subject: RE: Contract Price Re-opener

Al,

As per our yesterday telecom, first thanks for your counter offer, pls. find below our new proposal:

1. Quantity as per your letter dated Aug. 5, 2005, However the contractual volume shall be as per each cargo delivered and the total volume indicated per year will only be used as indication.
2. Price: US $[redacted]per million BTU basis 12,800, DES IMT hoppers fixed from Jan 1st, 2006 to Dec. 31st, 2008.
3. Contractual terms for 2006 as per existing contract with corresponding Addendum. Contractual terms and conditions for 2007 and 2008 to be mutually agree using as basic terms the existing contract.
4. Bunker Clause as per our offer in e-mail dated July 20, 2005. This is a back to back with ship owners.
5. Other terms as per our e-mail dated July 20, 2005. Validity up to 5 pm New York time August 19, 2005.
6. We trust that the above revision is satisfactory to your company, whereby we are meeting mid way, which consolidate the good and excellent commercial relationship build through the years.

Best regards,

Eladio Bueno
Chief Executive Officer

Guasare Coal International - UK Branch
Phone: ++44 (0)20 7471 3806
Fax: ++44 (0)20 7471 3809
Mobile: +44 (0)7939 136 831
E-mail: e.bueno@gci-uk.net

REDACTED

From: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]
Sent: 05 August 2005 20:19
To: Eladio Bueno
Cc: Phipps, Brett (Energy)
Subject: Contract Price Re-opener-

Per our discussion this morning, attached is Progress Fuels Corporation counter offer to your previously submitted proposal for the Paso Diablo contract re-opener.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

Phipps, Brett

From: Eladio Bueno [E.Bueno@GCI-UK.NET]
Sent: Wednesday, August 10, 2005 5:57 AM
To: Pitcher, Al (PFC)
Cc: Phipps, Brett; htorrealba@carbozulia.com.ve; Catarina Carrasquinho; ebjrops
Subject: RE: Contract Price Re-opener

Al,

As per our yesterday telecom, first thanks for your counter offer, pls. find below our new proposal:

1. Quantity as per your letter dated Aug. 5, 2005, However the contractual volume shall be as per each cargo delivered and the total volume indicated per year will only be used as indication.
2. Price: US $[redacted] per million BTU basis 12,800, DES IMT hoppers fixed from Jan 1st, 2006 to Dec. 31st, 2008.
3. Contractual terms for 2006 as per existing contract with corresponding Addendum. Contractual terms and conditions for 2007 and 2008 to be mutually agree using as basic terms the existing contract.
4. Bunker Clause as per our offer in e-mail dated July 20, 2005. This is a back to back with ship owners.
5. Other terms as per our e-mail dated July 20, 2005. Validity up to 5 pm New York time August 19, 2005.
6. We trust that the above revision is satisfactory to your company, whereby we are meeting mid way, which consolidate the good and excellent commercial relationship build through the years.

Best regards,

Eladio Bueno
Chief Executive Officer

Guasare Coal International - UK Branch
Phone: ++44 (0)20 7471 3806
Fax: ++44 (0)20 7471 3809
Mobile: +44 (0)7939 136 831
E-mail: e.bueno@gci-uk.net

From: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]
Sent: 05 August 2005 20:19
To: Eladio Bueno
Cc: Phipps, Brett (Energy)
Subject: Contract Price Re-opener

Per our discussion this morning, attached is Progress Fuels Corporation counter offer to your previously submitted proposal for the Paso Diablo contract re-opener.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

REDACTED

Phipps, Brett

From: Ott, Robin (PFC)
Sent: Wednesday, August 10, 2005 4:40 PM
To: E.Bueno@GCI-UK.NET
Cc: Phipps, Brett; Weintraub, Sasha
Subject: FW: Contract Price Re-opener

Eladio, please disregard the e-mail below...I inadvertently sent this to you in error.

I apologize for any confusion this may have caused.

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

-----Original Message-----
From: Ott, Robin (PFC) **On Behalf Of** Pitcher, Al (PFC)
Sent: Wednesday, August 10, 2005 4:06 PM
To: 'Eladio Bueno'
Cc: Phipps, Brett (Energy); Weintraub, Sasha (Energy)
Subject: RE: Contract Price Re-opener

Eladio, Al is currently on vacation, but when he checked in I was able to relay your e-mail below to him. He requested that I send you the following response:

"We agree with your understanding regarding discharge terms as laid out in your e-mail below, and will look forward to receiving the letter containing your signature that we sent to you on August 9. By copy of this e-mail, I am requesting Brett Phipps to assemble the contract that Progress Energy Florida will want to use for this agreement. As previously discussed, this contract will be in the name of Progress Energy Florida, not Progress Fuels Corporation.

"Eladio, we have approvals from management to purchase this coal as discussed. However, all of the terms and conditions must be agreed to in contractual format before final approval can be obtained."

If you have any additional concerns, Eladio, please let me know and I will make sure the information gets to Al.

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

-----Original Message-----
From: Eladio Bueno [mailto:E.Bueno@GCI-UK.NET]
Sent: Wednesday, August 10, 2005 5:57 AM
To: Pitcher, Al (PFC)
Cc: Phipps, Brett (Energy); htorrealba@carbozulia.com.ve; Catarina Carrasquinho; ebjrops
Subject: RE: Contract Price Re-opener

Al,

As per our yesterday telecom, first thanks for your counter offer, pls. find below our new proposal:

1. Quantity as per your letter dated Aug. 5, 2005, However the contractual volume shall be as per each cargo delivered and the total volume indicated per year will only be used as indication.
2. Price: US $[redacted] per million BTU basis 12,800, DES IMT hoppers fixed from Jan 1st, 2006 to Dec. 31st, 2008.
3. Contractual terms for 2006 as per existing contract with corresponding Addendum. Contractual terms and conditions for 2007 and 2008 to be mutually agree using as basic terms the existing contract.
4. Bunker Clause as per our offer in e-mail dated July 20, 2005. This is a back to back with ship owners.
5. Other terms as per our e-mail dated July 20, 2005. Validity up to 5 pm New York time August 19, 2005.
6. We trust that the above revision is satisfactory to your company, whereby we are meeting mid way, which consolidate the good and excellent commercial relationship build through the years.

Best regards,

Eladio Bueno
Chief Executive Officer

Guasare Coal International - UK Branch
Phone: ++44 (0)20 7471 3806
Fax: ++44 (0)20 7471 3809
Mobile: +44 (0)7939 136 831
E-mail: e.bueno@gci-uk.net

From: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]
Sent: 05 August 2005 20:19
To: Eladio Bueno
Cc: Phipps, Brett (Energy)
Subject: Contract Price Re-opener

Per our discussion this morning, attached is Progress Fuels Corporation counter offer to your previously submitted proposal for the Paso Diablo contract re-opener.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

REDACTED

Phipps, Brett

From: Pitcher, Al (PFC)
Sent: Thursday, July 07, 2005 2:06 PM
To: Phipps, Brett
Cc: Weintraub, Sasha
Subject: FW: CMC (USA) Inc./Contract Assignment

Let's get our feet wet!

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

-----Original Message-----
From: Francisco Garcia [mailto:francisco.garcia@cmc-coal.ie]
Sent: Thursday, July 07, 2005 1:54 PM
To: Pitcher, Al (PFC)
Subject: CMC (USA) Inc./Contract Assignment

Al:
CMC (USA) Inc. has been established and we would like to assign existing contracts to this new company as of July 1, 2005.
Attached you will find explanatory letter from Howard and proposed assignment document for your perusal.
Let me thank you in advance for your usual collaboration.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Manager
Carrera 54 # 72-80, P. 20, Barranquilla, Colombia
Phone: 57-5-350-2123 Fax: 57-5-350-2475 Mob: 57-315-724-9572
International Mob: 353-861-708-117
e-mail: francisco.garcia@cmc-coal.ie

Dublin, July 7, 2005

Mr. Al Pitcher
Vice President -Coal Procurement
Progress Fuels Corporation
One Progress Plaza, BT10C
St. Petersburg, FL 33701

Dear Al:

I am delighted to be able to advise you that CMC has now established a company in the USA (Coal Marketing Company (U.S.A.) Inc.) (hereinafter referred to as CMC (USA) Inc.) which will, from today, be the contracting party for all our US business.

You are aware of CMC's commitment to further development of the American market. Our sales to the USA - both in volume terms and as a percentage of our total business - have increased steadily in the last three years. At the time that Andy Cox joined CMC last year as USA Sales Director, we mentioned that we would establish a US entity to handle our US business: that is now a reality.

CMC (USA) Inc. is a wholly-owned subsidiary of CMC Ireland. It is a Delaware corporation and will, for the time being, operate from Charlottesville, Virginia. Andy will be joined later this month by Lynn Guthrie in a support role; Francisco García will continue to look after the southern states and will do so from Bogotá from August. Omaira Díaz will also move to Bogotá next month; the whole team will, of course, receive full support from those of us in Dublin.

We would like to assign the existing sales contract which exists between your company and CMC to our new entity with effect from 1 July 2005. We hope and believe that this will not cause any inconvenience to you: as you can appreciate, we would like a clean start if possible with all our US sales being invoiced as from CMC USA Inc. from one single date. My colleagues will liaise with you to make sure that this process is as smooth as possible: do please call us straightaway if you foresee any issues.

We are delighted to have done business with you in the past as CMC Ireland and its predecessor organizations; we look forward to a bright future as CMC USA.

Yours sincerely,

Howard C Gatiss

ASSIGNMENT OF COAL SALES AGREEMENT

THIS ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT is made this 1st day of July between CMC COAL MARKETING COMPANY LTD, **of Dublin, Ireland** (hereinafter referred to as Assignor"), COAL MARKETING COMPANY (USA) INC., **a Delaware Corporation** (hereinafter referred to as Assignee") and Progress Fuels Corporation, **of St. Petersburg, Florida** (hereinafter referred to as "Consenting Party").

WITNESSETH

WHEREAS CMC Coal Marketing Company Limited wishes to develop further its business in the United States of America and, at the same time, to deepen its level of service and attention to existing customers and has established a new entity, COAL MARKETING COMPANY (USA) Inc., to undertake this task:

THEREFORE CMC Coal Marketing Company Limited seeks to assign all existing coal sales contracts, port and stevedoring contracts and all other marketing related service contracts for the United States market to COAL MARKETING COMPANY (USA) INC.;

WHEREAS, Assignor has entered into a Coal Sales Agreement, hereinafter the "Agreement", with the Consenting Party as "Buyer" and Assignor as "Seller", dated October 25, 2004 (Coal Purchase Confirmation);

WHEREAS, Assignor desires to assign and transfer to Assignee all of Assignor's rights, title and interests under the Agreement;

WHEREAS, the Consenting Party acknowledges and consents to the assignment and assumption of the Agreement, and discharges Assignor of all its obligations thereunder;

WHEREAS, Assignee desires to receive all of Assignor's rights, title and interests under the Agreement;

NOW THEREFORE, IN CONSIDERATION OF THE MUTUAL AGREEMENTS HEREINAFTER SET FORTH, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES AGREE AS FOLLOWS:

1. Assignor hereby assigns, transfers and sets to Assignee all rights, title and interests held by the Assignor under the Agreement, effective July 1, 2005;

2. Assignor represents that said Agreement is in full force and effect and can be assigned with the written consent of the other party;

3. Assignor guarantees the availability of the coal in the volumes, qualities and schedule agreed to under the Agreement;

4. Assignee hereby assumes all of Assignor's rights and obligations under said Agreement;

5. Assignee hereby assumes and agrees to perform all remaining obligations of the Assignor under the Agreement and agrees to indemnify and hold the Assignor harmless from any claim or demand resulting from non-performance by the Assignee of said obligations;

6. Assignor warrants that the Agreement has not been amended and remains under the same terms as provided in Coal Purchase Confirmation dated October 25, 2004;

7. Assignor further warrants that it has full right and authority to transfer said Agreement and that the rights of the Agreement herein transferred are free of any lien, encumbrance or adverse claim.

8. The Consenting Party hereby irrevocably consents to this assignment by Assignor to Assignee.

9. The Consenting Party hereby discharges Assignor of the performance of any and all of its obligations and duties provided under the Agreement;

This Assignment shall be binding upon and inure to the benefit of the parties, their successors and assigns.

IN WITNESS WHEREOF this Assignment has been signed by Assignor, Assignee and Consenting Party to be duly executed as of the day and year first above written.

Witnesses:

CMC COAL MARKETING COMPANY LTD
"Assignor"

_____

By:
Title:

COAL MARKETING COMPANY (USA) INC
"Assignee"

_____

By:
Title:

Progress Fuels Corporation
"Consenting Party"

_____

By:
Title:

Phipps, Brett

From: Pitcher, Al (PFC)

Sent: Thursday, August 18, 2005 2:55 PM

To: Eladio Bueno

Cc: Weintraub, Sasha; Phipps, Brett; Larger, Pam

Subject: Letter Agreements

Attached are the letter agreements for the 2006 price re-opener and the 2007-2008 additional coal purchase. As we discussed, the 2006 letter is all that is needed for the existing contract; however, the 2007-2008 letter will require a new contract to be negotiated. A draft of the contract will be sent to you very shortly. Please sign as indicated and return copies to me.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

Progress Energy

August 18, 2005

Mr. Eladio Bueno
Chief Executive Officer
Guasare Coal International n.v.
Lincoln House
137 - 143 Hammersmith Road
London W140QL
UNITED KINGDOM

RE: PRICE RE-OPENER FOR 2006 FOR COAL SUPPLY AGREEMENT BETWEEN GUASARE COAL INTERNATIONAL, NV AND PROGRESS FUELS CORPORATION (PASO DIABLO)

Dear Eladio:

This letter will summarize our recent discussions regarding the establishment of a price for 2006, in accordance with Section 12 of the contract between Progress Fuels Corporation (PFC) and Guasare Coal International (GCI) dated August 7, 2003. The terms agreed to are per the existing contract and those items noted below:

- **Price:**
  - $2.626 per million BTU basis 12800; the price is DES International Marine Terminals' (IMT) hoppers.

- **Tonnage:**
  - 2006 – Thirteen (13) firm cargoes.

- **Other Contract Items:**
  - The cargoes shall be 35,000 to 50,000 MT at Seller's option; each cargo to be +/- 10%. The annual tonnage will be spread evenly over the calendar year. The range of cargo size is dependent only upon finding suitable vessel sizes and not an economic opportunity to reduce shipments to PEF based upon market fluctuations.

  - An independent surveyor will observe each cargo discharge; the discharge report will bind all parties; the cost of the surveyor will be split between Buyer and Seller.

If you are in agreement with the contents of this letter, please print two originals, and sign both originals on behalf of GCI in the signature block provided below and return one original to me via fax and regular mail.

Best regards,

A. W. Pitcher
Vice President – Coal Procurement

AWP/ro

Agreed to and accepted the _____ day of _____, 2005.

Guasare Coal International n.v.

By:_____

Title:_____

Progress Energy

August 18, 2005

Mr. Eladio Bueno
Chief Executive Officer
Guasare Coal International n.v.
Lincoln House
137 - 143 Hammersmith Road
London W140QL
UNITED KINGDOM

RE: PASO DIABLO COAL PURCHASE FOR 2007 AND 2008

Dear Eladio:

As outlined in my letter dated August 18, 2005 regarding the price re-opener for the contract between Progress Fuels Corporation (PFC) and Guasare Coal International (GCI), the parties have agreed to a new price effective January 1, 2006. (See Attached) Further, the parties have agreed to an additional two years, which will be covered in a new contract between GCI and Progress Energy Florida. The terms are to be negotiated. In general, the terms agreed to are as follows:

- **Price:**
  - [redacted] per million BTU basis 12800; the price is DES International Marine Terminals' (IMT) hoppers and will remain fixed for the duration.

- **Tonnage:**
  - 2007 [redacted] firm cargoes or approximately [redacted] MT depending upon vessel size. [redacted] optional cargoes subject to mutual agreement on price prior to August 30, 2006.

  - 2008 [redacted] firm cargoes or approximately [redacted] MT depending upon vessel size. [redacted] optional cargoes subject to mutual agreement on price prior to August 30, 2007.

- **Other Contract Items:**
  - The cargoes shall be 35,000 to 50,000 MT at Seller's option; each cargo to be +/- 10%. The range of cargo size is dependent only upon finding suitable vessel sizes and not an economic opportunity to reduce shipments to PFC based upon market fluctuations. The annual tonnage will be spread evenly over each calendar year.

  - Any price re-openers will be based upon mutual agreement with Seller having no right to match the lowest price.

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

REDACTED

- An independent surveyor will observe each cargo discharge; the discharge report will bind all parties; the cost of the surveyor will be split between Buyer and Seller.

- The "Bunker" clause will be per the existing contract providing it is back to back with Guasare's agreement with ship owners.

If you are in agreement with the contents of this letter, please print two originals, and sign both originals on behalf of GCI in the signature block provided below and return one original to me via fax and regular mail.

Best regards,

A. W. Pitcher
Vice President—Coal Procurement

AWP/ro

Agreed to and accepted the _____ day of _____, 2005.

Guasare Coal International n.v.

By:_____

Title:_____

Phipps, Brett

From: Pitcher, Al (PFC)
Sent: Tuesday, August 09, 2005 4:13 PM
To: Andrew.lawson@glencore-us.com
Cc: Weintraub, Sasha; Phipps, Brett
Subject: Letter

Attached is a revised letter as we discussed this morning. Please review it and sign one copy and return by fax and regular mail to me. When I return from vacation, we can discuss the contract.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

Progress Energy

August 9, 2005

Mr. Andrew Lawson
Glencore Ltd.
Three Stamford Plaza
301 Tresser Boulevard
Stamford, Connecticut 06901-3244

RE: JULY 22, 2005 RESPONSE TO REQUEST FOR COAL

Dear Andrew:

This letter is a revision of my letter dated August 5, 2005. As previously noted, Progress Fuels Corporation (PFC) has completed its evaluation of the offers received during the contract price re-opener with one of our suppliers. PFC has decided to enter one or more multi-year contracts as opposed to only a one year arrangement as previously discussed. Further, we would like to begin discussions with Glencore Ltd (Glencore), pending the successful negotiations of all contractual terms and conditions and all necessary management and board of director's approvals, for a three (3) year contract beginning January 1, 2006 and continuing through December 31, 2008. The necessary parameters of an arrangement will contain the following:

- **Price:**
  - [redacted] per ST based upon 12400; the price is DES International Marine Terminals (IMT) and will remain fixed for the duration. The term DES, as used herein, means that PFC will take title to the product as it crosses the rail of the ship. However, PFC is fully responsible for transloading the product to ground storage at IMT.

- **Tonnage:**
  - 2006 Two (2) firm cargoes or approximately 100,000 MT
  - 2007 [redacted] firm cargoes or approximately [redacted]
  - 2008 [redacted] firm cargoes or approximately [redacted]

- **Other Contract Items:**
  - The cargoes shall be 65,000 to 75,000 MT at Seller's option; each cargo to be +/- 10%. The annual tonnage will be spread evenly over each calendar year.
  - Any price re-openers will be based upon mutual agreement with Seller having no right to match the lowest price.

REDACTED

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

- An independent surveyor will observe each cargo discharge; the discharge report will bind all parties; the cost of the surveyor will be split between Buyer and Seller.

- Payments will be made on or before the 10th of the month following discharge for all shipments received from the 1st to the 15th day of the month; payments will be made on the or before the 25th of the month following discharge for all shipments received from the 16th through the end of the month.

- Premiums and penalties for BTU will be computed pro rata based upon the actual BTU compared to the guaranteed BTU.

- The discharge rate at IMT will be as follows:
  - Self discharge conveyor belt vessel - 48,000 MT/day
  - Hybrid conveyor belt vessel - 15,000 MT/day
  - Geared/Cranes and Grab vessel - 15,000 MT/day
  - Gearless vessel - 15,000 MT/day

- Any additional terms and conditions regarding discharge to be discussed by Buyer and Seller.

If you are in agreement with the contents of this letter, please sign one copy of it and return to me via fax and regular mail.

Best regards,

A. W. Pitcher
Vice President—Coal Procurement

AWP/ro

Agreed to and accepted the _____ day of _____, 2005.

Glencore Ltd.

*By:*_____
*Its:*_____

Phipps, Brett

From: brandy pitchr [brandypitcher@comcast.net]
Sent: Thursday, August 11, 2005 11:21 AM
To: E.Bueno@GCI-UK.NET
Cc: Weintraub, Sasha; Phipps, Brett; Ott, Robin (PFC)
Subject: Contract Renewal

The email is in response to your communication Wednesday August 10 regarding our contract re-opener discussions. My response is in order of your new proposal:

1. Progress Fuels Corporation (PFC) recognizes Guasare Coal International's (GCI) desire to have flexibility in obtaining various size vessels during the term of this agreement. However, GCI must also recognize PFC is concerned with purchasing a particular quantity of coal for Progress Energy Florida's Crystal River facility. We can agree with GCI on the range of 35,000 to 50,000 MT for 13 firm cargoes in 2006, [redacted] firm cargoes for 2007 and 2008, and [redacted] optional cargoes for each year of 2007-2008 providing the quantity to be shipped is based upon only finding suitable vessel sizes and not an economic opportunity to reduce shipments to PFC based upon market fluctuations. Since you mention a previous agreement with the ship owners, this should not be an issue. If you can agree with this provision, consider the matter resolved.
2. PFC is required to purchase from the lowest cost supplier(s). In order to satisfy our Florida Public Commission concerns and our fiduciary responsibility to our rate payers, we can agree to a price of [redacted] per million BTU based upon 12800, DES IMT hoppers fixed from January 1, 2006 through December 31, 2008. This price is based upon the lowest evaluated cost at Crystal River including consideration for BTU, sulfur, ash, and moisture.
3. PFC agrees with contractual terms as per the existing contract for 2006. However, the contract for 2007 and 2008 will consist of an entirely new contract determined by Progress Energy Florida but should include most of the basic terms of the existing contract.
4. PFC can accept the existing Bunker Clause providing it is back to back with your ship owner's agreement. As indicated earlier, this would imply that you have fixed your agreement for freight as indicated in (1) above.
5. The other terms as indicated in your email dated July 20, 2005 were previously acceptable.

Based upon the above five points, PFC is ready to begin negotiations with GCI for the new agreement. As you indicated time is of the essence in finalizing this phase of the process. I need to resolve whether we have an understanding of the basic terms of our agreement by today's close of business. Please convey your acceptance via email. You may be able to reach me on my mobile, but I am not sure of the reception.

REDACTED

Phipps, Brett

From: Pitcher, Al (PFC)
Sent: Friday, August 05, 2005 3:19 PM
To: Eladio Bueno
Cc: Phipps, Brett
Subject: Contract Price Re-opener

Per our discussion this morning, attached is Progress Fuels Corporation counter offer to your previously submitted proposal for the Paso Diablo contract re-opener.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

Progress Energy

August 5, 2005

Mr. Eladio Bueno
Chief Executive Officer
Guasare Coal International n.v.
Lincoln House
137 - 143 Hammersmith Road
London W140QL
UNITED KINGDOM

RE: PRICE RE-OPENER FOR COAL SUPPLY AGREEMENT BETWEEN GUASARE COAL INTERNATIONAL, NV AND PROGRESS FUELS CORPORATION (PASO DIABLO)

Dear Eladio:

Progress Fuels Corporation (PFC) has completed its evaluation of the offers received during the contract price re-opener with Guasare Coal International (GCI). PFC has decided to enter one or more multi-year contracts as opposed to only a one year arrangement as previously discussed. Further, we would like to begin discussions with GCI, pending the successful negotiations of all contractual terms and conditions and all necessary management and board of director's approvals, for a three (3) year contract beginning January 1, 2006 and continuing through December 31, 2008. The necessary parameters of an arrangement will contain the following:

- **Price:**
  - [redacted] per million BTU basis 12800; the price is DES International Marine Terminals' (IMT) hoppers and will remain fixed for the duration.

- **Tonnage:**
  - 2006 Thirteen (13) firm cargoes or approximately 600,000 MT
  - 2007 [redacted] firm cargoes or approximately [redacted] optional cargoes subject to mutual agreement on price prior to August 30th 2006.
  - 2008 [redacted] firm cargoes or approximately [redacted] optional cargoes subject to mutual agreement on price prior to August 30th 2007.

- **Other Contract Items:**
  - The cargoes shall be 35,000 to 50,000 MT at Seller's option; each cargo to be +/- 10%. The annual tonnage will be spread evenly over each calendar year.

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

REDACTED

- Any price re-openers will be based upon mutual agreement with Seller having no right to match the lowest price.

- An independent surveyor will observe each cargo discharge; the discharge report will bind all parties; the cost of the surveyor will be split between Buyer and Seller.

- The contract will contain a "Bunker" clause to be negotiated by the Buyer and Seller.

I look forward to discussing the contents of this letter with you at your earliest convenience.

Best regards,

A. W. Pitcher
Vice President—Coal Procurement

AWP/ro

Phipps, Brett

From: brandy pitchr [brandypitcher@comcast.net]

Sent: Thursday, August 11, 2005 1:16 PM

To: francisco.garcia@cmc-coal.ie

Cc: Phipps, Brett; sasha.weintraup@pgnmail.com; Ott, Robin (PFC)

Subject: Coal Offer

I am on vacation through next Tuesday. Therefore, I am sending this email from my son's home computer. Responses back are not a problem.

Progress Fuels Corporation has completed its evaluations on the recent coal offers submitted by Coal Marketing Company Ltd. I am sorry to inform you that we will purchase neither the bid submitted on July 26 nor the bid submitted on August 4. Since we already have a contract for 2005 and 2006 of the 11800 BTU coal with CMC, we will not be able to purchase any additional low BTU product because this product requires blending. Additionally, the 11400 BTU product is simply too low for our units and would require too much blending to be considered, at this time, for use at Crystal River. I would like to thank you for your response to our request and look forward to the continuation of the business relationship we have developed with the current contract.

Phipps, Brett

From: Pitcher, Al (PFC)
Sent: Friday, August 05, 2005 3:15 PM
To: Andrew Lawson/stamford/glen
Cc: Phipps, Brett
Subject: Coal Offer

Once you have had time to review the attached, Brett Phipps and I would like to speak with you.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

Progress Energy

August 5, 2005

Mr. Andrew Lawson
Glencore Ltd.
Three Stamford Plaza
301 Tresser Boulevard
Stamford, Connecticut 06901-3244

RE: JULY 22, 2005 RESPONSE TO REQUEST FOR COAL

Dear Andrew:

Progress Fuels Corporation (PFC) has completed its evaluation of the offers received during the contract price re-opener with one of our suppliers. PFC has decided to enter one or more multi-year contracts as opposed to only a one year arrangement as previously discussed. Further, we would like to begin discussions with Glencore Ltd (Glencore), pending the successful negotiations of all contractual terms and conditions and all necessary management and board of director's approvals, for a three (3) year contract beginning January 1, 2006 and continuing through December 31, 2008. The necessary parameters of an arrangement will contain the following:

- **Price:**
  - [redacted] per ST based upon 12400; the price is DES International Marine Terminals (IMT) hoppers and will remain fixed for the duration.

- **Tonnage:**
  - 2006 Two (2) firm cargoes or approximately 100,000 MT
  - 2007 [redacted] firm cargoes or approximately [redacted]
  - 2008 [redacted] firm cargoes or approximately [redacted]

- **Other Contract Items:**
  - The cargoes shall be 45,000 to 50,000 MT at Seller's option; each cargo to be +/- 10%. The annual tonnage will be spread evenly over each calendar year.
  - Any price re-openers will be based upon mutual agreement with Seller having no right to match the lowest price.
  - An independent surveyor will observe each cargo discharge; the discharge report will bind all parties; the cost of the surveyor will be split between Buyer and Seller.

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

REDACTED

- Payments will be made on or before the 10th of the month following discharge for all shipments received from the 1st to the 15th day of the month; payments will be made on the or before the 25th of the month following discharge for all shipments received from the 16th through the end of the month.

- Premiums and penalties for BTU will be computed pro rata based upon the actual BTU compared to the guaranteed BTU.

- The discharge rate at IMT will be as follows:
  - Self discharge conveyor belt vessel - 48,000 MT/day
  - Hybrid conveyor belt vessel - 15,000 MT/day
  - Geared/Cranes and Grab vessel - 15,000 MT/day
  - Gearless vessel - 15,000 MT/day

- Any additional terms and conditions regarding discharge to be discussed by Buyer and Seller.

I look forward to discussing the contents of this letter with you at your earliest convenience.

Best regards,

A. W. Pitcher
Vice President—Coal Procurement

AWP/ro

Phipps, Brett

From: Pitcher, Al (PFC)
Sent: Wednesday, October 26, 2005 2:53 PM
To: htorrealba@carbozulia.com.ve
Cc: Weintraub, Sasha; Phipps, Brett; Ott, Robin (PFC)
Subject: Amendment

We still have not received a signed copy, even though we have contacted you on several occasions, of Addendum No. 1 Dated 21st June, 2005 to Coal Supply Agreement (Mina Norte) Dated 07th August, 2003 regarding makeup tons. Please advise of the status.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

Phipps, Brett

From: Smith, Kelly [Kelly.Smith@masseyenergyco.com]
Sent: Thursday, October 13, 2005 11:16 AM
To: Phipps, Brett
Cc: Phillips Jr., Baxter F.; Parker, John R.; Dougherty, Thomas P.
Subject: JRP Letter to B. Phipps re: 2 Progress Contracts, Price Re-openers (10.13.05)
Importance: High
Sensitivity: Confidential

Mr. Phipps,

The attached MS Word file, from John Parker, is for your review and consideration.

Thank you,
Kelly
Kelly Smith
Contract Administrator
Massey Utility Sales Company*
P.O. Box 26765 Richmond, Virginia 23261
Four North Fourth Street Richmond, Virginia 23219
Telephone (804) 788-1830
Facsimile (804) 788-1811
Internet: *kelly.smith@masseyenergyco.com*
*A Subsidiary of Massey Energy Company (NYSE: MEE)

Massey Coal Sales Company, Inc.

Massey Energy

October 13, 2005

Post Office Box 26765
Richmond, Virginia 23261

4 North Fourth Street
Richmond, Virginia 23219

Tel (804) 788-1800

Mr. Brett Phipps
Director, Coal Sales
Progress Fuels Corporation
100 E. Davie Street
TPP-9
Raleigh, NC 27601

Dear Brett:

Based on our recent conversations regarding the two Progress/ Crystal River contract price re-openers, we propose the following:

Contract #1	Agreement Date: September 8, 2004
Origin:	CSX
Quantity:	720,000 tons/year
Term:	January 1, 2005 through December 31, 2005
Specifications:	
Moisture:	8.00%
Ash:	12.00%
SO_2:	1.20#
Btu:	12,100
Current Contract Price:	$44.00

Massey's Proposal: [redacted]/ton for the term, January 1, 2006 through December 31, 2008.

Contract #2	Agreement Date: August 9, 2004
Origin:	CSX
Quantity:	[redacted]tons/year
Term:	January 1, 2005 through December 31, 2005
Specifications:	
Moisture:	8.00%
Ash:	12.00%
SO_2:	1.20#
Btu:	12,100
Current Contract Price:	$45.00

Massey's Proposal: [redacted]/ton for the term, January 1, 2006 through December 31, 2008.

Please feel free to call me at your earliest convenience.

Sincerely,

John R. Parker

John R. Parker
Senior Vice President

REDACTED

JRP/kcs

Cc: Baxter Phillips
Tom Dougherty

Phipps, Brett

From: Andrew Lawson/stamford/glen [Andrew.Lawson@glencore-us.com]
Sent: Wednesday, August 10, 2005 11:41 AM
To: Pitcher, Al (PFC)
Cc: Phipps, Brett; Weintraub, Sasha; John McConaghy/stamford/glen; Soren Jepsen/baar/glen
Subject: Response to Request for Coal - Clarification



Glencore-Andrew Lawson Ltr-08-...

Thank you very much for you revised letter.

It seems that your company and our company have some different interpretations of the wording for the discharge terms. We want to be careful to ensure that there is no confusion, so please see below a few points of clarification. We understand from our discussions that the following is an accurate reflection of our discussions.

- Glencore will deliver the coal in gearless vessels.
- Title to the coal passes as it goes over the ship's rail.
- Progress is responsible for discharging the coal from each vessel and all subsequent movements/stockpiling (and the costs related to this).
- Glencore is responsible for all costs up to, but not including, the disharge of the coal from the vessel.

On the basis that this accurately reflects our understanding of the arrangement, we will fax through the signed letter.

We would like to finalise the contractual terms and conditions, get necessary approvals etc as we have to contract with the ship owner based on the freight rate we have on offer for the business. As you will appreciate, we cannot lock in the freight now as the agreement is not confirmed, and there is always a risk that the freight market will move. We presume that you have a draft of standard terms and conditions that you would like to use, and we would be happy to receive this as soon as possible for our review. Please also let us know when you expect management/board approval.

Please do not hesitate to call me if you have any questions.

Regards
Andrew Lawson
Glencore Ltd

"Pitcher, Al \(PFC\)" <APitcher@progresfuels.com>
08/09/2005 04:13 PM

To: <Andrew.lawson@glencore-us.com>
cc: "Weintraub, Sasha \(Energy\)" <sasha.weintraub@pgnmail.com>, "Phipps, Brett \(Energy\)" <Brett.Phipps@pgnmail.com>
Subject: Letter

PEF-CC-000630

Attached is a revised letter as we discussed this morning. Please review it and sign one copy and return by fax and regular mail to me. When I return from vacation, we can discuss the contract.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com
(See attached file: Glencore-Andrew Lawson Ltr-08-09-05.pdf)

Progress Energy

August 9, 2005

Mr. Andrew Lawson
Glencore Ltd.
Three Stamford Plaza
301 Tresser Boulevard
Stamford, Connecticut 06901-3244

RE: JULY 22, 2005 RESPONSE TO REQUEST FOR COAL

Dear Andrew:

This letter is a revision of my letter dated August 5, 2005. As previously noted, Progress Fuels Corporation (PFC) has completed its evaluation of the offers received during the contract price re-opener with one of our suppliers. PFC has decided to enter one or more multi-year contracts as opposed to only a one year arrangement as previously discussed. Further, we would like to begin discussions with Glencore Ltd (Glencore), pending the successful negotiations of all contractual terms and conditions and all necessary management and board of director's approvals, for a three (3) year contract beginning January 1, 2006 and continuing through December 31, 2008. The necessary parameters of an arrangement will contain the following:

- **Price:**
  - [redacted] per ST based upon 12400; the price is DES International Marine Terminals (IMT) and will remain fixed for the duration. The term DES, as used herein, means that PFC will take title to the product as it crosses the rail of the ship. However, PFC is fully responsible for transloading the product to ground storage at IMT.

- **Tonnage:**
  - 2006 Two (2) firm cargoes or approximately 100,000 MT
  - 2007 [redacted] firm cargoes or approximately [redacted]
  - 2008 [redacted] firm cargoes or approximately [redacted]

- **Other Contract Items:**
  - The cargoes shall be 65,000 to 75,000 MT at Seller's option; each cargo to be +/- 10%. The annual tonnage will be spread evenly over each calendar year.
  - Any price re-openers will be based upon mutual agreement with Seller having no right to match the lowest price.

REDACTED

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

- An independent surveyor will observe each cargo discharge; the discharge report will bind all parties; the cost of the surveyor will be split between Buyer and Seller.

- Payments will be made on or before the 10th of the month following discharge for all shipments received from the 1st to the 15th day of the month; payments will be made on the or before the 25th of the month following discharge for all shipments received from the 16th through the end of the month.

- Premiums and penalties for BTU will be computed pro rata based upon the actual BTU compared to the guaranteed BTU.

- The discharge rate at IMT will be as follows:
  - Self discharge conveyor belt vessel - 48,000 MT/day
  - Hybrid conveyor belt vessel - 15,000 MT/day
  - Geared/Cranes and Grab vessel - 15,000 MT/day
  - Gearless vessel - 15,000 MT/day

- Any additional terms and conditions regarding discharge to be discussed by Buyer and Seller.

If you are in agreement with the contents of this letter, please sign one copy of it and return to me via fax and regular mail.

Best regards,

A. W. Pitcher
Vice President – Coal Procurement

AWP/ro

Agreed to and accepted the _____ day of _____, 2005.

Glencore Ltd.

*By:*_____
*Its:*_____

Phipps, Brett

From: Pitcher, Al (PFC)
Sent: Wednesday, September 07, 2005 11:19 AM
To: Phipps, Brett
Cc: Weintraub, Sasha
Subject: FW: counter offers to your latest proposal for 2006/2007 supply agreement



September 7.doc

FYI. We can discuss at your pleasure.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

-----Original Message-----
From: John Tanner [mailto:John.Tanner@arlp.com]
Sent: Wednesday, September 07, 2005 8:53 AM
To: Pitcher, Al (PFC)
Cc: Gary Rathburn; Tim Whelan
Subject: counter offers to your latest proposal for 2006/2007 supply agreement

Al -

As discussed yesterday, please review our two (2) counter options to your latest proposal. Call if you would like to discuss or require clarification of intent. We hope that one of these will be the grounds to move ahead.

(See attached file: September 7.doc)

John W. Tanner
Alliance Coal
305.448.6164
tannerj@arlp.com

September 7, 2005

A.W. Pitcher
Vice President – Coal Procurement
Progress Fuels Corporation
One Progress Plaza
P.O. Box 15208
St. Petersburg, FL 33733

RE: Second Amendment to the Agreement for the Sale and Purchase of Coal between Progress Fuels Corporation and MC Mining, LLC

Dear Al:

Your most recent counter to our latest proposal was for us to supply [redacted] tpy* of compliance coal from MC Mining, LLC @ [redacted] /ton FOB mine fixed for the two (2) year period 2006-2007. In that the final year (2007) was outside the bounds of our current agreement, you indicated that we could include SO2 premiums for that portion of any new agreement we might reach.

*** Includes any makeup tons to be shipped as a result of the force majeure at MC Mining, LLC in early 2005. These tons would be the first tons shipped in 2006.**

Please review our counter offers to your proposal as shown below:

	Option 1	**Option 2**
Tons/Year	[redacted]	[redacted]
Price	[redacted] **/ton fixed 2006/2007****	[redacted] **ton cal 2006** [redacted] **ton cal 2007****

****includes premiums for SO2 <1.2#**

MC Mining, LLC has proven to be a consistent, reliable provider of compliance rail coal to Crystal River Station. We want to continue to provide a key supply role in your portfolio going forward, and we believe the options provided above lay the groundwork for our continued business relationship. Please contact me should you wish to discuss these options in greater detail. We appreciate your continued cooperation and review.

Sincerely,

John W. Tanner
GM - Sales

REDACTED

Phipps, Brett

From: Pitcher, Al (PFC)
Sent: Tuesday, September 13, 2005 11:01 AM
To: john.tanner@arlp.com
Cc: Larger, Pam; Weintraub, Sasha; Phipps, Brett
Subject: Contract Renewal
Contacts: John W. Tanner

As a follow up to our discussion yesterday, Progress Fuels Corporation (PFC) accepts Option 1 as detailed in your letter dated September 7, 2005. (See email version attached) An amendment to the current contract between Alliance/McMining and PFC will be prepared for 2006. This amendment will include SO2 premiums which are not in the current contract. For 2007, a separate and new contract will be prepared between Progress Energy Florida and Alliance/McMining. The new contract will also include SO2 premiums. These documents will be sent to you shortly.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

September 7, 2005

A.W. Pitcher
Vice President – Coal Procurement
Progress Fuels Corporation
One Progress Plaza
P.O. Box 15208
St. Petersburg, FL 33733

RE: Second Amendment to the Agreement for the Sale and Purchase of Coal between Progress Fuels Corporation and MC Mining, LLC

Dear Al:

Your most recent counter to our latest proposal was for us to supply [redacted] tpy* of compliance coal from MC Mining, LLC @ [redacted] ton FOB mine fixed for the two (2) year period 2006-2007. In that the final year (2007) was outside the bounds of our current agreement, you indicated that we could include SO2 premiums for that portion of any new agreement we might reach.

*** Includes any makeup tons to be shipped as a result of the force majeure at MC Mining, LLC in early 2005. These tons would be the first tons shipped in 2006.**

Please review our counter offers to your proposal as shown below:

	Option 1	**Option 2**
Tons/Year	[redacted]	[redacted]
Price	[redacted] **/ton fixed 2006/2007****	[redacted] **'ton cal 2006** [redacted] **ton cal 2007****

****includes premiums for SO2 <1.2#**

MC Mining, LLC has proven to be a consistent, reliable provider of compliance rail coal to Crystal River Station. We want to continue to provide a key supply role in your portfolio going forward, and we believe the options provided above lay the groundwork for our continued business relationship. Please contact me should you wish to discuss these options in greater detail. We appreciate your continued cooperation and review.

Sincerely,

REDACTED

John W. Tanner
GM - Sales

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 3

PAGES
PEF-CC-000638
THROUGH
PEF-CC-000646
ARE NON-RESPONSIVE

Massey Utility Sales Company

Post Office Box 26765
Richmond, Virginia 23261

4 North Fourth Street
Richmond, Virginia 23219

Tel (804) 788-1800

August 10, 2007

Mr. Eddie Vinson
Sr. Coal Procurement Agent
Progress Energy
410 S. Wilmington Street (PEB 10)
Raleigh, NC 27601

Dear Eddie:

Based on our recent conversation to provide coal, we request that you consider the following:

Origin: CSX (Stirrat/ Superior)

Term: August 2007

Quantity: [redacted] /ton Test Train

Btu: 9,500
Ash: 32.00%
Sulfur: 0.58%
SO_2: 1.22#
Price: [redacted] /ton F.O.B. Barge, KRT Ceredo

The proposed price is based on [redacted] /ton test train. If the test is successful, Massey and Progress will negotiate an agreement for additional terms and quantity at a mutually agreed to price.

Please give me a call if you have any questions.

Sincerely,

John R. Parker
Senior Vice-President

REDACTED

Cc: Roger Williams
Steve Sears
Tom Dougherty

Phipps, Brett

From: Vinson, Eddie
Sent: Wednesday, August 08, 2007 9:32 AM
To: Phipps, Brett; Shultz, Shawn
Subject: FW: JRP Letter to E. Vinson re. Sale of Low Quality Coal (8.07.07).pdf
Importance: High
Sensitivity: Confidential

-----Original Message-----
From: Smith, Kelly [mailto:Kelly.Smith@masseyenergyco.com]
Sent: Tuesday, August 07, 2007 4:14 PM
To: Vinson, Eddie
Cc: Williams, Roger T.; Sears, Steve; Parker, John R.; Dougherty, Thomas P.
Subject: JRP Letter to E. Vinson re. Sale of Low Quality Coal (8.07.07).pdf
Importance: High
Sensitivity: Confidential

Eddie,

The attached PDF file, from John Parker, is for your review and consideration.

Thank you,

Kelly

Kelly Smith
Contract Administrator
Massey Utility Sales Company*
P.O. Box 26765 Richmond, Virginia 23261
Four North Fourth Street Richmond, Virginia 23219
Telephone (804) 788-1830
Facsimile (804) 788-1811
Internet: *kelly.smith@masseyenergyco.com*
*A Subsidiary of Massey Energy Company (NYSE: MEE)

Massey Utility Sales Company

Post Office Box 26765
Richmond, Virginia 23261

4 North Fourth Street
Richmond, Virginia 23219

Tel (804) 788-1800

August 7, 2007

Mr. Eddie Vinson
Sr. Coal Procurement Agent
Progress Energy
410 S. Wilmington Street (PEB 10)
Raleigh, NC 27601

Dear Eddie:

Based on our recent conversation to provide coal, we request that you consider the following:

Origin: CSX (Stirrat/ Superior)

Term: September 1, 2007 through December 31, 2008

Quantity: [redacted] tons/ month; [redacted] tons total

Btu: 9,000
Ash: 32.00%
Sulfur: 0.55%
SO_2: 1.22#
Price: [redacted] /ton F.O.B. Barge, KRT Ceredo

Please feel free to call me if you should have any questions.

Sincerely,

John R. Parker
Senior Vice-President

Cc: Roger Williams
Steve Sears
Tom Dougherty

REDACTED

PEF-CC-000649

Vinson, Eddie

From: Tim Monson [Tmonson@insightbb.com]
Sent: Wednesday, February 08, 2006 3:32 PM
To: Vinson, Eddie
Subject: RE: Spot Document 2/8/06

Eddie,

I received the Keystone Spot Document and will review it.

I will speak with Gaten's and get back to you with any changes.

Tim

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Wednesday, February 08, 2006 2:51 PM
To: Tmonson@insightbb.com
Cc: Phipps, Brett
Subject: FW:

-----Original Message-----
From: Vinson, Eddie
Sent: Wednesday, February 08, 2006 2:18 PM
To: (mailto:Tmonson@insightbb.com)
Cc: Phipps, Brett
Subject:

<<PEF_Keystone Spot.DOC>>

Tim, please let me know if you receive this.

Eddie
(p) 919-546-3622

Vinson, Eddie

From: keystone [keystone@t3com.com]
Sent: Monday, May 15, 2006 11:52 AM
To: Vinson, Eddie
Subject: ash fusion

After the discussion that you had with Mike on friday, he went back and looked at the fusion temperatures on the coal bid. These are the actual fusion numbers....

Initial Deformation Temp - Reducing (2187) Oxidizing (2470)
Softening Temp,Spherical - Reducing (2321) Oxidizing (2596)
Softening Temp,Hemispherical _ " (2390) Oxidizing (2613)
Fluid Temperature - Reducing (2584) Oxidizing (2657)

If you should have any questions, please call Mike on his cell.
Thank you.

Jennaferr Duby
Keystone Industries, LLC

Sent via the WebMail system at mail.t3com.com

Vinson, Eddie

From: Phipps, Brett
Sent: Friday, August 11, 2006 11:37 AM
To: Mike Gatens (MikeKeystone@t3com.com)
Cc: Vinson, Eddie
Subject: Contract Status

What is the status of the Keystone contract? Who's "ball court" is it in? Let finish and ride off into the sunset.

Eddie,
I've reached an agreement on the 2009 collar....+/-$7

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

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

Vinson, Eddie

From: Vinson, Eddie
Sent: Wednesday, May 03, 2006 5:04 PM
To: mikekeystone@t3com.com; keystone
Subject: FW: Compliance Coal for FL River Plant 3/15/06

Mike we removed the collar and added some pymt languageany questions give me a call.

Eddie

-----Original Message-----
From: Vincent, Peta
Sent: Wednesday, May 03, 2006 2:17 PM
To: Vinson, Eddie
Subject: FW: Compliance Coal for FL River Plant 3/15/06

revisions made
-----Original Message-----
From: Vincent, Peta
Sent: Tuesday, May 02, 2006 2:09 PM
To: Vinson, Eddie
Subject: RE: Compliance Coal for FL River Plant 3/15/06

Changes attached

> -----Original Message-----
> **From:** Vinson, Eddie
> **Sent:** Tuesday, May 02, 2006 1:09 PM
> **To:** Vincent, Peta
> **Subject:** FW: Compliance Coal for FL River Plant 3/15/06
>
> -----Original Message-----
> **From:** Tim Monson [mailto:Tmonson@insightbb.com]
> **Sent:** Wednesday, March 15, 2006 2:07 PM
> **To:** Vinson, Eddie
> **Cc:** Mike Gaten
> **Subject:** FW: Compliance Coal for FL River Plant 3/15/06
>
> Eddie.
>
> We only made (5) five changes to the proposed agreement. Two are in the BTU and Volatile and the rejection BTU and Volatile. The remaining change is a deletion in Item 11, Force Majeure.
>
> Thanks for your help.
>
> Tim
>
> Timothy V. Monson
> 4509 Olde Bridge Court
> Lexington, KY 40513
> Tel: 859-224-2368
> Email: Tmonson@insightbb.com

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, March 10, 2006 9:23 AM
To: tmonson@insightbb.com
Cc: Phipps, Brett; Coppola, Barbara
Subject: FW: Compliance Coal Counter Proposal 3/2/06

Tim attached you will find the original draft for the Florida river coal please forward to the necessary individuals for review and return with any comments. If you have any questions please give me a call.

Thanks

Eddie

-----Original Message-----
From: Vincent, Peta
Sent: Thursday, March 09, 2006 9:18 AM
To: Vinson, Eddie
Subject: RE: Compliance Coal Counter Proposal 3/2/06

-----Original Message-----
From: Vinson, Eddie
Sent: Thursday, March 02, 2006 4:12 PM
To: Vincent, Peta
Subject: FW: Compliance Coal Counter Proposal 3/2/06

Attached are the terms on a new deal from Feb. RFP for Florida with Keystone..please call with any questions
-----Original Message-----
From: Phipps, Brett
Sent: Thursday, March 02, 2006 3:59 PM
To: Vinson, Eddie; Coppola, Barbara
Cc: Weintraub, Sasha
Subject: FW: Compliance Coal Counter Proposal 3/2/06

Eddie,
Please send our GT&Cs to Keystone. Thanks.

-----Original Message-----
From: Tim Monson [mailto:Tmonson@insightbb.com]
Sent: Thursday, March 02, 2006 3:53 PM
To: Phipps, Brett
Subject: Compliance Coal Counter Proposal 3/2/06

Mr. Phipps,

Please find attached, the correspondence regarding the compliance coal proposal originally submitted on February 9, 2006. We have agreed to a 2-year (2007-2008) term with a mutual option to be determined during the fourth quarter of 2008 for an additional year (2009). The fuel escalation clause has been removed. The price is fixed for the 2007 -2008 term. The fixed price has been reduced to $[redacted] per net ton fob the barge at the load point.

We look forward to receiving your favorable response.

Regards,

REDACTED

Tim Monson

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

Vinson, Eddie

From: Tim Monson [Tmonson@insightbb.com]
Sent: Friday, February 10, 2006 11:08 AM
To: Vinson, Eddie
Cc: Mike Gaten
Subject: IMT Agreement

Eddie,

I tried to call earlier this morning to discuss. The only change is the address for Keystone. The balance of the document is OK. We need to establish the shipment schedule.

It is as follows:

Keystone Industries, LLC
1375 Jackson Street
Suite 401
Ft. Meyers, FL 33901

Call me this afternoon if you have additional questions.

Thanks,

Tim
Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

Vinson, Eddie

From: Mike [mikekeystone@t3com.com]
Sent: Wednesday, May 10, 2006 9:16 PM
To: Vinson, Eddie
Subject: Re: Compliance Coal for FL River Plant 3/15/06

Eddie
I'll give you a call in the morning Thursday on the S.A. coal. Sorry for not calling back on Wednesday recovering from two days with Paul Lyons I haven't had a chance to speak to Tom about the 4 doolar collar yet but I did speak to Brett. We'll work it out. Thanks

----- Original Message -----
From: Vinson, Eddie
To: mikekeystone@t3com.com ; keystone
Sent: Wednesday, May 03, 2006 5:03 PM
Subject: FW: Compliance Coal for FL River Plant 3/15/06

Mike we removed the collar and added some pymt languageany questions give me a call.

Eddie

-----Original Message-----
From: Vincent, Peta
Sent: Wednesday, May 03, 2006 2:17 PM
To: Vinson, Eddie
Subject: FW: Compliance Coal for FL River Plant 3/15/06

revisions made
-----Original Message-----
From: Vincent, Peta
Sent: Tuesday, May 02, 2006 2:09 PM
To: Vinson, Eddie
Subject: RE: Compliance Coal for FL River Plant 3/15/06

Changes attached

> -----Original Message-----
> **From:** Vinson, Eddie
> **Sent:** Tuesday, May 02, 2006 1:09 PM
> **To:** Vincent, Peta
> **Subject:** FW: Compliance Coal for FL River Plant 3/15/06
>
> -----Original Message-----
> **From:** Tim Monson [mailto:Tmonson@insightbb.com]
> **Sent:** Wednesday, March 15, 2006 2:07 PM
> **To:** Vinson, Eddie
> **Cc:** Mike Gaten
> **Subject:** FW: Compliance Coal for FL River Plant 3/15/06
>
> Eddie.
>
> We only made (5) five changes to the proposed agreement. Two are in the BTU and Volatile and the

rejection BTU and Volatile. The remaining change is a deletion in Item 11, Force Majeure.

Thanks for your help.

Tim

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, March 10, 2006 9:23 AM
To: tmonson@insightbb.com
Cc: Phipps, Brett; Coppola, Barbara
Subject: FW: Compliance Coal Counter Proposal 3/2/06

Tim attached you will find the original draft for the Florida river coal please forward to the necessary individuals for review and return with any comments. If you have any questions please give me a call.

Thanks

Eddie

-----Original Message-----
From: Vincent, Peta
Sent: Thursday, March 09, 2006 9:18 AM
To: Vinson, Eddie
Subject: RE: Compliance Coal Counter Proposal 3/2/06

> -----Original Message-----
> **From:** Vinson, Eddie
> **Sent:** Thursday, March 02, 2006 4:12 PM
> **To:** Vincent, Peta
> **Subject:** FW: Compliance Coal Counter Proposal 3/2/06
>
> Attached are the terms on a new deal from Feb. RFP for Florida with Keystone..please call with any questions
> -----Original Message-----
> **From:** Phipps, Brett
> **Sent:** Thursday, March 02, 2006 3:59 PM
> **To:** Vinson, Eddie; Coppola, Barbara
> **Cc:** Weintraub, Sasha
> **Subject:** FW: Compliance Coal Counter Proposal 3/2/06
>
> Eddie,
> Please send our GT&Cs to Keystone. Thanks.
>
> -----Original Message-----
> **From:** Tim Monson [mailto:Tmonson@insightbb.com]
> **Sent:** Thursday, March 02, 2006 3:53 PM
> **To:** Phipps, Brett
> **Subject:** Compliance Coal Counter Proposal 3/2/06
>
> Mr. Phipps,

Please find attached, the correspondence regarding the compliance coal proposal originally submitted on February 9, 2006. We have agreed to a 2-year (2007-2008) term with a mutual option to be determined during the fourth quarter of 2008 for an additional year (2009). The fuel escalation clause has been removed. The price is fixed for the 2007 -2008 term. The fixed price has been reduced to [redacted] per net ton fob the barge at the load point.

We look forward to receiving your favorable response.

Regards,

Tim Monson

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

REDACTED

Vinson, Eddie

From: keystone [keystone@t3com.com]
Sent: Thursday, May 04, 2006 10:03 AM
To: Vinson, Eddie
Subject: Re: FW: Compliance Coal for FL River Plant 3/15/06

I need to speak with Tom regarding the collar and then I'll get with Brett on the matter. Tom is in Jacksonville this week and then he's heading off to Switzerland, so it may be a couple weeks before I get back to you. Thanks.

Mike

Sent via the WebMail system at mail.t3com.com

Vinson, Eddie

From: Phipps, Brett
Sent: Thursday, February 02, 2006 10:29 AM
To: 'Tim Monson'
Cc: Mike Gaten; Jdbryson@earthlink.net
Subject: RE: IMT- Compliance Coal Proposal 2/2/06

Tim,

During my discussions with Mike he indicated that you have ~ 40K tons in the South Yard of Eagle and ~20K tons in the North Yard of lower vol. As I'm sure you are aware Crystal River has a minimum vol requirement of 30%. Can you provide additional analysis for both stockpiles to ensure that you can meet this requirement? Additionally, I would require 30% minimum vol to be a guaranteed specification. Thank you for your offer and I look forward to working with Keystone.

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

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

-----Original Message-----
From: Tim Monson [mailto:Tmonson@insightbb.com]
Sent: Thursday, February 02, 2006 10:08 AM
To: Phipps, Brett
Cc: Mike Gaten; Jdbryson@earthlink.net
Subject: IMT- Compliance Coal Proposal 2/2/06

Mr. Phipps,

Please find attached the Keystone proposal for [redacted] tons of compliance coal priced fob the barge at the International Marine Terminals.

Please call if we may be of further assistance to you regarding our proposal.

Regards,

Tim

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368

REDACTED

Email: Tmonson@insightbb.com

Vinson, Eddie

From: Vinson, Eddie
Sent: Wednesday, February 15, 2006 12:01 PM
To: 'Tim Monson'
Cc: Phipps, Brett
Subject: RE: IMT Purchase Order 2/15/06

Tim,
The address has been changed if you would print and sign and either scan and send back by e-mail or fax to 919-546-2590 include a return fax # and I will send you a signed copy.

Thanks

Eddie
-----Original Message-----
From: Tim Monson [mailto:Tmonson@insightbb.com]
Sent: Wednesday, February 15, 2006 9:30 AM
To: Vinson, Eddie
Subject: IMT Purchase Order 2/15/06

Eddie,

Would you provide me with a current status on the IMT purchase order with Keystone?

Tim

Timothy V. Monson
4509 Olde Bridge Court
Lexington, KY 40513
Tel: 859-224-2368
Email: Tmonson@insightbb.com

Shultz, Shawn

From: Coppola, Barbara
Sent: Tuesday, November 21, 2006 1:30 PM
To: Shultz, Shawn
Subject: FW: #238342 v1 - Coal-Massey-PEF 2007-2008 CR 1&2 Purchase

-----Original Message-----
From: Larger, Pam
Sent: Wednesday, September 13, 2006 11:08 AM
To: 'john.parker@masseyenergyco.com'
Cc: Coppola, Barbara; Phipps, Brett
Subject: #238342 v1 - Coal-Massey-PEF 2007-2008 CR 1&2 Purchase



78Z601_.DOC

Hi John:

At the request of Barbara Coppola, I am forwarding to you for your review a draft agreement for the purchase by Florida Power Corporation d/b/a Progress Energy Florida Inc ("PEF") specified quantities of non-compliance coal to be sold and delivered by Massey Coal Sales Company, Inc. d/b/a Massey Utility Sales Company ("Massey") for use in PEF's Crystal River units 1 & 2 during 2007 and 2008 (the "Non-Compliance Contract").

As you are aware, there will also need to be a second agreement for the purchase by PEF specified quantities of compliance coal to be sold and delivered by Massey for use in PEF's Crystal River units 3 & 4, also during 2007 and 2008 (the "Compliance Contract"). Because the terms and conditions of the Compliance Contract will more than likely be substantially similar in many ways to that of the Non-Compliance Contract (specifically excluding the quality specifications and price), I have only forwarded you one agreement for ease of review and negotiation, and in the interests of time. At this time, I believe that once PEF and Massey have reached an agreement on the terms and conditions of the Non-Compliance Contract it should be relatively easy to incorporate most or all of those same terms and conditions (specifically excluding the quality specifications and price) into the terms and conditions of the Compliance Contract.

Since Kevin Yocum is no longer with Massey I was unsure who else should be copied on this. If you would forward this on to your legal counsel as you see fit I would appreciate it.

Thanks and we look forward to hearing from you.

Pam

Pamela Leonard Larger, Esq.
Staff Attorney
Progress Energy Service Company, LLC
Legal Department
410 S. Wilmington Street, PEB17
Raleigh, NC 27601
(P) 919.546.4280
(F) 919.546.3805
(C) 919.671.6332
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Vinson, Eddie

From: Vinson, Eddie
Sent: Thursday, June 01, 2006 12:27 PM
To: Kim Lanham (KimLanham@centralcoal.com)
Subject: FW: PEF-CCS 07-08 Confirmation



CCS_PEF_07_08 Coal dated 2.15....

Kim get Clarke to review the new Florida deal attached and return with any comments.

Thanks

Eddie

-----Original Message-----
From: Vincent, Peta
Sent: Thursday, June 01, 2006 12:10 PM
To: Vinson, Eddie
Subject: FW: PEF-CCS 07-08 Confirmation

revised

-----Original Message-----
From: Vincent, Peta
Sent: Wednesday, May 31, 2006 1:05 PM
To: Vinson, Eddie
Subject: PEF-CCS 07-08 Confirmation

We need to add Barge transportation spec. language
Let's discuss

E. Peta Vincent
Progress Energy Service Company, Inc. LLC.
Legal Department
Manager - Contract Administration
Phone: (919) 546-5164
Fax: (919) 546-2649
E-Mail: Peta.Vincent@pgnmail.com

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Vinson, Eddie

From: Vinson, Eddie
Sent: Tuesday, January 31, 2006 10:11 AM
To: Kim Lanham (KimLanham@centralcoal.com)
Cc: Phipps, Brett; Coppola, Barbara
Subject: FW: Central Coal Company

Kim

Attached is the amendment for the $41.50 contract shortfalls if you would get Clark to sign and fax back to me I would greatly appreciate.
Fax # 919-546-4721

Thanks

Eddie

-----Original Message-----
From: Vincent, Peta
Sent: Wednesday, January 18, 2006 4:26 PM
To: Vinson, Eddie
Subject: Central Coal Company

Please find attached the Central Coal Company amendment you requested.



Amend PEC_Central Contract for...

Peta

Vinson, Eddie

From: Vinson, Eddie
Sent: Thursday, June 01, 2006 12:30 PM
To: Kim Lanham (KimLanham@centralcoal.com)
Subject: FW: 1st Amendment to the Agreement for the Sale and Purchase of Coal



PFC- Central 1st Amendment to...

Get him to look over this as well I still need to let Brett review as well

Eddie

-----Original Message-----
From: Vincent, Peta
Sent: Wednesday, May 31, 2006 4:35 PM
To: Vinson, Eddie
Subject: FW: 1st Amendment to the Agreement for the Sale and Purchase of Coal

Revised just for you :-)

-----Original Message-----
From: Vincent, Peta
Sent: Wednesday, May 31, 2006 2:15 PM
To: Vinson, Eddie
Subject: 1st Amendment to the Agreement for the Sale and Purchase of Coal

a few items before you proceed

* I did not see any indication of us changing this contract from Progress Fuels Corporation to Progress Energy Florida, Inc.
* I left the amendment as is (Progress Fuels Corp), however if we need to assign it to PEF then I also need to write up an assignment agreement
* Per my notes you only wanted me to change the Appendix ……. the mult. of 2 and 3% base price…….. please confirm
* Do you want the Adjustment for Ash Content deleted in its entirety or are you replacing the 3% with a another number?

Thanks,
Peta

Vinson, Eddie

From: Vinson, Eddie
Sent: Tuesday, January 16, 2007 11:01 AM
To: 'Andy Cox'; Phipps, Brett
Cc: Duttinger, Jason
Subject: RE: Contract Status

Andy,

Any feedback on the schedule you and I discussed? First vessel scheduled late March early April. Hope your move is going well.

Eddie

-----Original Message-----
From: Andy Cox [mailto:andy.cox@cmc-coal.com]
Sent: Wednesday, January 10, 2007 9:47 AM
To: Phipps, Brett; Vinson, Eddie
Cc: Duttinger, Jason
Subject: RE: Contract Status

Brett,

Thank you for the prompt response. I'm sure we can get the schedule hammered out to everyone's satisfaction. I'll give Eddie a call this morning to further discuss.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
Suite 2420
1180 Peachtree Street N.E.
Atlanta, GA 30309

Office: (678) 608-2842
Cell: (434) 409-5208
Fax: (404) 815-7332

From: Phipps, Brett [mailto:Brett.Phipps@pgnmail.com]
Sent: Wednesday, January 10, 2007 9:32 AM
To: Andy Cox; Vinson, Eddie
Cc: Duttinger, Jason
Subject: RE: Contract Status

Andy,
First I would like to apologize for the delay in executing the final documents. There are a couple of unforeseen issues that have presented itself that we would like to discuss with you. I do not foresee them as being a problem and it should not stop the paperwork process but I want to keep an open dialogue so that we can work together to solve them in a timely manner. To keep it simple in this email it basically comes down to timing of the shipments. At your earliest convenience please give Eddie a call and he'll bring you up to speed. Again, I apologize for the inconvenience and delay. It is my goal to minimize any impacts to CMC.

Thanks,
Brett

From: Andy Cox [mailto:andy.cox@cmc-coal.com]
Sent: Wednesday, January 10, 2007 9:11 AM
To: Phipps, Brett; Vinson, Eddie
Subject: Contract Status

Gentlemen,

I just wanted to check on the status of the contract draft. I know you need to get final approval for the price that Eddie and I hammered out in a grueling negotiation session on 20 December I would hope that the rest of the language would be in line with our past dealings and our discussions.

The lack of a signature on the agreement is apparently hindering the forward progress in vessel scheduling. Jason does not seem inclined to accept a February nomination until the contract is signed. If that is company policy, so be it. If it is because the stockpiles are full and you would prefer to defer the shipment, tell us and we can set up a new schedule. We were planning on a vessel every other month (ratable shipments). If this doesn't suit your needs, what would you like to do? We need to bring the ship owner into the loop. We would prefer not to overly agitate the ship owner and give him a reason to search for ways to not serve our contract, as the rate we have for the contract tonnage is very low compared to the current freight spot market. We can handle nearly any situation but we need your guidance.

Thanks,

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
Suite 2420
1180 Peachtree Street N.E.
Atlanta, GA 30309

Office: (678) 608-2842
Cell: (434) 409-5208
Fax: (404) 815-7332

Vinson, Eddie

From: Duttinger, Jason
Sent: Wednesday, March 29, 2006 3:24 PM
To: 'Andy Cox'
Cc: Martelo, Maria Claudia; Vinson, Eddie
Subject: RE: IMT

Maria Claudia,

The freight rate into IMT should be based on a discharge rate of 12,000 mt per weather working day as IMT has agreed to guarantee Progress Energy the same. Dispatch should be paid to PEF at 1/2 demurrage rate for an expedited discharge in excess of 12,000 mt per day. Based on a 70,000 ton vessel at a daily rate of $14,500, the difference between 10,000 mt and 12,000 mt discharge rates we should expect a discount of $.25 to $.27 per ton.

Regards, Jason

-----Original Message-----
From: Andy Cox [mailto:andy.cox@cmc-coal.com]
Sent: Wednesday, March 29, 2006 12:23 PM
To: Duttinger, Jason
Cc: Martelo, Maria Claudia
Subject: IMT

Jason,

Before we go back to the ship owner regarding the upgrade from 10,000 mt shinc to 12,000 mt shinc at IMT, could I get you to send a note to Maria Claudia Martelo in our Dublin office confirming that IMT will be able to handle the higher off loading rate?

Thanks,

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Vinson, Eddie

From: Nevenka Fernandez [nevenka.fernandez@cmc-coal.ie]
Sent: Tuesday, December 12, 2006 9:39 AM
To: Rutledge, Joel
Cc: Vinson, Eddie
Subject: RE: Progress Energy Forida financials

Joel,
Thanks, I got it.

Wishing you a pleasant day,

Kind Regards,
nev

Nevenka Fernandez
CMC Financial Analyst
7, Bachelor Walk
Dublin 1- R. IRELAND

-----Original Message-----
From: Rutledge, Joel [mailto:Joel.Rutledge@pgnmail.com]
Sent: 12 December 2006 13:22
To: Nevenka Fernandez
Cc: Vinson, Eddie
Subject: RE: Progress Energy Forida financials

Nev,

No problem. My understanding is that you are looking for the Progress Energy Florida financials as that is the official counter party. Follow the instructions below to find the audited financial statements.

Use the following link:
http://phx.corporate-ir.net/phoenix.zhtml?c=106559&p=irol-sec
Click on "10-K" from 3/10/06
Use the menu to the left to select ITEM 8 Financial Statements and Supplementary Data
Scroll to page 117 to see the Progress Energy Florida audit report
The financial statements for Progress Energy Florida (also known as Florida Power Corporation) are on the subsequent pages (pgs 118-121).

Please let me know if you have any further questions. Thanks,

>Joel Rutledge, CPA
>Regulated Contract Services
>Voice Net: 770.3182
>External Phone: 919.546.3182
>Fax: 919.546.2645
>joel.rutledge@pgnmail.com
>
>

-----Original Message-----
From: Nevenka Fernandez [mailto:nevenka.fernandez@cmc-coal.ie]
Sent: Tuesday, December 12, 2006 5:28 AM
To: Rutledge, Joel
Subject: FW: Progress Energy Forida financials

Dear Joel,

PEF-CC-000671

I am a colleague of Andy Cox- in CMC Coal Marketing Co-
He has given me your details in order to contact you-
As per our procedures we will need to see the Financials for Progress Fuel Florida, Inc- (The individual audited ones)-We have checked already the Consolidated ones- finding no issues- and this are the only ones I could find in your web page,

We will appreciate yopur help to get this,

Many thanks,
Kind Regards,
nev

Nevenka Fernandez
CMC Financial Analyst
7, Bachelor Walk
Dublin 1- R. IRELAND
-----Original Message-----
From: Andy Cox
Sent: 11 December 2006 20:05
To: Nevenka Fernandez
Cc: Mooney, Aoife; Kennedy, John
Subject: Fw: Progress Energy Forida financials

Nev,
Here is a contact at Progress.
Andy

Sent from my BlackBerry Wireless Device

-----Original Message-----
From: Vinson, Eddie <Eddie.Vinson@pgnmail.com>
To: Andy Cox <andy.cox@cmc-coal.com>
CC: Rutledge, Joel <Joel.Rutledge@pgnmail.com>; Phipps, Brett <Brett.Phipps@pgnmail.com>
Sent: Mon Dec 11 19:21:33 2006
Subject: RE: Progress Energy Forida financials

Andy,

Please have her contact Joel Rutledge in our accounting department @ 919-546-3182. If you have any additional questions please let me know.

Thanks

Eddie

> -----Original Message-----
> From: Andy Cox [mailto:andy.cox@cmc-coal.com]
> Sent: Monday, December 11, 2006 5:07 AM
> To: Vinson, Eddie
> Subject: Progress Energy Forida financials
>
> Eddie,

Sorry for the hassle. Can you give me the name of a contact in your financial group that can help our Nevenka Fenandez with the credit issue for our counterparty? She is having difficulty finding the broken out numbers in the web site.

Thanks<

Andrew W. Cox

Sales Director

Coal Marketing Company (U.S.A.) Inc.

Suite 2420

1180 Peachtree Street N.E.

Atlanta, GA 30309

Office: (678) 608-2842

Cell: (434) 409-5208

Fax: (404) 815-7332

Vinson, Eddie

From: Mooney, Aoife [aoife.mooney@cmc-coal.ie]
Sent: Monday, July 09, 2007 11:31 AM
To: Vinson, Eddie
Subject: RE: Progress final agreement

Hi Eddie
Executed originals sent to you Friday by Fedex- you should receive shortly.
Regards
Aoife

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: 25 June 2007 19:12
To: Mooney, Aoife; Duttinger, Jason
Cc: Garcia, Francisco
Subject: RE: Progress final agreement

Aoife,

Two original copies should go out in the mail tomorrow please sign an return. Hope all is well and I apologize for the delay.

Regards

Eddie

> -----Original Message-----
> **From:** Mooney, Aoife [mailto:aoife.mooney@cmc-coal.ie]
> **Sent:** Monday, June 25, 2007 10:31 AM
> **To:** Vinson, Eddie; Duttinger, Jason
> **Cc:** Garcia, Francisco
> **Subject:** RE: Progress final agreement
>
> Hi Eddie and Jason
> Just following up on this and wondering if you have sent us signed originals or if you would like us to send some originals on to you?
> Thanks
> Aoife
>
> ---
>
> **From:** Mooney, Aoife
> **Sent:** 22 May 2007 13:23
> **To:** 'Vinson, Eddie'; 'jason.duttinger@pgnmail.com'
> **Cc:** Garcia, Francisco
> **Subject:** FW: Progress final agreement
>
> Dear Eddie and Jason
> Further to your discussions with our Francisco Garcia, we are pleased to be able to finalise the contract for the deal concluded last year between our two companies.
> We can forward two signed originals to you, or alternatively wait for executed originals from your side and sign those.
> Meanwhile, and in order to facilitate the operation of this deal, please find attached a scanned copy of the contract signed from our side.
> Best regards

Aoife

Aoife Mooney
CMC Coal Marketing Company Ltd.
Tel: +353-1-8787799
Dir: +353-1- 8583195
E: aoife.mooney@cmc-coal.ie

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Monday, May 07, 2007 9:44 AM
To: Garcia, Francisco
Cc: Phipps, Brett; Duttinger, Jason; Shultz, Shawn
Subject: 7HV202_

<<7HV202_.DOC>>

Francisco please review the attached draft if it is acceptable I will forward you two original for signature.

Regards

Eddie

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Wednesday, March 15, 2006 8:56 AM
To: Vinson, Eddie; Phipps, Brett
Subject: Spot Coal Proposal - Compliance

Eddie,

Here is an offer to provide spot coal to Crystal River during the months of June through September, 2006. Between you and me, Southern is looking at a similar offer. We may not have coal for both parties (although, we might). I hope you can use this product this summer.

Thanks.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Vinson, Eddie

From: Garcia, Francisco [francisco.garcia@cmc-coal.com]
Sent: Tuesday, April 24, 2007 5:54 PM
To: Duttinger, Jason
Cc: Phipps, Brett; Vinson, Eddie
Subject: RE: #247778 v1 - CMC-PEF 2007-2008 Coal Purchase

Jason:

Thanks for this contract version.

The operation has responded to me taking exception on two points:

1)

(d) In addition to Buyer's rights of rejection and suspension as set forth in Sections 6(b) and 6(c) hereof, Buyer shall have the right to reject any Shipment of Coal if the Coal contained in any two (2) or more Sublots of such Shipment is tested to be above or below, as applicable, any one or more of the Rejection Limits, notwithstanding whether or not the Shipment, when taken as a whole, meets the Quality Specifications (the "Deemed Non-Conforming Shipment"). In the event any Deemed Non-Conforming Shipment is rejected by Buyer, title to such Coal shall automatically revert back to Seller. Seller shall, if requested by Buyer, replace the rejected Coal within a reasonable period of time, provided that Buyer gives Seller notice of its desire for replacement Coal within forty-eight (48) hours after rejection of the Deemed Non-Conforming Shipment.

This condition is really hard to swallow for them.

2)

This point is related to the rejection limit for pyritic sulfur; they continue to insist on 0.3%

If you can waive these two points I think we are pretty close to finalize the contractual discussion.

Appreciate your feedback.

Thanks.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Director
1180 Peachtree St. Atlanta, GA 30309 Suite 2420
USA
Phone: 1-678-608-2841 Cell: 1-404-769-7399
Fax: 1-404-815-7332
e-mail: francisco.garcia@cmc-coal.com

From: Duttinger, Jason [mailto:Jason.Duttinger@pgnmail.com]
Sent: Wednesday, April 18, 2007 8:00 AM
To: Garcia, Francisco
Cc: Phipps, Brett; Vinson, Eddie

Subject: FW: #247778 v1 - CMC-PEF 2007-2008 Coal Purchase

Francisco,

Here you will find a revised draft for your review and consideration. Pleaser review and provide comments at your earliest convenience so we can fix lay days for our first cargo.

Rgds, Jason

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

From: Larger, Pam

Sent: Tuesday, April 17, 2007 5:04 PM

To: Vinson, Eddie; Duttinger, Jason

Subject: #247778 v1 - CMC-PEF 2007-2008 Coal Purchase

<<7HV201_.DOC>>
Revised CMC

Pam
Pamela Leonard Larger, Esq.
Staff Attorney
Progress Energy Service Company, LLC
Legal Department
410 S. Wilmington Street, PEB17
Raleigh, NC 27601
(P) 919.546.4280
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Vinson, Eddie

From: Mooney, Aoife [aoife.mooney@cmc-coal.ie]
Sent: Tuesday, April 04, 2006 10:48 AM
To: Vinson, Eddie
Cc: Andy Cox
Subject: RE: Confirmation

Great, no problem. Seems we're all on the same track now. Will await new version.
Regards
Aoife

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: 04 April 2006 15:44
To: Mooney, Aoife
Cc: Andy Cox
Subject: RE: Confirmation

I did an apologize as I sent the wrong set of GTC's to Andy originally

Thanks

Eddie

> -----Original Message-----
> **From:** Mooney, Aoife [mailto:aoife.mooney@cmc-coal.ie]
> **Sent:** Tuesday, April 04, 2006 10:28 AM
> **To:** Vinson, Eddie
> **Cc:** Andy Cox
> **Subject:** RE: Confirmation
>
> Thanks Eddie
> I presume you have received my email of 30 March, and that the working draft will reflect the language related to CIF vessels as per our last contract ?
> Regards
> Aoife
>
> ---
>
> **From:** Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
> **Sent:** 04 April 2006 15:19
> **To:** Andy Cox
> **Cc:** Mooney, Aoife
> **Subject:** RE: Confirmation
>
> Andy:
>
> I am in the process of getting a working draft started for CMC's review that will include our GTC's, transportation language and the discharge rate, demurrage discussions as well as the revised pricing and quality per our latest conversations.
>
> Thanks
>
> Eddie

-----Original Message-----
From: Andy Cox [mailto:andy.cox@cmc-coal.com]
Sent: Tuesday, March 28, 2006 4:28 PM
To: Vinson, Eddie
Subject: Confirmation

Eddie,

If you agree with my letter of confirmation, could you send me a reply acknowledging our deal? If you think I've missed anything and would like to add or delete something, go ahead and send it back with your changes.

Thanks for the help.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Vinson, Eddie

From: Garcia, Francisco [francisco.garcia@cmc-coal.com]
Sent: Thursday, February 22, 2007 12:01 PM
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn; Duttinger, Jason
Subject: RE: Contract

Eddie:

Thanks.

The real pressure, other than the fact of wanting to conclude contract details for good order sake, is the shipowner. After agreeing moving one cargo from 2007 to 2008, we have the following cargoes scheduled for this year: April, June, August, October, and December. It is very important that we formally confirm this to the shipowner so that we all can plan accordingly, especially in relation with the first cargo.

Thanks again to you all for your help.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Manager
1180 Peachtree St. Atlanta, GA 30309 Suite 2420
USA
Phone: 1-678-608-2841 Cell: 1-404-769-7399
Fax: 1-404-815-7332
e-mail: francisco.garcia@cmc-coal.com

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Thursday, February 22, 2007 10:04 AM
To: Garcia, Francisco
Cc: Phipps, Brett; Shultz, Shawn; Duttinger, Jason
Subject: RE: Contract

Francisco I will do my best to see that you receive something today.

Eddie

> -----Original Message-----
> **From:** Garcia, Francisco [mailto:francisco.garcia@cmc-coal.com]
> **Sent:** Wednesday, February 21, 2007 5:26 PM
> **To:** Vinson, Eddie
> **Subject:** Contract
>
> Eddie:
>
> Hope everything is fine.
>
> Just following up on your feedback to the draft contract. As discussed, the intention is to promptly finalize the contract so that we can start its execution. Our first cargo is planned for April and we have a 45 day notice to the shipowner in the Contract of Affreightment.
>
> Thanks for your help.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Manager
1180 Peachtree St. Atlanta, GA 30309 Suite 2420
USA
Phone: 1-678-608-2841 Cell: 1-404-769-7399
Fax: 1-404-815-7332
e-mail: francisco.garcia@cmc-coal.com

Vinson, Eddie

From: Phipps, Brett
Sent: Wednesday, April 25, 2007 3:36 PM
To: 'Garcia, Francisco'; Duttinger, Jason; Vinson, Eddie
Subject: RE: #247778 v1 - CMC-PEF 2007-2008 Coal Purchase

Francisco,
Eddie is traveling returning on Friday. We do not concur with the points below and will need to discuss. I am available tomorrow if you unable to wait until Friday. I can be reached at 919-546-7750.

Thanks,
Brett

-----Original Message-----
From: Garcia, Francisco [mailto:francisco.garcia@cmc-coal.com]
Sent: Wednesday, April 25, 2007 3:30 PM
To: Duttinger, Jason; Vinson, Eddie
Cc: Phipps, Brett
Subject: FW: #247778 v1 - CMC-PEF 2007-2008 Coal Purchase

Eddie/Jason:

Called you guys without success.

Any feedback?

If you concur with points below we can pretty much wrap the whole thing up and proceed with contract execution.

It is extremely urgent that we get back to the shipowner with the program for the year and probably even more important with the nomination for the first cargo.

Appreciate your comprehension.

Thanks.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Director
1180 Peachtree St. Atlanta, GA 30309 Suite 2420
USA
Phone: 1-678-608-2841 Cell: 1-404-769-7399
Fax: 1-404-815-7332
e-mail: francisco.garcia@cmc-coal.com

From: Garcia, Francisco
Sent: Tuesday, April 24, 2007 5:54 PM
To: Duttinger, Jason
Cc: Phipps, Brett; Vinson, Eddie
Subject: RE: #247778 v1 - CMC-PEF 2007-2008 Coal Purchase

Jason:

Thanks for this contract version.

The operation has responded to me taking exception on two points:

1)

(d) In addition to Buyer's rights of rejection and suspension as set forth in Sections 6(b) and 6(c) hereof, Buyer shall have the right to reject any Shipment of Coal if the Coal contained in any two (2) or more Sublots of such Shipment is tested to be above or below, as applicable, any one or more of the Rejection Limits, notwithstanding whether or not the Shipment, when taken as a whole, meets the Quality Specifications (the "Deemed Non-Conforming Shipment"). In the event any Deemed Non-Conforming Shipment is rejected by Buyer, title to such Coal shall automatically revert back to Seller. Seller shall, if requested by Buyer, replace the rejected Coal within a reasonable period of time, provided that Buyer gives Seller notice of its desire for replacement Coal within forty-eight (48) hours after rejection of the Deemed Non-Conforming Shipment.

This condition is really hard to swallow for them.

2)

This point is related to the rejection limit for pyritic sulfur; they continue to insist on 0.3%

If you can waive these two points I think we are pretty close to finalize the contractual discussion.

Appreciate your feedback.

Thanks.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Director
1180 Peachtree St. Atlanta, GA 30309 Suite 2420
USA
Phone: 1-678-608-2841 Cell: 1-404-769-7399
Fax: 1-404-815-7332
e-mail: francisco.garcia@cmc-coal.com

From: Duttinger, Jason [mailto:Jason.Duttinger@pgnmail.com]
Sent: Wednesday, April 18, 2007 8:00 AM
To: Garcia, Francisco
Cc: Phipps, Brett; Vinson, Eddie
Subject: FW: #247778 v1 - CMC-PEF 2007-2008 Coal Purchase

Francisco,

Here you will find a revised draft for your review and consideration. Pleaser review and provide comments at your earliest convenience so we can fix lay days for our first cargo.

Rgds, Jason

Vinson, Eddie

From: Garcia, Francisco [francisco.garcia@cmc-coal.com]
Sent: Monday, February 26, 2007 3:40 PM
To: Duttinger, Jason
Cc: Vinson, Eddie; Phipps, Brett
Subject: RE: #237041 v3 - Coal-CMC-PEF Coal Purchase Confirm 2007

Jason:

Nice to see you again.

Thanks for feedback; I had passed on this draft to our contract group for their review.

We should get back to you soon.

Thanks.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Manager
1180 Peachtree St. Atlanta, GA 30309 Suite 2420
USA
Phone: 1-678-608-2841 Cell: 1-404-769-7399
Fax: 1-404-815-7332
e-mail: francisco.garcia@cmc-coal.com

From: Duttinger, Jason [mailto:Jason.Duttinger@pgnmail.com]
Sent: Friday, February 23, 2007 8:51 PM
To: Garcia, Francisco
Cc: Vinson, Eddie; Phipps, Brett
Subject: FW: #237041 v3 - Coal-CMC-PEF Coal Purchase Confirm 2007
Importance: High

Francisco,

I hope all is well.

We received the attached draft from our attorney late this afternoon.

You will find we added Teco Bulk Terminal as an alternate discharge location. We are able to guarantee owners a discharge rate of 15,000 mt per day/prorata. With port charges nearly the same and greater discharge guarantee's owners should provide a lower rate for shipments into Teco. Please provide a new contract price for Teco based on 15,000 mt per day takeaway guarantee.

Please note you are receiving this draft prior to our managements review to prevent further delay. Our management must review and approve this and all agreements prior to signing.

Please let us know if you have any questions.

Brgds,

Jason

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

From: Larger, Pam

Sent: Friday, February 23, 2007 3:26 PM

To: Vinson, Eddie; Duttinger, Jason

Subject: #237041 v3 - Coal-CMC-PEF Coal Purchase Confirm 2007

<<77FH03_.DOC>>

Eddie and Jason:

Attached is the CMC Confirmation for your final review but I believe that is ready to send to CMC.

Pam

Pamela Leonard Larger, Esq.

Staff Attorney

Progress Energy Service Company, LLC

Legal Department

410 S. Wilmington Street, PEB17

Raleigh, NC 27601

(P) 919.546.4280

(F) 919.546.3805

(C) 919.671.6332

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Vinson, Eddie

From: Garcia, Francisco [francisco.garcia@cmc-coal.com]
Sent: Monday, May 14, 2007 11:18 AM
To: Vinson, Eddie
Cc: Phipps, Brett; Duttinger, Jason; Shultz, Shawn; Weintraub, Sasha
Subject: RE: 7HV202_

Eddie:

It was good seeing you in Orlando. As mentioned, we are ready to go with this version.

On page 5, Force Majeure, we would have preferred, 3 days in stead of 30, but based on your comments at this regard, we could accept this clause as it is, assuming you won't be able to modify it.

Regarding pyritic sulfur, let me re-confirm our intention to ship coal not exceeding 0.20%. The fact that we accepted a big penalty of $0.50/t if coal is between 0.20% and 0.23% just strengthen the point to our operation to be below the 0.20% mark.

Please let me know if this is everybody's final understanding in which case we appreciate you sending two originals for signature, at your earliest convenience.

Believe also once we have this understanding we can proceed with the June nomination on a formal basis.

Thanks in advance for your cooperation and look forward for your feedback.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Director
1180 Peachtree St. Atlanta, GA 30309 Suite 2420
USA
Phone: 1-678-608-2841 Cell: 1-404-769-7399
Fax: 1-404-815-7332
e-mail: francisco.garcia@cmc-coal.com

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Monday, May 07, 2007 9:44 AM
To: Garcia, Francisco
Cc: Phipps, Brett; Duttinger, Jason; Shultz, Shawn
Subject: 7HV202_

<<7HV202_.DOC>>

Francisco please review the attached draft if it is acceptable I will forward you two original for signature.

Regards

Eddie

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Monday, October 23, 2006 1:58 PM
To: Vinson, Eddie
Subject: Quality Specs

Eddie,

Thanks for the contract draft. We will probably revert with an 11300 btu spec. We need to agree on a price.

Here are the coal quality spec sheets for the other lower CV coals from Cerrejon that we talked about last week.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
Suite 2420
1180 Peachtree Street N.E.
Atlanta, GA 30309

Office: (678) 608-2842
Cell: (434) 409-5208
Fax: (404) 815-7332

Vinson, Eddie

From: Garcia, Francisco [francisco.garcia@cmc-coal.com]
Sent: Thursday, May 03, 2007 9:54 AM
To: Vinson, Eddie
Cc: Duttinger, Jason; Phipps, Brett
Subject: Progress-CMC Agreement

Eddie:

Along with our conversation yesterday, we can finalize contract discussions on the following grounds, based on our latest draft:

- Rejection limits based on vessel for all parameters with the exception of # SO2/MMBtu which would be per sublot

- Typical pyritic sulfur: 0.20%, rejection limit: 0.23%. Between 0.20% and 0.23% a penalty of $0.50/st would apply (in stead of your proposal of $1.00/st)

- If Progress is entitled to rejection, both parties will discuss in good faith cost involved to accept the cargo and to find a mutually agreeable solution

- Loading program: June, August, October, November, December/07 and 1Q08

As discussed, fast track to finalize/sign contract would be highly appreciated, at least the Coal Purchase Confirmation, to begin with the nomination process of the first cargo in June.

Appreciate all your cooperation.

Look forward for your feedback.

Thanks.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Director
1180 Peachtree St. Atlanta, GA 30309 Suite 2420
USA
Phone: 1-678-608-2841 Cell: 1-404-769-7399
Fax: 1-404-815-7332
e-mail: francisco.garcia@cmc-coal.com

Vinson, Eddie

From: Mooney, Aoife [aoife.mooney@cmc-coal.ie]
Sent: Thursday, March 30, 2006 12:43 PM
To: Vinson, Eddie
Cc: Andy Cox; Edel Smullen
Subject: GTCs

Dear Eddie
We have received your GTCs via our Andy Cox.
However, they appear to be the terms covering deliveries by barge/rail.
As I understand it, the deal you are discussing with Andy is a CIF deal, with coal delivered in an ocean-going vessel.
Therefore, I would reckon that a contract as per our last CIF deal with Progress Energy would be more suitable.
Please find attached our last CIF contract with you, which I would suggest we use as a basis.
Please confirm if you are in agreement with this, and we can work on amending it to fit the latest deal.
Regards
Aoife

Aoife Mooney
CMC Coal Marketing Company Ltd.
Tel: +353-1-8787799
Dir: +353-1- 8583195
E: aoife.mooney@cmc-coal.ie

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Monday, March 13, 2006 8:56 AM
To: Andy Cox
Cc: Phipps, Brett
Subject:

<<Coal-PEF-GTCs (03.10.06).DOC>>
Andy here are the GTC's for Florida

Thanks

Eddie

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Wednesday, December 21, 2005 2:58 PM
To: Vinson, Eddie
Cc: Phipps, Brett
Subject: Heating Value Discussion

Eddie,

Let me follow up our brief conversation regarding CMC's request to lower our heating value during 2006 from 11,800 Btu/lb to 11,400 Btu/lb. with some background information.

First of all, as you may know, the average heating value at the Cerrejon mines will gradually decrease over the next few years as mining is continued in a southerly and easterly direction. This is a general trend, nothing to panic about, but something for us to consider, especially when communicating with customers that we would like to consider being long term in nature. This gradual decrease causes us to plan to offer less B Product (11,800 Btu/lb) and try to offer more of our lower quality products. We will always have low sulfur coal at Cerrejon and we will always be able to offer compliance products. Over the long term we would like to be able to convince you and your plant operators that our 11,400 Btu/lb compliance product is a usable, economically sound investment.

What does this have to do with 2006 shipments (especially the early shipments)? In 2004 a rainy season of historical proportions (see the attached chart) caused Cerrejon to ship all tons that were mined, plus most of Cerrejon's reserve stockpiles, to meet our sales sand production forecasts. Moving into 2005, with not all of our tons sold, we decided not to prioritize the rebuilding of the stockpiles, but to maximize our sales in a market that we felt would be stronger in early 2005 as compared to late 2005. The sales forecast was correct; unfortunately we did not count on the 2005 rainy season starting in late July, as opposed to the usual beginning in October. This extended rainy season, coupled with the later than promised delivery of two shovels has cost Cerrejon about 850,000 tons of production. More importantly, as we weren't sold out, it cost us product flexibility that translated directly into huge demurrage bills. We were literally making ships wait for product from the mine before we could load them. If the proper quality was not forthcoming (notably the higher Btu coal) the vessel continued to wait offshore. CMC declined to declare Force majeure; instead we have been working with our customers to shift vessels from quarter to quarter or to consider taking lower Btu products. By in large we have been successful with these measures. We have eaten some very hefty demurrage bills but we have managed to make or account for all of our shipments.

The rainy season is just now ending and Cerrejon has plans to eradicate our inflexibility, thus decreasing demurrage and increasing customer (and sales force) satisfaction. Part of the plan is to not sell out the projected quantity of coal Cerrejon plans to mine in 1Q 2006. We are not offering any more 1Q shipments at this time. We will continuously evaluate stockpiles and mining conditions over the next several weeks to determine when it will be prudent to begin selling again for 2006 business. Additionally, we are continuing to talk with our customers about lower heating value for some of our near term (1Q) orders. Any lowering of the heating value adds flexibility to the shipping process and allows us to get to where Cerrejon is used to being; a flexible and consistent shipper of reliable steam products.

In the case of Progress Energy, we have two goals. We would like to get you to try some of our 11,400 Btu compliance coal for future extended shipments (hopefully) and we would like to help the mine by lowering the heating value on 1Q 2006 shipments. Even if you would consider taking half of the January vessel at 11,400 Btus, it would help us out. We don't expect for you to do this out of the goodness of your heart. We would be willing to work with you to make sure the plant's delivered cost per million Btus is maintained.

I realize that this is short notice for the January vessel, but I hope you can take a look at this vessel and any other coal scheduled in the first quarter of next year. If your schedule were to allow, we could push the first vessel back a bit to give you some more time to ponder our request. I look forward to further discussions on this subject. I am free to come to Raleigh at your convenience.

Thank you for your consideration and best wishes with your upcoming move.

Happy Holidays,

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Monday, June 19, 2006 8:15 AM
To: Vinson, Eddie; Phipps, Brett
Cc: Boyd, Jerry; Duttinger, Jason; Martelo, Maria Claudia; Mooney, Aoife
Subject: Contract Reconciliation

Gentlemen,

Following up on our various conversations of last week, CMC initiated conversations with the ship owner (Eitzen) that we have the freight contract with for our current coal contract with Progress Energy Florida. As you know we have discrepancies between the coal and freight contracts that allow the ship owner to nominate a smaller vessel than the coal contract calls for. We alslo have language in the coal contract that guarantees a much quicker discharge rate at IMT than is physically possible with either panamax or handimax equipment. Our conversations with Eitzen were held with the goal of offering Progress guarantees of panamax vessels and the 12,000 metric ton wwd shinc that IMT can provide. These terms would provide both Progress and CMC a more secure level of back to back capability with our contracts and increase scheduling and shipping abilities. Due to the decrease in take away guarantee, Progress will incur less demurrage, but the ship owner will incur more port costs.

These discussions with Eitzen have resulted in their willingness to accommodate our requests for both panamax vessels (70,000 mt) and the 12,000 mt wwd shinc take away. They have told us that this will result in an additional cost of $1.42 / mt ($1.29 / st). CMC is asking Progress to adjust our contract price by this amount for the last two vessels of our contract. We would hope that this increase would result in equal or more savings in future demurrage on our vessels and other vessels from other suppliers as you would be able to tighten up your scheduling process.

Please share your thoughts on this matter with me.

Andrew W. Cox
Sales Director
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2720 Willow Oak Circle
Charlottesville, VA 22901

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

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Wednesday, January 10, 2007 9:11 AM
To: Phipps, Brett; Vinson, Eddie
Subject: Contract Status

Gentlemen,

I just wanted to check on the status of the contract draft. I know you need to get final approval for the price that Eddie and I hammered out in a grueling negotiation session on 20 December I would hope that the rest of the language would be in line with our past dealings and our discussions.

The lack of a signature on the agreement is apparently hindering the forward progress in vessel scheduling. Jason does not seem inclined to accept a February nomination until the contract is signed. If that is company policy, so be it. If it is because the stockpiles are full and you would prefer to defer the shipment, tell us and we can set up a new schedule. We were planning on a vessel every other month (ratable shipments). If this doesn't suit your needs, what would you like to do? We need to bring the ship owner into the loop. We would prefer not to overly agitate the ship owner and give him a reason to search for ways to not serve our contract, as the rate we have for the contract tonnage is very low compared to the current freight spot market. We can handle nearly any situation but we need your guidance.

Thanks,

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
Suite 2420
1180 Peachtree Street N.E.
Atlanta, GA 30309

Office: (678) 608-2842
Cell: (434) 409-5208
Fax: (404) 815-7332

Vinson, Eddie

From: Mooney, Aoife [aoife.mooney@cmc-coal.ie]
Sent: Wednesday, December 13, 2006 11:44 AM
To: Vinson, Eddie
Cc: Andy Cox
Subject: Draft Contract 2007 Progress/CMC

Eddie
I write in connection with your draft contract for 2007, received via our Andy Cox.
We have reviewed the document and made some amendments.
Apart from the general and operational changes, I have amended the specification data to reflect the grade change issue you have been discussing with Andy.
Please find attached the draft document you sent, with all changes tracked for your convenience.
I look forward to hearing from you so that we can move this towards approval and signature stage.
For any questions I am at your disposal.
Thanks and regards
Aoife Mooney

Aoife Mooney
CMC Coal Marketing Company Ltd.
Tel: +353-1-8787799
Dir: +353-1- 8583195
E: aoife.mooney@cmc-coal.ie

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Monday, October 23, 2006 1:31 PM
To: Andy Cox
Cc: Phipps, Brett; Duttinger, Jason
Subject:

<<77fh02_.DOC>>

Andy,

Here is a draft version at last, remember Brett and Sasha have not reviewed. However I wanted to get something out to you so you guys could start your review process. Hope you enjoyed NCCI last week and please call if you have any questions.

Thanks

Eddie

Vinson, Eddie

From: Garcia, Francisco [francisco.garcia@cmc-coal.com]
Sent: Friday, May 18, 2007 2:34 PM
To: Vinson, Eddie
Subject: Feedback?

Eddie:

Appreciate feedback on status.

Left you a voice message. Our preference continues to be your last proposal but if the only way to proceed is with rejection at 0.20% we would be ready to go as well.

It's urgent that we solve this soonest.

Thanks.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Director
1180 Peachtree St. Atlanta, GA 30309 Suite 2420
USA
Phone: 1-678-608-2841 Cell: 1-404-769-7399
Fax: 1-404-815-7332
e-mail: francisco.garcia@cmc-coal.com

Vinson, Eddie

From: Garcia, Francisco [francisco.garcia@cmc-coal.com]
Sent: Wednesday, May 16, 2007 11:12 AM
To: Vinson, Eddie
Subject: FW: 7HV202_

Eddie:

Confirming my voice message, appreciate your feedback.

Thanks.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Director
1180 Peachtree St. Atlanta, GA 30309 Suite 2420
USA
Phone: 1-678-608-2841 Cell: 1-404-769-7399
Fax: 1-404-815-7332
e-mail: francisco.garcia@cmc-coal.com

From: Garcia, Francisco
Sent: Monday, May 14, 2007 11:18 AM
To: Vinson, Eddie
Cc: Phipps, Brett; Duttinger, Jason; Shultz, Shawn; sasha.weintraub@pgnmail.com
Subject: RE: 7HV202_

Eddie:

It was good seeing you in Orlando. As mentioned, we are ready to go with this version.

On page 5, Force Majeure, we would have preferred, 3 days in stead of 30, but based on your comments at this regard, we could accept this clause as it is, assuming you won't be able to modify it.

Regarding pyritic sulfur, let me re-confirm our intention to ship coal not exceeding 0.20%. The fact that we accepted a big penalty of $0.50/t if coal is between 0.20% and 0.23% just strengthen the point to our operation to be below the 0.20% mark.

Please let me know if this is everybody's final understanding in which case we appreciate you sending two originals for signature, at your earliest convenience.

Believe also once we have this understanding we can proceed with the June nomination on a formal basis.

Thanks in advance for your cooperation and look forward for your feedback.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Director
1180 Peachtree St. Atlanta, GA 30309 Suite 2420
USA
Phone: 1-678-608-2841 Cell: 1-404-769-7399
Fax: 1-404-815-7332

e-mail: francisco.garcia@cmc-coal.com

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Monday, May 07, 2007 9:44 AM
To: Garcia, Francisco
Cc: Phipps, Brett; Duttinger, Jason; Shultz, Shawn
Subject: 7HV202_

<<7HV202_.DOC>>

Francisco please review the attached draft if it is acceptable I will forward you two original for signature.

Regards

Eddie

Vinson, Eddie

From: Edel Smullen [edel.smullen@cmc-coal.ie]
Sent: Friday, September 15, 2006 8:35 AM
To: Vinson, Eddie
Cc: Andy Cox; Mooney, Aoife
Subject: FW: Amendment

Dear Eddie,

With reference to the amendment sent last Friday for your review, we've realised that the discharge rate of 12,000 ton per WWW was not included. Accordingly, a revised amendment is attached. The only change made is this addition of the rate.

If you have had the opportunity to study the remainder of the amendment, any comments would be welcome. If all is in order, I can have it signed Monday morning by Howard Gatiss.

With kind regards,

Edel Smullen
CMC - Coal Marketing Company Ltd.
E-mail: edel.smullen@cmc-coal.ie
Tel: + 353 1 858 3601
Fax: + 353 1 878 7804

From: Mooney, Aoife
Sent: 08 September 2006 17:15
To: Vinson, Eddie
Cc: Edel Smullen; Andy Cox
Subject: Amendment

Good morning Eddie
Have just put together a quick amendment to cover the revised price agreed for the 2004 contract between you and our Andy Cox.
Please find attached said amendment.
Please review and advise if you are in agreement – if so, we will have Howard Gatiss sign it here next week.
Could I ask that you direct any correspondence to my colleague Edel Smulllen (copied on this message), as I will be out of the office the next 10 days.
Thanks and regards
Aoife

Aoife Mooney
CMC Coal Marketing Company Ltd.
Tel: +353-1-8787799
Dir: +353-1- 8583195
E: aoife.mooney@cmc-coal.ie

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Tuesday, November 07, 2006 10:19 AM
To: Phipps, Brett; Vinson, Eddie
Subject: FW: Pending list

Gentlemen,

Per the attached e mails you can trace the correspondence from Lynn reminding Progress about impending invoice due dates. The response back this morning doesn't seem too kosher for a company of your stature. Can you help us get paid by this Friday's due date? It would save Lynn and I some nasty grams from Dublin.

Thank you for any help you can give us.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
Suite 2420
1180 Peachtree Street N.E.
Atlanta, GA 30309

Office: (678) 608-2842
Cell: (434) 409-5208
Fax: (404) 815-7332

From: Lynn Guthrie
Sent: Tuesday, November 07, 2006 9:07 AM
To: Andy Cox
Subject: FW: Pending list

Lynn M. Guthrie
Coal Marketing Company (USA) Inc.
1180 Peachtree Street NE, Suite 2420
Atlanta, Georgia 30309
678.608.2838 office
434.284.1872 cellular
404.815.7332 fax
lynn.guthrie@cmc-coal.com

From: PEF Coal Invoices [mailto:PEFCoalInvoices@pgnmail.com]
Sent: Tuesday, November 07, 2006 8:25 AM
To: Lynn Guthrie; PEF Coal Invoices
Cc: Duttinger, Jason
Subject: RE: Pending list

Lynn,

The Suzana will be paid as soon as we can get the $/ton rate changed in our system to process it. Since we send wires once a week and I have already submitted this week's for approval, it will probably be paid next week.

Jon Putnam
Regulated Back Office
External: (919) 546-6368
Internal: 8-770-6368
Fax: (919) 546-3258

-----Original Message-----
From: Lynn Guthrie [mailto:lynn.guthrie@cmc-coal.com]
Sent: Monday, November 06, 2006 4:07 PM
To: PEF Coal Invoices
Cc: Duttinger, Jason
Subject: FW: Pending list

Hi Jon,

FYI.

Lynn M. Guthrie
Coal Marketing Company (USA) Inc.
1180 Peachtree Street NE, Suite 2420
Atlanta, Georgia 30309
678.608.2838 office
434.284.1872 cellular
404.815.7332 fax
lynn.guthrie@cmc-coal.com

From: Lynn Guthrie
Sent: Friday, November 03, 2006 4:13 PM
To: 'Duttinger, Jason'
Subject: Pending list

Maritime Suzana invoice due 1 week from today on Friday Nov 10: due CMC 5,181,734.56
Customs Invoice due same date: due CMC 7,312.17
Monte Pelmo Quality Adjustment: due Progress 28,158.89
Demurrage Monte Pelmo: due CMC 31,891.45
Quality Adjustment Maritime Suzana due Progress: 220785.14

If we agree on this, on Fri Nov 10 Progress could pay CMC: 4,971,994
That would close out several things if we could agree on the above listed items. Let me know your thoughts and comments.

For another transaction we have:

Pending – KEN D/D and Maritime Suzana D/D

Lynn M. Guthrie
Coal Marketing Company (USA) Inc.
1180 Peachtree Street NE, Suite 2420
Atlanta, Georgia 30309
678.608.2838 office
434.284.1872 cellular
404.815.7332 fax

lynn.guthrie@cmc-coal.com

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Tuesday, March 28, 2006 1:23 PM
To: Vinson, Eddie; Phipps, Brett; Duttinger, Jason
Cc: Martelo, Maria Claudia; Mooney, Aoife; Diaz, Omaira; Lynn Guthrie
Subject: 2007 Contract - transportation questions

Eddie,

Per our conversation last week and a follow up conversation with Jason Duttinger, also last week, we have tried to address three transportation related issues that Progress had concerns about. In no particular order:

Demurrage

Our COA for the 2007 movements from Puerto Bolivar will contain a demurrage rate of US$14,500.00 pd hd. We hope you will agree that this rate is indicative of the current market.

Vessel Discharge Rate

Our current COA is based on vessel discharge rates of 10,000 mt wwd shinc – conventional discharge at International Marine Terminal and 20,000 mt wwd shinc – conventional discharge at Mobile.

Mobile Option

We have received permission from the ship owner to schedule up to two vessels to Mobile instead of IMT during 2007. The Mobile shipments, with a maximum vessel draft of 40', would cost an additional US$0.36 per short ton.

We hope that these issues have been addressed to your satisfaction. Should you feel the need to incorporate these details into the contract document, please let Aoife Mooney and I know.

Thanks for the opportunity to work with Progress Energy, Eddie.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Tuesday, March 14, 2006 8:45 PM
To: Vinson, Eddie; Phipps, Brett
Subject: 2007 Proposal

Eddie,

Attached to this e amil you will see our proposal to provide 11,600 Btu/lb compliance coal to Progress Energy Florida during 2007. I have included several ideas from our discussions last week. I hope you will be able to give us a positive answer.

The ocean freight is solid through close of business on Friday, 17 March. Think of it as our St. Patrick's Day gift. If you can give us a go ahead, subject to finalizing the details, we can lock in the rates.

My US cell phone works in Catagena. Call me if you need me.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Sunday, September 17, 2006 1:39 PM
To: Vinson, Eddie
Subject: amended amendment

Eddie,

Sorry for the delay. Here is an amended amendment with the change of discharge rates.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
Suite 2420
1180 Peachtree Street N.E.
Atlanta, GA 30309

Office: (678) 608-2842
Cell: (434) 409-5208

Vinson, Eddie

From: Mooney, Aoife [aoife.mooney@cmc-coal.ie]
Sent: Friday, September 08, 2006 12:15 PM
To: Vinson, Eddie
Cc: Edel Smullen; Andy Cox
Subject: Amendment

Good morning Eddie
Have just put together a quick amendment to cover the revised price agreed for the 2004 contract between you and our Andy Cox.
Please find attached said amendment.
Please review and advise if you are in agreement – if so, we will have Howard Gatiss sign it here next week.
Could I ask that you direct any correspondence to my colleague Edel Smulllen (copied on this message), as I will be out of the office the next 10 days.
Thanks and regards
Aoife

Aoife Mooney
CMC Coal Marketing Company Ltd.
Tel: +353-1-8787799
Dir: +353-1- 8583195
E: aoife.mooney@cmc-coal.ie

Vinson, Eddie

From: Vinson, Eddie
Sent: Monday, May 07, 2007 9:44 AM
To: Garcia, Francisco
Cc: Phipps, Brett; Duttinger, Jason; Shultz, Shawn
Subject: CMC_



7HV202_.DOC

Francisco please review the attached draft if it is acceptable I will forward you two original for signature.

Regards

Eddie

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Tuesday, March 14, 2006 8:46 PM
To: Vinson, Eddie; Phipps, Brett
Subject: Coal Quality

Forgat to include the two coal qualities. Please add to my previous e mail for 2007.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Tuesday, March 21, 2006 9:28 PM
To: Vinson, Eddie
Cc: Mooney, Aoife
Subject: Confirmation of 2007 Business

Eddie,

This note is to restate and confirm the basic terms and conditions of our proposed sale of coal to Progress Energy Florida. If I omit or misstate any particular part of our previous discussions please do not hesitate to correct me. If you agree with this memo, please send me your confirming reply.

Seller: Coal Marketing Company (USA), Inc.

Source: Carbones del Cerrejon, La Guajira District, Colombia, South America

Buyer: Progress Energy Florida

Tons: Approximately [redacted] net tons +/- 10% at vessel owner's discretion. (We will load [redacted] panamax sized vessels.)

Price: [redacted] per net ton CIF International Marine Terminal (IMT) Myrtle Grove, LA.

Delivery: January 1, 2007 – December 31, 2007. It would be anticipated that the shipments would be made on a ratable basis, subject to load port, vessel and discharge port availability.

Quality: The guaranteed heating value is 11,600 Btu/lb gar and the guaranteed SO2 would be 1.2 #/mmBtu. The typical specifications are shown attached to this e mail. Please note that the specifications shown in the attachment represent typical ranges of quality, not rejection levels. We have not formally discussed any premium / penalty provisions or rejection limits, but we would assume that they would be similar to our existing compliance business. It is also clearly understood that CMC and Progress Energy will arrange for a test of our 11,300 Btu/lb. compliance coal product at Crystal River. When this test is successfully completed the parties will agree to use this product for the contract coal supply.

We have received your proposed Coal Purchase Confirmation draft and we are studying its content. As you and I have agreed, it is anticipated that our agreement will be based on CIF INCO terms as opposed to the draft FOB Barge /Railcar basis. Aoife Mooney will handle contract language coordination for us as we get to the final terms and conditions. She is located in our Dublin, Ireland office and is copied on this e mail.

Eddie, it is indeed a great personal pleasure to be able to continue our relationship with Progress Energy. I have enjoyed working with you and look forward to continued business. Please let me know if this e mail captures your understanding of our transaction. I hope we can wrap up this transaction to everyone's satisfaction in short order.

Regards,

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

REDACTED

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Friday, July 21, 2006 9:49 AM
To: Vinson, Eddie
Cc: Phipps, Brett
Subject: August Vessel - 2006 contract

Eddie,

Pursuant to our discussions earlier this week, I'd like to restate and confirm the fact that CMC (USA) will supply 11,300 Btu/lb. compliance coal for our next vessel, with the idea that this heating value will be supplied for the remaining two vessels later this year and all vessels in 2007. Cerrejon has indicated that our average heating value will drop slightly in the second half of 2006, which is an adjustment from earlier projections for this year. While we made a mistake in announcing a lack of higher heating value coals for the previous vessel it would most certainly be helpful to the operation to move forward with our stated plan of shipping the 11,300 product to Crystal River.

With regard to pricing, I would hope we could agree to a plan similar to the one we discussed for the previous vessel. We appreciate your willingness to work with CMC and Cerrejon in this manner and we look forward to your confirmation.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Vinson, Eddie

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Thursday, June 29, 2006 7:08 AM
To: Vinson, Eddie
Subject: 2006 Contract Freight

Eddie,

If possible, I need some feedback on the proposal to align our coal and freight contracts for the remaining 2006 contract vessels. As per Maria Claudia's note (below) the freight market is firming and the owner does not wish to hold this out much longer.

You can reach me via cell phone today.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Hi Andy,
Any news on this? The freight market is gaining strength. Owners will like to have a definition today.
Thanks
Maria Claudia Martelo
CMC Coal Marketing Company Ltd.
7 Bachelors Walk
Dublin 1
Ireland
Phone: +353-1-8583194
Fax: +353-1-8787804
Email: maria.martelo@cmc-coal.ie

Phipps, Brett

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Monday, June 19, 2006 8:15 AM
To: Vinson, Eddie; Phipps, Brett
Cc: Boyd, Jerry; Duttinger, Jason; Martelo, Maria Claudia; Mooney, Aoife
Subject: Contract Reconciliation

Gentlemen,

Following up on our various conversations of last week, CMC initiated conversations with the ship owner (Eitzen) that we have the freight contract with for our current coal contract with Progress Energy Florida. As you know we have discrepancies between the coal and freight contracts that allow the ship owner to nominate a smaller vessel than the coal contract calls for. We alslo have language in the coal contract that guarantees a much quicker discharge rate at IMT than is physically possible with either panamax or handimax equipment. Our conversations with Eitzen were held with the goal of offering Progress guarantees of panamax vessels and the 12,000 metric ton wwd shinc that IMT can provide. These terms would provide both Progress and CMC a more secure level of back to back capability with our contracts and increase scheduling and shipping abilities. Due to the decrease in take away guarantee, Progress will incur less demurrage, but the ship owner will incur more port costs.

These discussions with Eitzen have resulted in their willingness to accommodate our requests for both panamax vessels (70,000 mt) and the 12,000 mt wwd shinc take away. They have told us that this will result in an additional cost of $1.42 / mt ($1.29 / st). CMC is asking Progress to adjust our contract price by this amount for the last two vessels of our contract. We would hope that this increase would result in equal or more savings in future demurrage on our vessels and other vessels from other suppliers as you would be able to tighten up your scheduling process.

Please share your thoughts on this matter with me.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Phipps, Brett

From: Vinson, Eddie
Sent: Thursday, June 29, 2006 4:34 PM
To: 'Andy Cox'
Cc: Phipps, Brett; Duttinger, Jason; Coppola, Barbara
Subject: RE: 2006 Contract Freight

Andy,

As we discussed earlier after brief discussions with Brett and Jason we feel PEF could add .40 to .50 cents per short ton in order to receive original contract specifications for the remaining 2006 tons. Also as discussed we will need to get further approval internally. I will be accessible by cell phone tomorrow and back in the office on 7/5/06. Hope you have a great holiday.

Thanks

Eddie

-----Original Message-----
From: Andy Cox [mailto:andy.cox@cmc-coal.com]
Sent: Thursday, June 29, 2006 7:08 AM
To: Vinson, Eddie
Subject: 2006 Contract Freight

Eddie,

If possible, I need some feedback on the proposal to align our coal and freight contracts for the remaining 2006 contract vessels. As per Maria Claudia's note (below) the freight market is firming and the owner does not wish to hold this out much longer.

You can reach me via cell phone today.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Hi Andy,
Any news on this? The freight market is gaining strength. Owners will like to have a definition today.
Thanks
Maria Claudia Martelo
CMC Coal Marketing Company Ltd.
7 Bachelors Walk
Dublin 1
Ireland
Phone: +353-1-8583194
Fax: +353-1-8787804
Email: maria.martelo@cmc-coal.ie

Phipps, Brett

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Tuesday, March 14, 2006 8:45 PM
To: Vinson, Eddie; Phipps, Brett
Subject: 2007 Proposal

Eddie,

Attached to this e amil you will see our proposal to provide 11,600 Btu/lb compliance coal to Progress Energy Florida during 2007. I have included several ideas from our discussions last week. I hope you will be able to give us a positive answer.

The ocean freight is solid through close of business on Friday, 17 March. Think of it as our St. Patrick's Day gift. If you can give us a go ahead, subject to finalizing the details, we can lock in the rates.

My US cell phone works in Catagena. Call me if you need me.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

CMC
Coal Marketing Company

2720 Willow Oak Circle
Charlottesville, VA 22901 - 9526

Tel: 434 - 984 - 2625
Fax: 434 - 984 - 2624

March 15, 2006

Mr. Eddie Vinson
Senior Coal Procurement Agent
Regulated Fuels Department
Progress Energy Carolinas, Inc.
410 S. Wilmington Street
Raleigh, NC 27601

Dear Eddie,

Per our discussions, Coal Marketing Company (USA), Inc. is pleased to restate our term proposal originally submitted to Progress Energy on February 15, 2006. This current offer reflects the items discussed during our meeting of March 10, 2006. We hope that this proposal will serve as the basis for the continuation of our current business relationship.

Term
CMC (USA) is interested in entering into a coal sales and purchase agreement to supply compliance coal to Progress Energy Florida's Crystal River Units #1 and #2 during the 2007 calendar year.

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

Delivery
Coal would be sold CIF International Marine Terminal, Myrtle Grove, LA unless otherwise mutually agreed. Except as provided, the provisions of Incoterms 2000 would apply.

REDACTED

Tonnage
CMC (USA) would be willing to supply [redacted] panamax vessels, approximately [redacted] net tons +/- 10% during the term of this agreement. The final

tonnage and delivery schedule would be mutually agreed upon by both parties.

Quality
The coal supplied would be unwashed, crushed and would have the typical specifications shown in the attachment to this letter on an "as received" basis (ASTM D3180). The heating value offered herein is 11,600 Btu/lb gar with a maximum SO2 value of 1.2 #SO2/mmBtu. The specifications shown in the attachment are intended to illustrate typical ranges of qualities that could be seen. These are not absolute reject specifications. All final quality parameters are subject to negotiation.

Additionally, it is to be clearly understood that CMC (USA) and Progress Energy agree that the heating value contained in any term sales agreement will be changed to reflect a successful test burn at Crystal River of a lower calorific value product. This product is anticipated to be either an 11,300 or 11,400 Btu/lb compliance coal, as mutually agreed upon by both parties. The typical quality specifications of this product are also attached hereto.

Price
CMC (USA) would supply Product C compliance quality coal at the price of US [redacted] per net ton CIF International Marine Terminal at 11,600 Btu/lb gar.

Test Shipment
CMC (USA) proposes to provide approximately 20,000 net tons of lower heating value (11,300 or 11,400 Btu/lb) compliance coal to Progress Energy as part of a vessel shipment during the 2006 contract year. We anticipate that two vessel holds would be loaded with the test product as part of a future contract shipment. The price of the test product would reflect the change, pro rata, of the "as received" heating value of the test coal versus the contracted heating value (11,800 Btu/lb). Any rejection specification, other than SO2, would be waived should the test tonnage not meet the current contract specifications. We would be able to ship this test shipment as soon as our next scheduled contract vessel.

Other
The coal offered herein is subject to prior sale and availability. All final terms and conditions of a coal sales agreement are subject to negotiation and CMC (USA) board approval. This proposal is valid through the close of business March 17, 2006, unless extended by mutual agreement of the parties.

Thank you for this opportunity to work with you, Eddie.

Sincerely,

REDACTED

Andrew W. Cox
Sales Director

Phipps, Brett

From: Coppola, Barbara
Sent: Monday, October 31, 2005 10:09 AM
To: 'Robert.nelson@constellation.com'
Cc: Vinson, Eddie; Phipps, Brett; Pitcher, Al (PFC)
Subject: Progress Fuels/Constellation Coal Confirm

Rob,

Attached is the signed confirmation for the four train November/December 2005 spot transaction. Please attach your signature and return to me.

Regards,

Barbara

111 Market Place
Suite 500
Baltimore, Maryland 21202

Constellation Energy
Commodities Group

TRANSACTION CONFIRMATION

RE: Physical Coal Purchase/Sale Ref. Number: CLS04QK

BROKER: N/A

This confirmation (this "Confirmation") confirms the terms and conditions of the transaction entered into between PROGRESS FUELS CORPORATION (the "Buyer") and CONSTELLATION ENERGY COMMODITIES GROUP, INC. (the "Seller"), also referred to singularly as a "Party" and collectively as the "Parties", on the Trade Date specified below (the "Transaction").

1. Terms of Transaction
The Terms of the Transaction to which this Confirmation relates are as follows:

Commodity:	Crushed, bituminous coal, containing no synthetic fuels, substantially free from any extraneous material, with no intermediate sizes to be added or removed and otherwise meeting the specifications of this Confirmation.
Trade Date:	September 27, 2005
Buyer:	PROGRESS FUELS CORPORATION 410 SOUTH WILMINGTON STREET PEB 9 RALEIGH, NC 27601
Seller:	CONSTELLATION ENERGY COMMODITIES GROUP, INC. 111 MARKET PLACE SUITE 500 BALTIMORE, MD 21202
Quantity:	Contents of 4 train(s) each containing approximately 10,000 tons, for an aggregate of approximately 40,000 tons; each train, a "Shipment".
Term:	2 month(s), commencing November 01, 2005 through and inclusive of December 31, 2005 ("the Term").
Scheduling:	2 equal Shipment(s) to be delivered each month during the Term as agreed between Buyer and Seller prior to the start of each month unless otherwise agreed between the Parties.
Delivery Point:	FOB railcar on the CSX railroad in the Kanawha district capable of loading 100 car/10,000 ton unit trains in four (4) hours or less.
Price:	USD 55.00 per ton
Specifications:	

Guaranteed as received basis in accordance with American Society for Testing and Material standards (the "ASTM Standards") for each Shipment, as follows:

Characteristic:	Standard:	Rejection Limit:
Btu/lb:	12,200	If less than 11,900
Moisture:	7.00%	N/A
Ash:	12.00%	If more than 13.50%
SO2:	N/A	N/A
Sodium:	N/A	N/A
Sulfur:	less than 1%	If more than 1%
Volatile Matter:	30.00%	If less than 30%
Hardgrove Grindability:	42-45 HGI	If less than 40

Sizing: Two (2) inches topsize, nominal, with a maximum of 55% passing 1/4" square wire cloth sieve to be determined on the basis of the primary cutter of the mechanical sampling system.

Sampling & Analysis: (a) Seller shall have each Shipment mechanically sampled during the loading process in accordance with the ASTM Standards with the cost for such sampling and analysis for Seller's account. If mechanical sampling cannot be performed due to equipment unavailability, Buyer shall be promptly notified and Seller shall have manual samples collected in accordance with the ASTM Standards. Subject to Buyer's or Buyer's agent's compliance with any applicable rules and regulations of the source, to the extent Seller has such right, Buyer shall have the right, but not the obligation, to have a representative present, at Buyer's expense, during the loading and sampling of the Commodity.

(b) An independent commercial laboratory shall be nominated by the Seller prior to the load date. Buyer has the right to accept or reject Seller's nomination. Should Buyer reject the nomination, Buyer is to nominate an alternative lab. The Seller shall arrange for the mutually agreed upon lab to collect the sample and perform the analysis.

(c) Any analysis of a split must be performed on an "as-received" basis and conducted in accordance with the ASTM Standards. Each sample taken shall be divided into three (3) splits and placed in suitable airtight containers by the independent commercial laboratory in accordance with the ASTM Standards. One split will be used by the independent commercial laboratory to perform the governing analysis ("Seller's Split"), one split will be retained for Buyer ("Buyer's Split"), and the last split will be retained as a referee ("Referee Split"). Buyer's Split and the Referee Split will be retained for thirty (30) days after the sample date. At Buyer's request, Buyer's Split shall be made available to Buyer or forwarded to Buyer's agent in accordance with Buyer's instructions as soon as practicable.

(d) Lab results shall include a full proximate analysis which includes moisture, ash, volatile matter, Btu/lb, sulfur and HGI, as well as other data required in connection with the applicable Shipment ("Analysis Report"). Seller's Split shall be analyzed by the appointed lab at Seller's expense and a copy of the Analysis Report will be promptly reported to Buyer by fax, telephone or other electronic means. Seller will use commercially reasonable efforts to provide Buyer with a copy of the Analysis Report within twenty-four (24) hours of loading of the Shipment, but in no event later than forty-eight (48) hours of loading of the Shipment. If Buyer at its expense analyzes its split in accordance with the ASTM Standards and its analysis differs from analysis of Seller's Split in an amount which is outside reproducibility tolerances, Buyer reserves the right to request an analysis

Phipps, Brett

From: Nelson, Robert [Robert.Nelson@constellation.com]
Sent: Friday, December 30, 2005 10:09 AM
To: Phipps, Brett
Cc: Nelson, Robert
Subject: Q1 '06 1.20# CSX

Brett

Per our discussion yesterday, I wanted to propose the following to you.

1) Thr Q1 06 deal brokered through Dan Vaughn at United called for 1 train / month of OTC spec 1.20# at $66.05 NT basis CSX Kanawha District. Non Massey coal in Jan, with sellers best efforts to ship non Massey in Feb / March. I had proposed to Dan that both parties agree to freight sharings if shipments occurred from non Kanawha districts, wiith seller picking up any add'l freight charges if from a higher rated district. This is what you and I have agreed to on various other deals. This enables us to give you non massey origins, which seems to be a big concern of yours. I think something got lost in his translation, but no matter, we'll work it out.

Bottom line, we can load the Feb / March trains ex-Hazard disstriict. We wold like your agreement to a price of $66.55

2) I can give you 2 add'l Hazard district trains. Either 1 feb / 1 mar, or 2 in march. (The producer wants the proviso that if he cant get it to us in feb we will let him slide to march, with best effort to load feb). Same price $66.55

3) We can do the following April - Dec. 06 out of Big Sandy district (Damron fork specific)
12800 / 10 ash / 1.20# so2 with per train rejects at <12400 / >12 ash / > 1.20# SO2 / < 30 vol
$68.00 NT FOB adjusted for SO2 premiums < 1.20#.

4) We also have some Q1 hi su for Robinson if you need it.

Give me a call to discuss

Tks

Rob

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

Phipps, Brett

From: Nelson, Robert [Robert.Nelson@constellation.com]
Sent: Wednesday, May 24, 2006 11:45 AM
To: Vinson, Eddie
Cc: Phipps, Brett; Nelson, Robert
Subject: JUNE / JULY 1.20# OFFER



PEF.june.july.06.1.
20#.5.24.06...

Eddie

Per our discussion, please review the attached and let me know

Tks

Rob

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

750 E. Pratt Street
Baltimore, Maryland 21202

Constellation Energy

CONFIDENTIAL
DISCUSSION DOCUMENT

[January 16, 2008]

JUNE / JULY 2006
CSX / 12,500 BTU / 1.20# SO2

Purpose: The proposal describes a potential transaction whereby Constellation Energy Commodities Group ("CECG), sells coal to Progress Energy Florida (PEF) for a 2 month period beginning in June 2006 through July 2006. The term and quantities are for suggestion only and all significant commercial terms and conditions are subject to execution of definitive agreements by PEF and CECG.

Buyer: PEF

Seller: CECG

Term: June 1, 2006 - July 31, 2006

Quantity: 20,000 tons/month. Total of 40,000 tons

Price ($/ton): $56.00 NT FOB

Domestic Specifications:

	Standard	Reject(per shipment)
Btu/lb.	12,500	<12200
Sulfur (# SO2)	1.20#	>1.20#
Ash (%)	12.0	>13.50
Moisture (%)	8	
Volatile (%)	30-35	<30
HGI	42 Nominal	
Sizing	2"x 0	

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

Constellation Energy

Delivery Point: Seller will deliver from CSX – Kanawha district, capable of loading 100 car/10,000 ton unit trains in four (4) hours or less. If seller loads from a lower rated CSX freight district than Kanawha, then buyer and seller shall share any freight savings on a 50/50 basis. If seller loads from a higher rated freight district than Kanawha, then seller will pay 100% of the freight difference.

Weighing, Sampling, & Analysis: Origin weights and analyses to govern. If origin weights not available then RR weights to govern. Sampling and analyses will be performed by a 3rd party independent lab, determined jointly by PEF and Constellation, and according to ASTM.

Quality Adjustments: BTU adjustments pro rata basis fob value

Other Terms and Conditions: Subject to negotiation

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

Validity: COAL OFFERED IS SUBJECT TO PRIOR SALE

Proposed by:

Rob Nelson
Director – Coal Marketing
(713) 628-7248

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

Phipps, Brett

From: Daniel Vaughn [upicoal@hotmail.com]
Sent: Friday, December 23, 2005 12:29 PM
To: Phipps, Brett
Subject: Coal Confirmation - CSX 1.2#



cl-12976b
ogressConsty-CAPPc

Attached is the trade confirmation with Constellation for the q1 12500 1.2# CSX coal.
Also, I do not think I have your correct fax number.

Thank you very much for the business. It is greatly appreciated.

Merry Christmas to you and your family.

Dan

Daniel L Vaughn
Manager, Coal Services
United Power
off: 812-473-5810
fax: 812-473-5813
cell: 812-204-COAL

UNITED
United Power, a division of ICAP United, Inc.
187 Danbury Road, Wilton, CT 06897 Tel: (203) 762-8493 Fax: (203) 761-9525
245 Commerce Green Blvd., Ste 250, Sugar Land, TX 77478 Tel: (281) 340-8300 Fax: (281) 340-8308

Date: December 23, 2005
To: Progress Energy Florida
Contact: Brett Phipps
Fax Number: 919-546-4908

Deal Type: Private Coal Transaction, Physical – CAPP CSX Rail Coal (12,500 Btu, 1.2 #SO2)

UNITED POWER ACTING SOLEY AS BROKER, IS PLEASED TO CONFIRM ITS UNDERSTANDING OF THE TERMS AND CONDITIONS PERTAINING TO THIS TRANSACTION CONCLUDED BETWEEN YOUR TWO COMPANIES.

Trade Date: December 23, 2005
United Ref#: CL-12976B

	Seller	Buyer
Company:	Constellation Energy Commodities Group Inc.	Progress Energy Florida
Attn:	Chris Savage	Brett Phipps
Phone:	410-468-3696	919-546-7750
Fax:	410-468-3540	919-546-4908

Product: Physical -CAPP CSX Rail Coal – Big Sandy/Kanawha (12,500 Btu, 1.2 #SO2)

Specifications:

	Standard	Reject
Btu/lb	12,500	12,200 min
#SO2	1.2	1.2 max
Ash (%)	12.0	13.5 max
Moisture (%)	7.0	NA
Volatile (%)		30.0 min
HGI		40 min
Sizing		2 x 0
Fines ¼ x 0(%)		55 max

Price: $66.05 per ton, FOB Railcar, 4-hr loading, CSX-Big Sandy / Kanawha Districts
Origin weights and analysis, Pro-rata Btu/lb price adjustment from 12,500 Btu/lb

Quantity: One (1) 100-car train(s)/month, approximately 10,000 tons per train, 3 train(s) total
Total Quantity: 30,000 tons approximately

Delivery Period: January 1, 2006 to March 31, 2006

Payment: As per standard OTC industry practice

Details: Excludes use of synthetic fuels additives.
This deal is subject to standard OTC terms and conditions.
Non-Massey Energy source guaranteed by Seller for January train. Buyer prefers non-Massey source for Feb-Mar shipments, however, not guaranteed by Seller. Buyer and Seller agree to good faith negotiations in sharing transportation rate savings outside the CSX-Kanawha rate district for Feb-Mar shipments. The FOB rail price to be determine if other than CSX-Kanawha.

Special Provisions: This contract is governed in accordance with US law.

Commission: Buyer to pay United Power $00.000 ($0.05/ton) as payment for brokerage services provided. Sale price has been adjusted $0.05 to reflect Seller also paying Buyer's share of brokerage commission.

YOUR PROMPT CONFIRMATION THAT THE ABOVE REPRESENTS YOUR UNDERSTANDING WOULD BE GREATLY APPRECIATED. IF ANYTHING OUTLINED ABOVE IS CONTRARY TO YOUR UNDERSTANDING OF THIS AGREEMENT, PLEASE CALL OUR OFFICE IMMEDIATELY AND ALSO NOTIFY OUR OFFICE BY FAX WITHIN 24 HOURS.

BEST REGARDS,
UNITED POWER

Brokers: DLV | DLV
United Deal Type: COAP

Ian/Manzar@ 203-762-8493
Dan @ 812-473-5810

PEF-CC-000725

Phipps, Brett

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Tuesday, October 30, 2007 10:32 PM
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn; Jay.Bruton@oxbow.com; Paul.Fritzler@oxbow.com; Alicia Levitt
Subject: RE: Cora offer

Eddie,

After our many conversations, the following is what I believe we have agreed to:

[redacted] FOB Barge Cora Dock fo[redacted] trains (approx [redacted] tons)
Mutual option for additional train
Term: November – December 2007

Specifications:	MWA	Reject
Btu/lb	12,000 min	11,500
Moisture	8.00 max	10.00
Ash-ar	11.0 max	13.50
SO2	0.90 max	1.20
Vol	34.0 min	
Size	2"x0	
Passing ¼	40 max	
HGI	48 min	
Fusion (H=W)	2400 min	

Btu premium/penalty = (MWA actual Btu/lb – MWA guarantee Btu/lb) * Price / MWA Guarantee Btu/lb

SO2 premium/penalty = (MWA guarantee lbs SO2/mmbtu – MWA actual lbs SO2/mmbtu) * MWA actual Btu/lb * E / 1,000,000
E = average of first 5 business days of month following published by Argus Air Daily (1/2 between bid and offer)

If you agree with the above, please confirm by e-mail and address purchase order to:

Oxbow Carbon & Minerals LLC
600 Grant Street, Suite 450
Denver, CO 80203

I will be at the river office all day tomorrow. Will check in with you in the morning. Thanks.

Bev

REDACTED

Phipps, Brett

From: Vinson, Eddie
Sent: Tuesday, October 23, 2007 7:20 AM
To: 'Reynolds, Beverly'
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Cora offer

Bev,

PEF will accept the [redacted]/ton FOB Barge Cora Dock if we can change the reject BTU to 11,500 and the ash reject to 13.5 also moisture reject needs to be 10% reject.
Please let me know if you are acceptable to these changes.

Regards

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, October 18, 2007 5:42 PM
To: Vinson, Eddie
Subject: Cora offer

Eddie,

Per our previous conversation, Oxbow can not accept your counter offer of $50 FOB Barge Cora Dock for the Colorado coal. We will however agree to the following:

[redacted] trains (approximately [redacted] tons) delivered fob barge at Cora Dock.
Mutual option for additional train.

Term: November – December, 2007

Price: [redacted]/ton FOB Barge Cora Dock

Specifications:	MWA	Reject
Btu/lb	12,000 min	11,000
Moisture	8.00 max	NA
Ash-ar	11.0 max	15.0
SO2	0.90 max	1.20
Vol	34.0 min	
Size	2"x0	
Passing ¼	40 max	
HGI	48 min	
Fusion (H=W)	2400 min	

REDACTED

Price adjustments:

Btu premium/penalty = (MWA actual Btu/lb – MWA guarantee Btu/lb) * Price / MWA Guarantee Btu/lb

SO2 penalty = (MWA guarantee lbs-SO2/mmbtu – MWA actual lbs SO2/mmbtu) * MWA actual Btu/lb * E /

1,000,000
E = average of first 5 business days of month following published by Cantor Fitzgerald (1/2 between bid and offer)

Should the above specs and price be acceptable to PEF, please make purchase order to:

Oxbow Carbon & Minerals LLC
600 Grant Street, Suite 450
Denver, CO 80203

Thank you for considering this offer.

Bev

Vinson, Eddie

From: Vinson, Eddie
Sent: Friday, October 05, 2007 3:01 PM
To: 'Parker, John R.'
Cc: Phipps, Brett; Shultz, Shawn; Boyd, Jerry; Duttinger, Jason
Subject: FW: JRP Offer Letter to E. Vinson (10.04.07)
Importance: High
Sensitivity: Confidential

John,

PEF will accept your offer if you are in agreement with a typical BTU of 9200 and a mutually agreed upon shipping schedule(looks as if we can only move one train during October due to barge availability).It will be subject to PEF management final approval. If you accept I will send a confirmation today or first thing Monday for your review. Have a great weekend.

Thanks

Eddie

-----Original Message-----
From: Parker, John R. [mailto:John.Parker@masseyenergyco.com]
Sent: Friday, October 05, 2007 8:55 AM
To: Vinson, Eddie
Subject: FW: JRP Offer Letter to E. Vinson (10.04.07)
Importance: High
Sensitivity: Confidential

EV

Let me know when you can confirm this.

Thanks

JP

From: Smith, Kelly
Sent: Thursday, October 04, 2007 5:00 PM
To: eddie.vinson@pgnmail.com
Cc: Parker, John R.
Subject: JRP Offer Letter to E. Vinson (10.04.07)
Importance: High
Sensitivity: Confidential

Eddie,

The attached PDF file, from John Parker, is for your review and consideration.

Thank you.

Vinson, Eddie

From: Vinson, Eddie
Sent: Tuesday, October 23, 2007 7:27 AM
To: 'Parker, John R.'
Cc: Phipps, Brett; Shultz, Shawn; Duttinger, Jason
Subject: FW: Massey Utility Sales Company SPOT confirmation.DOC LOW QUALITY

John per our discussion please find a confirmation for the Q4 2007 lower quality out of stirrat. If you have any questions please give me a call.

Regards

Eddie



Massey Utility Sales Company S...

Vinson, Eddie

From: Canon, Mark [MCanon@archcoal.com]
Sent: Tuesday, May 30, 2006 4:12 PM
To: Vinson, Eddie
Subject: June spot CSX Arch - Lone Mountain Coal

Eddie,

Call me this afternoon or in the morning please:

Confirming: Can sell, ship 2 trains (approx 10,000 tons each) for June delivery frpm Lone Mountain Operation

12,500, compliance SO2 for $55.25/ton base price, BTU price adjusted prorata.

Please acknowledge, confirm at your earliest. Contact Sue Grosman for setting up the June schedule/loading dates. Sue's number is 314- 994-2844.

Regards,

Mark

Mark Canon

Regional Vice President - Sales
Arch Coal Sales
Office 314-994-2803
Cell 314-378-5914
Email mcanon@archcoal.com

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The information contained in this e-mail, and in any accompanying documents, may constitute confidential and/or legally privileged information. The information is intended only for use by the designated recipient. If you are not the intended recipient (or responsible for delivery of the message to the intended recipient), you are hereby notified that any dissemination, distribution, copying, or other use of, or taking of any action in reliance on this e-mail is strictly prohibited. If you have received this e-mail communication in error, please notify the sender immediately and delete the message from your system.

Vinson, Eddie

From: Canon, Mark [MCanon@archcoal.com]
Sent: Wednesday, May 31, 2006 12:31 PM
To: Vinson, Eddie
Subject: RE: June spot CSX Arch - Lone Mountain Coal

Ok thanks. I advised our transpotation department to set up the trains for june. See you tomorrow afternoon.

Mark

-----Original Message-----
From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Wed May 31 09:15:47 2006
To: Canon, Mark
Subject: RE: June spot CSX Arch - Lone Mountain Coal

Mark,

Looks good I will get you a confirm out this week.

Thanks

Eddie

-----Original Message-----
From: Canon, Mark [mailto:MCanon@archcoal.com]
Sent: Tuesday, May 30, 2006 4:12 PM
To: Vinson, Eddie
Subject: June spot CSX Arch - Lone Mountain Coal

Eddie,

Call me this afternoon or in the morning please:

Confirming: Can sell, ship 2 trains (approx 10,000 tons each) for June delivery frpm Lone Mountain Operation

12,500, compliance SO2 for $55.25/ton base price, BTU price adjusted prorata.

Please acknowledge, confirm at your earliest. Contact Sue Grosman for setting up the June schedule/loading dates. Sue's number is 314- 994-2844.

Regards,

Mark

Mark Canon

Regional Vice President - Sales
Arch Coal Sales
Office 314-994-2803
Cell 314-378-5914
Email mcanon@archcoal.com

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Vinson, Eddie

From: Canon, Mark [MCanon@archcoal.com]
Sent: Monday, June 05, 2006 6:36 PM
To: Vinson, Eddie
Cc: Coppola, Barbara
Subject: RE: PEF_Arch_Spot_June06

Eddie,

Thanks. Have your Confirm under review here today and will respond with our notations and suggested changes tomorrow. We will not accept the language under Section entitled Quality Specifications, section(1), subsection (c) CEMS.

Hopefully we can get this worked out tomorrow.

regards,

Mark

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Monday, June 05, 2006 7:19 AM
To: Canon, Mark
Cc: Coppola, Barbara
Subject: FW: PEF_Arch_Spot_June06

Mark,

Here is the electronic copy of what I gave you on Thursday.

Thanks

Eddie

-----Original Message-----
From: Vincent, Peta
Sent: Thursday, June 01, 2006 1:27 PM
To: Vinson, Eddie
Subject: PEF_Arch_Spot_June06

<<PEF_Arch_Spot_June06.DOC>>

-----Original Message-----
From: Vinson, Eddie
Sent: Thursday, June 01, 2006 11:14 AM
To: Vincent, Peta
Subject: FL deal ticket.xls

<< File: FL deal ticket.xls >>

Peta,

Could you please do a short confirm for the above spot purchase as you will see they are scheduled to load in June.

Thank You

P.S if there is something I left off please let me know and thanks for the Central stuff yesterday

Eddie

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Vinson, Eddie

From: Ritter, John [JRitter@archcoal.com]
Sent: Friday, June 09, 2006 2:39 PM
To: Vinson, Eddie
Subject: June Spot Confirm

Eddie,

Attached is a pdf file of the signed confirm. I will mail 2 hard copies, one for your file and to sign an return.

Thanks for your help,

John

<<Arch-Progress June Spot.PDF>>

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Vinson, Eddie

From: Ritter, John [JRitter@archcoal.com]
Sent: Tuesday, June 06, 2006 12:38 PM
To: Vinson, Eddie
Cc: barbara.coppala@pgnmail.com; Canon, Mark
Subject: PEF_Arch_Spot_June06

Eddie,

Attached are our changes to the Confirmation. Please let Mark Canon or I know if you have any questions.

Thanks,

<<PEF_Arch_Spot_June06 (2).DOC>>

John Ritter

Contract Analyst - Arch Coal Sales

Phone: 314-994-2934

Fax: 314-994-2719

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Vinson, Eddie

From: Bruce Gibson [gibsonb@amvestminerals.com]
Sent: Monday, June 05, 2006 12:11 PM
To: Bill Dickey; Tim McSherry; Debbie White
Subject: Re: Fwd: FW: PEF_Amvest_Spot_July06



Progress Fuels PO 2006 #2.doc

See attached PO with Progress Energy with my changes indicated in "Track Changes" format.

Bruce

>>> Tim McSherry 6/5/2006 8:54 AM >>>

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, September 20, 2007 2:21 PM
To: Vinson, Eddie
Subject: Colorado buy back trains/barges

Eddie,

The spec that has been guaranteed is:

8.00 11.00 .90 lb SO2 12,000 34 vol 48 gr 2400 H=W

Below is quality on the last 2 trains shipped:

9/12/07 8.12 8.93 .39 12,117

9/2/07 7.91 8.22 .41 12,196

We can't sell to you FOB railcar on this deal. We would guarantee the same spec as the trains, however your guarantee would be FOB barge Cora Terminal. There is [redacted] available for Q4. I told you price would be around $[redacted] FOB Barge. I had my hands smacked. They would like mid to upper 50's FOB Barge and that is still a substantial loss. I will tell you that pricing comes down to what I can load 11,500 for on the Big Sandy. Will you take a look and see if you are interested? If you are, throw me your best number and I will see if I can make it work.

Make this happen, please!!!!! Thanks.

Bev

PS: If you need some complete analysis, let me know.

REDACTED

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, October 18, 2007 7:31 AM
To: Vinson, Eddie
Subject: Buyback

Eddie,

Will be on golf course (hopefully) in Birmingham today. Please call if you can confirm buyback deal. I promised John I would try to confirm yesterday. Let me know yes or know, please. Thanks.

Bev

24K – November
12K – December

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Monday, October 29, 2007 8:48 AM
To: Vinson, Eddie
Cc: Kreinest, John (CIN)
Subject: Cora Buy backs

Eddie,

Within 5 minutes I will be pulling out of the Big Sandy office driving to our Columbia, MD office. I have copied John on this e-mail because he expects paperwork from me today. We need to know if you are going to accept our SO2 P/P. You mentioned last Friday you would rather keep it standard with all your other agreements. Please advise whether you are accepting ours or provide yours so John can see if he is willing to agree to it.

John, I am planning to be in Columbia before 3:00 pm. Hopefully, we will have news from Eddie and get this worked out today.

Thanks.

Bev

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, October 18, 2007 5:42 PM
To: Vinson, Eddie
Subject: Cora offer

Eddie,

Per our previous conversation, Oxbow can not accept your counter offer of [redacted] FOB Barge Cora Dock for the Colorado coal. We will however agree to the following:

[redacted] trains (approximately [redacted] tons) delivered fob barge at Cora Dock.
Mutual option for additional train.

Term: November – December, 2007

Price: [redacted]/ton FOB Barge Cora Dock

Specifications:	MWA	Reject
Btu/lb	12,000 min	11,000
Moisture	8.00 max	NA
Ash-ar	11.0 max	15.0
SO2	0.90 max	1.20
Vol	34.0 min	
Size	2"x0	
Passing ¼	40 max	
HGI	48 min	
Fusion (H=W)	2400 min	

Price adjustments:

Btu premium/penalty = (MWA actual Btu/lb – MWA guarantee Btu/lb) * Price / MWA Guarantee Btu/lb

SO2 penalty = (MWA guarantee lbs SO2/mmbtu – MWA actual lbs SO2/mmbtu) * MWA actual Btu/lb * E / 1,000,000
E = average of first 5 business days of month following published by Cantor Fitzgerald (1/2 between bid and offer)

Should the above specs and price be acceptable to PEF, please make purchase order to:

Oxbow Carbon & Minerals LLC
600 Grant Street, Suite 450
Denver, CO 80203

Thank you for considering this offer.

Bev

REDACTED

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, May 31, 2007 3:02 PM
To: Vinson, Eddie
Subject: Compliance CSX offer

Eddie,

We would like to offer the following:

6 trains [redacted] per month June thru November 2007
82590 Pardee, WV
4 hour load, CSX railroad weights
[redacted] FOB Railcar based on Mineral Lab at origin

Specs:

Moisture:	8.00	Reject: 10.00
Ash:	12.00	Reject: 14.00 (no ash penalty between 12 – 14)
Sulfur:	1.20 lbs SO2	Reject: 1.20 lbs SO2
BTU:	12,000	Reject: 11,900

We look forward to a favorable response. Thanks

Bev Reynolds
O: 606-931-0050
C: 304-638-9562

REDACTED

Vinson, Eddie

From: Vinson, Eddie
Sent: Friday, November 02, 2007 6:56 PM
To: Bev Parrish Reynolds (Beverly.Reynolds@ssmcoal.com)
Cc: Phipps, Brett; Shultz, Shawn; Duttinger, Jason
Subject: FW: PEF Oxbow 2007 Spot Confirmation

Bev please see Jason's note below. I just wanted to confirm that this is not a problem.

Thanks

Eddie

-----Original Message-----
From: Duttinger, Jason
Sent: Friday, November 02, 2007 5:10 PM
To: Vinson, Eddie
Subject: RE: PEC Oxbow 2007 Spot Confirmation

Eddie - It looks like this will have to go to ground at Cora. Memco will load as barges are placed.

Jason

-----Original Message-----
From: Vinson, Eddie
Sent: Friday, November 02, 2007 4:17 PM
To: Duttinger, Jason; Putnam, Jon
Cc: Haynes, Debra; Phipps, Brett; Shultz, Shawn
Subject: FW: PEC Oxbow 2007 Spot Confirmation

Oxbow will sign the agreement on Monday everything has been agreed to and they have the confirm for signature.

Jason looks as if they are planning to load this weekend possibly.

Jon will you respond as to how you wish to receive the invoice.

Thanks

Eddie

-----Original Message-----
From: Alicia Levitt [mailto:Alicia.Levitt@OXBOW.COM]
Sent: Friday, November 02, 2007 1:50 PM
To: Vinson, Eddie
Cc: Beverly.Reynolds@Oxbow.com
Subject: PEC Oxbow 2007 Spot Confirmation

Attached is the signed Confirmation. Please sign and return a copy to us as soon as possible.

FYI - we may be loading a train as early as tomorrow - we are waiting on confirmation. In any event, it is loading in the next couple of days.

Eddie, unless we hear differently from you, we will send the barge shipping notices and analyses to you. Michele Kuglin will be responsible for sending those to you. If you have any questions regarding shipping

notices you can contact Michele at 303-328-2842 (Michele.kuglin@oxbow.com) or me at 303-328-2843, or of course Bev.

When you have a minute, could also please verify for me where the invoices should be sent and to whose attention? We can fax and/or email. Let us know what you prefer.

Let us know what else you need. Thanks

Vinson, Eddie

From: Alicia Levitt [Alicia.Levitt@OXBOW.COM]
Sent: Friday, November 02, 2007 12:04 PM
To: Vinson, Eddie
Cc: Beverly Reynolds
Subject: PEC OXBOW 2007 Spot Confirmation

Eddie,

Bev is traveling and asked if I would contact you in regards to the confirmation we are working on. Could I get you to email me a copy of the GT&C that are supposed to accompany this confirmation? We did not receive them

Also, the Product Description reads Physical CAPP Coal. As you know, this is Colorado Coal. If it is ok with you, when we sign this confirmation, we will just cross this out and write in Colorado "D" Seam Coal and initial it? Let me know if this is a problem.

Thanks!

Alicia Levitt
Oxbow Carbon & Minerals LLC
600 Grant St., Suite 450
Denver, CO 80203
303-328-2843 phone
303-328-2850 fax

Vinson, Eddie

From: Alicia Levitt [Alicia.Levitt@OXBOW.COM]
Sent: Friday, November 02, 2007 1:50 PM
To: Vinson, Eddie
Cc: Beverly.Reynolds@Oxbow.com
Subject: PEC Oxbow 2007 Spot Confirmation



20071102101927946.pdf

Attached is the signed Confirmation. Please sign and return a copy to us as soon as possible.

FYI - we may be loading a train as early as tomorrow - we are waiting on confirmation. In any event, it is loading in the next couple of days.

Eddie, unless we hear differently from you, we will send the barge shipping notices and analyses to you. Michele Kuglin will be responsible for sending those to you. If you have any questions regarding shipping notices you can contact Michele at 303-328-2842 (Michele.kuglin@oxbow.com) or me at 303-328-2843, or of course Bev.

When you have a minute, could also please verify for me where the invoices should be sent and to whose attention? We can fax and/or email. Let us know what you prefer.

Let us know what else you need. Thanks

Vinson, Eddie

From: Christofidis, Raphael [Raphael.Christofidis@ssmcoal.com]
Sent: Thursday, July 19, 2007 10:13 AM
To: Vinson, Eddie
Subject: *Progress Florida Confirm*

Eddie,
Good morning. Here is the Confirm letter Bev asked me to send you.

Thanks,

Raphael Christofidis
410.910.0644

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Monday, November 05, 2007 12:24 PM
To: Duttinger, Jason; Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn; Alicia Levitt; Michele Kuglin
Subject: RE: PEF Oxbow 2007 Spot Confirmation

Jason,

Thanks. Anything you can do will be appreciated. Michele Kuglin is our contact for shipments - phone: 303-328-2842, fax: 303-328-2850 and email Michele.kuglin@oxbow.com.

We loaded a train 11/3/07 which is expected to arrive Cora 11/7/07. Eddie knows our circumstances but I want to make sure you have the story. These trains are Oxbow Coal but are being loaded toward a Duke Energy Ohio (DEO) contract. Oxbow is buying back barges from DEO to ship to Progress. If you talk to Cora, they probably will show as DEO barges. I wanted to make sure you understood the chain. If you have questions, please give me a call on my cell phone: 304-638-9562.

Having said all that, is there any chance for barges Wed/Thurs? Thanks,

Bev

-----Original Message-----
From: Duttinger, Jason [mailto:Jason.Duttinger@pgnmail.com]
Sent: Sunday, November 04, 2007 7:17 PM
To: Reynolds, Beverly; Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: PEF Oxbow 2007 Spot Confirmation

Bev - We will do what we can to go direct. Our barge line is just unable to guarantee barges if we were trying to meet a train. Who from Oxbow can provide us with schedule updates? The more information we can provide our barge line, the better the chances we have of going direct barge.

Thanks, Jason

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Saturday, November 03, 2007 9:41 AM
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn; Duttinger, Jason
Subject: RE: PEF Oxbow 2007 Spot Confirmation

Eddie, not a problem for rail to ground to barge. Our preference would be to go rail direct to barge because it is an additional cost to go to ground but we knew there was a chance we have to load barges from ground storage. Will update train shipment news when I receive. Thanks.

Bev

-----Original Message-----
From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, November 02, 2007 5:56 PM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn; Duttinger, Jason
Subject: FW: PEF Oxbow 2007 Spot Confirmation

Bev please see Jason's note below. I just wanted to confirm that this is

not a problem.

Thanks

Eddie

-----Original Message-----
From: Duttinger, Jason
Sent: Friday, November 02, 2007 5:10 PM
To: Vinson, Eddie
Subject: RE: PEC Oxbow 2007 Spot Confirmation

Eddie - It looks like this will have to go to ground at Cora. Memco will load as barges are placed.

Jason

-----Original Message-----
From: Vinson, Eddie
Sent: Friday, November 02, 2007 4:17 PM
To: Duttinger, Jason; Putnam, Jon
Cc: Haynes, Debra; Phipps, Brett; Shultz, Shawn
Subject: FW: PEC Oxbow 2007 Spot Confirmation

Oxbow will sign the agreement on Monday everything has been agreed to and they have the confirm for signature.

Jason looks as if they are planning to load this weekend possibly.

Jon will you respond as to how you wish to receive the invoice.

Thanks

Eddie

-----Original Message-----
From: Alicia Levitt [mailto:Alicia.Levitt@OXBOW.COM]
Sent: Friday, November 02, 2007 1:50 PM
To: Vinson, Eddie
Cc: Beverly.Reynolds@Oxbow.com
Subject: PEC Oxbow 2007 Spot Confirmation

Attached is the signed Confirmation. Please sign and return a copy to us as soon as possible.

FYI - we may be loading a train as early as tomorrow - we are waiting on confirmation. In any event, it is loading in the next couple of days.

Eddie, unless we hear differently from you, we will send the barge shipping notices and analyses to you. Michele Kuglin will be responsible for sending those to you. If you have any questions regarding shipping notices you can contact Michele at 303-328-2842 (Michele.kuglin@oxbow.com) or me at 303-328-2843, or of course Bev.

When you have a minute, could also please verify for me where the invoices should be sent and to whose attention? We can fax and/or email. Let us know what you prefer.

Let us know what else you need. Thanks

Vinson, Eddie

From: Board, Alison
Sent: Tuesday, December 04, 2007 3:32 PM
To: 'Beverly.Reynolds@ssmcoal.com'; 'Alicia.Levitt@OXBOW.COM'
Cc: Vinson, Eddie; Putnam, Jon
Subject: RE: Progress Energy Florida, Inc

Bev and Alicia,

Progress Energy Florida is a wholly owned subsidiary of Progress Energy, Inc. Attached please find the Credit Information Sheet for Florida Power Corporation d/b/a Progress Energy Florida. This document contains all of the information you requested, with the exception of our officers' home addresses. We do not release home addresses for our directors.

Your A/P contact should be:

Jon Putnam
Progress Energy Service Company
410 S. Wilmington Street PEB 10A
Raleigh, NC 27601
919-546-6368
jon.putnam@pgnmail.com

Feel free to contact me with any questions or if you need further information.

Regards,
Alison Board

Alison Board
Treasury & Enterprise Risk Management
Progress Energy, Inc.
Phone: 919 546-4121
Fax: 919 546-2590
Cell: 919 610-8859
alison.board@pgnmail.com

-----Original Message-----
From: Vinson, Eddie
Sent: Tuesday, December 04, 2007 3:08 PM
To: Board, Alison
Subject: FW: Progress Energy Florida, Inc

Alison, can you help with this question?

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Tuesday, December 04, 2007 2:11 PM
To: Vinson, Eddie
Subject: FW: Progress Energy Florida, Inc

Eddie,

Who do I need to discuss the following e-mail with? Thanks.

Bev

From: Alicia Levitt [mailto:Alicia.Levitt@OXBOW.COM]
Sent: Tuesday, December 04, 2007 2:09 PM
To: Reynolds, Beverly
Subject: Progress Energy Florida, Inc

Bev,

The credit department is reviewing our agreement with Progress Energy Florida, Inc. for the 3 trains.

Can you find out if Progress Energy Florida, Inc. is a Division of Progress Energy? If they are, then we do not need to do anything.

If they are a Subsidiary, then we need them to complete the following Credit Application. Please forward the application as necessary.

Let me know.

Thanks

Alicia Levitt
Oxbow Carbon & Minerals LLC
600 Grant St., Suite 450
Denver, CO 80203
303-328-2843 phone
303-328-2850 fax

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Wednesday, August 08, 2007 11:38 AM
To: Vinson, Eddie
Subject: RE: signed papers

Yes

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Wednesday, August 08, 2007 11:28 AM
To: Reynolds, Beverly
Subject: RE: signed papers

Bev will an e-mail copy work for your records?

Eddie

> -----Original Message-----
> **From:** Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
> **Sent:** Wednesday, August 08, 2007 10:08 AM
> **To:** Vinson, Eddie
> **Subject:** signed papers
>
> Eddie, when you get time, would you check on the signed paperwork? Thanks.
>
> Bev

Vinson, Eddie

From: Vincent Williams, E. Peta
Sent: Friday, June 22, 2007 9:41 AM
To: Vinson, Eddie; 'Reynolds, Beverly'
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer



Coal-PEC-SSM_GTC s (06.21.07).D...

Bev,
Please find attached the draft contract we discussed yesterday. Eddie and I discussed using this shorter version since this is only a [redacted] train deal.

Thanks and I apologize for the delay.

E. Peta Vincent Williams
Progress Energy Service Company, Inc. LLC.
Legal Department
Manager - Contract Administration
Phone: (919) 546-5164
Fax: (919) 546-2649
E-Mail: Peta.Williams@pgnmail.com

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-----Original Message-----
From: Vinson, Eddie
Sent: Monday, June 11, 2007 9:01 AM
To: 'Reynolds, Beverly'
Cc: Phipps, Brett; Shultz, Shawn; Vincent Williams, E. Peta
Subject: RE: Compliance CSX offer

Bev,

We have a deal for the [redacted] trains July thru November 2007 for csx compliance pending the internal reviews (credit etc.)Please give me a call so we can get the process started. Thanks Again

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Friday, June 08, 2007 10:34 AM
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

REDACTED

Eddie,

If it is still available, we accept your offer of [redacted] for [redacted] trains shipped at the rate of [redacted] train per month July thru Nov, 2007. Please let me know if we have a deal. Thanks.

Bev

-----Original Message-----
From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, June 08, 2007 10:26 AM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Bev,

PEF has no interest in your product at [redacted]/ton.

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Friday, June 01, 2007 8:34 AM
To: Vinson, Eddie; Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Eddie,

Would you consider [redacted] instead of [redacted]? Thanks.

Bev

-----Original Message-----
From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, June 01, 2007 7:36 AM
To: Reynolds, Beverly; Phipps, Brett; Shultz, Shawn
Subject: Re: Compliance CSX offer

Bev
PEF would like to counter your offer with a final bid of [redacted]/ton. If SSM still has interest please let me know.

Eddie

----- Original Message -----
From: Reynolds, Beverly <Beverly.Reynolds@ssmcoal.com>
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Sent: Thu May 31 17:19:42 2007
Subject: RE: Compliance CSX offer

REDACTED

Eddie,

Thanks for your counter offer. We can not accept $[redacted]. We would consider revising our offer to [redacted] FOB Railcar. Thanks again for your reply.

Bev

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Thursday, May 31, 2007 5:10 PM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn

Subject: RE: Compliance CSX offer

Bev,

Thank you for your recent offer but unfortunately we are not interested @ the offered price. PEF would like to counter SSM's offer as follows, [redacted] TPM July-November 2007 @ [redacted]ton FOB railcar with all other conditions described being accepted. This agreement will be subject to PEF internal guidelines as well as management approval.

Regards

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, May 31, 2007 3:02 PM
To: Vinson, Eddie
Subject: Compliance CSX offer

Eddie,

We would like to offer the following:

[redacted] trains [redacted] per month June thru November 2007

82590 Pardee, WV

4 hour load, CSX railroad weights

[redacted] FOB Railcar based on Mineral Lab at origin

Specs:

Moisture:	8.00	Reject:	10.00
Ash:	12.00	Reject:	14.00 (no ash penalty between 12 - 14)
Sulfur:	1.20 lbs SO2	Reject:	1.20 lbs SO2
BTU:	12,000	Reject:	11,900

We look forward to a favorable response. Thanks

REDACTED

Bev Reynolds

O: 606-931-0050

C: 304-638-9562

Vinson, Eddie

From: Vinson, Eddie
Sent: Thursday, May 31, 2007 5:10 PM
To: 'Reynolds, Beverly'
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer EV Counter Offer

Bev,

Thank you for your recent offer but unfortunately we are not interested @ the offered price. PEF would like to counter SSM's offer as follows, [redacted] TPM July-November 2007 @ [redacted] ton FOB railcar with all other conditions described being accepted. This agreement will be subject to PEF internal guidelines as well as management approval.

Regards

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, May 31, 2007 3:02 PM
To: Vinson, Eddie
Subject: Compliance CSX offer

Eddie,

We would like to offer the following:

[redacted] trains [redacted] per month June thru November 2007
82590 Pardee, WV
4 hour load, CSX railroad weights
[redacted] FOB Railcar based on Mineral Lab at origin

Specs:

Moisture:	8.00	Reject: 10.00
Ash:	12.00	Reject: 14.00 (no ash penalty between 12 – 14)
Sulfur:	1.20 lbs SO2	Reject: 1.20 lbs SO2
BTU:	12,000	Reject: 11,900

We look forward to a favorable response. Thanks

Bev Reynolds
O: 606-931-0050
C: 304-638-9562

REDACTED

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Friday, June 01, 2007 8:34 AM
To: Vinson, Eddie; Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Eddie,

Would you consider $[redacted] instead of [redacted]? Thanks.

Bev

-----Original Message-----
From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, June 01, 2007 7:36 AM
To: Reynolds, Beverly; Phipps, Brett; Shultz, Shawn
Subject: Re: Compliance CSX offer

Bev
PEF would like to counter your offer with a final bid of $[redacted]/ton. If SSM still has interest please let me know.

Eddie

----- Original Message -----
From: Reynolds, Beverly <Beverly.Reynolds@ssmcoal.com>
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Sent: Thu May 31 17:19:42 2007
Subject: RE: Compliance CSX offer

Eddie,

Thanks for your counter offer. We can not accept [redacted]. We would consider revising our offer to [redacted] FOB Railcar. Thanks again for your reply.

Bev

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Thursday, May 31, 2007 5:10 PM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

REDACTED

Bev,

Thank you for your recent offer but unfortunately we are not interested @ the offered price. PEF would like to counter SSM's offer as follows, [redacted] TPM July-November 2007 @ [redacted]/ton FOB railcar with all other conditions described being accepted. This agreement will be subject to

PEF internal guidelines as well as management approval.

Regards

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, May 31, 2007 3:02 PM
To: Vinson, Eddie
Subject: Compliance CSX offer

Eddie,

We would like to offer the following:

[redacted] trains [redacted] per month June thru November 2007

82590 Pardee, WV

4 hour load, CSX railroad weights

[redacted] FOB Railcar based on Mineral Lab at origin

Specs:

Moisture:	8.00	Reject:	10.00
Ash:	12.00	Reject:	14.00 (no ash penalty between 12 - 14)
Sulfur:	1.20 lbs SO2	Reject:	1.20 lbs SO2
BTU:	12,000	Reject:	11,900

We look forward to a favorable response. Thanks

Bev Reynolds

O: 606-931-0050

C: 304-638-9562

REDACTED

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, May 31, 2007 5:20 PM
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Eddie,

Thanks for your counter offer. We can not accept $[redacted] We would consider revising our offer to $[redacted]FOB Railcar. Thanks again for your reply.

Bev

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Thursday, May 31, 2007 5:10 PM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Bev,

Thank you for your recent offer but unfortunately we are not interested @ the offered price. PEF would like to counter SSM's offer as follows [redacted]TPM July-November 2007 @ [redacted]/ton FOB railcar with all other conditions described being accepted. This agreement will be subject to PEF internal guidelines as well as management approval.

Regards

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, May 31, 2007 3:02 PM
To: Vinson, Eddie
Subject: Compliance CSX offer

Eddie,

We would like to offer the following:

[redacted] trains [redacted] per month June thru November 2007
82590 Pardee, WV
4 hour load, CSX railroad weights
[redacted]FOB Railcar based on Mineral Lab at origin

REDACTED

Specs:

Moisture:	8.00	Reject: 10.00
Ash:	12.00	Reject: 14.00 (no ash penalty between 12 – 14)
Sulfur:	1.20 lbs SO2	Reject: 1.20 lbs SO2
BTU:	12,000	Reject: 11,900

We look forward to a favorable response. Thanks

Bev Reynolds
O: 606-931-0050
C: 304-638-9562

Vinson, Eddie

From: Vinson, Eddie
Sent: Friday, June 08, 2007 10:26 AM
To: 'Reynolds, Beverly'
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Bev,

PEF has no interest in your product at $[redacted]/ton.

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Friday, June 01, 2007 8:34 AM
To: Vinson, Eddie; Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Eddie,

Would you consider $[redacted] instead of [redacted]? Thanks.

Bev

-----Original Message-----
From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, June 01, 2007 7:36 AM
To: Reynolds, Beverly; Phipps, Brett; Shultz, Shawn
Subject: Re: Compliance CSX offer

Bev
PEF would like to counter your offer with a final bid of $[redacted]/ton. If SSM still has interest please let me know.

Eddie

----- Original Message -----
From: Reynolds, Beverly <Beverly.Reynolds@ssmcoal.com>
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Sent: Thu May 31 17:19:42 2007
Subject: RE: Compliance CSX offer

Eddie,

Thanks for your counter offer. We can not accept $[redacted] We would consider revising our offer to $[redacted] FOB Railcar. Thanks again for your reply.

Bev

REDACTED

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]

Sent: Thursday, May 31, 2007 5:10 PM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Bev,

Thank you for your recent offer but unfortunately we are not interested @ the offered price. PEF would like to counter SSM's offer as follows, [redacted] TPM July-November 2007 [redacted]/ton FOB railcar with all other conditions described being accepted. This agreement will be subject to PEF internal guidelines as well as management approval.

Regards

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, May 31, 2007 3:02 PM
To: Vinson, Eddie
Subject: Compliance CSX offer

Eddie,

We would like to offer the following:

[redacted] trains [redacted] per month June thru November 2007

82590 Pardee, WV

4 hour load, CSX railroad weights

[redacted] FOB Railcar based on Mineral Lab at origin

REDACTED

Specs:

Moisture: 8.00 Reject: 10.00

Ash: 12.00 Reject: 14.00 (no ash penalty between 12 - 14)

Sulfur: 1.20 lbs SO2 Reject: 1.20 lbs SO2

BTU: 12,000 Reject: 11,900

We look forward to a favorable response. Thanks

Bev Reynolds

O: 606-931-0050

C: 304-638-9562

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Wednesday, October 24, 2007 8:19 AM
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Cora offer

Eddie,

Oxbow accepts the reject specs of 11,500 BTU, 13.5 ash and 10% moisture. We need to make sure that you accept our BTU Premium/Penalty and our SO2 Premium/Penalty:

Btu premium/penalty = (MWA actual Btu/lb – MWA guarantee Btu/lb) * Price / MWA Guarantee Btu/lb

SO2 premium/penalty = (MWA guarantee lbs SO2/mmbtu – MWA actual lbs SO2/mmbtu) * MWA actual Btu/lb * E / 1,000,000
E = average of first 5 business days of month following published by Cantor Fitzgerald (1/2 between bid and offer)

Please let me know if you accept our formulas. Thanks.

Bev

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Tuesday, October 23, 2007 7:20 AM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Cora offer

Bev,

PEF will accept the [redacted]/ton FOB Barge Cora Dock if we can change the reject BTU to 11,500 and the ash reject to 13.5 also moisture reject needs to be 10% reject.
Please let me know if you are acceptable to these changes.

Regards

Eddie

REDACTED

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, October 18, 2007 5:42 PM
To: Vinson, Eddie
Subject: Cora offer

Eddie,

Per our previous conversation, Oxbow can not accept your counter offer of [redacted] FOB Barge Cora Dock for the Colorado coal. We will however agree to the following:

[redacted] trains (approximately [redacted] tons) delivered fob barge at Cora Dock.
Mutual option for additional train.

Term: November – December, 2007

Price: [redacted]/ton FOB Barge Cora Dock

Specifications:	MWA	Reject
Btu/lb	12,000 min	11,000
Moisture	8.00 max	NA
Ash-ar	11.0 max	15.0
SO2	0.90 max	1.20
Vol	34.0 min	
Size	2"x0	
Passing ¼	40 max	
HGI	48 min	
Fusion (H=W)	2400 min	

Price adjustments:

Btu premium/penalty = (MWA actual Btu/lb – MWA guarantee Btu/lb) * Price / MWA Guarantee Btu/lb

SO2 penalty = (MWA guarantee lbs SO2/mmbtu – MWA actual lbs SO2/mmbtu) * MWA actual Btu/lb * E / 1,000,000
E = average of first 5 business days of month following published by Cantor Fitzgerald (1/2 between bid and offer)

Should the above specs and price be acceptable to PEF, please make purchase order to:

Oxbow Carbon & Minerals LLC
600 Grant Street, Suite 450
Denver, CO 80203

Thank you for considering this offer.

Bev

REDACTED

6 trains (100 cars) per month June thru November 2007

82590 Pardee, WV

4 hour load, CSX railroad weights

$45.00 FOB Railcar based on Mineral Lab at origin

Specs:

Moisture:	8.00	Reject:	10.00
Ash:	12.00	Reject:	14.00 (no ash penalty between 12 - 14)
Sulfur:	1.20 lbs SO2	Reject:	1.20 lbs SO2
BTU:	12,000	Reject:	11,900

We look forward to a favorable response. Thanks

Bev Reynolds

O: 606-931-0050

C: 304-638-9562

Bev
PEF would like to counter your offer with a final bid of $[redacted]/ton. If SSM still has interest please let me know.

Eddie

----- Original Message -----
From: Reynolds, Beverly <Beverly.Reynolds@ssmcoal.com>
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Sent: Thu May 31 17:19:42 2007
Subject: RE: Compliance CSX offer

Eddie,

Thanks for your counter offer. We can not accept $[redacted] We would consider revising our offer to $[redacted] FOB Railcar. Thanks again for your reply.

Bev

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Thursday, May 31, 2007 5:10 PM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Bev,

Thank you for your recent offer but unfortunately we are not interested @ the offered price. PEF would like to counter SSM's offer as follows, [redacted] TPM July-November 2007 @ [redacted] ton FOB railcar with all other conditions described being accepted. This agreement will be subject to PEF internal guidelines as well as management approval.

Regards

REDACTED

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Thursday, May 31, 2007 3:02 PM
To: Vinson, Eddie
Subject: Compliance CSX offer

Eddie,

We would like to offer the following:

Vinson, Eddie

From: Vinson, Eddie
Sent: Monday, June 11, 2007 9:01 AM
To: 'Reynolds, Beverly'
Cc: Phipps, Brett; Shultz, Shawn; Vincent Williams, E. Peta
Subject: RE: Compliance CSX offer

Bev,

We have a deal for the [redacted] trains July thru November 2007 for csx compliance pending the internal reviews (credit etc.)Please give me a call so we can get the process started. Thanks Again

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Friday, June 08, 2007 10:34 AM
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Eddie,

If it is still available, we accept your offer of [redacted] for [redacted] trains shipped at the rate of [redacted] train per month July thru Nov, 2007. Please let me know if we have a deal. Thanks.

Bev

-----Original Message-----
From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, June 08, 2007 10:26 AM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Bev,

PEF has no interest in your product at [redacted]/ton.

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Friday, June 01, 2007 8:34 AM
To: Vinson, Eddie; Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Eddie,

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REDACTED

Bev

-----Original Message-----
From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, June 01, 2007 7:36 AM
To: Reynolds, Beverly; Phipps, Brett; Shultz, Shawn
Subject: Re: Compliance CSX offer

Ash: 12.00 Reject: 14.00 (no ash penalty between 12 - 14)

Sulfur: 1.20 lbs SO2 Reject: 1.20 lbs SO2

BTU: 12,000 Reject: 11,900

We look forward to a favorable response. Thanks

Bev Reynolds

O: 606-931-0050

C: 304-638-9562

Vinson, Eddie

From: Reynolds, Beverly [Beverly.Reynolds@ssmcoal.com]
Sent: Friday, June 08, 2007 10:34 AM
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Eddie,

If it is still available, we accept your offer of $[redacted] for [redacted] trains shipped at the rate of [redacted] train per month July thru Nov, 2007. Please let me know if we have a deal. Thanks.

Bev

-----Original Message-----
From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, June 08, 2007 10:26 AM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Bev,

PEF has no interest in your product at $[redacted] /ton.

Eddie

-----Original Message-----
From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
Sent: Friday, June 01, 2007 8:34 AM
To: Vinson, Eddie; Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Eddie,

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Bev

-----Original Message-----
From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, June 01, 2007 7:36 AM
To: Reynolds, Beverly; Phipps, Brett; Shultz, Shawn
Subject: Re: Compliance CSX offer

Bev
PEF would like to counter your offer with a final bid of [redacted]/ton. If SSM still has interest please let me know.

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REDACTED

----- Original Message -----
From: Reynolds, Beverly <Beverly.Reynolds@ssmcoal.com>
To: Vinson, Eddie
Cc: Phipps, Brett; Shultz, Shawn
Sent: Thu May 31 17:19:42 2007
Subject: RE: Compliance CSX offer

Eddie,

Thanks for your counter offer. We can not accept $[redacted] We would consider revising our offer to [redacted] FOB Railcar. Thanks again for your reply.

Bev

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Thursday, May 31, 2007 5:10 PM
To: Reynolds, Beverly
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Compliance CSX offer

Bev,

Thank you for your recent offer but unfortunately we are not interested @ the offered price. PEF would like to counter SSM's offer as follows, [redacted] TPM July-November 2007 @ [redacted]/ton FOB railcar with all other conditions described being accepted. This agreement will be subject to PEF internal guidelines as well as management approval.

Regards

Eddie

> -----Original Message-----
> From: Reynolds, Beverly [mailto:Beverly.Reynolds@ssmcoal.com]
> Sent: Thursday, May 31, 2007 3:02 PM
> To: Vinson, Eddie
> Subject: Compliance CSX offer
>
> Eddie,
>
> We would like to offer the following: **REDACTED**
>
> [redacted] trains [redacted] per month June thru November 2007
>
> 82590 Pardee, WV
>
> 4 hour load, CSX railroad weights
>
> [redacted] FOB Railcar based on Mineral Lab at origin
>
> Specs:
>
> Moisture: 8.00 Reject: 10.00

Vinson, Eddie

From: David P. Byer [DByer@PeabodyEnergy.com]
Sent: Monday, May 15, 2006 10:38 AM
To: Vinson, Eddie
Cc: William K. McNew; William Emke; Ross Shelledy
Subject: Fw: Cook Coal Terminal 2 Trench Tops completed analysis



cte262.pdf

Please see the attached analyses. Call me if you have questions.

David P. Byer
Sr. Manager
Quality Control and Contract Labs
Peabody Energy
314-342-7604 (Office)
618-210-5414 (Mobile)
dbyer@peabodyenergy.com

----- Forwarded by David P. Byer/STL/Peabody on 05/15/2006 09:34 AM -----

"Shoemaker, Pat A (Henderson)" <Pat.Shoemaker@sgs.com>

To

David P. Byer/STL/Peabody@PeabodyEnergy

cc

05/12/2006 11:49 AM

Subject

Cook Coal Terminal 2 Trench Tops completed analysis

Dave,
Attached completed analysis on the 2 barges at Cook.
PEN 210
H 9268

Regards,
Pat Shoemaker
SGS North America Inc. Minerals Services Division
Phone:(270) 827-1187

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connection with providing the Services, save to the extent not permitted by the applicable law.

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(See attached file: cte262.pdf)

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Vinson, Eddie

From: David P. Byer [DByer@PeabodyEnergy.com]
Sent: Monday, May 08, 2006 9:00 AM
To: Vinson, Eddie
Cc: Ross Shelledy; William K. McNew
Subject: Fw: Cook Terminal Barge Analysis 5/4/06



CTE87.pdf

Eddie,

Attached below is the quality for the two barges. I will forward the drafts in a separate e mail. Let me know if you have any questions.

Dave

David P. Byer
Sr. Manager
Quality Control and Contract Labs
Peabody Energy
314-342-7604 (Office)
618-210-5414 (Mobile)
dbyer@peabodyenergy.com

----- Forwarded by David P. Byer/STL/Peabody on 05/08/2006 07:56 AM -----

"Myers, Elliot (Henderson)" <Elliot.Myers@sgs.com>
05/06/2006 06:17 AM

To: David P. Byer/STL/Peabody@PeabodyEnergy, Ross Shelledy/STL/Peabody@PeabodyEnergy
cc:
Subject: Cook Terminal Barge Analysis 5/4/06

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(See attached file: CTE87.pdf)

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Vinson, Eddie

From: David P. Byer [DByer@PeabodyEnergy.com]
Sent: Monday, May 08, 2006 9:03 AM
To: Vinson, Eddie
Cc: William K. McNew; Ross Shelledy
Subject: Fw: PROGRESS FUEL BARGES

See barge draft information below.

David P. Byer
Sr. Manager
Quality Control and Contract Labs
Peabody Energy
314-342-7604 (Office)
618-210-5414 (Mobile)
dbyer@peabodyenergy.com

-
|---------+---------->
	dratkison@aep.com
	05/05/2006 09:53 AM
---------+---------->

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To| |
| William K. McNew/STL/Peabody@PeabodyEnergy
| |
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cc| |
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Subject| |
| Re: PROGRESS FUEL BARGES
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PEF-CC-000782

PEN 210 1720 tons 9'7" draft

H 9268 1610 tons 9'9" draft

M/V Susie Cooney picked up 11:00 5/4

Dwight Atkison
AEP/Cook Coal Terminal
PO Box 870
3316 N. US 45 Road
Metropolis, IL 62960
Outside: (618) 524-1935
Audinet: 8-255-1935
Cell: (618) 201-5832
Fax: (618) 524-1968

"William K. McNew" <WMcNew@peabodyenergy.com>

05/05/2006 07:57 AM

To
dratkison@aep.com
cc
Subject
PROGRESS FUEL BARGES

Dwight,

Thanks for your help with coordinating our movements yesterday. Please send the draft/draft weight info on barges H9268 and PEN210B when available. Also, if you could give us an update on the barges' pickup, we would appreciate. Hope you have a great day & weekend.

Keith McNew

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Vinson, Eddie

From: Phipps, Brett
Sent: Tuesday, June 26, 2007 3:39 PM
To: 'chrishastings@emeraldcoal.com'
Cc: Duttinger, Jason; Vinson, Eddie; Shultz, Shawn
Subject: Re: Emailing: ATM BARGES @KRTC

PEF will accept the 2 additional barges.
Thanks,
Brett

----- Original Message -----
From: Chris Hastings <chrishastings@emeraldcoal.com>
To: Phipps, Brett
Sent: Tue Jun 26 15:20:18 2007
Subject: Fw: Emailing: ATM BARGES @KRTC

Here are two more barges from the same train that we can sell at $[redacted] FOB the barge Ceredo.

-----Original Message-----
From: Jill Karst
To: Chris Hastings
CC: Steve Weber
Sent: Tue Jun 26 13:20:40 2007
Subject: FW: Emailing: ATM BARGES @KRTC

C <<ATM BARGES @KRTC.pdf>> hris:

Here are the other 2 barges in question

-----Original Message-----
From: Broyles, Heather (Charleston) [mailto:Heather.Broyles@sgs.com]
Sent: Wednesday, June 20, 2007 8:02 AM
To: Jill Karst; JENNIFER.LOTT@masseyenergyco.com; marlene.moss@masseyenergyco.com; Robert.Stacy@masseyenergyco.com; terrie.mustian@masseyenergyco.com
Subject: Emailing: ATM BARGES @KRTC

<<ATM BARGES @KRTC.pdf>>
The message is ready to be sent with the following file or link attachments:

ATM BARGES @KRTC

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REDACTED

Vinson, Eddie

From: Jill Karst [jillkarst@emeraldcoal.com]
Sent: Wednesday, June 27, 2007 7:32 AM
To: Duttinger, Jason
Cc: Shultz, Shawn; Vinson, Eddie
Subject: FW: Emailing: ATM BARGES @KRTC



ATM BARGES @KRTC.pdf

Here are the last 2. Call me if you need anything else.

Jill Karst
Emerald International Corp.
859-525-2522

-----Original Message-----
From: Broyles, Heather (Charleston) [mailto:Heather.Broyles@sgs.com]
Sent: Wednesday, June 20, 2007 8:02 AM
To: Jill Karst; JENNIFER.LOTT@masseyenergyco.com; marlene.moss@masseyenergyco.com; Robert.Stacy@masseyenergyco.com; terrie.mustian@masseyenergyco.com
Subject: Emailing: ATM BARGES @KRTC

<<ATM BARGES @KRTC.pdf>>
The message is ready to be sent with the following file or link attachments:

ATM BARGES @KRTC

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Vinson, Eddie

From: Vinson, Eddie
Sent: Wednesday, August 23, 2006 11:22 AM
To: steveweber@emeraldcoal.com)
Cc: Phipps, Brett
Subject: FW: PEF_Emerald Stockpile Spot.DOC

Steve:

Please sign and return this morning.

Thanks

Eddie

-----Original Message-----
From: Vincent, Peta
Sent: Monday, August 21, 2006 6:31 PM
To: Vinson, Eddie
Subject: PEF_Emerald Stockpile Spot.DOC



PEF_Emerald Stockpile Spot.DOC..

Vinson, Eddie

From: Jill Karst [jillkarst@emeraldcoal.com]
Sent: Wednesday, June 27, 2007 7:29 AM
To: Duttinger, Jason
Cc: Vinson, Eddie; Shultz, Shawn
Subject: Forward per Chris Hastings of Emerald



BARGES0620.pdf

Per your request, here are the first 5 barges with drafts and 2 more to follow shortly

Jill Karst
Emerald International Corp.
859-525-2522

-----Original Message-----
From: Broyles, Heather (Charleston) [mailto:Heather.Broyles@sgs.com]
Sent: Wednesday, June 20, 2007 11:23 AM
To: Jill Karst; JENNIFER.LOTT@masseyenergyco.com; marlene.moss@masseyenergyco.com; Robert.Stacy@masseyenergyco.com; terrie.mustian@masseyenergyco.com
Subject: Emailing: BARGES0620

<<BARGES0620.pdf>>
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BARGES0620

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Vinson, Eddie

From: Vinson, Eddie
Sent: Wednesday, January 31, 2007 4:01 PM
To: 'Bach, John'
Cc: Phipps, Brett; Shultz, Shawn; Duttinger, Jason; Vincent Williams, E. Peta; Boyd, Jerry
Subject: RE: Koch Carbon Coal Proposal

John, I just spoke with Kenny Bailey and agreed to purchase the 5 barges described below contingent on the successful negotiations of GTC.The agreed upon price was $[redacted] FOB Big Sandy River I also mentioned to him earlier we needed to stay as close to the 11,500 as possible as we will utilize these barges for some blend testing in the gulf (I'm sure this will not be a problem for Mr.. Stone). Also we prefer Mineral Lab to be the lab of record, should you have any questions please feel free to give me a call and we appreciate the opportunity to do business with Koch. For contract info please contact Peta Vincent Williams @ 919-546-5164. Thanks Again

Regards

Eddie

-----Original Message-----
From: Bach, John [mailto:John.Bach@kochind.com]
Sent: Friday, January 26, 2007 3:00 PM
To: Vinson, Eddie
Subject: FW: Koch Carbon Coal Proposal

Eddie, Sorry, had your old e-mail. Let's try again. Thanks, John

---

From: Bach, John
Sent: Friday, January 26, 2007 1:25 PM
To: 'Eddie.Vinson@progressfuels.com'
Cc: Bailey, Kenneth
Subject: Koch Carbon Coal Proposal

Eddie Per various discussions between yourself and Kenny Bailey, Koch Carbon LLC is pleased to submit the following coal supply proposal to Progress Energy.

11500 BTU, 1.20 #'s SO2 Deal:

Term: January 29, 2007 – February 28, 2007
Quantity: [redacted] tons; 5 barges total.
Price: [redacted] FOB Barge big Sandy River (based upon 11,500 BTU's Minimum).

	Typical	Min./Max.
Moisture:	8.0%	10.0% Max.
Ash:	13.0 - 15.0%	16.00% Max.
#'s SO2:	1.15	1.20 #'s Max.
BTU's:	11,500 +	11200 Min.
Volatile:	32	30 Min.
HGI	45	43

REDACTED

Premium and Penalties: Price adjustments for coal quality will be based on the Monthly weighted average composite analysis.
Btu Premium / Penalty: Above 11,500 BTU's, BTU's pro-rata.

If you have any further questions or require additional information please do not hesitate to call or e-mail either Kenny or myself. Thank you again for the opportunity and look forward to discussing further.
John

Best Regards,

John D Bach
Koch Carbon LLC
20 East Greenway Plaza; Houston, TX 77046-2002
Phone: 713-544-5148; Fax: 713-544-6052;
Mobile: 832-495-7654; E-Mail: john.bach@kochind.com

Vinson, Eddie

From: Meyer, Lance [MeyerL@kochind.com]
Sent: Tuesday, February 13, 2007 4:03 PM
To: Vincent Williams, E. Peta; Vinson, Eddie
Cc: Bach, John; Stone, Eugene; Meyer, Lance; Bailey, Kenneth
Subject: Progress Florida-Koch, Short Version Signed
Importance: High

Eddie, we do apologize for the delay, but hopefully this will be sufficient in keeping this deal alive. We can still load this week, so please let us know the soonest.

Short Version Contract for the 5 barge test. Markup and Signed - Added in Section 18, 21 and 25 from your 'Long Version Contract'.

<<PEF_KOCH_02.07_SPOT.doc>> <<3044481.tif>>

Long Version Markup for future use only.

<<Progress Florida.doc>>

Vinson, Eddie

From: Vincent, Peta
Sent: Monday, September 18, 2006 2:51 PM
To: 'Balder, Lisa'; Vinson, Eddie
Cc: Kochavi, Shiran; Moore, Matt; Schwieder, Matt
Subject: RE: PEF C01643 Sep-Dec 2006.doc

The revisions are fine, please forward for execution.

Thanks
Peta Vincent

-----Original Message-----
From: Balder, Lisa [mailto:Lisa.Balder@nrgenergy.com]
Sent: Monday, September 18, 2006 1:28 PM
To: Vincent, Peta; Vinson, Eddie
Cc: Kochavi, Shiran; Moore, Matt; Schwieder, Matt
Subject: PEF C01643 Sep-Dec 2006.doc

<<PEF C01643 Sep-Dec 2006.doc>>

Peta

Attached is the agreement for the August 9, 2006 transaction. The document is a redline based upon the PEC agreement with revisions specific to the PEF transaction. Please review and let me know if you have any additional revisions.

Thank you,

Lisa A. Balder
NRG Power Marketing Inc.
211 Carnegie Center
Princeton, NJ 08540
Direct: 609.524.4543
Fax: 609.524.4540

Vinson, Eddie

From: Moore, Matt [Matt.Moore@nrgenergy.com]
Sent: Monday, August 14, 2006 6:56 PM
To: Phipps, Brett
Cc: Vinson, Eddie
Subject: RE: United Power (Coal): 750800 Company: Progress Energy Carolinas Inc Attention: Eddie Vinson Side: Buyer

NRG has changed this deal. You should see the paperwork/confirm change from our contract admin.

-----Original Message-----
From: Phipps, Brett [mailto:Brett.Phipps@pgnmail.com]
Sent: Friday, August 11, 2006 3:25 PM
To: Moore, Matt
Cc: Vinson, Eddie
Subject: FW: United Power (Coal): 750800 Company: Progress Energy Carolinas Inc Attention: Eddie Vinson Side: Buyer

Matt,
In reviewing the attached confirmation we noticed it was written for Progress Energy Carolinas. The confirmation should be for Progress Energy Florida. It will be necessary to make this change. If you have any questions feel free to contact me. I apologize for any inconvenience this may cause. I look forward to working with NRG. Thank you for your patience and understanding.

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

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

-----Original Message-----
From: Vinson, Eddie
Sent: Friday, August 11, 2006 3:14 PM
To: Phipps, Brett
Subject: FW: United Power (Coal): 750800 Company: Progress Energy Carolinas Inc Attention: Eddie Vinson Side: Buyer

-----Original Message-----
From: miqbal@unitedpwr.com [mailto:miqbal@unitedpwr.com]
Sent: Wednesday, August 09, 2006 9:48 AM
To: Vinson, Eddie
Subject: United Power (Coal): 750800 Company: Progress Energy Carolinas Inc Attention: Eddie Vinson Side: Buyer

Attached: Confirmation 750800
Date: 8/9/2006 8:48:03 AM

PEF-CC-000788

Company: Progress Energy Carolinas Inc
Attention: Eddie Vinson

United Power (Coal)

Vinson, Eddie

From: Futrell, Amy
Sent: Tuesday, May 09, 2006 2:05 PM
To: 'Hoskins, Jr., Phillip'
Cc: Vinson, Eddie
Subject: Constellation Freight Differential



Constellation Freight Differen...

Phil,

I am planning to take the following CSX freight differential amount for train F086 against the invoice for train F188 that you sent to me last week. Please let me know if you have any questions.

Amy Futrell
Regulated Back Office
(919)546-2678
amy.futrell@pgnmail.com

Vinson, Eddie

From: Thompson, Peter [peter.thompson@constellation.com]
Sent: Wednesday, January 31, 2007 3:49 PM
To: Larger, Pam; Vinson, Eddie; Phipps, Brett
Cc: Nelson, Robert; Savage, Christopher
Subject: Constellation/Progress Energy Florida Confirmation

Attached is a PDF copy of the Progress Energy Florida Confirm. A copy has also been faxed to the number on page 1 of the Confirm.

<<Document.pdf>>

Peter J. Thompson
Counsel
Constellation Energy Commodities Group, Inc.
111 Market Place, Suite 500
Baltimore, Maryland 21202
Phone: (410) 468-2581
Fax: (410) 468-3499
E-mail: peter.thompson@constellation.com

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Vinson, Eddie

From: Vinson, Eddie
Sent: Monday, June 19, 2006 3:16 PM
To: Rob Nelson (Robert.Nelson@constellation.com); Chris Savage (christopher.savage@constellation.com)
Cc: Phipps, Brett; Futrell, Amy
Subject: FW: constellation



Document.pdf

Rob, Chris

Attached is the sighed copy of the Progress Energy Florida spot deal, if you have any questions please feel free to give me a call.

Thanks

Eddie

-----Original Message-----
From: Britton, Annette
Sent: Monday, June 19, 2006 10:36 AM
To: Vinson, Eddie
Subject: constellation

Vinson, Eddie

From: Nelson, Robert [Robert.Nelson@constellation.com]
Sent: Wednesday, June 07, 2006 9:53 AM
To: Vinson, Eddie
Subject: FW: PEF_Constellation_Spot_Q3_06



0900ee98802ff456.
pdf

Did you recieve this via fax on or about 5/31? It is our confirm for the 4 train 1.20# deal to Crystal.

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Tue 6/6/2006 3:02 PM
To: Nelson, Robert
Subject: FW: PEF_Constellation_Spot_Q3_06

Give me some feedback as soon as possible

-----Original Message-----
From: Vincent, Peta
Sent: Tuesday, June 06, 2006 2:39 PM
To: Vinson, Eddie
Subject: PEF_Constellation_Spot_Q3_06

<<PEF_Constellation_Spot_Q3_06.DOC>>

E. Peta Vincent
Progress Energy Service Company, Inc. LLC.
Legal Department
Manager - Contract Administration
Phone: (919) 546-5164
Fax: (919) 546-2649
Voice Net: 770-5164
Fax Net: 770-2649
E-Mail: Peta.Vincent@pgnmail.com

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Vinson, Eddie

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


Progress.Florida.1y r.1.20#.10....


Progress.Florida.3y r.2#.10.05....

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

Barbara, Brett

Here you go.

Tks

Rob

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Vinson, Eddie

From: Coppola, Barbara
Sent: Wednesday, October 26, 2005 7:46 AM
To: Futrell, Amy; Crocker, Rhonda; Mcroberts, Tina (PFC); Haynes, Debra; Williams, Dave; Shultz, Shawn; Muehlendyck, Virginia (PFC)
Subject: FW: Progress Fuels/Constellation Coal Confirm

fyi - This agreement has not yet been signed, however the commercial terms are firm. Please let me know if you have any questions.
-----Original Message-----
From: Coppola, Barbara
Sent: Tuesday, October 25, 2005 12:40 PM
To: Phipps, Brett
Subject: FW: Progress Fuels/Constellation Coal Confirm

Brett - this looks ok to me, however, I am asking for your final approval on this since you did the deal. Once you ok it, I'll forward to Robin for Al's signature and get it back to Constellation for their signature.

I'll also need any analysis sheets.

Thank you,
Barbara
-----Original Message-----
From: Vincent, Peta
Sent: Tuesday, October 25, 2005 9:45 AM
To: Coppola, Barbara
Subject: FW: Progress Fuels/Constellation Coal Confirm

Barbara/Bret,
Please review the attached and let me know if it is acceptable to you.

Thanks
Peta
-----Original Message-----
From: Thompson, Peter [mailto:peter.thompson@constellation.com]
Sent: Tuesday, October 25, 2005 9:43 AM
To: Vincent, Peta; Coppola, Barbara
Cc: Savage, Christopher; Menzies, Linda; Nelson, Robert
Subject: RE: Progress Fuels/Constellation Coal Confirm

Here is a clean version. If this is acceptable, let me know and we can execute and fax to you for countersignature.

Pete

Peter J. Thompson
Counsel
Constellation Energy Commodities Group, Inc.
Suite 500
111 Market Place
Baltimore, Maryland 21202

Phone: (410) 468-2581
Fax: (410) 468-3499
E-mail: peter.thompson@constellation.com

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From: Vincent, Peta [mailto:Peta.Vincent@pgnmail.com]
Sent: Tuesday, October 25, 2005 8:34 AM
To: Thompson, Peter; Coppola, Barbara
Cc: Savage, Christopher; Menzies, Linda; Nelson, Robert
Subject: RE: Progress Fuels/Constellation Coal Confirm

Pete,
Barbara has indicated to me that the changes below are acceptable. Could you send me a clean version to review prior to execution.

Thanks
Peta

-----Original Message-----
From: Thompson, Peter [mailto:peter.thompson@constellation.com]
Sent: Monday, October 24, 2005 2:23 PM
To: Vincent, Peta; Coppola, Barbara
Cc: Savage, Christopher; Menzies, Linda; Nelson, Robert
Subject: RE: Progress Fuels/Constellation Coal Confirm

My commercial folks have reviewed the SO2 adjustment clause and only had one minor change (changing "SO2 Monthly Price" to "SO2 Monthly Prices" in the last paragraph thereof), as follows:

SO2 Adjustment: If it is determined that the weighted average actual pounds of SO2 per million Btu ("lbs SO2/mmBtu") on an as-received basis for the aggregate of all Shipments accepted by Buyer under this Confirmation is other than 1.60 lbs SO2/mmBtu, Seller shall calculate a SO2 price adjustment as defined below for each Ton of Coal accepted by Buyer hereunder:

Price Adjustment ($/Ton of Coal) = [(1.60lbs SO2/mmBtu - Actual lbs SO2/mmBtu) * Actual Btu/lb * E]/1,000,000

Where E is the average price of SO2 allowances expressed in dollars per Ton of SO2. The average price of SO2 allowances shall be determined by using the average of the SO2 Monthly Price s published by Energy Argus for each month of the Term in which Shipments were delivered. Price adjustments shall be made to the nearest $0.001. The adjustment shall be settled financially.

If your commercial folks approve of the wording, we can move towards execution. Can we use this template for all other outstanding confirmations between Progress Fuels Corporation and Constellation (deleting the SO2 adjustment clause from those transactions where it is inapplicable)?

Pete

From: Vincent, Peta [mailto:Peta.Vincent@pgnmail.com]
Sent: Thursday, October 20, 2005 12:40 PM
To: Thompson, Peter; Coppola, Barbara
Cc: Savage, Christopher; Menzies, Linda; Nelson, Robert
Subject: RE: Progress Fuels/Constellation Coal Confirm

Peter,
I have accepted all of the changes pursuant to our discussion. I left the SO2 adjustment language as is, assuming further discussion to be held between your commercial folks and our folks.

Thanks again for your time
Peta Vincent

-----Original Message-----
From: Thompson, Peter [mailto:peter.thompson@constellation.com]
Sent: Wednesday, October 19, 2005 2:34 PM
To: Coppola, Barbara; Vincent, Peta
Cc: Savage, Christopher; Menzies, Linda; Nelson, Robert
Subject: Progress Fuels/Constellation Coal Confirm

Attached is a redline showing changes to the original confirm sent to you. The changes have not yet been reviewed by my commercial folks (in particular the changes to the SO2 adjustment) and are therefore subject to their comments, if any. Please let me know if these changes are acceptable and, if so, whether we can use these for all of the outstanding confirms between Progress Fuels Corporation and Constellation.

<<Progress Fuels CLS04QK 101905.doc>>

Peter J. Thompson
Counsel
Constellation Energy Commodities Group, Inc.
Suite 500
111 Market Place
Baltimore, Maryland 21202
Phone: (410) 468-2581
Fax: (410) 468-3499
E-mail: peter.thompson@constellation.com

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Vinson, Eddie

From: Nelson, Robert [Robert.Nelson@constellation.com]
Sent: Wednesday, May 24, 2006 11:45 AM
To: Vinson, Eddie
Cc: Phipps, Brett; Nelson, Robert
Subject: JUNE / JULY 1.20# OFFER



PEF.june.july.06.1.
20#.5.24.06...

Eddie

Per our discussion, please review the attached and let me know

Tks

Rob
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Vinson, Eddie

From: Thompson, Peter [peter.thompson@constellation.com]
Sent: Friday, June 09, 2006 3:15 PM
To: Vincent, Peta
Cc: Vinson, Eddie; Savage, Christopher; Nelson, Robert
Subject: Progress Energy Florida/Constellation Coal Confirm

Attached is a redline showing the changes we discussed on the phone. If these changes are acceptable, please let me know and I can have the confirm executed.

<<Progress Energy Florida CLS06EW 060906.doc>>

Peter J. Thompson
Counsel
Constellation Energy Commodities Group, Inc.
111 Market Place, Suite 500
Baltimore, Maryland 21202
Phone: (410) 468-2581
Fax: (410) 468-3499
E-mail: peter.thompson@constellation.com

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Phipps, Brett

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Friday, July 21, 2006 9:49 AM
To: Vinson, Eddie
Cc: Phipps, Brett
Subject: August Vessel - 2006 contract

Eddie,

Pursuant to our discussions earlier this week, I'd like to restate and confirm the fact that CMC (USA) will supply 11,300 Btu/lb. compliance coal for our next vessel, with the idea that this heating value will be supplied for the remaining two vessels later this year and all vessels in 2007. Cerrejon has indicated that our average heating value will drop slightly in the second half of 2006, which is an adjustment from earlier projections for this year. While we made a mistake in announcing a lack of higher heating value coals for the previous vessel it would most certainly be helpful to the operation to move forward with our stated plan of shipping the 11,300 product to Crystal River.

With regard to pricing, I would hope we could agree to a plan similar to the one we discussed for the previous vessel. We appreciate your willingness to work with CMC and Cerrejon in this manner and we look forward to your confirmation.

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Phipps, Brett

From: Andy Cox [andy.cox@cmc-coal.com]
Sent: Wednesday, December 21, 2005 2:58 PM
To: Vinson, Eddie
Cc: Phipps, Brett
Subject: Heating Value Discussion

Eddie,

Let me follow up our brief conversation regarding CMC's request to lower our heating value during 2006 from 11,800 Btu/lb to 11,400 Btu/lb. with some background information.

First of all, as you may know, the average heating value at the Cerrejon mines will gradually decrease over the next few years as mining is continued in a southerly and easterly direction. This is a general trend, nothing to panic about, but something for us to consider, especially when communicating with customers that we would like to consider being long term in nature. This gradual decrease causes us to plan to offer less B Product (11,800 Btu/lb) and try to offer more of our lower quality products. We will always have low sulfur coal at Cerrejon and we will always be able to offer compliance products. Over the long term we would like to be able to convince you and your plant operators that our 11,400 Btu/lb compliance product is a usable, economically sound investment.

What does this have to do with 2006 shipments (especially the early shipments)? In 2004 a rainy season of historical proportions (see the attached chart) caused Cerrejon to ship all tons that were mined, plus most of Cerrejon's reserve stockpiles, to meet our sales sand production forecasts. Moving into 2005, with not all of our tons sold, we decided not to prioritize the rebuilding of the stockpiles, but to maximize our sales in a market that we felt would be stronger in early 2005 as compared to late 2005. The sales forecast was correct; unfortunately we did not count on the 2005 rainy season starting in late July, as opposed to the usual beginning in October. This extended rainy season, coupled with the later than promised delivery of two shovels has cost Cerrejon about 850,000 tons of production. More importantly, as we weren't sold out, it cost us product flexibility that translated directly into huge demurrage bills. We were literally making ships wait for product from the mine before we could load them. If the proper quality was not forthcoming (notably the higher Btu coal) the vessel continued to wait offshore. CMC declined to declare Force majeure; instead we have been working with our customers to shift vessels from quarter to quarter or to consider taking lower Btu products. By in large we have been successful with these measures. We have eaten some very hefty demurrage bills but we have managed to make or account for all of our shipments.

The rainy season is just now ending and Cerrejon has plans to eradicate our inflexibility, thus decreasing demurrage and increasing customer (and sales force) satisfaction. Part of the plan is to not sell out the projected quantity of coal Cerrejon plans to mine in 1Q 2006. We are not offering any more 1Q shipments at this time. We will continuously evaluate stockpiles and mining conditions over the next several weeks to determine when it will be prudent to begin selling again for 2006 business. Additionally, we are continuing to talk with our customers about lower heating value for some of our near term (1Q) orders. Any lowering of the heating value adds flexibility to the shipping process and allows us to get to where Cerrejon is used to being; a flexible and consistent shipper of reliable steam products.

In the case of Progress Energy, we have two goals. We would like to get you to try some of our 11,400 Btu compliance coal for future extended shipments (hopefully) and we would like to help the mine by lowering the heating value on 1Q 2006 shipments. Even if you would consider taking half of the January vessel at 11,400 Btus, it would help us out. We don't expect for you to do this out of the goodness of your heart. We would be willing to work with you to make sure the plant's delivered cost per million Btus is maintained.

I realize that this is short notice for the January vessel, but I hope you can take a look at this vessel and any other coal scheduled in the first quarter of next year. If your schedule were to allow, we could push the first vessel back a bit to give you some more time to ponder our request. I look forward to further discussions on this subject. I am free to come to Raleigh at your convenience.

Thank you for your consideration and best wishes with your upcoming move.

Happy Holidays,

Andrew W. Cox
Sales Director
Coal Marketing Company (U.S.A.) Inc.
2720 Willow Oak Circle
Charlottesville, VA 22901

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

Phipps, Brett

From: Cole, Rick [RCole@drummondco.com]
Sent: Wednesday, November 14, 2007 3:35 PM
To: Vinson, Eddie; Tisdale, Randy; McClellan, John
Cc: Phipps, Brett; Shultz, Shawn
Subject: RE: Progress Response 11-14-07

Eddie:

We are extremely disappointed in this response. We have negotiated in good faith and after trading many drafts of the agreement back and forth we are now being asked to change language that was accepted by both sides in previous drafts. As we made Progress aware yesterday, roughly 130,000 tons of the coal dedicated to supply this agreement has been stockpiled at Mobile for quite some time in anticipation of completion of this contract. The Alabama State Docks is now pressuring us to immediately begin shipment of this coal. We are out of time and hereby request that Progress send another draft which does not change terms and conditions that were previously accepted by both sides. Should you fail to do so within 24 hours you leave us no choice but to make other arrangements to quickly ship the stockpiled tonnage to another customer and this coal will no longer be applicable to the 2007 agreement.

Rick

From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Wednesday, November 14, 2007 1:09 PM
To: Cole, Rick; Tisdale, Randy; Steul, Dennis
Cc: Phipps, Brett; Shultz, Shawn
Subject: Progress Response 11-14-07

<<Progress Response 11-14-07.doc>>

Gentlemen for your review.

Regards

Eddie

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Phipps, Brett

From: Cole, Rick [RCole@drummondco.com]
Sent: Monday, November 12, 2007 11:40 AM
To: Phipps, Brett
Subject: RE: Drummond

Brett:

I called for Eddie on both his office & cell but have not reached him yet. As per the conversation between Jason & Mark Moran, Dennis is OK with changing the point of analysis & weighing back to the states. Please make changes ASAP, sign & send on to Dennis and Randy Tisdale in Birmingham.

Thanks.

Rick

From: Phipps, Brett [mailto:Brett.Phipps@pgnmail.com]
Sent: Mon 11/12/2007 6:58 AM
To: Cole, Rick
Subject: FW: Drummond

FYI...Please give Eddie a call to finalize. If you have a question don't hesitate to call. Thanks.

bjp

-----Original Message-----
From: Duttinger, Jason
Sent: Saturday, November 10, 2007 10:00 AM
To: Vinson, Eddie; Phipps, Brett
Cc: Wyckoff, Sandy; Boyd, Jerry
Subject: Drummond

Eddie/Brett - Dennis Stuel told Mark Moran that draft weights on our gulf barges would be acceptable. Yesterday Mark also said that the 131,000 tons at the Bulk Plant has some hot spots (small fires) that they are tending to. Can we get with Drummond to revise the current draft?

Jason Duttinger
PROGRESS ENERGY
REGULATED FUELS (COAL)
919-546-2384 Office
919-812-5379 Mobile

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Phipps, Brett

From: Duttinger, Jason
Sent: Tuesday, July 18, 2006 1:44 PM
To: djsteul@drummondco.com
Cc: Vinson, Eddie; Phipps, Brett; Coppola, Barbara; Weintraub, Sasha; Boyd, Jerry
Subject: MV BEUTY SEA

Importance: High

Dennis,

We understand Drummond will not be able to make the 11,700 Guarantee / 11,600 Reject on the MV BEUTY SEA. Rick Coles informed our Eddie Vinson that this cargo is expected to load between an 11500 to 11600 Btu; subsequently Drummond will require Progress to accept an 11500 rejection limit on this cargo. These conditions are acceptable to Progress.

On a separate note, could you please confirm an August cargo. I need to begin setting up a cross-gulf schedule for August and need an indication as to when we should expect it.

Rgds,

Jason Duttinger
Sr. Transportation Specialist
Progress Energy
Regulated Fuels Department
919-546-2384 Office
919-546-2590 Fax
919-812-5379 Cell

Phipps, Brett

From: Vinson, Eddie
Sent: Tuesday, March 07, 2006 12:24 PM
To: Phipps, Brett; Coppola, Barbara
Subject: FW: La Loma production situation

-----Original Message-----
From: Cole, Rick [mailto:RCole@drummondco.com]
Sent: Tuesday, March 07, 2006 11:46 AM
To: Vinson, Eddie
Subject: La Loma production situation

Eddie:

Confirming our conversation earlier today the interim analysis on the vessel loaded over the weekend for the Crystal River plant is 11,530 BTU and 0.68% as received sulfur. As I explained the LaLoma mine is now producing in an area where we are being forced to mine an unusually large proportion of lower BTU coal. As a result we were not able to meet the minimum BTU spec called for in our contract. My guess is that this scenario will continue a minimum of three months. During this period we will of coarse endeavor to ship the highest quality coal possible to Progress Florida but I feel it prudent to make you aware of our ongoing difficulty.

Secondly, Interocean is not able to reduce our offered price for either the Crystal River contract solicitation or the Cape Fear test shipment. The Crystal River bid is a result of the market pricing presently being offered by other utilities who draw from Mobile. The Cape Fear test coal was recently repurchased from the European market and as such is substantially higher in cost than our typical production.

Interocean Coal Sales appreciates your help in working through this period of lower BTU production. We certainly value our relationship with Progress and look forward to expanding our business in the future. I'm optimistic that the improved cost structure we will enjoy once Shipyard River Terminal is able to unload gearless vessels (May 06) will allow us to offer coal that will deliver at pricing that is attractive to Progress.

Rick

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Phipps, Brett

From: Vinson, Eddie
Sent: Tuesday, March 28, 2006 4:55 PM
To: Duttinger, Jason; Phipps, Brett; Coppola, Barbara
Subject: FW: Crystal River Test Schedule

-----Original Message-----
From: Cole, Rick [mailto:RCole@drummondco.com]
Sent: Tuesday, March 28, 2006 3:38 PM
To: Vinson, Eddie
Cc: Steul, Dennis; McClellan, John
Subject: Crystal River Test Schedule

Eddie:

As requested in our phone conversation earlier today I have checked into the anticipated schedule for the vessel that we plan to load with an 11,300 BTU cargo for testing at your Crystal River plant. I have been advised by our staff in Mobile that the shipment is scheduled to arrive in Mobile on April 22. It will be brought in to lighter at McDuffie on the 26th and unload at the Bulk Plant on the 27th. Assuming empties are available we plan to commence loading barges from the vessel on April 27th.

Also as requested I again checked with our Birmingham office to see if there is any room whatsoever in the pricing we quoted on your recent contract solicitation for Crystal River. I was told that the other utilities buying coal out of Mobile are now setting the price and as such we are unable to reduce our previously quoted price.

I am anxious to receive your contract draft for the four unit train test to Cape Fear and Lee. As you are aware we need to wrap this up as soon as possible.

If I can be of further help please advise.

Rick

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Phipps, Brett

From: Steul, Dennis [djsteul@drummondco.com]

Sent: Thursday, September 20, 2007 12:33 PM

To: Phipps, Brett

Subject: 2007 Contract and Current Coal in Inventory

Brett,
I wanted to update you with what we would like to accomplish during our visit next week. I along with Rick will be coming with Randy Tisdale and John McClellan. Randy Tisdale is our Vice President of Contract Administration. George Wilbanks will be unable to attend. Our purpose will be to finalize the coal supply agreement between Progress and Interocean. Interocean (Drummond) is dedicated to accomplishing this task.

As I mentioned yesterday, we have approximately 130,000 tons of coal at the Bulk Plant which is being held for Dominion, but we need to ship this coal ASAP. You have agreed to 'take 'this coal over a six-week period which we thank you. The movement of the coal is conditional on finishing and signing this agreement by September 30, 2007 and coal shipments commencing immediately following execution of the coal supply agreement. We are willing to dedicate the personnel, resources, and time necessary to accomplish finalization of the agreement.

Do you have a date next week for us to meet with you and your team in order to finish the agreement? Originally we had been talking about Tuesday or Wednesday.

Please let me know so that we can make our travel arrangements this week.

Best regards,
Dennis

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Phipps, Brett

From: John McConaghy/stamford/glen [John.McConaghy@glencore-us.com]
Sent: Friday, July 28, 2006 5:18 PM
To: Larger, Pam
Cc: Coppola, Barbara; Phipps, Brett; Duttinger, Jason
Subject: Re: Coal Purchase Confirmation between Progress Energy Florida, Inc. and Glencore Ltd.

Pam,

We've executed 2 original copies and will return to you via overnight mail.

Regards,
John

"Larger, Pam" <pamela.larger@pgnmail.com>

07/28/2006 02:47 PM

To <John.McConaghy@glencore-us.com>
cc "Coppola, Barbara" <Barbara.Coppola@pgnmail.com>, "Duttinger, Jason" <Jason.Duttinger@pgnmail.com>, "Phipps, Brett" <Brett.Phipps@pgnmail.com>
Subject Coal Purchase Confirmation between Progress Energy Florida, Inc. and Glencore Ltd.

<<76WG04_.DOC>> <<76WG04_.DOC>>

Hi John:

Attached for your review is the latest version of the above referenced agreement. We have accepted your proposed deletion of all references to the terminals in Alabama, as well as the "Loading Port Price" of $[redacted]. We were unable to accept the deletion of the specification for pyritic sulfur content. My clients have informed me that our permits in Florida require us to maintain this specification.

Additionally, in Exhibit 1, the section titled "Discharge: Demurrage/Despatch", we did not accept your proposed addition of the words "12,000 metric tons per day" after "Discharge Rate" in either place. The first paragraph of that section defines the capitalized term "Discharge Rate" to mean "12,000 Metric Tonnes per weather working day, Half Despatch, Saturdays, Sunday and Holidays, except for IMT Holidays." I believe that your proposed additional language is unneccessary and runs the risk of being interpreted to conflict in some way with the actual definition. Please call me however if you wish to discuss this.

For your convenience I have attached both clean and blacklined copies of the agreement. If this version is acceptable to Glencore, please print and execute two originals of the clean copy and return them to my attention. We will return one original for your records once we have countersigned.

In the interim, please call me if you have any questions or if I can be of any assistance.

REDACTED

Pam
Pamela Leonard Larger, Esq.
Staff Attorney
Progress Energy Service Company, LLC
Legal Department
410 S. Wilmington Street, PEB17
Raleigh, NC 27601
(P) 919.546.4280
(F) 919.546.3805
(C) 919.671.6332
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Phipps, Brett

From: Coppola, Barbara
Sent: Wednesday, September 07, 2005 4:57 PM
To: 'Andrew Lawson/stamford/glen'; John McConaghy/stamford/glen
Cc: Phipps, Brett; Pitcher, Al (PFC)
Subject: FW: Glencore Letter Cleaned-Up, Formatted and AWP Changes Accepted

Andrew,

We've incorporated a few additional changes. Please review this version of the Letter.

Thank you,
Barbara

Progress Energy

September 7, 2005

Mr. Andrew Lawson
Glencore Ltd.
Three Stamford Plaza
301 Tresser Boulevard
Stamford, Connecticut 06901-3244

RE: INTENT TO PURCHASE TWO (2) CARGOS

Dear Andrew:

Progress Fuels Corporation (PFC) hereby accepts Glencore Ltd.'s offer dated September 2, 2005, to purchase two cargos for September and October 2005 delivery.

Coal: Physical Columbian coal, produced at the La Jagua mine.

Quantity: 2 x cargoes of 33,000 to 44,000 short tons +/- 10% shipping tolerance.

Delivery: 1st cargo delivered late September
2nd cargo delivered 1st half October

Disport: Tampaplex, FL, International Marine Terminals, LA, or Wilmington, NC.

Quality (approximate):

Moisture	9.50% Maximum
Ash	6.75% Maximum
Volatile	36.00% Maximum
Sulfur	0.69% Minimum
SO2	1.15 LBS (1.2 LBS Maximum Guaranteed)
BTU	12,000 Minimum
AFT - IDT	2450 Degrees Fahrenheit Minimum
HGI	48

Contract Price:

Option 1
USD 66.50 per ton basis; 12,000 Btu/lb on an "as received" basis in accordance with ASTM standards at Tampaplex landed in Buyer's barge.

Option 2
USD 65.65 per ton basis; 12,000 Btu/lb on an "as received" basis in accordance with ASTM standards at International Marine Terminals landed in Buyer's barge.

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

Option 3
USD 66.95 per ton basis; 12,000 Btu/lb on an "as received" basis in accordance with ASTM standards at Wilmington landed in Buyer's barge.

Discharge: Geared or Gearless vessels at Seller's option, except Wilmington, which is geared only. Discharge port at Buyer's option.

Other Contract Items:

- If discharge port is Tampaplex or International Marine Terminals, cost of discharge for Buyer's account.

- If discharge port is Wilmington, Seller to organize crane drivers, and Buyer to guarantee minimum barge capacity of 11,000 tons per day.

- Discharge rates to be guaranteed by Buyer.
  If Tampaplex, 8,800 tons SHINC
  If International Marine Terminals, 16,500 tons SHINC.
  If Wilmington, 11,000 tons SHINC takeaway.

- Payments will be made on or before the 10th of the month following discharge for all shipments received from the 1st to the 15th day of the month; payments will be made on or before the 25th of the month following discharge for all shipments received from the 16th through the end of the month.

- Premiums and penalties for BTU will be computed pro rata based upon the actual BTU compared to the guaranteed BTU. BTU adjustment to be based on Loadport mine price of USD _____

Any additional terms and conditions regarding discharge to be discussed by Buyer and Seller.

I look forward to discussing the contents of this letter with you at your earliest convenience.

Best regards,

A. W. Pitcher
Vice President – Coal Procurement

AWP/ro

Phipps, Brett

From: Coppola, Barbara
Sent: Monday, September 12, 2005 10:07 AM
To: John McConaghy/stamford/glen; 'Andrew Lawson/stamford/glen'
Cc: Pitcher, Al (PFC); Phipps, Brett
Subject: Two Cargos for Florida

Please review the attached agreement and let me know if you have any additional feedback.



Glencore_Two_Cargos_Fall_2005-...

If you do not have any additional comments, please sign the agreement, complete the open comment on page 5 and return an original hard copy to me.

Regards,

Barbara Coppola, P.E.
Fuel Procurement
Regulated Fuels Department
office (919-546-6002)
caronet (770-6002)
cell (919-632-1199)

Progress Energy

September 12, 2005

Mr. Andrew Lawson
Glencore Ltd.
Three Stamford Plaza
301 Tresser Boulevard
Stamford, Connecticut 06901-3244

RE: INTENT TO PURCHASE TWO (2) CARGOS

Dear Andrew:

Progress Fuels Corporation (PFC) hereby accepts Glencore Ltd.'s offer dated September 2, 2005, to purchase two cargos for September and October 2005 delivery.

Coal: Physical Columbian coal produced at the La Jagua mine.

Quantity: 2 x cargoes of 33,000 to 44,000 short tons +/- 10% shipping tolerance.

Delivery: 1st cargo delivered late September
2nd cargo delivered 1st half October

Disport: Tampaplex, FL, International Marine Terminals, LA, or Wilmington, NC.

Quality (approximate):	Typical	Reject
Moisture	9.50%	11.5% Maximum
Ash	6.75%	8.00% Maximum
Volatile	36.00%	37.00% Maximum
Sulfur	0.69%	
SO2	1.15 LBS	1.2 LBS Maximum
BTU	12,000	11,900 Minimum
AFT - IDT	2450°F	2400°F
HGI	48 Typical	45 Minimum

Contract Price:

Option 1

USD 66.50 per ton basis; 12,000 Btu/lb on an "as received" basis in accordance with ASTM standards at DES Tampaplex (cost of discharge for Buyer's account).

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

Option 2
USD 65.65 per ton basis; 12,000 Btu/lb on an "as received" basis in accordance with ASTM standards at DES International Marine Terminals (cost of discharge for Buyer's account).

Option 3
USD 66.95 per ton basis; 12,000 Btu/lb on an "as received" basis in accordance with ASTM standards at Wilmington landed in Buyer's barge (cost of discharge for Seller's account).

Discharge: Geared or Gearless vessels at Seller's option, except Wilmington, which is geared only. Discharge port to be Tampaplex, although Buyer has the option to change the discharge port to International Marine Terminals or Wilmington subject to the Buyer providing suitable notice to Seller to arrange for a suitable vessel.

Other Contract Items:

- If discharge port is Tampaplex or International Marine Terminals, cost of discharge for Buyer's account.

- If discharge port is Wilmington, Seller to organize crane drivers and hold cleaning, and Buyer to guarantee minimum barge capacity of 11,000 tons per day.

- Discharge rates to be guaranteed by Buyer.
  If Tampaplex, 8,000 tons per day SHINC takeaway.
  If International Marine Terminals, 16,500 tons per day SHINC takeaway.
  If Wilmington, 11,000 tons per day SHINC takeaway.

- To ensure that each vessel is allowed to proceed to the destination terminal without lightering, unless previously approved by Buyer, and will remain safely afloat once it has arrived, Seller warrants each vessel under this contract will be loaded so the vessel's destination arrival draft does not exceed the maximum draft determined by destination terminal.

- Seller shall arrange/perform vessel entry and customs clearing for each vessel received under this contract.

- Payments will be made on or before the 10th of the month following discharge for all shipments received from the 1st to the 15th day of the month; payments will be made on or before the 25th of the month following discharge for all shipments received from the 16th through the end of the month.

- Premiums and penalties for BTU will be computed pro rata based upon the actual BTU compared to the guaranteed BTU. BTU adjustment to be based on Loadport mine price of USD 54.45 per ton.

Additional terms and conditions are attached (see Exhibit 1)..

If you are in agreement with the contents of this letter and the attached terms and conditions, please indicate so by signing in the appropriate signature blocks and return one original to me for our files.

Best regards,

A. W. Pitcher
Vice President – Coal Procurement

AWP/ro

Agreed to and accepted this _____ day of _____, 2005.

Glencore Ltd.

By:_____
Its:_____

Phipps, Brett

From: John McConaghy/stamford/glen [John.McConaghy@glencore-us.com]
Sent: Tuesday, April 04, 2006 11:44 AM
To: Coppola, Barbara
Cc: Phipps, Brett; Vinson, Eddie; andrew.lawson@glencore-us.com
Subject: Sale Confirmation for Florida Progress 2006

Barbara,

We are pleased to accept your counter of $63.25/short ton DES IMT, LA basis 12,400 Btu/lb for 3 cargoes (vessel size 75-85,000 st +/- 10% shipping tolerance) of La Jagua coal during May to December 2006. First cargo to load late May/early June. Buyer to guarantee 12,000 metric tons per day takeaway SHINC at IMT. All other terms and conditions as per previous business.

Thank you for the additional business.

Regards,
John

Phipps, Brett

From: John McConaghy/stamford/glen [John.McConaghy@glencore-us.com]
Sent: Thursday, September 15, 2005 10:26 AM
To: Coppola, Barbara
Cc: Andrew Lawson/stamford/glen; Pitcher, Al (PFC); Phipps, Brett
Subject: Re: Two Cargos for Florida



Glencore_Two_Cargos_Fall_2005-...

Barbara,

Could we also incorporate the following sections into the contract:

Demurrage/despatch:
The applicable demurrage/despatch rate as per vessel nomination and always to be in accordance with market rates. Demurrage /despatch shall be settled promptly after presentation of relevant invoices/credit notes to the Buyer.

At Tampaplex and IMT Buyer is responsible for unloading coal from the vessel at the stated discharge rate. Allowed laytime hours are defined as follows: Cargo size in metric tons / per hour takeaway rate = allowed laytime hours.

If after completion of unloading Buyer has used more time than allowed, Buyer will reimburse Seller for excess laytime at the demurrage rate for each 24 hours, fractions pro rata.

If after completion of unloading Buyer has used less time than allowed, Seller will reimburse Buyer for unused laytime at the despatch rate equal to one half (1/2) the demurrage rate for each 24 hours, fractions pro rata.

At Wilmington Seller is responsible for unloading coal from the vessel at the stated discharge rate. Allowed laytime hours are defined as follows: Cargo size in metric tons / per hour takeaway rate = allowed laytime hours.

If after completion of unloading Buyer has not provided suitable barge capacity, Buyer will reimburse Seller for excess laytime at the demurrage rate for each 24 hours, fractions pro rata. If after completion of unloading Seller does not maintain stated discharge speed and not due to suitable barge capacity, Buyer will reimburse Seller for excess barge demurrage at the rate of $8,000 per day for each 24 hours, fractions pro rata.

No despatch at Wilmington.

Drafts:
Disport drafts to be as follows:
If Tampaplex 34.5 feet
If IMT 45 feet
If Wilmington 40 Feet

Sampling, Specifications and Rejection.
(a) Seller shall cause a representative sample of each Shipment of Coal to be taken at loadport by a mechanical sampler or by any other method as mutually agreed between the Parties. All such samples will be divided into four (4) parts and placed in separate airtight containers. Seller shall cause one (1) part of each sample to be analyzed at Seller's expense and in accordance with ASTM standards on an "as received" basis by any

PEF-CC-000819

independent commercial laboratory chosen by mutual agreement of the Parties (the "Independent Analysis"). The results of such Independent Analysis shall be reported to both Buyer and Seller. Seller shall ensure that Buyer receives such Independent Analysis at least forty-eight (48) hours prior to the expected time of arrival of the Shipment to which such Independent Analysis relates. In the event that Buyer has not received such Independent Analysis by the deadline specified, Buyer shall not be liable to Seller for any Vessel demurrage or other costs and expenses related to delays in unloading the Coal therein. The second part of each sample (the "Referee Sample") shall be retained by such laboratory for a period of not less than sixty (60) days after such sample is taken. Seller shall retain one of the two remaining parts of the sample for Buyer, and shall retain the other remaining part for itself. The results of the Independent Analysis shall be used to determine any rejection and/or suspension rights and/or any quality adjustments hereunder. If either Party disputes the results of the Independent Analysis, such Party shall have the right, at such Party's expense, to request the same independent laboratory to analyze the Referee Sample. In such case, if the results of the Referee Sample are within ASTM reproducibility limits, the original Independent Analysis will govern for all purposes hereunder. If however the result for any specification of the Referee Sample analysis is outside ASTM reproducibility limits, the Referee Sample analysis shall govern. For each Shipment of Coal to be purchased and sold hereunder, Seller shall or shall cause the independent commercial laboratory to provide Buyer with each of the following documents (collectively the "Quality Certificates"):

(i) Certificate of Analysis (Composite);
(ii) Certificate of Analysis (Sublots);
(iii) Certificate of coal cleanliness;
(iv) Sampling Certificate; and
(v) Screening/Sizing Analysis.

Seller acknowledges and agrees that Buyer will not be obligated to accept delivery of any such Coal unless and until Seller has provided such Quality Certificates to Buyer. Failure by Seller to provide the Quality Certificates to Buyer shall constitute Seller's failure to deliver the Coal for purposes of Section 10(a) hereof. Seller may initially provide Buyer with a copy of such Quality Certificates, including via facsimile prior to the Vessel arriving at the destination port; provided, however, that Buyer shall not be obligated to pay for any of the Coal unloaded or received by Buyer until Buyer receives the hardcopy original Quality Certificates from Seller.

(b) Seller shall cause all Coal delivered to Buyer to comply with the Quality Specifications and all Coal deliveries hereunder shall be subject to Buyer's right of inspection and rejection. If any Shipment is above or below, as applicable any of the Rejection Limits set forth in the Confirmation (a "Non-conforming Shipment"), Buyer, in its sole discretion shall have the right to reject such Non-conforming Shipment within twenty-four (24) hours of receipt of the facsimile transmission of the Independent Analysis. In the event any Non-conforming Shipment hereunder is rejected by Buyer, title to such Coal shall automatically revert back to Seller. Seller shall be responsible for promptly transporting the rejected Coal to an alternate destination determined by Seller and Seller shall reimburse Buyer for all out-of-pocket costs and expenses incurred by Buyer associated with the transportation, storage, handling and removal of the Non-conforming Shipment. Seller shall, if requested by Buyer, replace the rejected Coal within a reasonable period of time, provided that Buyer gives Seller notice of its desire for replacement Coal within forty-eight (48) hours after rejection of the Non-conforming Shipment.

(c) If, during the Term of this Agreement Seller has tendered two (2) Non-conforming Shipments to Buyer (without regard as to whether or not Buyer has rejected such Shipments) then Buyer shall have the right to suspend all further deliveries of Coal hereunder. Buyer shall notify Seller in writing of such suspension and, upon receipt of Buyer's notice, Seller shall immediately suspend further deliveries and shall make commercially reasonable effort to correct the conditions giving rise to the

delivery of non-conforming coal. Such suspension shall continue until Seller provides Buyer with assurances in writing that are satisfactory to Buyer that the conditions causing delivery of non-conforming coal have been corrected and that Seller can and shall deliver Coal meeting the Quality Specifications as required hereunder. If Seller fails to give such assurances within thirty (30) days after the date of Buyer's notice of suspension or if within the ensuing ninety (90) days after such resumption of deliveries, any Shipment is above or below, as applicable, any of the Rejection Limits specified in the Confirmation, it shall constitute an Event of Default hereunder with respect to Seller.

(d) Any waiver by Buyer of its suspension rights hereunder for any period shall not constitute a waiver of such right for any subsequent period(s).

Exhibit I

The terms and provisions hereof shall be construed and enforced in accordance with the laws of the state of West Virginia New York.

Regards,
John

"Coppola, Barbara" <Barbara.Coppola@pgnmail.com> on 09/12/2005 10:07:10 AM

To: "John McConaghy/stamford/glen" <John.McConaghy@glencore-us.com>, "Andrew Lawson/stamford/glen" <Andrew.Lawson@glencore-us.com>
cc: "Pitcher, Al \(PFC\)" <APitcher@progressfuels.com>, "Phipps, Brett" <Brett.Phipps@pgnmail.com>

Subject: Two Cargos for Florida

Please review the attached agreement and let me know if you have any additional feedback.

<<Glencore_Two_Cargos_Fall_2005--09-12-05.pdf>>

If you do not have any additional comments, please sign the agreement, complete the open comment on page 5 and return an original hard copy to me.

Regards,

Barbara Coppola, P.E.
Fuel Procurement
Regulated Fuels Department
office (919-546-6002)
caronet (770-6002)
cell (919-632-1199) (See attached file: Glencore_Two_Cargos_Fall_2005--09-12-05.pdf)

Phipps, Brett

From: John McConaghy/stamford/glen [John.McConaghy@glencore-us.com]
Sent: Tuesday, September 13, 2005 11:29 AM
To: Coppola, Barbara
Cc: Andrew Lawson/stamford/glen; Pitcher, Al (PFC); Phipps, Brett
Subject: Re: Two Cargos for Florida



Glencore_Two_Car gos_Fall_2005-...

Barbara,

Please note we have different information on discharge speeds at Tampaplex.
Glencore has understood the discharge speed to be 8,000 metric tons/day (8,800 short tons / day) while
Progress has been advised 8,000 short tons / day. We understand we may have some differences (only time
will tell on actual performance at Tampaplex) but Glencore has based our offer/freight rate on 8,800 short tons.
Therefore if we changed discharge speed we would need to increase cost. Please advise your preference in
amending?

As for Exhibit I, do you think it would be easier for clarity purposes to use the GTC being discussed for the 2006-08
deal with Florida (waiting for my legal to finish but should have back to you tomorrow with minor changes)?

Regards,
John

"Coppola, Barbara" <Barbara.Coppola@pgnmail.com> on 09/12/2005 10:07:10 AM

To: "John McConaghy/stamford/glen" <John.McConaghy@glencore-us.com>, "Andrew Lawson/stamford/glen" <Andrew.Lawson@glencore-us.com>
cc: "Pitcher, Al \(PFC\)" <APitcher@progressfuels.com>, "Phipps, Brett" <Brett.Phipps@pgnmail.com>

Subject: Two Cargos for Florida

Please review the attached agreement and let me know if you have any additional feedback.

<<Glencore_Two_Cargos_Fall_2005--09-12-05.pdf>>

If you do not have any additional comments, please sign the agreement, complete the open comment on page 5 and return an original hard copy to me.

Regards,

Barbara Coppola, P.E.
Fuel Procurement

Regulated Fuels Department
office (919-546-6002)
caronet (770-6002)
cell (919-632-1199) (See attached file: Glencore_Two_Cargos_Fall_2005--09-12-05.pdf)

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 3

PAGES
PEF-CC-000824
THROUGH
PEF-CC-000825
ARE NON-RESPONSIVE

Phipps, Brett

From: Andrew Lawson/stamford/glen [Andrew.Lawson@glencore-us.com]
Sent: Friday, September 02, 2005 4:05 PM
To: Phipps, Brett
Cc: Pitcher, Al (PFC); John McConaghy/stamford/glen; Duttinger, Jason
Subject: Options for Coal Supply


Scan001.PDF


LaJagua 12 000 Typical.xls

Brett

Following our conversation just now, we are pleased to confirm the deal for the La Jagua 12000 as mentioned below.

We understand that the MV Koby is not suitable for discharge in the Tampa area and thus we note that this offer was not taken up.

Regarding the 2 x 33 - 44,000 short ton deal, we make the following comments in response to your verbal requests:

1. The demurrage rate is as per charter party, but is always in accordance with market rates. The demurrage rate of the MV Peregrine was $20,500, and we believe that the dem on the 2 new vessels will be approximately the same. We will try and come up with a something more accurate on Tuesday.

2. We note that discharge will be at Tampaplex port, unless otherwise advised by Progress and subject to giving Glencore enough time to substitute a suitable vessel (this is only likely to be an issue if the destination of the vessel is to be changed to Wilmington).

Thanks for your quick response and please call us if you need anything else.

Regards
Andrew

----- Forwarded by Andrew Lawson/stamford/glen on 09/02/2005 03:54 PM -----

Andrew Lawson

09/02/2005 03:17 PM

To: Brett.Phipps@pgnmail.com

cc: al.pitcher@progressfuels.com, John McConaghy/stamford/glen

Subject: Options for Coal Supply

Brett

As discussed, we are able to supply coal for late September and early October, and we have set out the offer details below.

In addition, we can advise now that we have the MV Koby available.

As we have discussed, the MV Koby is a vessel which Glencore loaded for delivery to the IC Rail Marine Terminal on the Mississippi River in Louisiana. The River is still impassable for a vessel the size of the MV Koby, and may remain so until next week. Railing from IC Rail Marine is also disrupted. The intended receiver has expressed their agreement for us to look at placing the vessel to another receiver.

The details of the MV Koby are as follows:

Panamax Bulk Carrier - 72,495 mt Deadweight on 13.553 metres SSW (44.5 feet draft)
Malta Flag - Built 1998 - Gearless
GT/NT 37,695/24,141 - LOA/Beam 224.94/32.20 metres
7 H/H - 85, 483.96 M3 Grain CBM
All figures are "about"

The MV Koby loaded the following tonnage and quality:

Tonnage:	70,203.77 metric tonnes	
Quality (arb):	Moisture	10.29 %
	Ash	5.35 %
	VM	35.84 %
	Sulfur	0.65 %
	SO2	1.08 lbs
	Energy	12054 btu
	AFT - IDT	2464 deg F
	HGI	48

These are the actual results which are, of course, known as the vessel has been tested. We have attached a full copy of the analysis.

The price is negotiable, but we can indicate that a level of $62.50/short ton CIF Tampa area basis 12000 btu arb would most likely be workable (we cannot define exact number until we know the discharge port). Cost of discharge to buyer's account. We would ultimately have to get the original receivers approval to sell the coal.

Other Offer for delivery to Progress

We would be able to offer coal as below. You will note that this product, the same as loaded on the MV Koby, is lower Btu than our standard La Jagua. The reason is simply that we have limited coal left to sell for the remainder of the year. It is still excellent quality.

Coal:	La Jagua 12000 steam coal
Quantity:	2 x cargoes of 33 - 44,000 short tons +/- 10% shipping tolerance
Delivery:	1st cargo delivered late September 2nd cargo delivered 1st half October
Disport:	Tampaplex, FL or IMT, LA or Wilmington, NC

Quality(arb):	(approx)	
	Moisture	9.50 %
	Ash	6.75 %

VM 36.00 %
Sulfur 0.69 %
SO2 1.15 lbs (1.2 lbs Max guaranteed)
Energy 12000 btu
AFT - IDT 2450 deg F
HGI 48
Full Quality attached.

Price: If FOB Tampaplex USD 66.50/short ton basis 12000 btu arb
If FOB IMT USD 65.65/short ton basis 12000 btu arb
If FOB Wilmington USD 66.95/short ton basis 12000 btu arb

Discharge: Geared or Gearless vessels at Sellers option, except Wilmington which is geared only
If Tampaplex or IMT, cost of discharge for Buyer's account
If Wilmington, Seller to organise crane drivers, and Buyer to guarantee min barge capacity of 11.000 short ton per day
Discharge rates to be guaranteed by Buyer
If Tampaplex, 8,800 short ton SHINC
If IMT, 16,500 short ton SHINC
If Wilmington, 11,000 short ton SHINC takeaway

Validity: 11.00 am September 6, 2005 (sorry for short validity, it is based on freight - we could look to extend Tuesday morning)

Other: To be agreed

(See attached file: Scan001.PDF) (See attached file: LaJagua 12,000 Typical.xls)

Please call me any time on 203 722 7764.

Rgds
Andrew

Phipps, Brett

From: John McConaghy/stamford/glen [John.McConaghy@glencore-us.com]
Sent: Friday, May 26, 2006 10:29 AM
To: Phipps, Brett; Coppola, Barbara; Vinson, Eddie
Cc: andrew.lawson@glencore-us.com
Subject: PEF_Glencore_8-2005 - Ariana Loading

Brett / Barbara / Eddie,

We are pleased to confirm the optional cargo in 2006 under contract PEF_Glencore_8-2005 with the following revision to price and quality:

Commodity:	Calenturitas Thermal Coal
Vessel:	Ariana
Loading:	May 27 - June 4, 2006
Price:	$55.25/short ton DES IMT, LA basis 11,300 btu/lb gar

Quality (as received basis):

Btu/lb	11,300 min
SO2	0.95 lbs/mmtbu max
Moisture	12% typical
Ash	7.0% typical
Volatile	34.5% typical
HGI	47 typical
Sizing	0 x 2"

We appreciate your support in concluding this business. Please let us know if you have any questions or concerns.

Regards,
John

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Phipps, Brett

From: Phipps, Brett
Sent: Tuesday, September 06, 2005 7:59 AM
To: Phipps, Brett
Subject: Fw: Options for Coal Supply

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

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

-----Original Message-----
From: Phipps, Brett
To: 'andrew.lawson@glencore-us.com'
CC: Pitcher, Al (PFC); 'John.McConaghy@glencore-us.com'; Duttinger, Jason
Sent: Fri Sep 02 18:19:35 2005
Subject: Re: Options for Coal Supply

Andrew,
You are correct. It is just a procedural matter, and we both intended to use the corrected terminology. Our conversation was DES (noting discharging cost for the Buyer's account) at Tampaplex and IMT, and FOB Buyer's Barge at Wilmington. There isn't any problems with the change. Thank you for the business. I look forward to working with you. Have a great weekend & a safe holiday. If you need anything please feel free to contact me. Again thanks.

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

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

-----Original Message-----
From: Andrew Lawson/stamford/glen
To: Phipps, Brett
CC: Pitcher, Al (PFC); John McConaghy/stamford/glen; Duttinger, Jason
Sent: Fri Sep 02 18:00:07 2005
Subject: Options for Coal Supply

Brett

I noticed in the original offer that we had incorrectly stated the prices on the basis of FOB Tampaplex, IMT or Wilmington. This is incorrect terminology. It should be DES (noting discharging cost for the Buyer's account) at Tampaplex and IMT, and FOB Buyer's Barge at Wilmington.

Apologise for the error, but believe it is just a procedural matter, and we both intended to use the corrected terminology above.

Regards
Andrew

----- Forwarded by Andrew Lawson/stamford/glen on 09/02/2005 05:43 PM -----

Andrew Lawson
09/02/2005 04:04 PM

To: Brett.Phipps@pgnmail.com
cc: al.pitcher@progressfuels.com, John McConaghy/stamford/glen, Jason.Duttinger@pgnmail.com
Subject: Options for Coal Supply

Brett

Following our conversation just now, we are pleased to confirm the deal for the La Jagua 12000 as mentioned below.

We understand that the MV Koby is not suitable for discharge in the Tampa area and thus we note that this offer was not taken up.

Regarding the 2 x 33 - 44,000 short ton deal, we make the following comments in response to your verbal requests:

1. The demurrage rate is as per charter party, but is always in accordance with market rates. The demurrage rate of the MV Peregrine was $20,500, and we believe that the dem on the 2 new vessels will be approximately the same. We will try and come up with a something more accurate on Tuesday.

2. We note that discharge will be at Tampaplex port, unless otherwise advised by Progress and subject to giving Glencore enough time to substitute a suitable vessel (this is only likely to be an issue if the destination of the vessel is to be changed to Wilmington).

Thanks for your quick response and please call us if you need anything else.

Regards
Andrew

----- Forwarded by Andrew Lawson/stamford/glen on 09/02/2005 03:54 PM -----

PEF-CC-000831

Andrew Lawson

09/02/2005 03:17 PM

To: Brett.Phipps@pgnmail.com

cc: al.pitcher@progressfuels.com, John McConaghy/stamford/glen

Subject: Options for Coal Supply

Brett

As discussed, we are able to supply coal for late September and early October, and we have set out the offer details below.

In addition, we can advise now that we have the MV Koby available.

As we have discussed, the MV Koby is a vessel which Glencore loaded for delivery to the IC Rail Marine Terminal on the Mississippi River in Louisiana. The River is still impassable for a vessel the size of the MV Koby, and may remain so until next week. Railing from IC Rail Marine is also disrupted. The intended receiver has expressed their agreement for us to look at placing the vessel to another receiver.

The details of the MV Koby are as follows:

Panamax Bulk Carrier - 72,495 mt Deadweight on 13.553 metres SSW (44.5 feet draft)
Malta Flag - Built 1998 - Gearless
GT/NT 37,695/24,141 - LOA/Beam 224.94/32.20 metres
7 H/H - 85, 483.96 M3 Grain CBM
All figures are "about"

The MV Koby loaded the following tonnage and quality:

Tonnage:	70,203.77 metric tonnes	
Quality (arb):	Moisture	10.29 %
	Ash	5.35 %
	VM	35.84 %
	Sulfur	0.65 %
	SO2	1.08 lbs
	Energy	12054 btu
	AFT - IDT	2464 deg F
	HGI	48

These are the actual results which are, of course, known as the vessel has been tested. We have attached a full copy of the analysis.

The price is negotiable, but we can indicate that a level of $62.50/short ton CIF Tampa area basis 12000 btu arb would most likely be workable (we cannot define exact number until we know the discharge port). Cost of discharge to buyer's account. We would ultimately have to get the original receivers approval to sell the coal.

PEF-CC-000832

Other Offer for delivery to Progress

We would be able to offer coal as below. You will note that this product, the same as loaded on the MV Koby, is lower Btu than our standard La Jagua. The reason is simply that we have limited coal left to sell for the remainder of the year. It is still excellent quality.

Coal: La Jagua 12000 steam coal

Quantity: 2 x cargoes of 33 - 44,000 short tons +/- 10% shipping tolerance

Delivery: 1st cargo delivered late September
2nd cargo delivered 1st half October

Disport: Tampaplex, FL or IMT, LA or Wilmington, NC

Quality(arb): (approx)

Moisture	9.50 %
Ash	6.75 %
VM	36.00 %
Sulfur	0.69 %
SO2	1.15 lbs (1.2 lbs Max guaranteed)
Energy	12000 btu
AFT - IDT	2450 deg F
HGI	48

Full Quality attached.

Price: If FOB Tampaplex USD 66.50/short ton basis 12000 btu arb
If FOB IMT USD 65.65/short ton basis 12000 btu arb
If FOB Wilmington USD 66.95/short ton basis 12000 btu arb

Discharge: Geared or Gearless vessels at Sellers option, except Wilmington which is geared only
If Tampaplex or IMT, cost of discharge for Buyer's account
If Wilmington, Seller to organise crane drivers, and Buyer to guarantee min barge capacity of 11.000 short ton per day
Discharge rates to be guaranteed by Buyer
If Tampaplex, 8,800 short ton SHINC
If IMT, 16,500 short ton SHINC
If Wilmington, 11,000 short ton SHINC takeaway

Validity: 11.00 am September 6, 2005 (sorry for short validity, it is based on freight - we could look to extend Tuesday morning)

Other: To be agreed

(See attached file: Scan001.PDF) (See attached file: LaJagua 12,000 Typical.xls)

Please call me any time on 203 722 7764.

Rgds
Andrew

Phipps, Brett

From: Sandra Molina/stamford/glen [Sandra.Molina@glencore-us.com]

Sent: Monday, January 08, 2007 11:15 AM

To: Duttinger, Jason

Cc: Phipps, Brett; Vinson, Eddie; Duttinger, Jason; Jason Gold/stamford/glen; Boyd, Jerry; John McConaghy/stamford/glen; Shultz, Shawn

Subject: Re: IOLCOS TRIUMPH / TECO BULK TERMINALS

Jason,

We confirm MV Iolcos Triumph will be delivered to Teco Bulk Terminal and allocated under [redacted] contract.

Thanks & Brgds,
Sandra Molina
Glencore Ltd.
Office (203) 328-3139
Mobile (203) 921-5068

"Duttinger, Jason" <Jason.Duttinger@pgnmail.com>

01/07/2007 11:45 AM

To "John McConaghy/stamford/glen" <John.McConaghy@glencore-us.com>

cc "Phipps, Brett" <Brett.Phipps@pgnmail.com>, "Vinson, Eddie" <Eddie.Vinson@pgnmail.com>, "Shultz, Shawn" <Shawn.Shultz@pgnmail.com>, "Boyd, Jerry" <jerry.boyd@pgnmail.com>, "Sandra Molina/stamford/glen" <Sandra.Molina@glencore-us.com>, "Jason Gold/stamford/glen" <Jason.Gold@Glencore-us.com>, "Duttinger, Jason" <Jason.Duttinger@pgnmail.com>

Subject IOLCOS TRIUMPH / TECO BULK TERMINALS

John,

To serve as confirmation and for good order, the IOLCOS TRIUMPH (ETA Santa Marta 10-Jan) will load under our $[redacted] contract / Confirmation # PEF_Glencore_8-2005. We mutually agreed to deliver the subject vessel to Teco Bulk Terminals near Devant La. Other then change in Delivery Point, all terms and conditions of our existing Coal Supply Purchase Agreement and Delivery Specifications shall apply.

Kind Regards,

Jason Duttinger
Sr. Transportation Specialist
Progress Energy
Regulated Fuels Department
919-546-2384 Office
919-546-2590 Fax
919-812-5379 Cell

REDACTED

LEGAL DISCLAIMER. The contents of this e-mail and any attachments are strictly confidential and they may not be used or disclosed by someone who is not a named recipient.
If you have received this email in error please notify the sender by replying to this email inserting the word "misdirected" as the message and delete this e-mail from your system.

Vinson, Eddie

From: Meyer, Lance [MeyerL@kochind.com]
Sent: Friday, February 09, 2007 2:56 PM
To: Vinson, Eddie; Vincent Williams, E. Peta; Levinson, Barry (Koch Legal); Van Prooyen, Anthony; Speer, Brad; Meyer, Lance
Cc: Bach, John; Dennett, Tonya; Stone, Eugene; Phipps, Brett; Duttinger, Jason; Shultz, Shawn
Subject: RE: Progress Florida-Koch Carbon Coal Contract Language

Eddie,
I will forward the sport confirmation 'short version' to our attorney, Barry Levinson, and I will get back to you early next week.

Thanks,
Lance

-----Original Message-----
From: Vinson, Eddie [mailto:Eddie.Vinson@pgnmail.com]
Sent: Friday, February 09, 2007 12:15 PM
To: Meyer, Lance; Vincent Williams, E. Peta
Cc: Bach, John; Dennett, Tonya; Stone, Eugene; Phipps, Brett; Duttinger, Jason; Shultz, Shawn
Subject: RE: Koch Carbon Coal Proposal

Lance,
We cannot load any barges until there is a signed document in place. However we need to load in February in order to have them arrive in the gulf so they can be utilized as part of the ongoing test if you see this as a problem please advise.

Regards

Eddie

-----Original Message-----
From: Meyer, Lance [mailto:MeyerL@kochind.com]
Sent: Friday, February 09, 2007 9:53 AM
To: Vincent Williams, E. Peta
Cc: Vinson, Eddie; Bach, John; Dennett, Tonya; Stone, Eugene; Meyer, Lance
Subject: RE: Koch Carbon Coal Proposal

Peta, Anthony (credit) and I (commercial) have made our changes to the contract and have forwarded it to our legal department. We will forward the contract back to you next week. Thanks

Eddie, who should we call on scheduling/acquiring barges? Talking to Gene, we can load all 5 barges any day next week. Please let us know. thanks

-----Original Message-----
From: Vincent Williams, E. Peta [mailto:Peta.Williams@pgnmail.com]
Sent: Friday, February 02, 2007 5:09 PM
To: Meyer, Lance
Cc: Vinson, Eddie; Bach, John; Dennett, Tonya
Subject: RE: Koch Carbon Coal Proposal

Lance,
Pursuant to our conversation please find attached a revised confirmation with PEF's GT&C attached.

The only thing I've neglected to include are our Transportation specs which basically are as follows:

Addition of dead freight and demurrage language for river supply. &

load 1400 tons on rakes and 1600 tons in box barges.
Memco 5 days
IMT 4 days 1 at origin

Thanks again,
Peta

-----Original Message-----
From: Meyer, Lance [mailto:MeyerL@kochind.com]
Sent: Friday, February 02, 2007 11:42 AM
To: Vincent Williams, E. Peta
Cc: Vinson, Eddie (PFC); Bach, John; Dennett, Tonya
Subject: RE: Koch Carbon Coal Proposal

Peta, I will call you after lunch to discuss. thanks

-----Original Message-----
From: Vincent Williams, E. Peta [mailto:Peta.Williams@pgnmail.com]
Sent: Friday, February 02, 2007 10:13 AM
To: Meyer, Lance
Cc: Vinson, Eddie (PFC); Bach, John; Dennett, Tonya
Subject: RE: Koch Carbon Coal Proposal

Lance,
I can definitely appreciate the desire to keep things simple, and I know what a pain running things through legal can be, however the two sides PEF and PFC conduct business totally different. On the PEF side (this deal) there is no PO involved, and the billing and payment terms are completely different. Since this is a spot deal I can remove the Governing Law and Confidentiality provisions. I'll leave the CEMS language up to Eddie, since this is a compliance contract, its really up to his discretion whether we retain or remove. I also inserted our standard Purchase and Sale Obligations, Inspection, Weighing and Scheduling language, because Mineral lab was mentioned in the email Eddie sent as the Lab of choice. We can revise this to closely match what was discussed between the two of you. Let me know if these changes bring any more comfort, trying to revise the GTC's to apply to this deal would be a far more complex endeavor than trying to work through this spot confirmation.

Please feel free to contact me if you need to discuss any of this further.

E. Peta Vincent Williams
Progress Energy Service Company, Inc. LLC.
Legal Department
Phone: (919) 546-5164
Fax: (919) 546-2649
E-Mail: Peta.Vincent@pgnmail.com

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-----Original Message-----
From: Meyer, Lance [mailto:MeyerL@kochind.com]
Sent: Friday, February 02, 2007 10:45 AM
To: Vincent Williams, E. Peta
Cc: Vinson, Eddie (PFC); Bach, John; Meyer, Lance; Dennett, Tonya

Subject: FW: Koch Carbon Coal Proposal

Peta thanks for the sending the PO promptly, Eddie must really need the coal. I know Progress Energy Florida, Inc is a reg. entity, but is there anyway we can use the mutual GTC (attached) that we have in place with the non-reg. Progress Fuels Corp. group? This would really make it simple, since I can sign off on these GTC, instead of running any new language through our legal department. I would suggest omitting everything between the 'Quality Pric <<PEF_KOCH_02.07_SPOT.doc>> e Adjustment' Sec. and the 'Imaged Agreement' Sec., since this is covered in the GTC's. Also, the Btu Min Reject should be 11,200.
Please let me know.

Thanks,
Lance
713-544-6056

-----Original Message-----
From: Bach, John
Sent: Thursday, February 01, 2007 9:27 PM
To: Meyer, Lance
Subject: Fw: Koch Carbon Coal Proposal

Progresa paper for five 11500 compliance barges. John

----- Original Message -----
From: Vincent Williams, E. Peta <Peta.Williams@pgnmail.com>
To: Bach, John
Cc: Phipps, Brett <Brett.Phipps@pgnmail.com>; Shultz, Shawn <Shawn.Shultz@pgnmail.com>; Duttinger, Jason <Jason.Duttinger@pgnmail.com>; Boyd, Jerry <jerry.boyd@pgnmail.com>; Vinson, Eddie <Eddie.Vinson@pgnmail.com>
Sent: Thu Feb 01 13:16:14 2007
Subject: RE: Koch Carbon Coal Proposal

John,
Please find attached a draft template for the spot purchase referenced below. Should you have any questions or need to discuss the verbiage please feel free to contact me.

Thanks,
E. Peta Vincent
Progress Energy Service Company, Inc. LLC.
Phone: (919) 546-5164
Fax: (919) 546-2649
E-Mail: Peta.Vincent@pgnmail.com

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-----Original Message-----
From: Vinson, Eddie
Sent: Wednesday, January 31, 2007 4:01 PM
To: 'Bach, John'
Cc: Phipps, Brett; Shultz, Shawn; Duttinger, Jason; Vincent Williams, E. Peta; Boyd, Jerry
Subject: RE: Koch Carbon Coal Proposal

REDACTED

John, I just spoke with Kenny Bailey and agreed to purchase the [redacted] barges described below contingent on the successful negotiations of GTC.The agreed upon price was $[redacted] FOB Big Sandy River I also

mentioned to him earlier we needed to stay as close to the 11,500 as possible as we will utilize these barges for some blend testing in the gulf (I'm sure this will not be a problem for Mr.. Stone). Also we prefer Mineral Lab to be the lab of record, should you have any questions please feel free to give me a call and we appreciate the opportunity to do business with Koch. For contract info please contact Peta Vincent Williams @ 919-546-5164. Thanks Again

Regards

Eddie

-----Original Message-----
From: Bach, John [mailto:John.Bach@kochind.com]
Sent: Friday, January 26, 2007 3:00 PM
To: Vinson, Eddie
Subject: FW: Koch Carbon Coal Proposal

Eddie, Sorry, had your old e-mail. Let's try again.
Thanks, John

From: Bach, John
Sent: Friday, January 26, 2007 1:25 PM
To: 'Eddie.Vinson@progressfuels.com'
Cc: Bailey, Kenneth
Subject: Koch Carbon Coal Proposal

Eddie Per various discussions between yourself and Kenny Bailey, Koch Carbon LLC is pleased to submit the following coal supply proposal to Progress Energy.

11500 BTU, 1.20 #'s SO2 Deal:

Term: January 29, 2007 - February 28, 2007

Quantity: [redacted] tons; [redacted] barges total.

Price: $[redacted] FOB Barge big Sandy River (based upon 11,500 BTU's Minimum).

	Typical	Min./Max.
Moisture:	8.0%	10.0% Max.
Ash:	13.0 - 15.0%	16.00% Max.
#'s SO2:	1.15	1.20 #'s Max.
BTU's:	11,500 +	11200 Min.
Volatile:	32	30 Min.

REDACTED

HGI 45 43

Premium and Penalties: Price adjustments for coal quality will be based on the Monthly weighted average composite analysis.

Btu Premium / Penalty: Above 11,500 BTU's, BTU's pro-rata.

If you have any further questions or require additional information please do not hesitate to call or e-mail either Kenny or myself. Thank you again for the opportunity and look forward to discussing further. John

Best Regards,

John D Bach

Koch Carbon LLC

20 East Greenway Plaza; Houston, TX 77046-2002

Phone: 713-544-5148; Fax: 713-544-6052;

Mobile: 832-495-7654; E-Mail: john.bach@kochind.com

Vinson, Eddie

From: Phipps, Brett
Sent: Tuesday, October 02, 2007 2:14 PM
To: Dennis Steul (djsteul@drummondco.com); Rick Cole (rcole@drummondco.com)
Cc: Vinson, Eddie; Duttinger, Jason
Subject: FW: Drummond

Importance: High

FYI...I spoke with Pam this morning...she is drafting some language for the 130K tons....note the comments below

Thanks,
Brett

-----Original Message-----
From: Duttinger, Jason
Sent: Sunday, September 30, 2007 1:53 PM
To: Phipps, Brett
Cc: Boyd, Jerry; Vinson, Eddie
Subject: Drummond
Importance: High

Brett,

I spoke with Mark Moran (Drummond Mobile). He advised the Bulk Plant will be down until October 10th and that the Bulk Plant will be discharging a CMC cargo from the 10/15-Oct. Mark hopes to begin loading for Progress on 10-Oct however berth availability may impair our ability to load until 15-Oct. These developments could prevent us from loading Drummond coal during the first half of October. Mark and I will work out Octobers schedule this week.

Jason Duttinger
PROGRESS ENERGY
REGULATED FUELS (COAL)
919-546-2384 Office
919-812-5379 Mobile

PEF-CC-000841

Vinson, Eddie

From: Vinson, Eddie
Sent: Wednesday, November 14, 2007 10:35 AM
To: Rick Cole (rcole@drummondco.com); Dennis Steul (djsteul@drummondco.com); Tisdale, Randy
Cc: Phipps, Brett; Shultz, Shawn
Subject: FW: Drummond

Gentlemen attached are blacklined and clean copies of the latest draft of the Drummond-PEF Addendum. If you are in agreement with the clean copy please sign and return at your earliest convenience.

Regards

Eddie

-----Original Message-----
From: Larger, Pam
Sent: Tuesday, November 13, 2007 3:01 PM
To: Vinson, Eddie
Subject: Drummond


7qtf03_.DOC


7qtf04_.DOC

Eddie:

Attached are blacklined and clean copies of the latest draft of the Drummond-PEF Addendum. If this is what you had in mind they are ready to forward to Drummond.

Pam

Pamela Leonard Larger, Esq.
Associate General Counsel
Progress Energy Service Company, LLC
Legal Department
410 S. Wilmington Street, PEB17
Raleigh, NC 27601
(P) 919.546.4280
(F) 919.546.3805
(C) 919.671.6332
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Vinson, Eddie

From: Vinson, Eddie
Sent: Thursday, November 15, 2007 10:28 AM
To: Tisdale, Randy; Rick Cole (rcole@drummondco.com); Dennis Steul (djsteul@drummondco.com)
Cc: Phipps, Brett; Shultz, Shawn; Duttinger, Jason; Boyd, Jerry
Subject: FW: Redline showing document differences

Rick,

Progress will accept your redlined comments to the addendum. Please sign an return this morning so that we can attempt to get a barge in route to Mobile this evening. Also per our previous conversations you have indicated there are hot spots in the pile at Mobile. PEF expects all coal loaded into our barges be fit for transportation and utilization in our power plants once it arrives Crystal River. Should you have any comments or questions please don't hesitate to call.

Regards

Eddie

-----Original Message-----
From: Cole, Rick [mailto:RCole@drummondco.com]
Sent: Wednesday, November 14, 2007 12:32 PM
To: Vinson, Eddie
Subject: Redline showing document differences

Eddie:
I have gone line by line & redlined those changes that need to be made to the document you sent earlier today if we are to be consistent with the last draft we sent to you for signature. I am of course leaving in the change Progress made to reflect the fact that weights will be determined in Mobile. I suspect Pam was confused by the many drafts that have passed back & forth. Please correct & get back to me ASAP.
Thanks.
Rick

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Vinson, Eddie

From: Vinson, Eddie
Sent: Thursday, February 01, 2007 11:05 AM
To: 'Cole, Rick'
Subject: RE: Carryover and assignment agreement

Rick,

I have made the request to our legal group about the 2007 agreement. Also who will be attending with you on your visit.

Eddie

-----Original Message-----
From: Cole, Rick [mailto:RCole@drummondco.com]
Sent: Wednesday, January 31, 2007 5:56 PM
To: Vinson, Eddie
Subject: Carryover and assignment agreement

Eddie:

Just heard back from our attorney. It seems he has no problem with the language but he had a few technical questions about tons and pricing that I will try to answer tomorrow. I think we can turn this agreement fairly quickly.

Also I am getting pressure from Birmingham to wrap up the 2007 agreement covering the new tons. Even if it needs a few more changes from your side of the fence please send me what you have so both sides can hopefully work on it at the same time.

I think I will be tied up on Weds. but Thursday of next week looks OK. Will a visit that day work for your group?

Rick

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Vinson, Eddie

From: Cole, Rick [RCole@drummondco.com]
Sent: Wednesday, November 14, 2007 12:32 PM
To: Vinson, Eddie
Subject: Redline showing document differences

Eddie:

I have gone line by line & redlined those changes that need to be made to the document you sent earlier today if we are to be consistent with the last draft we sent to you for signature. I am of course leaving in the change Progress made to reflect the fact that weights will be determined in Mobile. I suspect Pam was confused by the many drafts that have passed back & forth. Please correct & get back to me ASAP.

Thanks.

Rick

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Vinson, Eddie

From: Vinson, Eddie
Sent: Thursday, February 01, 2007 11:30 AM
To: Rick Cole (rcole@drummondco.com)
Subject: 7b7j02_



7b7j02_.DOC

Rick,

As we previously discussed here is a draft copy of the 2007 agreement between Interocean and PEF and as we discussed PEF management has not reviewed this document. Please call with any questions.

Regards

Eddie

Vinson, Eddie

From: Cole, Rick [RCole@drummondco.com]
Sent: Thursday, April 06, 2006 2:58 PM
To: Vinson, Eddie
Subject: Crystal River - 11,300 BTU test

Confirming our recent conversations the late April vessel scheduled to be shipped under Interocean's existing contract for your Crystal River plant will be loaded with 11,300 BTU coal. Interocean agrees that the sales price of this shipment will be reduced accordingly on a prorata basis. Please respond by E-mail confirming your acceptance of this change to the contract specifications for this shipment.

Thank you.

Rick Cole

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Vinson, Eddie

From: Cole, Rick [RCole@drummondco.com]
Sent: Friday, June 01, 2007 10:59 AM
To: Vinson, Eddie
Subject: Crystal River Contract - 2007 shipments



Progress Fuel 2007 contract pr...

Eddie:

We finally have completed our review of the proposed Crystal River contract. I am forwarding a redline draft incorporating the changes Drummond Coal Sales feels are necessary.

Thanks.

Rick

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Vinson, Eddie

From: Cole, Rick [RCole@drummondco.com]
Sent: Wednesday, June 27, 2007 2:34 PM
To: Vinson, Eddie
Subject: FW: Progress Fuels - 2005-2007 shipments.xls



Progress Fuels - 2005-2007 s...

Eddie:

Just received notice from Mark Moran that we will likely ship remainder of 2006 tonnage before end of July. Do you know where we stand on the 2007 agreement?

Rick

From: Mark Moran [mailto:mmoran@drummondgulf.com]
Sent: Wed 6/27/2007 9:28 AM
To: Jackson, Dan; Ivey, Charles W.; Keeton, Larry; Bagby, Russ; Dortch, Ken P.; Steul, Dennis; Hancock, Randal; Cole, Rick; McClellan, John
Subject: Progress Fuels - 2005-2007 shipments.xls

We should complete all 2006 tons by the end of July. The 2007 contract needs to be finalized by then.

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OPC
1st POD

#4

Nothing in addition to produce

070703

DOCUMENT NUMBER-DATE
00960 FEB-7 08
FPSC-COMMISSION CLERK

OPC
1st POD

#5

070703

DOCUMENT NUMBER-DATE
00960 FEB-7 08
FPSC-COMMISSION CLERK

Friday, Barbara 5/18/07

To: bernie.cumbie@pgnmail.com; Meyer, Dave; john.hunter@pgnmail.com; sosbourn@golder.com; Zhang-Torres; Halpin, Mike; 'Little.James@epamail.epa.gov'; 'Forney.Kathleen@epamail.epa.gov'; dee_morse@nps.gov

Cc: Adams, Patty; Koerner, Jeff

Subject: FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant

Attachments: Signed Documents for Permit #0170004-016-AC-FINAL.pdf; PSD-FL-383 - Appendix - 0170004-016-AC-FINAL.pdf; PSD-FL-383 - Final Determination - 0170004-016-AC-Final.pdf; PSD-FL-383 - Final Notice - 0170004-016-FINAL.pdf; PSD-FL-383 - Final Permit - 0170004-016-AC-FINAL.pdf

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Thank you,

DEP, Bureau of Air Regulation

Friday, Barbara

From: Forney.Kathleen@epamail.epa.gov
Sent: Friday, May 18, 2007 1:28 PM
To: Friday, Barbara
Subject: Re: FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant

Attachments: Signed Documents for Permit #0170004-016-AC-FINAL.pdf; PSD-FL-383 - Appendix - 0170004-016-AC-FINAL.pdf; PSD-FL-383 - Final Determination - 0170004-016-AC-Final.pdf; PSD-FL-383 - Final Notice - 0170004-016-FINAL.pdf; PSD-FL-383 - Final Permit - 0170004-016-AC-FINAL.pdf


Signed Documents for Permit #0...


PSD-FL-383 - Appendix - 017000..


PSD-FL-383 - Final Determinati...


PSD-FL-383 - Final Notice - 01...


PSD-FL-383 - Final Permit - 01...

Thanks.

Katy R. Forney
Air Permits Section
EPA - Region 4
61 Forsyth St., SW
Atlanta, GA 30024

Phone: 404-562-9130
Fax: 404-562-9019

"Friday, Barbara" <Barbara.Friday@dep.state.fl.us>

05/18/2007 01:25 PM

To <bernie.cumbie@pgnmail.com>, "Meyer, Dave" <Dave.Meyer@pgnmail.com>, <john.hunter@pgnmail.com>, <sosbourn@golder.com>, "Zhang-Torres" <Cindy.Zhang-Torres@dep.state.fl.us>, "Halpin, Mike" <Mike.Halpin@dep.state.fl.us>, James Little/R4/USEPA/US@EPA, Kathleen Forney/R4/USEPA/US@EPA, <dee_morse@nps.gov>

cc "Adams, Patty" <Patty.Adams@dep.state.fl.us>, "Koerner, Jeff" <Jeff.Koerner@dep.state.fl.us>

Subject FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant

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Thank you,
DEP, Bureau of Air Regulation
(See attached file: Signed Documents for Permit #0170004-016-AC-FINAL.pdf)(See attached file: PSD-FL-383 - Appendix - 0170004-016-AC-FINAL.pdf)(See attached file: PSD-FL-383 - Final Determination - 0170004-016-AC-Final.pdf)(See attached file: PSD-FL-383 - Final Notice - 0170004-016-FINAL.pdf)(See attached file: PSD-FL-383 - Final Permit - 0170004-016-AC-FINAL.pdf)

Friday, Barbara

From: Cumbie, Bernie M. [Bernie.Cumbie@pgnmail.com]
Sent: Friday, May 18, 2007 1:29 PM
To: Friday, Barbara
Subject: RE: FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant

-----Original Message-----
From: Friday, Barbara [mailto:Barbara.Friday@dep.state.fl.us]
Sent: Friday, May 18, 2007 1:25 PM
To: Cumbie, Bernie M.; Meyer, Dave; Hunter, John J (Jamie); sosbourn@golder.com; Zhang-Torres; Halpin, Mike; Little.James@epamail.epa.gov; Forney.Kathleen@epamail.epa.gov; dee_morse@nps.gov
Cc: Adams, Patty; Koerner, Jeff
Subject: FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant

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Thank you,

DEP, Bureau of Air Regulation

Friday, Barbara

From: Halpin, Mike
To: Friday, Barbara
Sent: Friday, May 18, 2007 1:32 PM
Subject: Read: FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant

Your message

To:	'bernie.cumbie@pgnmail.com'; 'Meyer, Dave'; 'john.hunter@pgnmail.com'; 'sosbourn@golder.com'; Zhang-Torres; Halpin, Mike; 'Little.James@epamail.epa.gov'; 'Forney.Kathleen@epamail.epa.gov'; 'dee_morse@nps.gov'
Cc:	Adams, Patty; Koerner, Jeff
Subject:	FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant
Sent:	5/18/2007 1:25 PM

was read on 5/18/2007 1:32 PM.

PEF-CC-000854

Friday, Barbara

From: Hunter, John J (Jamie) [John.Hunter@pgnmail.com]
To: Friday, Barbara
Sent: Friday, May 18, 2007 1:43 PM
Subject: Read: FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant

Your message

To: John.Hunter@pgnmail.com
Subject:

was read on 5/18/2007 1:43 PM.

PEF-CC-000855

Friday, Barbara

From: Hunter, John J (Jamie) [John.Hunter@pgnmail.com]
Sent: Friday, May 18, 2007 1:46 PM
To: Friday, Barbara
Subject: RE: FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant

Received...

Thanks.

-----Original Message-----
From: Friday, Barbara [mailto:Barbara.Friday@dep.state.fl.us]
Sent: Friday, May 18, 2007 1:25 PM
To: Cumble, Bernie M.; Meyer, Dave; Hunter, John J (Jamie); sosbourn@golder.com; Zhang-Torres; Halpin, Mike; Little.James@epamail.epa.gov; Forney.Kathleen@epamail.epa.gov; dee_morse@nps.gov
Cc: Adams, Patty; Koerner, Jeff
Subject: FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant

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Thank you,

DEP, Bureau of Air Regulation

Friday, Barbara

From: Meyer, Dave [Dave.Meyer@pgnmail.com]
To: Friday, Barbara
Sent: Friday, May 18, 2007 2:04 PM
Subject: Read: FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant

Your message

To: Dave.Meyer@pgnmail.com
Subject:

was read on 5/18/2007 2:04 PM.

PEF-CC-000857

Friday, Barbara

From: Osbourn, Scott [Scott_Osbourn@golder.com]
To: undisclosed-recipients
Sent: Friday, May 18, 2007 2:39 PM
Subject: Read: FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant

Your message

To: Scott_Osbourn@golder.com
Subject:

was read on 5/18/2007 2:39 PM.

PEF-CC-000858

Friday, Barbara

From: System Administrator
To: Halpin, Mike
Sent: Friday, May 18, 2007 1:25 PM
Subject: Delivered:FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant

Your message

To:	'bernie.cumbie@pgnmail.com'; 'Meyer, Dave'; 'john.hunter@pgnmail.com'; 'sosbourn@golder.com'; Zhang-Torres; Halpin, Mike; 'Little.James@epamail.epa.gov'; 'Forney.Kathleen@epamail.epa.gov'; 'dee_morse@nps.gov'
Cc:	Adams, Patty; Koerner, Jeff
Subject:	FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant
Sent:	5/18/2007 1:25 PM

was delivered to the following recipient(s):

Halpin, Mike on 5/18/2007 1:25 PM

PEF-CC-000859

Friday, Barbara

From: System Administrator
To: Zhang-Torres; Adams, Patty; Koerner, Jeff
Sent: Friday, May 18, 2007 1:25 PM
Subject: Delivered:FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant

Your message

To:	'bernie.cumbie@pgnmail.com'; 'Meyer, Dave'; 'john.hunter@pgnmail.com'; 'sosbourn@golder.com'; Zhang-Torres; Halpin, Mike; 'Little.James@epamail.epa.gov'; 'Forney.Kathleen@epamail.epa.gov'; 'dee_morse@nps.gov'
Cc:	Adams, Patty; Koerner, Jeff
Subject:	FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant
Sent:	5/18/2007 1:25 PM

was delivered to the following recipient(s):

Zhang-Torres on 5/18/2007 1:25 PM
Adams, Patty on 5/18/2007 1:25 PM
Koerner, Jeff on 5/18/2007 1:25 PM

Friday, Barbara

From: Exchange Administrator
Sent: Friday, May 18, 2007 1:26 PM
To: Friday, Barbara
Subject: Delivery Status Notification (Relay)

Attachments: ATT411807.txt; FINAL Air Permit No. PSD-FL-383, Project No.: 0170004-016-AC - Progress Energy Florida, Inc. - Crystal River Power Plant


ATT411807.txt
(284 B)


FINAL Air Permit
No. PSD-FL-38...

This is an automatically generated Delivery Status Notification.

Your message has been successfully relayed to the following recipients, but the requested delivery status notifications may not be generated by the destination.

dee_morse@nps.gov

PEF-CC-000861

Friday, Barbara

From: Mail Delivery System [MAILER-DAEMON@mseive01.rtp.epa.gov]
Sent: Friday, May 18, 2007 1:25 PM
To: Friday, Barbara
Subject: Successful Mail Delivery Report

Attachments: Delivery report; Message Headers


Delivery report.txt (723 B)


Message Headers.txt (2 KB)

This is the mail system at host mseive01.rtp.epa.gov.

Your message was successfully delivered to the destination(s) listed below. If the message was delivered to mailbox you will receive no further notifications. Otherwise you may still receive notifications of mail delivery errors from other systems.

The mail system

<Forney.Kathleen@epamail.epa.gov>: delivery via 127.0.0.1[127.0.0.1]:10025: 250 OK, sent 464DE17E_22451_34114_3

<Little.James@epamail.epa.gov>: delivery via 127.0.0.1[127.0.0.1]:10025: 250 OK, sent 464DE17E_22451_34114_3

Friday, Barbara

From: Mail Delivery System [MAILER-DAEMON@sophos.golder.com]
Sent: Friday, May 18, 2007 1:25 PM
To: Friday, Barbara
Subject: Successful Mail Delivery Report

Attachments: Delivery report; Message Headers


Delivery report.txt (460 B)


Message Headers.txt (2 KB)

This is the mail system at host sophos.golder.com.

Your message was successfully delivered to the destination(s) listed below. If the message was delivered to mailbox you will receive no further notifications. Otherwise you may still receive notifications of mail delivery errors from other systems.

The mail system

<sosbourn@golder.com>: delivery via 127.0.0.1[127.0.0.1]:10025: 250 OK, sent 464DE180_26820_31_2

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

NOTICE OF FINAL PERMIT

In the Matter of an
Application for Permit by:

Progress Energy Florida, Inc.
Crystal River Power Plant
299 First Avenue North, CN-77
St. Petersburg, Florida 33701

Authorized Representative:
Mr. Bernie Cumbie, Plant Manager

Air Permit No. PSD-FL-383
Project No. 0170004-016-AC
Facility ID No. 0170004
Crystal River Power Plant
Units 4 and 5, Pollution Controls

Enclosed is final Permit No. PSD-FL-383 (Project No. 0170004-016-AC), which authorizes the installation of air pollution control equipment on existing Units 4 and 5 at the Crystal River Power Plant located in Citrus County, north of Crystal River and west of U.S. Highway 19. As noted in the attached Final Determination, only minor changes and clarifications were made. This permit is issued pursuant to Chapter 403, Florida Statutes.

Any party to this order has the right to seek judicial review of it under Section 120.68 of the Florida Statutes by filing a notice of appeal under Rule 9.110 of the Florida Rules of Appellate Procedure with the clerk of the Department of Environmental Protection in the Office of General Counsel (Mail Station #35, 3900 Commonwealth Boulevard, Tallahassee, Florida, 32399-3000) and by filing a copy of the notice of appeal accompanied by the applicable filing fees with the appropriate District Court of Appeal. The notice must be filed within 30 days after this order is filed with the clerk of the Department.

Executed in Tallahassee, Florida.

Trina Vielhauer, Chief
Bureau of Air Regulation

CERTIFICATE OF SERVICE

The undersigned duly designated deputy agency clerk hereby certifies that this Notice of Final Permit and the Final Permit were sent by electronic mail (received receipt requested) to the persons listed below.

Mr. Bernie Cumbie, Progress Energy Florida, Inc. (Bernie.Cumbie@pgnmail.com)
Mr. Dave Meyer, Progress Energy Florida, Inc. (Dave.Meyer@pgnmail.com)
Mr. John (Jamie) Hunter, Progress Energy Florida, Inc. (John.Hunter@pgnmail.com)
Mr. Scott Osbourn, Golder Associates Inc. (SOsbourn@golder.com)
Ms. Cindy Zhang-Torres, SWD Office (Cindy.Zhang-Torres@dep.state.fl.us)
Mr. Mike Halpin, Siting Office (Halpin_M@dep.state.fl.us)
Mr. James Little, EPA Region 4 (Little.James@epa.gov)
Ms. Kathleen Forney, EPA Region 4 (Forney.Kathleen@epa.gov)
Mr. Dee Morse, National Park Service (Dee_Morse@nps.gov)

Clerk Stamp

FILING AND ACKNOWLEDGMENT FILED, on this date, pursuant to §120.52, Florida Statutes, with the designated Department Clerk, receipt of which is hereby acknowledged.

(Clerk) 5/18/07 (Date)

PEF-CC-000864

Florida Department of Environmental Protection

Bob Martinez Center
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Charlie Crist
Governor

Jeff Kottkamp
Lt. Governor

Michael W. Sole
Secretary

PERMITTEE:

Progress Energy Florida, Inc.
Crystal River Power Plant
299 First Avenue North, CN-77
St. Petersburg, Florida 33701

Authorized Representative:
Mr. Bernie Cumbie, Plant Manager

Air Permit No. PSD-FL-383
Project No. 0170004-016-AC
Facility ID No. 0170004
Crystal River Power Plant
Units 4 and 5, Pollution Controls Project
Permit Expires: November 1, 2011

PLANT LOCATION

The existing Crystal River Power Plant (SIC No. 4911) is located in the Crystal River Energy Complex in Citrus County, north of Crystal River and west of U.S. Highway 19.

STATEMENT OF BASIS

This air pollution construction permit is issued under the provisions of Chapter 403 of the Florida Statutes (F.S.), Chapters 62-4, 62-204, 62-210, 62-212, 62-296, and 62-297 of the Florida Administrative Code (F.A.C.), and Part 60 in Title 40 of the Code of Federal Regulations (CFR). Specifically, this permit is issued in accordance with Rule 62-212.400, F.A.C. for the Prevention of Significant Deterioration (PSD) of Air Quality. The permittee is authorized to install the proposed equipment and perform the work in accordance with the conditions of this permit and as described in the application, approved drawings, plans, and other documents on file with the Department of Environmental Protection (Department). This air construction permit supplements all other valid air construction and operation permits.

CONTENTS

Section 1. General Information

Section 2. Administrative Requirements

Section 3. Emissions Units Specific Conditions

Section 4. Appendices

Executed in Tallahassee, Florida

Joseph Kahn, Director
Division of Air Resource Management

5/18/07
Effective Date

PEF-CC-000865

Memorandum

Florida Department of Environmental Protection

TO: Joseph Kahn, Division of Air Resource Management

THROUGH: Trina Vielhauer, Bureau of Air Regulation

FROM: Jeff Koerner, Air Permitting North

DATE: May 17, 2007

SUBJECT: Air Permit No. PSD-FL-383, Project No. 0170004-016-AC
Progress Energy Florida, Inc., Crystal River Power Plant
Units 4 and 5, Pollution Controls Project

The final permit for this project is attached for your approval and signature, which authorizes the installation of air pollution control equipment on existing Units 4 and 5 at the Crystal River Power Plant located in Citrus County, north of Crystal River and west of U.S. Highway 19. To provide full flexibility in implementing the federal cap and trade program for NO_X and SO_2 under CAIR, the applicant proposes to install new low-NO_X burners, new SCR systems, new FGD systems, and new stacks for the existing coal-fired Units 4 and 5. In conjunction with the proposed new equipment, the applicant requests the flexibility to fire additional fuel blends (sub-bituminous coal and petroleum coke). The applicant also proposes to install a new carbon burn-out system that will reburn fly ash generated at this plant to recover the remaining heating value in this material and minimize the onsite landfilling of fly ash. Finally, the applicant requests authorization for a trial period to evaluate a new fuel additive intended to reduce slagging and improve emissions performance. The project is subject to PSD preconstruction review for CO, PM/PM_{10}, SAM, and VOC emissions.

I recommend your approval of the attached Final Permit for this project.

Attachments

PERMITTEE

Progress Energy Florida Inc.
299 First Avenue North, CN-77
St. Petersburg, Florida 33701

PERMITTING AUTHORITY

Florida Department of Environmental Protection
Division of Air Resource Management
Bureau of Air Regulation, Air Permitting North Program
2600 Blair Stone Road, MS #5505
Tallahassee, Florida, 32399-2400

PROJECT

Air Permit No. 0170004-016-AC (PSD-FL-383)
Crystal River Power Plant, Pollution Controls Project

The existing Crystal River Power Plant is located in the Crystal River Energy Complex in Citrus County, north of Crystal River and west of U.S. Highway 19. To provide full flexibility in implementing the federal cap and trade program for nitrogen oxides (NO_X) and sulfur dioxide (SO_2) under the Clean Air Interstate Rule, the applicant proposes to install new burners, new selective catalytic reduction systems, new flue gas desulfurization (FGD) systems, and new stacks for the existing coal-fired Units 4 and 5. In conjunction with the proposed new control equipment, the applicant requests the flexibility to fire additional fuel blends (sub-bituminous coal and petroleum coke) and recognition of the true maximum heat input rates for Units 4 and 5. The applicant also proposes to install a new carbon burn-out system that will reburn fly ash generated at this plant to recover the remaining heating value in this material and minimize the onsite landfilling of fly ash. Finally, the applicant requests authorization for a trial period to evaluate a new fuel additive intended to reduce slagging and improve emissions performance.

NOTICE AND PUBLICATION

The Department distributed an Intent to Issue Permit package on March 19, 2007. The applicant published the Public Notice of Intent to Issue in the Citrus County Chronicle on April 11, 2007. The Department received the proof of publication on April 17, 2007. The Department granted an extension of time to file a petition for an administrative hearing on April 17, 2007. The extension expired on May 16, 2007.

COMMENTS

No comments on the Draft Permit were received from the EPA Region 4, the National Park Service or the Department's Southwest District Office.

Public

On April 23, 2007, we received a letter from Mr. Gordon E. Clark. Mr. Clark expressed an interest in the air permit project because he believes the plant is polluting the air around his house. Mr. Clark commented that there are small black particles in the air and on the exterior vinyl siding of his house. As described above, the primary purpose of the project is to install air pollution control equipment. The comments are acknowledged and the letter was referred to the Department's Southwest District Office on April 25, 2007 for follow up. The District office has contacted Mr. Clark and plans to meet the week of May 21st.

Permittee

The permittee, Progress Energy Florida (PEF), submitted the following comments after which the Department's response is provided. Unless otherwise specified, the referenced permit conditions are in Subsection A of the draft permit.

1. PEF has recently relocated their corporate offices. The correct address is: Progress Energy, Florida Inc., 299 First Avenue North, CN-77, St. Petersburg, Florida 33701.

   Response: The address was updated.

2. In the existing facility description on page 2, it should be clarified that there are two sets of mechanical draft cooling towers: one set of "helper" cooling towers and a second set of "modular" cooling towers.

Response: The existing facility description was updated.

3. In the existing facility description on page 2, it should be clarified that the nuclear unit and associated facilities are permitted under the *same* Title V permit as the coal units.

   Response: The existing facility description was updated.

4. In Condition 1a, clarify that Permit No. 0170004-013-AC for the SCR system is only "void and replaced by this permit" once Permit No. 0170004-016-AC is issued final.

   Response: The concern is acknowledged, but no change is necessary. The terms and conditions of an air construction permit are not effective until issued as a final action.

5. In Condition 2, add a qualifying statement indicating that "the information in this section is based on the preliminary design and the final design may change."

   Response: The following statement was added after the description of the proposed work, "The above information is based on the preliminary design. As necessary, the permittee shall provide the Permitting and Compliance Authorities with updated information should the final design significantly change."

6. In Condition 2c, remove limestone injection feed rate, the percent solids and specific gravity, as these are *preliminary* design estimates. Further, as monitoring of these parameters is not necessary to demonstrate compliance (i.e., the SO_2 CEMS will be used), PEF does not believe it is appropriate to have these design values listed as permit conditions.

   Response: As previously mentioned, the condition was revised to clarify that the information is based on the preliminary design. The Department agrees that compliance with the SO_2 standard will be demonstrated based on CEMS data. However, the parametric data provides additional insight on overall operation of the control equipment and can serve to verify effective control measures should the CEMS be unavailable. No additional change was made.

7. In Condition 2d, revise the last sentence to indicate that, if COMS are to be installed (comments on this issue to follow), the system will be installed in the ductwork prior to the FGD, not on the stack.

   Response: Condition 2d identifies the new stack configuration. Due to the wet stack conditions caused by the FGD system, moisture interference precludes installation of the COMS on the new stack. Therefore, COMS were removed from this condition. The issue is discussed further in Comments #13 and #15.

8. In Condition 3a, the SAM reduction of 85% is identified as a *design* figure. PEF requests that this be removed, as compliance will be determined by meeting the specified emission limit for SAM, not by determination of a required percent reduction.

   Response: The condition was clarified to state, "The preliminary design is for an 85% SAM reduction."

9. In Condition 3b, PEF requests removal of the reference to the ESP post-modification collection efficiency of 99.9%; it is inconsistent with PEF's most recent response to the Department's request for additional information. In addition, the level of detail describing the precipitator work scope is far too specific given detailed engineering has not commenced and changes are inevitable as the entire flue gas control system is optimized to meet permit limits. The permit can and should state the work is expected to improve ESP performance. Further, PEF commits that the total flue gas control system will allow the units to meet the particulate permit limit at the stack. PEF's proposed language revision is included in Attachment 1 to this letter.

   Response: PEF originally provided information that the ESP improvements would increase the calculated collection efficiency to approximately 99.91%. Subsequent information indicated the control efficiency would be 99.54% based on an uncontrolled rate of 6.52 lb/MMBtu and a controlled rate of 0.030 lb/MMBtu. Identifying the proposed work and control efficiency was not intended to be a requirement, but to be descriptive and reflect the capabilities of the ESP. Therefore, the first two sentences of this condition were revised to, "The permittee is authorized ~~required~~ to modify the existing ESPs to achieve the new PM/PM_{10} emissions standards. Some of this work may include the following. ~~The primary work includes~~: ..." The last sentence was revised to, "*(Permitting Note: The modifications ~~will~~ are intended to improve the estimated collection efficiency to more than 99.59%.*"

10. In Condition 5a, PEF requests an *annual* averaging time, rather than a 30-day rolling average, for the 6,800 MMBtu/hour heat input limit. PEF based the air quality modeling and other impacts analyses on the worst-case heat input rating of 7,200 MMBtu/hour. If the Department is going to propose a lower heat input limit, such as 6,800 MMBtu/hour, there is no justification for an averaging time more stringent than an annual basis.

    Response: As part of the application, PEF requested that permit identify the true maximum heat input rate so that the

current Title V permitting note could be properly revised. In support of the request, PEF provided actual data showing the maximum 1-hour and 24-hour heat input rates for Units 4 and 5. The data showed individual 1-hour averages just above 7200 MMBtu/hour. To provide an operational margin, the requested maximum 7200 MMBtu/hour heat input rate was established as a 24-hour average. In a similar manner, the data showed the individual maximum 24-hour averages just above the requested secondary maximum heat input rate of 6800 MMBtu/hour with the worst case being less than 4% higher. To provide a reasonable operational margin, the requested maximum 6800 MMBtu/hour heat input rate was established as a 30-day rolling average, which is the longest averaging period that stills reflects equipment capacity and capabilities. No change was made.

11. In Condition 8b, PEF requests that the PM/PM_{10} emission rate be specified as 0.03 lb/MMBtu, rather than 0.030 lb/MMBtu.

    Response: The PM/PM_{10} standard is a BACT limit and the number of significant digits was intentional. No change was made.

12. In Condition 8c, PEF believes that, based on project-specific issues, the requested SAM limit of 0.012 lb/MMBtu is still appropriate and representative of BACT. There are very few retrofit boiler control systems documented in the EPA BACT/LAER Clearinghouse, and none were identified which deal with a BACT SAM limit for existing units utilizing an alkali injection system. However, PEF was able to identify a Constellation facility, referred to as the Brandon Shores Generating Station, which recently applied for an air construction permit for a retrofit project similar in many respects to the Crystal River project. The circumstances of Brandon Shores had also required a BACT determination for SAM emissions. PEF had provided this as additional information to the Department in an earlier response; however, the State of Maryland had not yet issued a permit with respect to the applicant's proposed SAM limit. Maryland has since issued its "Recommended Licensing Conditions" (PSC Case No. 9075) that grants the applicant's proposed SAM limit of 0.027 lb/MMBtu.

    Therefore, PEF continues to believe that the SAM value of 0.012 lb/MMBtu, proposed for Crystal River, is appropriate for an existing boiler that is retrofitted with SCR and FGD controls. While not as stringent as the Department's proposed limit, it is much more stringent than the recent recommended limit for Brandon Shores. The Department's proposed SAM limit of 0.009 lb/MMBtu is unnecessarily stringent and leaves little, if any, compliance margin. Finally, in spite of the Department's contentions in the Technical Evaluation document, SAM control vendors contacted by PEF have not been willing to guarantee an overall control efficiency, given the uncertainties of the effects of other components in the exhaust gas stream on the overall SAM reduction.

    Response: EPA's RACT/BACT/LAER Clearinghouse does not provide an adequate list of units retrofit with SAM controls because many of these projects avoid PSD after applying controls. SAM emissions from Units 4 and 5 at this plant may increase substantially due to PEF's request to fire coal with much higher sulfur content. In the application, estimates of SAM emissions were very conservative at each step throughout the system resulting in a high final emissions rate. The BACT determination is based on information provided in support of the application as well as that available for the proposed control systems. No change was made.

13. In Condition 9c, there should be no imposition of an opacity standard during "startup, shutdown and malfunction" periods, as this is impractical to achieve and is inconsistent with current NSPS regulations (Subpart D which exempts startup, shutdown and malfunction through 40 CFR 60.11(c), the General Provisions in Subpart A). Initial discussions with the Department on this issue indicated an acknowledgement that this condition will be corrected in the final permit.

    Response: NSPS Subparts Da and Db each establish an opacity standard of 20%, except for one 6-minute period per hour of not more than 27%. However, Subpart Db also specifically states, "The particulate matter and opacity standards apply at all times, *except during periods of startup, shutdown or malfunction.*" This statement is not included in Subpart Da, so the alternate opacity standard for startup, shutdown and malfunction was erroneously based on the NSPS Subpart Da standard. As mentioned by PEF, the following statement is included in the NSPS General Provisions of 40 CFR 60.11(c), "The opacity standards set forth in this part shall apply at all times *except during periods of startup, shutdown, malfunction, and as otherwise provided in the applicable standard.*" This error was corrected by removing the alternate standard.

    In addition, with respect to the opacity standard, PEF believes that the Department went beyond its authority in lowering the normal operations opacity standard to 10%. Although this may have been consistent with estimates provided to the agency related to the ESP upgrade project, as stated above, more recent information submitted to the Department does not support lowering the standard below the current 20% opacity limit. This standard is far in excess

of the NSPS for coal fired boilers and beyond BACT determinations for any existing, as well as most new coal fired boilers.

Response: The opacity standard is intended to reflect BACT and not the BACT floor, which is the NSPS. It was based on the information in PEF's request for bid requested by the Department.

PEF Comment: If the 10% opacity requirement remains as BACT, it should be clearly stated that annual compliance testing (via EPA Method 9) is the only required compliance verification and that the 10% BACT standard does not affect existing NSPS Subpart D requirements related to opacity monitoring and excess emissions and CMS reporting. As compliance would be determined by EPA Method 9, the opacity standard should be moved from Condition 9 ("Standards Based on CEMS/COMS") and placed in a separate condition. That condition should clarify that EPA Method 9 is the compliance method and that "at the option of the applicant" COMS data may be used in lieu of EPA Method 9. Proposed wording is as follows:

> "*Opacity:* Demonstrate compliance with the opacity limit by using visible emissions readings conducted in accordance with EPA Method 9. These readings must be taken annually by a certified observer, for at least one hour in duration during normal source operation. These EPA Method 9 readings will occur only during months when the source operates at normal conditions for at least 24 consecutive hours and weather/lighting conditions are conducive to taking proper EPA Method 9 readings. This requirement will become effective upon installation of the FGD system".

While it may be necessary to install COMs in each unit's ductwork for NSPS purposes, PEF cautions that the data generated should not be relied on for compliance purposes. There are several reasons for this. When a new FGD is installed, the opacity monitor moves from dry stack to FGD inlet duct(s). PS-1 requires four duct diameters downstream and two duct diameters upstream of disturbance. Six duct diameters of straight duct may not be possible, due to space limitations, and an alternate, less representative location may be necessary. This may introduce additional error into the opacity measurements. Further, FGD units with multiple ESP outlet ducts require an opacity monitor and flow signal on each duct. The current duct configuration may require multiple opacity monitors on each unit. Calculating an equivalent stack exit opacity value from several duct opacity monitors requires a complex formula using optical density, flow, and path length. Finally, keeping opacity monitors aligned on ducts is much more difficult than on stacks.

Response: As previously acknowledged, COMS will not be required on the new stack due to wet flue gas conditions caused by the FGD system. Although COMS will be installed in the ductwork just after the ESP, this is not necessarily indicative of the final stack opacity because the measurement will be taken before any additional control by the wet scrubber system. Therefore, Condition 9c was deleted as a COMS requirement and the remainder of this condition renumbered. Under "Standards Based on Stack Tests", the following requirement was added as Condition 8e, "As determined by EPA Method 9, the stack opacity shall not exceed 10% based on a 6-minute block average, except for one 6-minute period per hour of not more than 20%." This change was also made in Appendix E, which summarizes the final BACT determinations.

14. In Condition 9e (renumbered as 9d in final permit), revise the language as follows: "Within ~~15~~ 24 months of commencing commercial operation of each unit with the new low-NOx burners, the permittee shall submit an application proposing a revised ~~(lower)~~ final BACT standard." If normal operation indicates that a higher permit limit is appropriate, PEF would like the ability to adjust the permit limit as appropriate.

    Response: Due to the extensive work involved in this project and the capability of firing different fuel blends, the condition was revised as follows, "Within ~~15~~ 24 months of commencing commercial operation of each unit with the new low-NO_X burners, the permittee shall submit an application proposing a revised (lower) final BACT standard. The final standard shall be based on actual CO emissions data collected for ~~the~~ initial ~~12 months of~~ operation after completing installation of the new low-NO_X burners. There may be separate standards proposed for different fuels." The word "lower" was not deleted because the purpose of the condition is to allow sufficient time for operators to shakedown the equipment and establish good operating practices expected to lower the actual emissions rate.

15. The reference in Condition 13 to opacity monitoring should be revised to indicate that COMS will be installed in the ductwork prior to the FGD and not on the stack. The language should state that "the monitors will be installed, operated and maintained in accordance with the existing requirements of 40 CFR 60.45, as well as the provisions of the federal acid rain program."

    Response: The condition was clarified as follows, "For Units 4 and 5, the permittee shall continue to calibrate, operate, and maintain continuous monitoring equipment to measure and record opacity, NO_X and SO_2 in terms of the applicable

standards. The permittee shall either relocate the existing ~~COMS and~~ CEMS to ~~on~~ the new stack configurations or replace the monitoring systems. Due to the wet stack, the existing COMS shall be relocated or new COMS installed in the ductwork after the ESP and prior to the wet FGD system. Each COMS and CEMS shall be installed such that representative measurements of emissions or process parameters from the facility are obtained. The monitors shall be installed, operated and maintained in accordance with the existing requirements of 40 CFR 60.45, as well as the provisions of the federal acid rain program."

16. Condition 15 references Appendix F of the permit, which is intended to address only CEMS and not COMS. Appendix F should be updated to the current version of "Appendix CEMS" (February 15, 2007). Finally, as discussed earlier, while excess emissions are measured by a continuous monitoring system under the applicable NSPS, the COMS would not be required for compliance with the opacity BACT limit which will be measured at the stack. Opacity should be removed from this condition.

    Response: The only requirement for COMS in Appendix F is to continue to meet the applicable performance specifications and quality assurance procedures for the existing COMS. Condition 13 of the permit already requires that the monitors be installed, operated and maintained in accordance with the existing requirements of 40 CFR 60.45. Therefore, the references to COMS were removed from Appendix F.

17. In Condition 19a, remove the last sentence, as PEF would like to reserve the ability to retest the unit at 90% to 100% of the 7200 MMBtu/hr heat input rate to regain any lost capacity.

    Response: Once construction is complete, the permit requires the initial tests to be conducted at permitted capacity, which is defined in Rule 62-297.310(2), F.A.C. as 90% to 100% of the maximum operation rate allowed by the permit. Should initial problems prevent operation at full load, the permit does not preclude retesting at permitted capacity to show compliance. The condition reserves the right of the Department to revise the permitted capacity if a unit is unable to achieve the rated maximum operating rate with the installed equipment. A permitting note was added and the last sentence of this condition was revised to, "All initial tests shall be conducted with the emissions units operating at ~~90% to 100% of the~~ permitted capacity ~~specified by this permit~~ (within at least 90% of 7200 MMBtu/hour ~~based on a 24-hour average~~); otherwise, this permit shall be modified to reflect the true maximum capacity of each unit as constructed should the permitted capacity be unattainable. If initial equipment problems prevent operation at permitted capacity, the initial tests may be repeated to demonstrate compliance at permitted capacity."

18. Remove Condition 19c, which requires testing at the highest expected sulfur level and retesting if the actual sulfur content of the coal blend increases by 0.5% by weight or more. This requirement is very burdensome. It is difficult to purchase coal with specific levels of sulfur content. Annual test requirements should account for the variability of the sulfur level in the various coals combusted.

    Response: PM and SAM emissions are dependent on the fuel sulfur content and compliance is demonstrated by stack test. Therefore, it is important to ensure compliance is demonstrated under the high sulfur conditions. The condition simply requires new PM and SAM compliance testing if the fuel sulfur levels jump by 0.5% by weight or more. Once compliance is demonstrated for the highest sulfur levels (2.63% to 3.13% sulfur by weight), subsequent tests shall be conducted with the highest sulfur content representative of the actual coal blends being fired. The following clarifications were made:

    > "Initial ~~C~~compliance tests shall be conducted with the highest sulfur content representative of the actual coal blends ~~that will be~~ing fired. ~~If~~ Within 60 days of determining that the fuel sulfur content of the actual coal blends fired have increased by 0.5% by weight or more from the ~~last~~ highest tested sulfur content that demonstrated compliance ~~test~~, the permittee shall conduct new tests to determine emissions of opacity, PM and SAM. For purposes of this condition, the fuel sulfur content shall be based on an average of the as-fired fuel samples for 30 successive operating days. Once initial compliance has been demonstrated at the higher fuel sulfur levels (2.63% to 3.13% sulfur by weight), subsequent tests shall be conducted using a fuel with a sulfur content that is representative of the actual coal blends being fired."

19. On page 11, Condition 19d, PEF requests removal of the phrase "Except for the initial tests", as PEF would like to reserve the ability to retest the unit at 90 to 100 percent of the 7,200 MMBtu/hr heat input rate to regain any lost capacity.

    Response: Once the initial tests are satisfied, Condition 19d allows the following, "... an emissions unit may be tested at less than the maximum permitted capacity; in this case, subsequent emissions unit operation is limited to 110 percent of the test rate until a new test is conducted. Once the unit is so limited, operation at higher capacities is allowed for no

more than 15 consecutive days for the purpose of additional compliance testing to regain the authority to operate at the permitted capacity." See Comment 18 for the changes regarding initial testing. No additional changes were made.

20. In Condition 21, the last sentence is incomplete.

    Response: This sentence was revised to, "The stack test report shall also ~~report~~ indicate all required operational data collected during each test run."

21. In Condition 23, please remove "and the higher heating value (HHV)". HHV vs. LHV is typically not defined in coal analyses. Also, as mentioned in Comment 10, PEF requests a revision of the 30-day rolling average to an annual average.

    Response: Although slight, there is a measurable difference between HHV and LHV for coal. PEF provided additional information indicating that the maximum heat input rates were based on HHV. No change was necessary.

22. In Condition 24, remove "higher heating value HHV" and replace with "the heating value of the ash". There should not be any hydrogen in the ash to distinguish between HHV and LHV.

    Response: For ash, there is a negligible difference between HHV and LHV. The condition was revised as requested.

23. On page 12, Condition 25, please remove the ammonia injection rate in "a", the limestone slurry injection rate in "b", and precipitator monitoring in "d". Emission limits for the respective pollutants will be monitored with the CEMs system and the opacity monitoring requirement. With respect to the monitoring of ESP current and voltage, PEF had previously conducted an analysis of these parameters for suitability of use in a CAM plan for PM compliance and found there to be little correlation. The Utility Air Regulatory Group (UARG) has submitted similar comments to the EPA regarding their proposed amendments to the NSPS, Subpart Da.

    Response: For the installed control systems, PEF will need to monitor and record the SCR ammonia injection rate and the limestone slurry injection rate to adjust these parameters for proper operation. No change was made to these parameters. PEF provided additional information regarding the ESP power input. Based on the number of fields and the low correlation, this requirement was revised as follows, "The permittee shall continuously monitor and record the opacity in the ductwork just after the ESP for use as part of the Compliance Assurance Monitoring Plan under Title V. ~~current and voltage to determine the secondary power input to the ESP. Data shall be reduced to 1-hour and 3-hour block averages.~~ Operation of the ESP shall be based upon COMS data collected ~~performance~~ during satisfactory PM emissions compliance tests." These changes were also made in Condition 20 and Appendix E (a summary of the final BACT determinations).

24. In Subsection B for the material handling operations, PEF requests several revisions to the Process Description section that is prior to the permit conditions. In addition to some corrections, the changes are intended to provide acceptable process descriptions in more general terms and eliminate specific terms such as "conveyors G1A" because the final design has not yet been completed. In Condition 2, PEF requests that the dust control technique for the wet ball mill grinder be changed from "enclosure/wet" to "wet".

    Response: The requested changes to the Process Description were made except for identifying some of the operating parameters, which were noted as being based on the "preliminary design". The requested change to Condition 2 was made as the material will be very wet at this point. This change was also made in Appendix E, which summarizes the final BACT determinations.

25. In Subsection E, the test burn should be designated for Units 1 and 2, as well as Units 4 and 5. Also, the sentence in Condition E.1 should be revised as follows: "The preliminary design is to spray the fuel additive on the coal prior to combustion ~~in the gravimetric feeders~~."

    Response: The clarifications and changes were made. Units 1 and 2 were added as affected units to Section 1 of the permit.

26. In Subsection B, remove the word "ash" form the material handling provisions for limestone and gypsum in Conditions 11 and 12.

    Response: The corrections were made.

CONCLUSION

The final action of the Department is to issue the permit with the minor revisions, corrections, and clarifications as described above.

FACILITY AND PROJECT DESCRIPTION

The existing Crystal River Power Plant consists of the following: four coal-fired fossil fuel steam generating units with electrostatic precipitators; two natural draft cooling towers; two sets of mechanical draft cooling towers (one set of "helper" cooling towers and a second set of "modular" cooling towers); coal and ash material handling facilities; and relocatable diesel fired generators. The Crystal River Energy Complex includes the nuclear unit and associated facilities permitted under the same Title V air operation permit.

To provide full flexibility in implementing the federal cap and trade program for nitrogen oxides (NO_X) and sulfur dioxide (SO_2) under the Clean Air Interstate Rule (CAIR) and the Clean Air Mercury Rule (CAMR), the permittee elects to install new low-NO_X burners, new selective catalytic reduction systems, new flue gas desulfurization systems, and new stack configurations for existing Units 4 and 5. Because CAIR and CAMR afford the flexibility to evaluate market conditions to determine whether it will install controls, operate existing controls, or purchase allowances generated by other plants, the Department does not require the installation of this equipment nor its operation. However, other changes requested by the permittee require a demonstration of continuous compliance with new standards for NO_X and SO_2.

In conjunction with the proposed new control equipment, the permit also authorizes the following: a new carbon burn-out (CBO™) system to reburn fly ash, a new blend of bituminous/sub-bituminous coal, a trial burn to evaluate coals blends with up to 30% petroleum coke, and a trial burn to evaluate a new fuel additive intended to reduce slagging and improve emissions performance. This permit also establishes the maximum heat input rates for Units 4 and 5. The combination of new fuel blends and control equipment will result in PSD-significant emissions increases of carbon monoxide (CO), particulate matter (PM/PM_{10}), sulfuric acid mist (SAM), and volatile organic compounds (VOC). Therefore, the permittee is also required to perform the following work and install the following additional equipment as the Best Available Control Technologies (BACT) for these pollutants: the new low-NOx burners (CO, PM/PM_{10}, and VOC); modifications to the existing electrostatic precipitators (PM/PM_{10} and SAM); and new alkali injection systems (SAM).

This permit affects the following emissions units:

EU No.	New/Existing	Emission Unit Description
001	Existing	Unit 1 Fossil Fuel Steam Generator
002	Existing	Unit 2 Fossil Fuel Steam Generator
003	Existing	Unit 5 Fossil Fuel Steam Generator
004	Existing	Unit 4 Fossil Fuel Steam Generator
016	Existing	Coal and Ash Material Handling Activities for Coal-Fired Steam Generators
023	New	Limestone and Gypsum Material Handling Activities
024	New	CBO Fluidized Bed Combustor
025	New	CBO Feed Fly Ash Silo
026	New	CBO Product Fly Ash Storage Dome and Truck Loadout Silo

REGULATORY CLASSIFICATION

Title III: The existing facility is a major source of hazardous air pollutants.

Title IV: The existing facility operates units subject to the Acid Rain provisions.

Title V: The existing facility is a Title V major source of air pollution.

PSD: The existing facility is a major stationary source.

RELEVANT DOCUMENTS

The following relevant documents are not a part of this permit, but helped form the basis for this permitting action: the permit application and additional information received to make it complete; the draft permit package including the Department's Technical Evaluation and Preliminary Determination; publication and comments; the Department's BACT determinations and the Department's Final Determination.

CONTENTS

Section 1. General Information

Section 2. Administrative Requirements

Section 3. Emissions Units Specific Conditions

Subsection A. Unit 4, Unit 5 and CBO Unit – Pollution Control Projects

Subsection B. Material Handling Activities for Limestone and Gypsum

Subsection C. Material Handling Activities for CBO System

Subsection D. Units 4 and 5 – Temporary Trial Period with up to 50% Sub-bituminous Coal

Subsection E. Units 1, 2, 4 and 5 – Temporary Trial Period with Fuel Additive

Subsection F. Units 4 and 5 – Temporary Trial Period with up to 30% Petroleum Coke

Section 4. Appendices

Appendix A. Citation Formats

Appendix B. General Conditions

Appendix C. Common Conditions

Appendix D. Common Testing Requirements

Appendix E. Summary of Final BACT Determinations

Appendix F. Standard Continuous Monitoring Requirements

Appendix G. New Source Performance Standards

1. Permitting Authority: All documents related to PSD applications for permits to construct or modify emissions units shall be submitted to the Department's Bureau of Air Regulation in the Division of Air Resource Management at 2600 Blair Stone Road, MS #5505, Tallahassee, Florida, 32399-2400. Copies of all such applications shall also be submitted to each Compliance Authority.

2. Compliance Authority: All documents related to compliance activities such as reports, tests, and notifications shall be submitted to the Air Resource Section of the Department's Southwest District Office at 13051 N. Telecom Parkway, Temple Terrace, FL 33637-0926.

3. Applicable Regulations, Forms and Application Procedures: Unless otherwise indicated in this permit, the construction and operation of the subject emissions unit shall be in accordance with the capacities and specifications stated in the application. The facility is subject to the applicable requirements of: Chapter 403, F.S.; and Chapters 62-4, 62-204, 62-210, 62-212, 62-213, 62-296, and 62-297, F.A.C. The terms used in this permit have specific meanings as defined in the applicable chapters of the Florida Administrative Code. The permittee shall use the appropriate forms provided in Rule 62-210.900, F.A.C. and follow the applicable permitting procedures as specified in the above regulations. Issuance of this permit does not relieve the permittee from compliance with any applicable federal, state, or local permitting or regulations.

4. Source Obligation:

   (a) Authorization to construct shall expire if construction is not commenced within 18 months after receipt of the permit, if construction is discontinued for a period of 18 months or more, or if construction is not completed within a reasonable time. This provision does not apply to the time period between construction of the approved phases of a phased construction project except that each phase must commence construction within 18 months of the commencement date established by the Department in the permit.

   (b) At such time that a particular source or modification becomes a major stationary source or major modification (as these terms were defined at the time the source obtained the enforceable limitation) solely by virtue of a relaxation in any enforceable limitation which was established after August 7, 1980, on the capacity of the source or modification otherwise to emit a pollutant, such as a restriction on hours of operation, then the requirements of subsections 62-212.400(4) through (12), F.A.C., shall apply to the source or modification as though construction had not yet commenced on the source or modification.

   (c) At such time that a particular source or modification becomes a major stationary source or major modification (as these terms were defined at the time the source obtained the enforceable limitation) solely by exceeding its projected actual emissions, then the requirements of subsections 62-212.400(4) through (12), F.A.C., shall apply to the source or modification as though construction had not yet commenced on the source or modification.

   [Rule 62-212.400(12), F.A.C.]

5. Modifications: No emissions unit or facility subject to this permit shall be constructed or modified without obtaining an air construction permit from the Department. Such permit shall be obtained prior to beginning construction or modification. [Rule 62-4.030 and Chapters 62-210 and 62-212, F.A.C.]

6. Title V Permit: This permit authorizes construction of the permitted emissions units and initial operation to determine compliance with Department rules. A Title V operation permit is required for regular operation of the permitted emissions unit. The permittee shall apply for a Title V operation permit at least 90 days prior to expiration of this permit, but no later than 180 days after commencing operation. To apply for a Title V operation permit, the applicant shall submit the appropriate application form, compliance test results, and such additional information as the Department may by law require. [Rules 62-4.030, 62-4.050, 62-4.220 and Chapter 62-213.420, F.A.C.]

A. Unit 4, Unit 5 and CBO Unit – Pollution Control Projects

This section of the permit addresses the following emissions units.

EU No.	Emission Unit Description
003	Unit 5 is a fossil fuel-fired electric utility steam generator consisting of a pulverized coal, dry bottom, wall-fired boiler rated at 760 MW, which began commercial operation in 1984. Air pollution control equipment will include: low-NOx burners, selective catalytic reduction (SCR) systems, flue gas desulfurization (FGD) systems, alkali injection, and an electrostatic precipitator (ESP). The flue gas exhausts at 130° F with a volumetric flow rate of 2,205,195 acfm through a stack that is 30.5 feet in diameter and 550 feet tall. Units 4 and 5 share a common chimney with separate internal stack liners.
004	Unit 4 is a fossil fuel-fired, electric utility steam generator consisting of a pulverized coal, dry bottom, wall-fired boiler rated at 760 MW, which began commercial operation in 1982. Air pollution control equipment will include: low-NOx burners, selective catalytic reduction (SCR) systems, flue gas desulfurization (FGD) systems, alkali injection, and an electrostatic precipitator (ESP). The flue gas exhausts at 130° F with a volumetric flow rate of 2,205,195 acfm through a stack that is 30.5 feet in diameter and 550 feet tall. Units 4 and 5 share a common chimney with separate internal stack liners.
016	Material handling activities consist of the existing handling and storage of coal and ash for coal-fired electric utility steam generators.
024	The carbon burn-out (CBO) unit is a fluidized bed combustor that will reburn fly ash generated from Units 4 and 5 to produce low-carbon, low-ammonia fly ash material suitable for commercial use. The CBO unit is included in this subsection because the flue gas exhaust is directed back into the ductwork of Units 4 and 5 prior to the control equipment.

*{Permitting Note: Existing units EU-003, EU-004, and EU-016 are currently subject to the following applicable requirements: Power Plant Site Certification No. PA 77-09; 40 CFR 60, NSPS Subpart D (*fossil fuel-fired steam generators*); NSPS Subpart Y (coal preparation plants); and Chapter 62-214, F.A.C. (Acid Rain Program). This permit does not affect these previous requirements. In accordance with Rule 62-212.400 (PSD), F.A.C., this project subjects these units to BACT determinations for the following pollutants: CO, PM/PM_{10}, SAM, and VOC. Final BACT determinations are presented in Appendix E of this permit. Emissions standards specified in this permit allow these units to avoid PSD preconstruction review for NO_X and SO_2.*

AUTHORIZED CONSTRUCTION

1. Previous Permits:

   a. *Units 4 and 5*: Except for Permit No. 0170004-013-AC, the conditions of this permit supplement all previously issued air construction and operation permits for Units 4 and 5. Unless otherwise specified, these conditions are in addition to all other applicable permit conditions and regulations including: Power Plant Site Certification No. PA 77-09; 40 CFR 60, NSPS Subpart D (fossil fuel-fired steam generators); and Chapter 62-214, F.A.C. (Phase I and II of the Acid Rain Program). However, this permit supersedes Permit No. 0170004-013-AC for the construction of the selective catalytic reduction systems, which is now on the same construction schedule as the flue gas desulfurization systems.

   b. *Material Handling Activities (EU-016)*: The material handling activities for the existing coal-fired electric utility steam generators remain subject to the applicable permit conditions and regulations as specified by Permit No. 0170004-014-AC issued on December 15, 2006. That permit authorized modifications to the existing material handling activities and included the following primary regulations: Power Plant Site Certification No. PA 77-09; Permit No. PSD-FL-139; and 40 CFR 60, NSPS Subpart Y (coal preparation plants). This permit does not add any new requirements.

   [Permit Nos. 0170004-013-AC and 017004-014-AC; Application No. 0170004-016-AC; Rule 62-4.070(3), F.A.C.]

2. CAIR Project: For Units 4 and 5, the permittee is authorized to perform the following type of work to provide full flexibility in implementing the federal cap and trade program for nitrogen oxides (NO_X) and sulfur dioxide (SO_2) under the Clean Air Interstate Rule (CAIR).

   a. *Low-NO_X Burners*: The permittee is authorized to install new low-NOx burners manufactured by Babcock & Wilcox (Model No. DRB-42) or equivalent. The preliminary design is for 54 burners per unit. The existing burner inlet system will be modified to allow even airflow distribution to the new burners.

   b. *SCR Systems*: The permittee is authorized to install new SCR systems to reduce NOx emissions. Each system will consist of the following basic components: an ammonia injection grid, a mixing grid, SCR reactor with catalyst modules, a urea-to-ammonia processing system, associated bulk storage systems, an automated control system, piping, electrical, and other ancillary equipment. As needed, urea will be converted into ammonia, which will be mixed to the proper concentration. Ammonia will be injected ahead of the SCR reactor, which will be installed upstream of the air heater for each unit. The ammonia will combine with NO_X in the presence of the catalyst in a reduction reaction to form nitrogen and water. The preliminary design is for 90% reduction in NO_X emissions with a maximum ammonia slip of 2 to 5 ppmv. The design also incorporates dampers and ductwork to provide the capability of bypassing the SCR system. The bypass is most commonly used to gradually heat or cool the catalyst structure to minimize thermal fatigue during startup and shutdown. During catalyst maintenance and repair, the bypass would also allow access to the SCR reactor without requiring the complete shutdown of a unit.

   c. *FGD Systems*: The permittee is authorized to install new wet flue gas desulfurization (FGD) systems after the existing ESPs and induced draft fans to reduce SO_2 and other acid gas emissions. A limestone slurry will be injected into the FGD absorbers at design feed rate of approximately 352 gpm. The slurry will consist of approximately 25 to 30% solids and a specific gravity of 1.22. The preliminary design is for a 97% reduction in SO_2 emissions. In addition to the FGD absorbers, the systems will consist of limestone storage and handling, limestone preparation, limestone slurry injection, FGD blowdown, and gypsum dewatering, transfer and storage.

   d. *Stacks*: In conjunction with the CAIR projects, the permittee is authorized to construct a single new 550 feet tall chimney with separate internal stack liners for Units 4 and 5, one per unit. Each stack liner will have an internal diameter of 30.5 feet. The existing stacks will no longer be used. The required continuous emissions monitoring systems (CEMS) will be installed on each new stack liner.

   The above information is based on the preliminary design. As necessary, the permittee shall provide the Permitting and Compliance Authorities with updated information should the final design significantly change. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-212.300, F.A.C.]

3. BACT Controls: For Units 4 and 5, the permittee is required to perform the following work as the basis for the BACT determinations.

   a. *Alkali Injection Systems*: The permittee is required to install new alkali injection systems to reduce SAM emissions. The preliminary design for the alkali injection system is to use ammonia generated from the urea-to-ammonia processing system, which is part of the new SCR system. Ammonia will be injected into the flue gas through a uniform injection grid located after the boiler air heaters and proposed SCR reactor and before the existing ESP. The additional ammonia reacts with SO_3 to form salts (e.g., bisulfates), which will be removed by the ESP. The preliminary design is for an 85% reduction.

   b. *ESP*: The permittee is authorized to modify the existing ESPs to achieve the new PM/PM_{10} emissions

standards. Some of this work may include the following: removing and replacing the precipitator roof; replacing the precipitator internals; replacing and upgrading the discharge electrodes to improve collection efficiency; as necessary, modifying the gas flow path deflectors at the inlet of the precipitator to improve the flow distribution; replacing the rapping system with top-mounted rappers to improve performance; adjusting the plate spacing for improved collection efficiency; and reinforcing the precipitator box to account for increased transient pressures from the new induced draft fans. *{Permitting Note: The modifications are intended to improve the estimated collection efficiency to more than 99.5%.}*

[Application No. 0170004-016-AC; Rules 62-4.070(3), 62-212.300 and 62-212.400(PSD), F.A.C.]

4. CBO Unit: The permittee is authorized to install a new CBO fluidized bed combustor (Model No. 1500 or equivalent) with a nominal bed area of 1500 ft^2 that will reburn fly ash generated from Units 4 and 5 to produce low-carbon, low-ammonia fly ash material suitable for commercial use as an additive in Portland cement. The CBO unit also includes the following process equipment: hot cyclones to recycle fly ash back to the fluidized bed combustor; a heat recovery heat exchanger; cold cyclones to recover product fly ash; and a fabric filter to recover product fly ash. The flue gas exhaust shall be directed back into the ductwork of Units 4 and 5 prior to the air pollution control equipment such that emissions will be controlled when either unit or both units are in operation. The hot cyclones, cold cyclones and baghouse are considered process equipment and not air pollution control equipment because the equipment is used to separate the ash from the flue gas exhaust. The recovered ash is sold as a byproduct and the flue gas exhaust is directed back into the boiler ductwork for control. Details of the CBO process are provided in Subsection B, which regulates the material handling activities. [Application No. 0170004-016-AC; Rules 62-4.070(3), 62-212.300 and 62-212.400(PSD), F.A.C.]

PERFORMANCE REQUIREMENTS

5. Permitted Capacities:

   a. *Units 4 and 5*: The maximum heat input rates to Units 4 and 5 are 7200 MMBtu per hour per unit based on a 24-hour block average (midnight to midnight) and 6800 MMBtu per hour per unit based on a 30-day rolling average. Compliance shall be demonstrated by collecting the fuel feed rate and fuel heating values as monitored by the existing operating data monitoring system.

   b. *CBO Unit*: The maximum heat input rate to the CBO fluidized bed combustor is 95.6 MMBtu per hour based on a 24-hour block average.

   [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-212.300, F.A.C.]

6. Authorized Fuels:

   a. In addition to the currently authorized fuels, this air construction permit authorizes Units 4 and 5 to fire a blend of bituminous coal and sub-bituminous coal of up to 20% sub-bituminous coal upon issuance of this permit. Coal fuel blends shall not exceed a maximum sulfur content of 3.13% by weight.

   b. For startup, the CBO fluidized bed combustor will fire distillate oil with a maximum sulfur content of 0.5% by weight. Once the target operating temperature is achieved, fly ash from the boilers will be combusted.

   {Permitting Note: The current Title V air operation permit authorizes Units 4 and 5 to fire bituminous coal, a bituminous coal and bituminous coal briquette mixture, used oil, No. 2 fuel oil as a startup fuel, and natural gas as a startup and low-load flame stabilization fuel. Recently, the plant successfully tested a blend of approximately 80% bituminous coal with 20% Powder River Basin coal (sub-bituminous coal).}

[Application No. 0170004-016-AC; Rule 62-4.070(3), F.A.C.]

7. Capacities and Restrictions: None of the emissions units in this subsection are restricted by hours of operation (8760 hours/year). [Application No. 0170004-016-AC; Rule 62-210.200(PTE), F.A.C.]

EMISSIONS LIMITATIONS AND PERFORMANCE STANDARDS

8. Standards Based on Stack Tests: Including the emissions from the CBO unit, emissions from each Unit 4 or Unit 5 shall not exceed the following standards based on stack tests.
   a. *Ammonia Slip*: As determined by EPA Method CTM-027 (or equivalent), the ammonia slip shall not exceed 5 ppmv based on a 3-run test average conducted at permitted capacity.
   b. *PM/PM_{10} Emissions*: As determined by EPA Method 5 or 5b, PM emissions shall not exceed 0.030 lb/MMBtu and 216.0 lb/hour based on a 3-run test average conducted at permitted capacity.
   c. *SAM emissions*: As determined by EPA Method 8 or 8A, SAM emissions shall not exceed 0.009 lb/MMBtu and 64.8 lb/hour based on a 3-run test average conducted at permitted capacity.
   d. *VOC Emissions*: As determined by EPA Method 25A, VOC emissions shall not exceed 0.004 lb/MMBtu and 28.8 lb/hour based on a 3-run test average conducted at permitted capacity. Optionally, EPA Method 18 may be conducted concurrently in order to deduct non-regulated VOC emissions such as methane and ethane.
   e. *Opacity*: As determined by EPA Method 9, the stack opacity shall not exceed 10% based on a 6-minute block average, except for one 6-minute period per hour of not more than 20%.

   [Rule 62-212.400(BACT), F.A.C.]
9. Standards Based on CEMS: Including the emissions from the CBO unit, emissions from Units 4 and 5 each shall not exceed the following standards based on data collected by the CEMS.
   a. *NO_X Emissions*: As determined by CEMS data, NO_X emissions shall not exceed 0.47 lb/MMBtu of heat input based on a 12-month rolling average for all periods of operation including startup, shutdown and malfunction. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-212.400(12), F.A.C.]
   b. *SO_2 Emissions*: As determined by CEMS data, SO_2 emissions shall not exceed 0.27 lb/MMBtu of heat input based on a 30-day rolling average for all periods of operation including startup, shutdown and malfunction. As determined by CEMS data, SO_2 emissions shall not exceed 1944.0 lb/hour based on a 24-hour block average excluding startup, shutdown and malfunction of the FGD system. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-212.400(12), F.A.C.]
   c. *CO Emissions (Interim)*: As determined by CEMS data, CO emissions shall not exceed 0.17 lb/MMBtu of heat input based on a 30-day rolling average excluding periods of startup, shutdown and malfunction. As determined by CEMS data, CO emissions shall not exceed 1156.0 lb/hour based on a 30-day rolling average for all periods of operation including startup, shutdown and malfunction. [Rule 62-212.400 (BACT), F.A.C.]
   d. *CO Emissions (Final)*: Within 24 months of commencing commercial operation of each unit with the new low-NO_X burners, the permittee shall submit an application proposing a revised (lower) final BACT standard. The final standard shall be based on actual CO emissions data collected for initial operation after completing installation of the new low-NO_X burners. There may be separate standards proposed for different fuels. [Rule 62-212.400(BACT), F.A.C.]
10. Circumvention: No person shall circumvent any air pollution control device, or allow the emission of air pollutants without the applicable air pollution control device operating properly. The SCR and FGD systems shall operate as necessary to comply with the emissions standards of this permit. The alkali

injection system and ESP shall operate in accordance with the automated controls system as determined by subsequent performance and compliance testing. [Rules 62-210.650 and 62-212.400(BACT), F.A.C.]

11. Excess Emissions - Prohibited: Excess emissions caused entirely or in part by poor maintenance, poor operation or any other equipment or process failure that may reasonably be prevented during startup, shutdown or malfunction shall be prohibited. All such preventable emissions shall be included in any compliance determinations based on CEMS data. [Rule 62-210.700(4), F.A.C.]

12. Excess Emissions - Allowed: In accordance with Rule 62-210.700(6), F.A.C., excess emissions due to startup, shutdown or malfunction have been considered in establishing the sets of emissions standards of this permit. No other periods of excess emissions are authorized. [Rule 62-210.700(6), F.A.C.]

CONTINUOUS EMISSIONS MONITORING REQUIREMENTS

13. Existing CEMS/COMS: For Units 4 and 5, the permittee shall continue to calibrate, operate, and maintain continuous monitoring equipment to measure and record opacity, NO_X and SO_2 in terms of the applicable standards. The permittee shall either relocate the existing CEMS to the new stack configurations or replace the monitoring systems. Due to the wet stack, the existing COMS shall be relocated or new COMS installed in the ductwork after the ESP and prior to the wet FGD system. Each COMS and CEMS shall be installed such that representative measurements of emissions or process parameters from the facility are obtained. The monitors shall be installed, operated and maintained in accordance with the existing requirements of 40 CFR 60.45, as well as the provisions of the federal acid rain program. [Rule 62-4.070(3), F.A.C.]

14. CO CEMS Installation: For Units 4 and 5, the permittee shall properly install, calibrate, operate and maintain CEMS to measure and record CO emissions in the terms of the applicable standard. Each CEMS shall be installed such that representative measurements of emissions or process parameters from the facility are obtained. The permittee shall locate the CEMS by following the procedures contained in the applicable performance specification of 40 CFR Part 60, Appendix B. The permittee shall install each CEMS required by this permit and conduct the appropriate performance specification for each CEMS within 60 calendar days of achieving permitted capacity as defined in Rule 62-297.310(2), F.A.C., but no later than 180 calendar days after initial startup. [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

15. Compliance by CEMS: Compliance with the standards for opacity and emissions of CO, NO_X, and SO_2 shall be demonstrated with data collected from the required continuous monitoring systems. Within 60 days of reestablishing commercial operation of each unit, the permittee shall certify proper operation of each required monitor. The permittee shall comply with the conditions of Appendix F (Standard Continuous Monitoring Requirements) of this permit as the compliance method for the corresponding emissions standards. [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

PRELIMINARY PERFORMANCE TESTING REQUIREMENTS

16. Preliminary SAM Performance Tests: Within 60 days after completing construction on the pollution control systems, the permittee shall conduct a series of preliminary performance tests on either unit to determine the SAM emissions rate under a variety of operating scenarios. The purpose of the tests is to document the impact of alkali injection on reducing SAM emissions and results in the development of correlation/curves between injection rates, operating conditions and emissions. When collecting data during the preliminary SAM performance tests, the permittee is exempt from the SAM emissions standards of this permit.

    a. For each set of operating conditions being evaluated, the permittee shall conduct at least a 1-hour test run to determine SAM emissions. At least nine test runs shall be conducted to evaluate the effect of

SAM emissions on parameters such as: the SO_2 emissions rate prior to the SCR catalyst, the unit load, the flue gas flow rate, the alkali injection rate, the current catalyst oxidation rate, and the operating level of the FGD system.

b. Tests shall be conducted with the fuel blends and load rates that are representative of the actual operating ranges intended for Units 4 and 5. Sufficient tests shall be conducted to establish the SAM emissions rates for the following scenarios: bypass of the SCR reactor, SCR reactor in service without alkali injection, and SCR reactor in service under varying operating conditions and levels of alkali injection.

c. At least 15 days prior to initiating the performance tests, the permittee shall submit a test notification, preliminary test schedule and test protocol to the Bureau of Air Regulation and the Compliance Authority.

d. Within 45 days following the last test run conducted, the permittee shall provide a report summarizing the emissions tests and results. All SAM emissions test data shall be provided with this report.

e. Within 45 days following the submittal of the emissions test report and no later than 90 days following the last test run conducted, the permittee shall submit an operating protocol and report summarizing the following: identify each set of operating conditions evaluated; identify each operating parameter evaluated; identify the relative influence of each operating parameter; describe how the automated control system will adjust the alkali injection rate based on the selected parameters; identify the frequency with which operational parameters will be reevaluated and adjusted within the automated control system; provide a description of the algorithm used for the automated control system or a series of related performance curves; and provide details for calculating and estimating the SAM emissions rate based on the level of alkali injection and operating conditions. The preliminary performance tests shall be used to set the alkali injection control system and estimate SAM emissions.

f. The permittee shall operate the alkali injection system in accordance with the operating protocol determined by the performance tests. The permittee may request that additional performance tests be conducted to establish new operating conditions for the alkali injection system due to changes with the fuel blends, the SCR catalyst, or other circumstances.

[Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

COMPLIANCE TESTING REQUIREMENTS

17. Common Testing Requirements: All required emissions tests shall be conducted in accordance with the requirements specified in Appendix D (Common Testing Requirements) of this permit. [Rules 62-204.800 and 62-297.100, F.A.C.; and 40 CFR 60, Appendix A]

18. Test Methods: Any required stack tests shall be performed in accordance with the following methods.

EPA Method	Description of Method and Comments
1 - 4	Methods for Determining Traverse Points, Velocity, Flow Rate, Gas Analysis, and Moisture Content These methods shall be performed as necessary to support other methods.
5 or 5b	Method for Determining Particulate Matter Emissions
6C	Method for Determining SO_2 Emissions (Instrumental)
7E	Method for Determining NOx Emissions (Instrumental)
8 or 8A	Method for Determining Sulfuric Acid Mist (SAM) Emissions
9	Method for Determining Opacity Observations

EPA Method	Description of Method and Comments
10	Method for Determining Carbon Monoxide Emissions (Instrumental) The method shall be based on a continuous sampling train.
18	Method for Determining Gaseous Organic Compound Emissions (Gas Chromatography) Concurrently with EPA Method 25A, EPA Method 18 may be used as an optional method to deduct emissions of methane and ethane from the THC emissions measured by Method 25A.
19	Methods for Determining NO_X, PM, and SO_2 Mass Emission Rates
25A	Method for Determining Gaseous Organic Concentrations (Flame Ionization)
CTM-027	Procedure for Collection and Analysis of Ammonia in Stationary Source This is an EPA conditional test method with a minimum detection limit of 1 ppm. Other equivalent methods may be used.

The above methods are specified in Appendix A of 40 CFR 60 and are adopted by reference in Rule 62-204.800, F.A.C. No other methods may be used unless prior written approval is received from the Department. [Rules 62-4.070(3), 62-204.800(8) and 62-212.400(BACT), F.A.C.; 40 CFR 60, Appendix A]

19. Compliance Tests: In accordance with the following requirements, the permittee shall have stack tests conducted to demonstrate compliance with the emissions standards specified in this permit for ammonia slip, PM, SAM and VOC.

a. *Initial Tests*: Within 60 days after completing construction on the pollution control systems, initial compliance tests shall be conducted to determine emissions of ammonia slip, opacity, PM and VOC. Within 120 days after completing construction on the pollution control systems and after completing the preliminary SAM performance tests, initial compliance tests shall be conducted to determine SAM emissions. At least one boiler shall be tested with the CBO unit also in operation. If the CBO unit is not yet in service at the time of the initial tests, separate compliance tests to determine PM and SAM emissions shall be conducted on at least one boiler with the CBO unit in operation. All initial tests shall be conducted with the emissions units operating at permitted capacity (within at least 90% of 7200 MMBtu/hour); otherwise, this permit shall be modified to reflect the true maximum capacity of each unit as constructed should the permitted capacity be unattainable. If initial equipment problems prevent operation at permitted capacity, the initial tests may be repeated to demonstrate compliance at permitted capacity. [Rules 62-212.400(BACT) and 62-297.310(7), F.A.C.; 40 CFR 60.8]

b. *Subsequent Tests*: During each federal fiscal year (October 1st to September 30th), Units 4 and 5 shall be tested to determine emissions of ammonia slip, opacity, PM, and SAM. During the 12 months prior to renewal of the operation permit, Units 4 and 5 shall be tested to demonstrate compliance with the VOC emission standards. For each pollutant, at least one boiler shall be tested with the CBO unit also in operation. The Department may require the permittee to repeat some or all of the initial stack tests after substantial replacement or repair of any air pollution control or process equipment.

c. *Test Fuel*: Initial compliance tests shall be conducted with the highest sulfur content representative of the actual coal blends being fired. Within 60 days of determining that the fuel sulfur content of the actual coal blends fired have increased by 0.5% by weight or more from the highest tested sulfur content that demonstrated compliance, the permittee shall conduct new tests to determine emissions of opacity, PM and SAM. For purposes of this condition, the fuel sulfur content shall be based on an average of the as-fired fuel samples for 30 successive operating days. Once initial compliance has been demonstrated at the higher fuel sulfur levels (2.63% to 3.13% sulfur by weight), subsequent tests shall be conducted using a fuel with a sulfur content that is representative of the actual coal blends being fired. [Rules 62-4.070(3), 62-212.400(BACT) and 62-297.310, F.A.C.]

d. *Test Capacity*: Testing of emissions shall be conducted with the emissions unit operating at permitted capacity. Except for the initial tests, if it is impractical to test at permitted capacity, an emissions unit may be tested at less than the maximum permitted capacity; in this case, subsequent emissions unit operation is limited to 110 percent of the test rate until a new test is conducted. Once the unit is so limited, operation at higher capacities is allowed for no more than 15 consecutive days for the purpose of additional compliance testing to regain the authority to operate at the permitted capacity. Permitted capacity is defined as 90 to 100 percent of the maximum operation rate allowed by the permit (7200 MMBtu/hour based on a 24-hour average). [Rules 62-212.400(BACT) and 62-297.310, F.A.C.]

20. Operational Data for Tests: For each test run, the permittee shall monitor and record the following information: fuel feed rate; heat input rate; sulfur content of fuel; the ammonia injection rate of the SCR control system; the limestone slurry injection rate of the FGD control system; alkali injection rate of the alkali injection system; flue gas oxygen content (%); CO, NO_X, and SO_2 CEMS emissions data; and opacity data. [Rules 62-297.310 and 62-4.070(3), F.A.C.]

RECORDS AND REPORTS

21. Stack Test Reports: The owner or operator of an emissions unit for which a compliance test is required shall file a report with the Compliance Authority on the results of each such test. The required test report shall be filed with the Compliance Authority as soon as practical but no later than 45 days after the last sampling run of each test is completed. The test report shall provide sufficient detail on the emissions unit tested and the test procedures used to allow the Compliance Authority to determine if the test was properly conducted and the test results properly computed. As a minimum, the test report, other than for an EPA or DEP Method 9 test, shall provide the specified in Rule 62-297.310(8), F.A.C. The stack test report shall also indicate all required operational data collected during each test run. [Rule 62-297.310(8), F.A.C.]

22. Malfunction Notifications: If temporarily unable to comply with any condition of the permit due to breakdown of equipment (malfunction) or destruction by hazard of fire, wind or by other cause, the permittee shall immediately (within one working day) notify the Compliance Authority. Notification shall include pertinent information as to the cause of the problem, and what steps are being taken to correct the problem and to prevent its recurrence, and where applicable, the owner's intent toward reconstruction of destroyed facilities. Such notification does not release the permittee from any liability for failure to comply with Department rules. If requested by the Compliance Authority, the owner or operator shall submit a quarterly written report describing the malfunction. [Rules 62-210.700(6) and 62-4.130, F.A.C.]

23. Fuel Monitoring – Units 4 and 5: Using the existing operating data system, the permittee shall continuously monitor each fuel to determine the heat input rates to Units 4 and 5. The heat input rates shall be calculated from the amounts of fuel fired and the higher heating value (HHV) of each fuel as determined by vendor certifications or the regular sampling and analysis required by the current Title V permit. Data shall be reduced to 1-hour blocks, 24-hour blocks (midnight-to-midnight), and 30-day rolling averages (average of all the 1-hour blocks for 30 operating days). [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

24. Fuel Monitoring – CBO Unit: During any compliance test and when requested by the Compliance Authority, the permittee shall monitor and record the heat input rate to the CBO Unit from the amount of ash burned and the heating value of the ash. [Rule 62-212.400(BACT), F.A.C.]

25. Control Device – Parametric Monitoring:

    a. *SCR System*: The permittee shall continuously monitor and record the ammonia injection rate of the SCR control system. Data shall be reduced to 1-hour block averages. [Rule 62-4.070(3), F.A.C.]

    b. *FGD System*: The permittee shall continuously monitor and record the limestone slurry injection rate of the FGD control system. Data shall be reduced to 1-hour block averages. [Rules 62-4.070(3) and

62-212.400(BACT), F.A.C.]

c. *Alkali Injection System*: The permittee shall continuously monitor and record the alkali injection rate of the alkali injection system. Data shall be reduced to 1-hour block averages. Operation of the alkali injection system shall be determined by the automated control system, which shall be set in accordance with the preliminary performance and compliance tests for SAM emissions. [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

d. *ESP*: The permittee shall continuously monitor and record the opacity in the ductwork just after the ESP for use as part of the Compliance Assurance Monitoring Plan under Title V. Operation of the ESP shall be based upon COMS data collected during satisfactory PM emissions compliance tests. [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

B. Material Handling Activities for Limestone and Gypsum

This section of the permit addresses the following emissions unit.

EU No.	Emission Unit Description
023	Limestone and Gypsum Material Handling Activities

Process Description

The FGD systems will include limestone storage and handling, limestone preparation, limestone slurry injection, and gypsum dewatering, transfer and storage. The limestone handling system will receive, store, size and transfer limestone to the FGD system's limestone preparation equipment. It will be designed to receive limestone delivered to the plant by: conveyor from an adjacent quarry, or by rear dump trucks unloading into aboveground truck unloading feeders with integral hoppers. The system will consist of: a conveyor to transfer limestone received from the quarry delivery conveyor; truck unloading feeders; unloading and stacking belt conveyors to transfer limestone to a covered storage pile; a portal scraper reclaimer and an emergency reclaim feeder located inside a limestone storage building; crusher feed belt conveyors to transfer limestone to a crusher building for limestone sizing; plant feed belt conveyors; and silo feed belt conveyors to transfer limestone to the day silos.

Limestone received from the quarry conveyor will be transported to the unloading conveyor by the transfer conveyor. Limestone received by trucks will be transferred to the unloading conveyor by the truck unloading feeders. The delivered limestone will be conveyed to a covered storage pile via conveyor system. From the storage pile, the material is reclaimed using a single full portal scraper reclaimer and conveyed to a crusher building where the material is sized using crushers. One or more feed conveyors will receive limestone from the crushers and distribute the material to the three limestone day silos.

The plant feed conveyor(s) will be equipped with a diverter gate and will supply limestone to the first limestone day silo (Silo A) directly via a chute and to the other limestone day silos (Silos B & C) using silo feed conveyors equipped with diverter gates. Each limestone silo will be equipped with a pulse-jet fabric filter dust collection system. Insertable dust collectors will be provided at each of the truck unloading feeders and at the loading points of the silo feed conveyors. A dust collection system will be provided for the crusher building. A water-surfactant blend dust suppression system will be provided at the discharge point of the transfer conveyor and at the head end of the unloading conveyor to treat the limestone before it is loaded onto the belt of the stacking conveyor.

The limestone preparation system includes wet ball mill grinding systems to produce the limestone slurry. Filtrate-recycle water from the FGD system will be used to prepare the limestone slurry to conserve make-up water for FGD system mist eliminator washing. The preliminary design is based on a feed rate of approximately 352 gpm of limestone slurry consisting of 25% to 30% solids with a specific gravity of 1.22. Fugitive dust emissions are minimized by enclosures and the addition of water for the slurry.

The gypsum slurry from the FGD system will be delivered by bleed pumps to the dewatering system, which will consist of a filter feed tank, hydro-cyclones, vacuum belt filters, vacuum pumps, filtrate tanks, filtrate pumps, lined piping, and associated valves. Based on the preliminary design, the incoming gypsum slurry will contain approximately 18 to 22% suspended solids. Using a series of hydro-cyclones and horizontal vacuum belt filters, the dewatering system will remove water until the slurry contains approximately 90% solids. Filtrate removed from the slurry will be stored and pumped back to the limestone preparation system or the absorber module. The de-watering system will be located inside a building. Fugitive dust emissions are negligible because the system is enclosed and wet.

Belt conveyors collect dewatered gypsum from the vacuum belt filters at the dewatering system. Under normal operating conditions, the conveyors will feed gypsum onto the belt of the transfer conveyor, which transfers the

gypsum onto a belt feed conveyor for delivery to an adjacent (proposed) wallboard plant. In the reverse direction, the gypsum conveyor will feed gypsum onto another belt, which delivers gypsum to the emergency gypsum pile. The emergency gypsum pile will be used primarily to store the gypsum upon loss of the gypsum transfer and feed conveyors. In addition, the emergency pile may be used to store "off-specification" gypsum if needed. Trucks will remove gypsum from the emergency gypsum stockpile. Fugitive dust emissions will be minimal because the dewatered gypsum still contains at least 10% water.

AUTHORIZED CONSTRUCTION

1. Equipment: The permittee is authorized to construct the following processes to support the FGD system: limestone storage and handling, limestone preparation, limestone slurry injection, and gypsum dewatering, transfer and storage. [Application No. 0170004-016-AC; Rules 62-4.070(3), 62-212.300 and 62-212.400(PSD), F.A.C.]

2. Air Pollution Control Equipment and Techniques: To comply with the standards of this permit, the permittee shall design, install, operate and maintain the following air pollution control equipment.

Process Activity	Emissions Point No.	Control Device	Flow Rate	Outlet Dust Loading Specification
Dry Limestone Handling System				
Limestone conveyors (general)	---	enclosed	---	---
Limestone stacking conveyor (discharge to)	---	dust suppressant	---	---
Dump trucks	---	covered	---	---
Truck unloading feeders w/integral hoppers	EP-000	dust collectors	acfm	0.010 grains/dscf
Limestone storage	---	covered pile	---	---
Limestone crushing and sizing	EP-000	enclosed building w/baghouse	acfm	0.010 grains/dscf
Limestone silo feed conveyors	EP-000	dust collectors	acfm	0.010 grains/dscf
Limestone day silos, up to (4)	EP-000	baghouse	acfm	0.010 grains/dscf
Limestone Preparation System				
Wet ball mill grinders and misc. equipment	---	wet	---	---
Gypsum Dewatering System				
Gypsum dewatering system	---	enclosure/wet	---	---
Gypsum Handling System				
Gypsum handling system	---	enclosure/wet	---	---

Initial and replacement bags shall be selected based on the above design outlet dust loading specification. [Application No. 0170004-016-AC; Rules 62-4.070(3), 62-212.300 and 62-212.400(BACT), F.A.C.]

3. Fugitive Dust Emissions: The dry limestone handling and storage operations shall be enclosed to the extent practicable and confined to prevent fugitive dust emissions. During the construction period, fugitive dust emissions shall be minimized by techniques such as covering, confining and/or the application of water or dust suppressants to the affected areas, as necessary. [Rule 62-296.320(4)(c), F.A.C.]

EMISSIONS LIMITATIONS AND PERFORMANCE STANDARDS

4. Capacities: None of the emissions units in this subsection are restricted by hours of operation (8760

hours/year). *{Permitting Note: For informational purposes, maximum limestone processing rate is estimated at 100 tons per day.}* [Application No. 0170004-016-AC; Rule 62-210.200(PTE), F.A.C.]

5. Opacity Standard: As determined by EPA Method 9, visible emissions from each baghouse and dust collector exhaust point shall not exceed 5% opacity based on a 6-minute average. [Application No. 0170004-016-AC; Rule 62-212.400(BACT), F.A.C.]

6. Circumvention: The permittee shall not circumvent the air pollution control equipment or allow the emission of air pollutants without this equipment operating properly. [Rule 62-210.650, F.A.C.]

COMPLIANCE TESTING REQUIREMENTS

7. Initial Compliance Tests: Each baghouse exhaust shall be tested to demonstrate initial compliance with the specified opacity standard. The initial tests shall be conducted within 60 days after achieving permitted capacity, but not later than 180 days after initial operation of the unit. [Rule 62-297.310(7)(a)1, F.A.C.]

8. Annual Compliance Tests: During each federal fiscal year (October 1st to September 30th), each baghouse exhaust point shall be tested to demonstrate compliance with the specified opacity standard. [Rule 62-297.310(7)(a)4, F.A.C.]

9. Test Notification: At least 15 days prior to the date on which each formal compliance test is to begin, the permittee shall notify the Compliance Authority of: the date, time, and place of the test; and the contact person who will be responsible for coordinating and having the test conducted. [Rule 62-297.310(7)(a)9, F.A.C.]

10. Test Method: Opacity tests shall be conducted in accordance with EPA Method 9, which is described in 40 CFR 60, Appendix A, and adopted by reference in Rule 62-204.800, F.A.C. Tests shall also comply with the applicable requirements of Rule 62-297.310, F.A.C. summarized in Appendix D (Common Testing Requirements) of this permit. [Rules 62-204.800 and 62-297.100, F.A.C.; 40 CFR 60, Appendix A]

11. Test Procedures: Tests shall be conducted in accordance with all applicable requirements of Chapter 62-297, F.A.C. The minimum observation period for a visible emissions compliance test shall be 30 minutes. The observation period shall include the period during which the highest opacity can reasonably be expected to occur. The permittee shall record the actual processing rate for the emissions unit being tested. [Rules 62-297.310(4) and (5), F.A.C.]

12. Common Testing Requirements: All required emissions tests shall be conducted in accordance with the requirements specified in Appendix D (Common Testing Requirements) of this permit. The minimum observation period for a visible emissions compliance test shall be 30 minutes. The observation period shall include the period during which the highest opacity can reasonably be expected to occur. The permittee shall record the actual processing rate for the emissions unit being tested. [Rule 62-297.310, F.A.C.]

RECORDS AND REPORTS

13. Final Design Notification: Within 90 days of completing the FGD system design, provide the final details for the limestone and gypsum material handling activities including a process flow diagram and all control equipment specifications. It may be necessary to modify this air construction permit. [Application No. 0170004-016-AC; Rule 62-4.070(3), F.A.C.]

14. Test Reports: The owner or operator of an emissions unit for which a compliance test is required shall file a report with the Compliance Authority on the results of each such test. The required test report shall be filed with the Compliance Authority as soon as practical, but no later than 45 days after the last sampling run of each test is completed. The test report shall provide sufficient detail on the emissions unit tested and

the test procedures used to allow the Compliance Authority to determine if the test was properly conducted and the test results properly computed. [Rule 62-297.310(8), F.A.C.]

15. Operational Records: The owner or operator shall maintain the following records on site to demonstrate compliance with the specifications and limitations of this subsection.

    a. Records of the design outlet dust loading specifications for new and replacement fabric filter bags; and

    b. For each month, record the total limestone processed for the month and the previous 12 months.

    All records shall be made available to the Department and Compliance Authority upon request. [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

C. Material Handling Activities for CBO System

This section of the permit addresses the following emissions unit.

ID	Emission Unit Description
025	CBO Feed Fly Ash Silo
026	CBO Product Fly Ash Storage Dome and Truck Loadout Silo

Process Description

Fly ash from Units 4 and 5 will be conveyed pneumatically to the CBO feed fly ash silo (EU-025). The silo will vent through a baghouse prior to discharge to the atmosphere. Fly ash will then be fed from the silo to the fluidized bed combustor (EU-024) for processing. Fly ash from the fluidized bed combustor will be separated from the exhaust gases by hot cyclones and directed to a heat exchanger to cool the product and recover heat. Thermal energy recovered from the CBO process will be used to heat condensate from the Unit 4 and 5 low-pressure feed water systems. The cooled exhaust gas will be routed through a cold cyclone and fabric filter to remove residual product fly ash before being returned to the inlet ductwork of Units 4 and 5 pollution control equipment (SCR, FGD, ESP and alkali injection systems).

Product fly ash separated by the cold cyclone and fabric filter will be sent to a surge bin with a portion of the product fly ash being returned to the fluidized bed combustor for temperature control. The remaining product ash is pneumatically conveyed to the product fly ash storage dome (EU-026) or directly to a truck load-out silo (also EU-026). The product fly ash storage dome will vent through a baghouse prior to discharging to the atmosphere. Particulate emissions captured during the truck load-out process will be routed to the truck load-out silo which will vent through a baghouse. Trucks will travel on paved roads within the plant and exit the plant for delivery offsite. Fugitive particulate matter emissions associated with product fly ash truck traffic will be controlled by maintaining the roads and periodic watering as needed.

AUTHORIZED CONSTRUCTION

1. CBO System: The permittee is authorized to construct a carbon burnout system consisting of the following major components: a fluidized bed combustor (EU-024) with hot cyclones to recycle ash back to the fluidized bed combustor, a heat recovery heat exchanger, cold cyclones to recover product ash and a fabric filter to recover product ash; a feed fly ash silo (EU-025, CBO-001); a product fly ash storage dome and a product fly ash truck loadout silo (EU-026). The system is designed for a maximum ash process rate of 75 tons per hour. For the fluidized bed combustor, the hot cyclones, cold cyclones and baghouse are considered process equipment and not air pollution control devices because the equipment is used to separate ash from the flue gas exhaust, which is then directed back into the boiler ductwork for emissions control. [Application No. 0170004-016-AC; Rules 62-4.070(3), 62-212.300 and 62-212.400(PSD), F.A.C.]

2. Air Pollution Control Equipment: To comply with the standards of this permit, the permittee shall design, install, operate, and maintain the following air pollution control equipment.

EU No.	Emissions Unit	Emissions Point No.	Control Device	Flow Rate	Outlet Dust Loading Specification
025	CBO Feed Fly Ash Silo	CBO-001	Baghouse	3040 acfm	0.010 grains/dscf
026	CBO Product Storage Dome	CBO-002	Baghouse	7600 acfm	0.010 grains/dscf
026	CBO Product Truck Loadout	CBO-003	Baghouse	7600 acfm	0.010 grains/dscf

Initial and replacement bags shall be selected based on the above design outlet dust loading specification. [Application No. 0170004-016-AC; Rules 62-4.070(3), 62-212.300 and 62-212.400(BACT), F.A.C.]

3. Fugitive Dust Emissions: The CBO system shall be enclosed to the extent practicable and confined to prevent fugitive dust emissions. During the construction period, fugitive dust emissions shall be minimized by techniques such as covering, confining and/or the application of water or dust suppressants to the affected areas, as necessary. [Rule 62-296.320(4)(c), F.A.C.]

EMISSIONS LIMITATIONS AND PERFORMANCE STANDARDS

4. Capacities and Restrictions: None of the emissions units in this subsection are restricted by hours of operation (8760 hours/year). The maximum ash processing rate for the CBO system shall not exceed 320,000 tons of product ash during any consecutive 12 months. [Application No. 0170004-016-AC; Rule 62-210.200(PTE), F.A.C.]

5. Opacity Standard: As determined by EPA Method 9, visible emissions from each baghouse exhaust point shall not exceed 5% opacity based on a 6-minute average. [Application No. 0170004-016-AC; Rule 62-212.400(BACT), F.A.C.]

6. Circumvention: The permittee shall not circumvent the air pollution control equipment or allow the emission of air pollutants without this equipment operating properly. [Rule 62-210.650, F.A.C.]

COMPLIANCE TESTING REQUIREMENTS

7. Initial Compliance Tests: Each baghouse exhaust shall be tested to demonstrate initial compliance with the specified opacity standard. The initial tests shall be conducted within 60 days after achieving permitted capacity, but not later than 180 days after initial operation of the unit. [Rule 62-297.310(7)(a)1, F.A.C.]

8. Annual Compliance Tests: During each federal fiscal year (October 1st to September 30th), each baghouse exhaust point shall be tested to demonstrate compliance with the specified opacity standard. [Rule 62-297.310(7)(a)4, F.A.C.]

9. Test Notification: At least 15 days prior to the date on which each formal compliance test is to begin, the permittee shall notify the Compliance Authority of: the date, time, and place of the test; and the contact person who will be responsible for coordinating and having the test conducted. [Rule 62-297.310(7)(a)9, F.A.C.]

10. Test Method: Opacity tests shall be conducted in accordance with EPA Method 9, which is described in 40 CFR 60, Appendix A, and adopted by reference in Rule 62-204.800, F.A.C. Tests shall also comply with the applicable requirements of Rule 62-297.310, F.A.C. [Rules 62-204.800 and 62-297.100, F.A.C.; 40 CFR 60, Appendix A]

11. Test Procedures: Tests shall be conducted in accordance with all applicable requirements of Chapter 62-297, F.A.C. The minimum observation period for a visible emissions compliance test shall be thirty (30) minutes. The observation period shall include the period during which the highest opacity can reasonably be expected to occur. The permittee shall record the actual ash processing rate for the emissions unit being tested. [Rules 62-297.310(4) and (5), F.A.C.]

RECORDS AND REPORTS

12. Test Reports: The owner or operator of an emissions unit for which a compliance test is required shall file a report with the Compliance Authority on the results of each such test. The required test report shall be filed with the Compliance Authority as soon as practical, but no later than 45 days after the last sampling run of each test is completed. The test report shall provide sufficient detail on the emissions unit tested and the test procedures used to allow the Compliance Authority to determine if the test was properly conducted and the test results properly computed. [Rule 62-297.310(8), F.A.C.]

C. Material Handling Activities for CBO System

13. Operational Records: The owner or operator shall maintain the following records on site to demonstrate compliance with the specifications and limitations of this subsection.

    a. Records of the design outlet dust loading specifications for new and replacement fabric filter bags; and

    b. For each month, record the total product ash processed for the month and the previous 12 months.

    All records shall be made available to the Department and Compliance Authority upon request. [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

D. Units 4 and 5 – Temporary Trial Period with up to 50% Sub-bituminous Coal

This section of the permit addresses a temporary trial period for the following emissions units.

EU No.	Emission Unit Description
004	Unit 4 is a fossil fuel-fired, electric utility steam generator
003	Unit 5 is a fossil fuel-fired, electric utility steam generator

TEMPORARY AUTHORIZATION AND RESTRICTIONS

1. Trial Coal Blend: For Units 4 and 5, the permittee is temporarily authorized to fire trial coal blends with greater than 20% sub-bituminous coal by weight (including Powder River Basin coal), but not more than 50% sub-bituminous coal by weight. The maximum sulfur content of such coal blends shall not exceed 3.13% by weight. The preliminary schedule is to conduct the trial before installation of the additional control systems. The purpose is to gather operational and emissions data to evaluate overall impacts in support of a future permanent request to fire bituminous/sub-bituminous coal blends. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

2. Trial Test Burn Duration: The trial coal blends shall only be fired in existing Units 4 and 5 and shall be fired in a similar manner to the bituminous coal currently in use at the plant. The permittee shall provide at least a one-day advance notice (by phone, fax, or email) to the Compliance Authority prior to the initial firing of any trial coal blend. Once any trial coal blend is fired, the permittee shall complete the trial burn within 90 calendar days. No more than 150,000 tons of the trial coal blends shall be burned during the trial burn period. In addition, all trial burns shall be completed prior to the expiration date of this permit. Within five calendar days of completing the trial burn, the permittee shall notify the Compliance Authority (by phone, fax, or email) that the trial burn has been completed. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

EMISSIONS LIMITING AND PERFORMANCE STANDARDS

3. Performance Requirements: The permittee shall provide the Compliance Authority with a preliminary schedule for conducting the trial burn and performance tests and shall update this schedule as necessary. During the trial burn, the permittee shall comply with all terms and conditions in the current Title V air operation permit. If the trial burn results in operation that is not in accordance with the conditions of the Title V permit or the test protocol, the performance testing will cease as soon as possible. The permittee shall immediately notify the Compliance Authority (by phone, fax, or email) of any non-compliance issue. The trial burn shall not resume until appropriate actions have been taken to correct the problem. [Application No. 0170004-016-AC; Rule 62-4.070(3), F.A.C.]

4. Fugitive Dust: The permittee shall take reasonable precautions to prevent fugitive dust emissions from the unloading, storage, and handling of trial coal blends. These shall be the same reasonable precautions specified in the most recent Title V air operation permit to prevent fugitive dust emissions from the unloading, storage, and handling of the coal blends currently in use at the plant. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

MONITORING AND TESTING

5. Baseline Emissions: Baseline emissions shall be determined by the continuous monitoring systems for opacity, NO_X, and SO_2 emissions when firing bituminous coal at permitted capacity. For each boiler that will fire the trial coal blend, the permittee shall conduct tests at permitted capacity for emissions of CO and PM. Permitted capacity is defined as 90 to 100 percent of the maximum heat input rate allowed by the permit (7200 MMBtu/hour based on a 24-hour average). Test results shall be reported in units of lb/MMBtu and lb/hour. If tests are conducted after installation of the new CO CEMS, baseline CO

emissions shall be determined by data collected by the CEMS. If available, existing data may be used for baseline data. [Rule 62-4.070(3), F.A.C.]

6. Trial Coal Blend Emissions: Emissions from firing the trial coal blend at permitted capacity shall be determined by the continuous monitoring systems for opacity, NO_X, and SO_2 coal blends. For each boiler that will fire the trial coal blends, the permittee shall conduct tests at permitted capacity for emissions of CO and PM. Permitted capacity is defined as 90 to 100 percent of the maximum heat input rate allowed by the permit (7200 MMBtu/hour based on a 24-hour average). If only one boiler fires the trial coal blend during the trial burn period, that unit shall conduct two series of tests to determine emission levels of PM, SAM, and VOC for the trial coal blend. Test results shall be reported in units of lb/MMBtu and lb/hour. If tests are conducted after installation of the new CO CEMS, baseline CO emissions shall be determined by data collected by the CEMS. The permittee shall obtain a sample of each trial coal blend fired. A proximate and ultimate analysis shall be provided for each sample taken. [Rule 62-4.070(3), F.A.C.]

7. Monitoring: The permittee shall conduct the following monitoring when firing the trial coal blend.

   a. The permittee shall record the amount and blend ratio of each trial coal blend delivered to the plant. A "certificate of analysis" (including the proximate and ultimate analysis) shall be retained for each delivery of trial coal blend.

   b. On at least three separate days, the permittee shall take samples of the trial coal blend being fired. A proximate and ultimate analysis shall be provided for each sample taken. Samples taken on different emissions testing days may satisfy this requirement.

   c. The permittee shall maintain daily records of the boiler operations including: the blend ratio as fired; the fuel mass firing rate; the heat input rate; steam production, temperature and pressure; and the MW generated.

   d. The permittee shall monitor and record the ESP secondary voltage and secondary current and calculate and record the total ESP secondary power input.

   e. The permittee shall continuously monitor and record opacity, NO_X, and SO_2 with the existing CEMS. If the trial burn is conducted after installation of the CO CEMS, CO emissions shall also be continuously monitored.

   [Rule 62-4.070(3), F.A.C.]

8. Test Methods: Any required tests shall be performed in accordance with the following reference methods.

Method	Description of Method and Comments
1 - 4	Traverse Points, Velocity and Flow Rate, Gas Analysis, and Moisture Content
5 or 5b	Determination of Particulate Matter (PM) Emissions
8 or 8A	Method for Determining Sulfuric Acid Mist (SAM) Emissions
9	Method for Determining Opacity Observations
10	Method for Determining Carbon Monoxide Emissions (Instrumental) The method shall be based on a continuous sampling train.
18	Method for Determining Gaseous Organic Compound Emissions (Gas Chromatography) Concurrently with EPA Method 25A, EPA Method 18 may be used as an optional method to deduct emissions of methane and ethane from the THC emissions measured by Method 25A.
19	Methods for Determining NO_X, PM, and SO_2 Mass Emission Rates
25A	Method for Determining Gaseous Organic Concentrations (Flame Ionization)

Tests shall also be conducted in accordance with the requirements specified in Appendix D (Common Testing Requirements) of this permit. The above methods are described in 40 CFR 60, Appendix A, and adopted by reference in Rule 62-204.800, F.A.C. [Rules 62-204.800 and 62-297.100, F.A.C.; 40 CFR 60, Appendix A]

9. Notifications: The permittee shall provide the Compliance Authority with a written preliminary schedule for conducting any emissions tests (by letter, fax, or email). The preliminary schedule shall be updated as necessary. The permittee shall provide the Compliance Authority with at least 5 days advance notice (by phone, fax, or email) prior to conducting any emissions tests. [Rule 62-4.070(3), F.A.C.]

RECORDS AND REPORTS

10. Trial Burn Report: Within 60 days of completing the trial burn period, the permittee shall submit a final report summarizing the trial burn to the Bureau of Air Regulation and the Compliance Authority. The trial burn report shall include, but not be limited to, the following information: actual schedule and overall description of the trial burn; summary of trial coal blends evaluated (amounts delivered; blend ratio; and proximate/ultimate analyses); discussion of operational issues with the trial coal blends (coal unloading, coal handling, coal storage, coal firing, fugitive dust, soot blowing, ESP performance and adjustments, ash handling, and ash storage); comparison of baseline operations versus operation with the trial coal blends; evaluation of current equipment compatibility with the trial coal blends; summary of boiler operating data and continuous emissions monitoring data; comparison of baseline emissions with emissions from firing trial coal blends (short-term and long-term); and a discussion of emissions changes as described in Appendix C of 40 CFR 60. [Rules 62-4.070(3), 62-210.200(PTE) and 62-212.400, F.A.C.]

E. Units 1, 2, 4 and 5 – Temporary Trial Period with Fuel Additive

This section of the permit addresses a temporary trial period for the following emissions units.

EU No.	Emission Unit Description
001	Unit 1 is a fossil fuel-fired, electric utility steam generator
002	Unit 2 is a fossil fuel-fired, electric utility steam generator
003	Unit 5 is a fossil fuel-fired, electric utility steam generator
004	Unit 4 is a fossil fuel-fired, electric utility steam generator

TEMPORARY AUTHORIZATION AND RESTRICTIONS

1. Fuel Additive: For Units 1, 2, 4 and 5, the permittee is temporarily authorized to apply a fuel additive (Environmental Energy Services, Inc.) based on calcium nitrate to currently authorized coal blends (bituminous coal, bituminous coal with coal briquettes, bituminous coal with sub-bituminous coal). The preliminary schedule is to conduct the trial before installation of the additional control systems. The purpose of the trial period is to evaluate the impact of the fuel additive on unit performance, slagging, emissions levels, and loss on ignition (LOI). The preliminary design is to spray the fuel additive on the coal prior to combustion. Preliminary estimates are for a rate of 3 to 30 gph (total to all feeders) of 500 to 1000 ppm of active concentrate onto the coal. Various applications rates will be tested. The purpose is to gather operational and emissions data to evaluate overall impacts in support of a future permanent request to use this fuel additive. *{Permitting Note: The vendor expects a 30% reduction in CO emissions, a 30% reduction in PM emissions, a 20% reduction in NOx emissions, and a 10% reduction in opacity.}* [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

2. Trial Test Burn Duration: The fuel additive shall only be applied to coal fired in the existing units. The permittee shall provide at least a one-day advance notice (by phone, fax, or email) to the Compliance Authority prior to the initial application of the fuel additive. Once the fuel additive is initially applied, the permittee shall complete all trial burns within 90 calendar days. Within five calendar days of completing the trial burn period, the permittee shall notify the Compliance Authority (by phone, fax, or email) that the trial burn period has been completed. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

EMISSIONS LIMITING AND PERFORMANCE STANDARDS

3. Performance Requirements: The permittee shall provide the Compliance Authority with a preliminary schedule for conducting trial burns and performance tests and shall update this schedule as necessary. During each trial burn, the permittee shall comply with all terms and conditions in the current Title V air operation permit. If a trial burn results in operation that is not in accordance with the conditions of the Title V permit or the test protocol, the trial burn shall cease as soon as possible. The permittee shall immediately notify the Compliance Authority (by phone, fax, or email) of any non-compliance issue. The trial burn shall not resume until appropriate actions have been taken to correct the problem. [Application No. 0170004-016-AC; Rule 62-4.070(3), F.A.C.]

MONITORING AND TESTING

4. Emissions - Baseline: Baseline emissions shall be determined by the continuous monitoring systems for opacity and NO_X, and SO_2 emissions when firing representative coal fuel blends at permitted capacity. For each boiler that will fire coal with the fuel additive, the permittee shall conduct impaction plate tests at permitted capacity for baseline PM emissions and use a portable analyzer to document baseline CO emissions. Permitted capacity is defined as 90 to 100 percent of the maximum heat input rate allowed by

the permit (7200 MMBtu/hour based on a 24-hour average). Test results shall be reported in units of lb/MMBtu and lb/hour. [Rule 62-4.070(3), F.A.C.]

5. Emissions with Fuel Additive: Emissions shall be determined by the continuous monitoring systems for opacity, NO_X, and SO_2 emissions when firing coal blends with fuel additive at permitted capacity. For each boiler that will fire coal with the fuel additive, the permittee shall conduct impaction plate tests at permitted capacity for baseline emissions of particulate matter (PM) and use a portable analyzer to document baseline CO emissions. Permitted capacity is defined as 90 to 100 percent of the maximum heat input rate allowed by the permit. Test results shall be reported in units of lb/MMBtu and lb/hour. [Rule 62-4.070(3), F.A.C.]

6. Monitoring of Operations: For each trial, the permittee shall conduct the following monitoring: the type, amount, and heat input of fuel fired; the boiler feedwater flow rates, boiler feedwater temperatures to the economizer, flue gas oxygen levels, and electrical outputs; the fuel additive injection rates and fuel additive concentrations; LOI, ash porosity, iron content, and slag viscosity; and continuously monitor and record opacity, NOx and SO_2 with the existing COMS and CEMS. For comparison purposes, the permittee shall identify the current corresponding baseline monitoring values for bituminous coal firing or collect baseline data during the trial burn period. [Rule 62-4.070(3), F.A.C.]

7. Notifications: The permittee shall provide the Compliance Authority with a written preliminary schedule for conducting any emissions tests (by letter, fax, or email). The preliminary schedule shall be updated as necessary. The permittee shall provide the Compliance Authority with at least 5 days advance notice (by phone, fax, or email) prior to conducting any emissions tests. [Rule 62-4.070(3), F.A.C.]

RECORDS AND REPORTS

8. Trial Burn Report: Within 60 days of completing the trial burn, the permittee shall submit a final report summarizing the trial burn to the Bureau of Air Regulation and the Compliance Authority. The final report shall provide the following: the actual schedule and overall description of the trial burn; any operational issues related to the fuel additive; a comparison of baseline operation versus operation with the fuel additive; an evaluation of equipment compatibility with fuel additive; a summary and comparison of continuous emissions and opacity monitoring data; a summary and comparison of all operational parameters; a summary and comparison of emissions test results; a comparison of continuously monitored emissions; a discussion of the impacts on LOI, ash porosity, iron content, and slag viscosity; and a discussion of emissions changes as described in Appendix C of 40 CFR 60.

   [Rules 62-4.070(3), 62-210.200(PTE) and 62-212.400, F.A.C.]

F. Units 4 and 5 – Temporary Trial Period with up to 30% Petroleum Coke

This section of the permit addresses a temporary trial period for the following emissions units.

EU No.	Emission Unit Description
003	Unit 5 is a fossil fuel-fired, electric utility steam generator
004	Unit 3 is a fossil fuel-fired, electric utility steam generator

TEMPORARY AUTHORIZATION AND RESTRICTIONS

1. Trial Coal Blend: Upon commercial operation of all air pollution control equipment (low-NO_X burners, SCR systems, FGD systems, alkali injection systems, and ESP improvements) and satisfactorily demonstrating compliance with the required initial tests, this air construction permit authorizes Units 4 and 5 to fire a trial coal blend of bituminous coal with up to 30% petroleum coke by weight. The maximum sulfur content of the trial coal blend shall not exceed 3.13% by weight. This permit authorizes a trial period to fire such blends and does not authorize the permanent firing of petroleum coke. The purpose is to gather operational and emissions data to evaluate overall impacts in support of a future permanent request to fire coal blends with petroleum coke. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

2. Trial Test Burn Duration: Trial coal blends shall only be fired in existing Units 4 and 5 and shall be fired in a manner similar to bituminous coal. The permittee shall provide at least a one-day advance notice (by phone, fax, or email) to the Compliance Authority prior to the initial firing of the first trial coal blend. Once the first trial coal blend is fired, the permittee shall complete all trial burns within 90 calendar days. No more than a total of 150,000 tons of trial petroleum coke/coal blends shall be fired during the trial burn period. In addition, all trial burns shall be completed prior to the expiration date of this permit. Within five calendar days of completing the trial burn period, the permittee shall notify the Compliance Authority (by phone, fax, or email) that the trial burn period has been completed. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

EMISSIONS LIMITING AND PERFORMANCE STANDARDS

3. Performance Requirements: The permittee shall provide the Compliance Authority with a preliminary schedule for conducting trial burns and performance tests and shall update this schedule as necessary. During each trial burn, the permittee shall comply with all terms and conditions in the current Title V air operation permit. If a trial burn results in operation that is not in accordance with the conditions of the Title V permit or the test protocol, the trial burn shall cease as soon as possible. The permittee shall immediately notify the Compliance Authority (by phone, fax, or email) of any non-compliance issue. The trial burn shall not resume until appropriate actions have been taken to correct the problem. [Application No. 0170004-016-AC; Rule 62-4.070(3), F.A.C.]

4. Fugitive Dust: The permittee shall take reasonable precautions to prevent fugitive dust emissions from the unloading, storage, and handling of the trial coal blends. These shall be the same reasonable precautions specified in the current Title V air operation permit to prevent fugitive dust emissions from the unloading, storage, and handling of bituminous coal currently in use at the plant. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

MONITORING AND TESTING

5. Baseline Emissions: Baseline emissions shall be determined by the continuous monitoring systems for opacity and CO, NO_X, and SO_2 emissions when firing bituminous coal at permitted capacity. For each boiler that will fire a petroleum coke/coal blend, the permittee shall conduct tests at permitted capacity for PM, SAM and VOC emissions. Permitted capacity is defined as 90 to 100 percent of the maximum heat

input rate allowed by the permit (7200 MMBtu/hour based on a 24-hour average). Test results shall be reported in units of lb/MMBtu and lb/hour. Compliance tests conducted after completing the construction authorized by this permit may be used for the baseline emissions data. [Rule 62-4.070(3), F.A.C.]

6. Trial Coal Blend Emissions: Emissions shall be determined by the continuous monitoring systems for opacity and CO, NO_X, and SO_2 emissions when petroleum coke/coal blends at permitted capacity. For each boiler that fires a petroleum coke/coal blend, the permittee shall conduct tests at permitted capacity for PM, SAM and VOC emissions. Permitted capacity is defined as 90 to 100 percent of the maximum heat input rate allowed by the permit (7200 MMBtu/hour based on a 24-hour average). Test results shall be reported in units of lb/MMBtu and lb/hour. During each required emission test, the permittee shall obtain a sample of the petroleum coke/coal blend as fired. A proximate and ultimate analysis shall be provided for each sample taken. If only one boiler fires the trial coal blend during the trial burn period, that unit shall conduct two series of tests to determine emission levels of PM, SAM, and VOC for the trial coal blend. [Rule 62-4.070(3), F.A.C.]

7. Monitoring: When firing trial coal bends, the permittee shall conduct the following monitoring.

   a. The permittee shall record the amount and blend ratio of each petroleum coke/coal blend delivered to the plant. A "certificate of analysis" (including the proximate and ultimate analysis) shall be retained for each delivery of petroleum coke/coal blend.

   b. For each petroleum coke/coal blend, the permittee shall take a sample of the blend as fired. A proximate and ultimate analysis shall be provided for each sample taken. Samples taken on different emissions testing days may satisfy this requirement.

   c. The permittee shall maintain daily records of the boiler operations including: the petroleum coke/blend ratio fired; the fuel mass firing rate; the heat input rate; steam production, temperature and pressure; and the MW generated.

   d. The permittee shall monitor and record the ESP secondary voltage and secondary current and calculate and record the total ESP secondary power input.

   e. The permittee shall continuously monitor and record opacity, CO, NO_X, and SO_2 with existing monitoring systems.

   [Rule 62-4.070(3), F.A.C.]

8. Test Methods: Any required tests shall be performed in accordance with the following reference methods.

Method	Description of Method and Comments
1 - 4	Traverse Points, Velocity and Flow Rate, Gas Analysis, and Moisture Content
5 or 5b	Determination of Particulate Matter (PM) Emissions
8 or 8A	Method for Determining Sulfuric Acid Mist (SAM) Emissions
9	Method for Determining Opacity Observations
10	Method for Determining Carbon Monoxide Emissions (Instrumental) The method shall be based on a continuous sampling train.
18	Method for Determining Gaseous Organic Compound Emissions (Gas Chromatography) Concurrently with EPA Method 25A, EPA Method 18 may be used as an optional method to deduct emissions of methane and ethane from the THC emissions measured by Method 25A.
19	Methods for Determining NO_X, PM, and SO_2 Mass Emission Rates
25A	Method for Determining Gaseous Organic Concentrations (Flame Ionization)

Tests shall also be conducted in accordance with the requirements specified in Appendix D (Common Testing Requirements) of this permit. The above methods are described in 40 CFR 60, Appendix A, and adopted by reference in Rule 62-204.800, F.A.C. [Rules 62-204.800 and 62-297.100, F.A.C.; 40 CFR 60, Appendix A]

9. Notifications: The permittee shall provide the Compliance Authority with a written preliminary schedule for conducting any emissions tests (by letter, fax, or email). The preliminary schedule shall be updated as necessary. The permittee shall provide the Compliance Authority with at least 5 days advance notice (by phone, fax, or email) prior to conducting any emissions tests. [Rule 62-4.070(3), F.A.C.]

RECORDS AND REPORTS

10. Emissions Tests Reports: The permittee shall prepare and submit reports for all emissions tests in accordance with the requirements specified in Appendix D (Common Testing Requirements) of this permit. For each test run, the report shall also indicate the following: the petroleum coke/blend ratio, the fuel firing rate, the heat input rate, the average ESP secondary power input, the opacity, the CO emission rate, the NOx emission rate, and the SO_2 emission rate. [Rule 62-297.310(8), F.A.C.]

11. Trial Burn Report: Within 60 days of completing the trial burn, the permittee shall submit a final report summarizing the trial burn to the Bureau of Air Regulation and the Compliance Authority. The trial burn report shall include, but not be limited to, the following information: actual schedule and overall description of the trial burn period; summary of petroleum coke/coal blends evaluated (amounts delivered, blend ratio, and proximate/ultimate analyses); discussion of operational issues of petroleum coke/coal (coal unloading, coal handling, coal storage, coal firing, fugitive dust, soot blowing, ESP performance and adjustments, ash handling, and ash storage); comparison of baseline operations versus operation with petroleum coke/coal blend; evaluation of current equipment compatibility with petroleum coke/coal blend; summary of continuous emissions monitoring data; summary of boiler operating data; summary of emissions test results, actual test schedule, and procedures used; comparison of baseline emissions with emissions from firing petroleum coke/coal blend (short-term and long-term); and a discussion of emissions changes as described in Appendix C of 40 CFR 60. [Rules 62-4.070(3), 62-210.200(PTE) and 62-212.400, F.A.C.]

CONTENTS

Appendix A. Citation Formats

Appendix B. General Conditions

Appendix C. Common Conditions

Appendix D. Common Testing Requirements

Appendix E. Summary of Final BACT Determinations

Appendix F. Standard Continuous Monitoring Requirements

Appendix G. New Source Performance Standards

SECTION 4. APPENDIX A
CITATION FORMATS

The following examples illustrate the format used in the permit to identify applicable permitting actions and regulations.

REFERENCES TO PREVIOUS PERMITTING ACTIONS

Old Permit Numbers

Example: Permit No. AC50-123456 or Air Permit No. AO50-123456

Where: "AC" identifies the permit as an Air Construction Permit
"AO" identifies the permit as an Air Operation Permit
"123456" identifies the specific permit project number

New Permit Numbers

Example: Permit Nos. 099-2222-001-AC, 099-2222-001-AF, 099-2222-001-AO, or 099-2222-001-AV

Where: "099" represents the specific county ID number in which the project is located
"2222" represents the specific facility ID number
"001"identifies the specific permit project
"AC" identifies the permit as an air construction permit
"AF" identifies the permit as a minor federally enforceable state operation permit
"AO" identifies the permit as a minor source air operation permit
"AV" identifies the permit as a Title V Major Source Air Operation Permit

PSD Permit Numbers

Example: Permit No. PSD-FL-317

Where: "PSD" means issued pursuant to the Prevention of Significant Deterioration of Air Quality
"FL" means that the permit was issued by the State of Florida
"317" identifies the specific permit project

RULE CITATION FORMATS

Florida Administrative Code (F.A.C.)

Example: [Rule 62-213.205, F.A.C.]

Means: Title 62, Chapter 213, Rule 205 of the Florida Administrative Code

Code of Federal Regulations (CFR)

Example: [40 CRF 60.7]

Means: Title 40, Part 60, Section 7

GENERAL CONDITIONS

The permittee shall comply with the following general conditions from Rule 62-4.160, F.A.C.

1. The terms, conditions, requirements, limitations, and restrictions set forth in this permit are "Permit Conditions" and are binding and enforceable pursuant to Sections 403.161, 403.727, or 403.859 through 403.861, F.S. The permittee is placed on notice that the Department will review this permit periodically and may initiate enforcement action for any violation of these conditions.

2. This permit is valid only for the specific processes and operations applied for and indicated in the approved drawings or exhibits. Any unauthorized deviation from the approved drawings, exhibits, specifications, or conditions of this permit may constitute grounds for revocation and enforcement action by the Department.

3. As provided in Subsections 403.087(6) and 403.722(5), F.S., the issuance of this permit does not convey and vested rights or any exclusive privileges. Neither does it authorize any injury to public or private property or any invasion of personal rights, nor any infringement of federal, state or local laws or regulations. This permit is not a waiver or approval of any other Department permit that may be required for other aspects of the total project which are not addressed in the permit.

4. This permit conveys no title to land or water, does not constitute State recognition or acknowledgment of title, and does not constitute authority for the use of submerged lands unless herein provided and the necessary title or leasehold interests have been obtained from the State. Only the Trustees of the Internal Improvement Trust Fund may express State opinion as to title.

5. This permit does not relieve the permittee from liability for harm or injury to human health or welfare, animal, or plant life, or property caused by the construction or operation of this permitted source, or from penalties therefore; nor does it allow the permittee to cause pollution in contravention of F.S. and Department rules, unless specifically authorized by an order from the Department.

6. The permittee shall properly operate and maintain the facility and systems of treatment and control (and related appurtenances) that are installed or used by the permittee to achieve compliance with the conditions of this permit, as required by Department rules. This provision includes the operation of backup or auxiliary facilities or similar systems when necessary to achieve compliance with the conditions of the permit and when required by Department rules.

7. The permittee, by accepting this permit, specifically agrees to allow authorized Department personnel, upon presentation of credentials or other documents as may be required by law and at a reasonable time, access to the premises, where the permitted activity is located or conducted to:

   a. Have access to and copy and records that must be kept under the conditions of the permit;
   b. Inspect the facility, equipment, practices, or operations regulated or required under this permit, and,
   c. Sample or monitor any substances or parameters at any location reasonably necessary to assure compliance with this permit or Department rules.

   Reasonable time may depend on the nature of the concern being investigated.

8. If, for any reason, the permittee does not comply with or will be unable to comply with any condition or limitation specified in this permit, the permittee shall immediately provide the Department with the following information:

   a. A description of and cause of non-compliance; and

   b. The period of noncompliance, including dates and times; or, if not corrected, the anticipated time the non-compliance is expected to continue, and steps being taken to reduce, eliminate, and prevent recurrence of the non-compliance.

   The permittee shall be responsible for any and all damages which may result and may be subject to enforcement action by the Department for penalties or for revocation of this permit.

9. In accepting this permit, the permittee understands and agrees that all records, notes, monitoring data and other information relating to the construction or operation of this permitted source which are submitted to the Department may be used by the Department as evidence in any enforcement case involving the permitted source arising under the F.S. or Department rules, except where such use is prescribed by Sections 403.73 and 403.111, F.S.. Such evidence

shall only be used to the extent it is consistent with the Florida Rules of Civil Procedure and appropriate evidentiary rules.

10. The permittee agrees to comply with changes in Department rules and F.S. after a reasonable time for compliance, provided, however, the permittee does not waive any other rights granted by F.S. or Department rules.

11. This permit is transferable only upon Department approval in accordance with F.A.C. Rules 62-4.120 and 62-730.300, F.A.C., as applicable. The permittee shall be liable for any non-compliance of the permitted activity until the transfer is approved by the Department.

12. This permit or a copy thereof shall be kept at the work site of the permitted activity.

13. This permit also constitutes:

    a. Determination of Best Available Control Technology;
    b. Determination of Prevention of Significant Deterioration; and
    c. Compliance with New Source Performance Standards.

14. The permittee shall comply with the following:

    a. Upon request, the permittee shall furnish all records and plans required under Department rules. During enforcement actions, the retention period for all records will be extended automatically unless otherwise stipulated by the Department.

    b. The permittee shall hold at the facility or other location designated by this permit records of all monitoring information (including all calibration and maintenance records and all original strip chart recordings for continuous monitoring instrumentation) required by the permit, copies of all reports required by this permit, and records of all data used to complete the application or this permit. These materials shall be retained at least three years from the date of the sample, measurement, report, or application unless otherwise specified by Department rule.

    c. Records of monitoring information shall include:

        1) The date, exact place, and time of sampling or measurements;
        2) The person responsible for performing the sampling or measurements;
        3) The dates analyses were performed;
        4) The person responsible for performing the analyses;
        5) The analytical techniques or methods used; and
        6) The results of such analyses.

15. When requested by the Department, the permittee shall within a reasonable time furnish any information required by law which is needed to determine compliance with the permit. If the permittee becomes aware that relevant facts were not submitted or were incorrect in the permit application or in any report to the Department, such facts or information shall be corrected promptly.

Unless otherwise specified in the permit, the following conditions apply to all emissions units and activities at the facility.

EMISSIONS AND CONTROLS

1. Plant Operation - Problems: If temporarily unable to comply with any of the conditions of the permit due to breakdown of equipment or destruction by fire, wind or other cause, the permittee shall notify each Compliance Authority as soon as possible, but at least within one working day, excluding weekends and holidays. The notification shall include: pertinent information as to the cause of the problem; steps being taken to correct the problem and prevent future recurrence; and, where applicable, the owner's intent toward reconstruction of destroyed facilities. Such notification does not release the permittee from any liability for failure to comply with the conditions of this permit or the regulations. [Rule 62-4.130, F.A.C.]
2. Circumvention: The permittee shall not circumvent the air pollution control equipment or allow the emission of air pollutants without this equipment operating properly. [Rule 62-210.650, F.A.C.]
3. Excess Emissions Allowed: Excess emissions resulting from startup, shutdown or malfunction of any emissions unit shall be permitted providing (1) best operational practices to minimize emissions are adhered to and (2) the duration of excess emissions shall be minimized but in no case exceed two hours in any 24 hour period unless specifically authorized by the Department for longer duration. [Rule 62-210.700(1), F.A.C.]
4. Excess Emissions Prohibited: Excess emissions caused entirely or in part by poor maintenance, poor operation, or any other equipment or process failure that may reasonably be prevented during startup, shutdown or malfunction shall be prohibited. [Rule 62-210.700(4), F.A.C.]
5. Excess Emissions - Notification: In case of excess emissions resulting from malfunctions, the permittee shall notify the Department or the appropriate Local Program in accordance with Rule 62-4.130, F.A.C. A full written report on the malfunctions shall be submitted in a quarterly report, if requested by the Department. [Rule 62-210.700(6), F.A.C.]
6. VOC or OS Emissions: No person shall store, pump, handle, process, load, unload or use in any process or installation, volatile organic compounds (VOC) or organic solvents (OS) without applying known and existing vapor emission control devices or systems deemed necessary and ordered by the Department. [Rule 62-296.320(1), F.A.C.]
7. Objectionable Odor Prohibited: No person shall cause, suffer, allow or permit the discharge of air pollutants, which cause or contribute to an objectionable odor. An "objectionable odor" means any odor present in the outdoor atmosphere which by itself or in combination with other odors, is or may be harmful or injurious to human health or welfare, which unreasonably interferes with the comfortable use and enjoyment of life or property, or which creates a nuisance. [Rules 62-296.320(2) and 62-210.200(Definitions), F.A.C.]
8. General Visible Emissions: No person shall cause, let, permit, suffer or allow to be discharged into the atmosphere the emissions of air pollutants from any activity equal to or greater than 20% opacity. This regulation does not impose a specific testing requirement. [Rule 62-296.320(4)(b)1, F.A.C.]
9. Unconfined Particulate Emissions: During the construction period, unconfined particulate matter emissions shall be minimized by dust suppressing techniques such as covering and/or application of water or chemicals to the affected areas, as necessary. [Rule 62-296.320(4)(c), F.A.C.]

RECORDS AND REPORTS

10. Records Retention: All measurements, records, and other data required by this permit shall be documented in a permanent, legible format and retained for at least five (5) years following the date on which such measurements, records, or data are recorded. Records shall be made available to the Department upon request. [Rule 62-213.440(1)(b)2, F.A.C.]
11. Annual Operating Report: The permittee shall submit an annual report that summarizes the actual operating rates and emissions from this facility. Annual operating reports shall be submitted to the Compliance Authority by March 1st of each year. [Rule 62-210.370(3), F.A.C.]

Unless otherwise specified in the permit, the following conditions apply to all emissions units and activities at the facility.

GENERAL COMPLIANCE TESTING REQUIREMENTS

1. Required Number of Test Runs: For mass emission limitations, a compliance test shall consist of three complete and separate determinations of the total air pollutant emission rate through the test section of the stack or duct and three complete and separate determinations of any applicable process variables corresponding to the three distinct time periods during which the stack emission rate was measured; provided, however, that three complete and separate determinations shall not be required if the process variables are not subject to variation during a compliance test, or if three determinations are not necessary in order to calculate the unit's emission rate. The three required test runs shall be completed within one consecutive five-day period. In the event that a sample is lost or one of the three runs must be discontinued because of circumstances beyond the control of the owner or operator, and a valid third run cannot be obtained within the five-day period allowed for the test, the Secretary or his or her designee may accept the results of two complete runs as proof of compliance, provided that the arithmetic mean of the two complete runs is at least 20% below the allowable emission limiting standard. [Rule 62-297.310(1), F.A.C.]
2. Operating Rate During Testing: Testing of emissions shall be conducted with the emissions unit operating at permitted capacity. If it is impractical to test at permitted capacity, an emissions unit may be tested at less than the maximum permitted capacity; in this case, subsequent emissions unit operation is limited to 110 percent of the test rate until a new test is conducted. Once the unit is so limited, operation at higher capacities is allowed for no more than 15 consecutive days for the purpose of additional compliance testing to regain the authority to operate at the permitted capacity. Permitted capacity is defined as 90 to 100 percent of the maximum operation rate allowed by the permit. [Rule 62-297.310(2), F.A.C.]
3. Calculation of Emission Rate: For each emissions performance test, the indicated emission rate or concentration shall be the arithmetic average of the emission rate or concentration determined by each of the three separate test runs unless otherwise specified in a particular test method or applicable rule. [Rule 62-297.310(3), F.A.C.]
4. Applicable Test Procedures [Rule 62-297.310(4), F.A.C.]
   a. *Required Sampling Time.*
      (1) Unless otherwise specified in the applicable rule, the required sampling time for each test run shall be no less than one hour and no greater than four hours, and the sampling time at each sampling point shall be of equal intervals of at least two minutes.
      (2) Opacity Compliance Tests. When either EPA Method 9 or DEP Method 9 is specified as the applicable opacity test method, the required minimum period of observation for a compliance test shall be sixty (60) minutes for emissions units which emit or have the potential to emit 100 tons per year or more of particulate matter, and thirty (30) minutes for emissions units which have potential emissions less than 100 tons per year of particulate matter and are not subject to a multiple-valued opacity standard. The opacity test observation period shall include the period during which the highest opacity emissions can reasonably be expected to occur. Exceptions to these requirements are as follows:
         (a) For batch, cyclical processes, or other operations which are normally completed within less than the minimum observation period and do not recur within that time, the period of observation shall be equal to the duration of the batch cycle or operation completion time.
         (b) The observation period for special opacity tests that are conducted to provide data to establish a surrogate standard pursuant to Rule 62-297.310(5)(k), F.A.C., Waiver of Compliance Test Requirements, shall be established as necessary to properly establish the relationship between a proposed surrogate standard and an existing mass emission limiting standard.
         (c) The minimum observation period for opacity tests conducted by employees or agents of the Department to verify the day-to-day continuing compliance of a unit or activity with an applicable opacity standard shall be twelve minutes.
   b. *Minimum Sample Volume.* Unless otherwise specified in the applicable rule or test method, the minimum sample volume per run shall be 25 dry standard cubic feet.
   c. *Calibration of Sampling Equipment.* Calibration of the sampling train equipment shall be conducted in accordance with the schedule shown in Table 297.310-1, F.A.C.
   d. *Calibration of Sampling Equipment.* Calibration of the sampling train equipment shall be conducted in accordance

with the schedule shown in Table 297.310-1.

e. *Allowed Modification to EPA Method 5.* When EPA Method 5 is required, the following modification is allowed: the heated filter may be separated from the impingers by a flexible tube.

5. Determination of Process Variables [Rule 62-297.310(5), F.A.C.]

a. *Required Equipment.* The owner or operator of an emissions unit for which compliance tests are required shall install, operate, and maintain equipment or instruments necessary to determine process variables, such as process weight input or heat input, when such data are needed in conjunction with emissions data to determine the compliance of the emissions unit with applicable emission limiting standards.

b. *Accuracy of Equipment.* Equipment or instruments used to directly or indirectly determine process variables, including devices such as belt scales, weight hoppers, flow meters, and tank scales, shall be calibrated and adjusted to indicate the true value of the parameter being measured with sufficient accuracy to allow the applicable process variable to be determined within 10% of its true value.

6. Sampling Facilities: The permittee shall install permanent stack sampling ports and provide sampling facilities that meet the requirements of Rule 62-297.310(6), F.A.C. Sampling facilities include sampling ports, work platforms, access to work platforms, electrical power, and sampling equipment support. All stack sampling facilities must also comply with all applicable Occupational Safety and Health Administration (OSHA) Safety and Health Standards described in 29 CFR Part 1910, Subparts D and E. [Rule 62-297.310(6), F.A.C.]

a. *Permanent Test Facilities.* The owner or operator of an emissions unit for which a compliance test, other than a visible emissions test, is required on at least an annual basis, shall install and maintain permanent stack sampling facilities.

b. *Temporary Test Facilities.* The owner or operator of an emissions unit that is not required to conduct a compliance test on at least an annual basis may use permanent or temporary stack sampling facilities. If the owner chooses to use temporary sampling facilities on an emissions unit, and the Department elects to test the unit, such temporary facilities shall be installed on the emissions unit within 5 days of a request by the Department and remain on the emissions unit until the test is completed.

c. *Sampling Ports.*

(1) All sampling ports shall have a minimum inside diameter of 3 inches.

(2) The ports shall be capable of being sealed when not in use.

(3) The sampling ports shall be located in the stack at least 2 stack diameters or equivalent diameters downstream and at least 0.5 stack diameter or equivalent diameter upstream from any fan, bend, constriction or other flow disturbance.

(4) For emissions units for which a complete application to construct has been filed prior to December 1, 1980, at least two sampling ports, 90 degrees apart, shall be installed at each sampling location on all circular stacks that have an outside diameter of 15 feet or less. For stacks with a larger diameter, four sampling ports, each 90 degrees apart, shall be installed. For emissions units for which a complete application to construct is filed on or after December 1, 1980, at least two sampling ports, 90 degrees apart, shall be installed at each sampling location on all circular stacks that have an outside diameter of 10 feet or less. For stacks with larger diameters, four sampling ports, each 90 degrees apart, shall be installed. On horizontal circular ducts, the ports shall be located so that the probe can enter the stack vertically, horizontally or at a 45 degree angle.

(5) On rectangular ducts, the cross sectional area shall be divided into the number of equal areas in accordance with EPA Method 1. Sampling ports shall be provided which allow access to each sampling point. The ports shall be located so that the probe can be inserted perpendicular to the gas flow.

d. *Work Platforms.*

(1) Minimum size of the working platform shall be 24 square feet in area. Platforms shall be at least 3 feet wide.

(2) On circular stacks with 2 sampling ports, the platform shall extend at least 110 degrees around the stack.

(3) On circular stacks with more than two sampling ports, the work platform shall extend 360 degrees around the stack.

(4) All platforms shall be equipped with an adequate safety rail (ropes are not acceptable), toe board, and hinged floor-opening cover if ladder access is used to reach the platform. The safety rail directly in line with the

sampling ports shall be removable so that no obstruction exists in an area 14 inches below each sample port and 6 inches on either side of the sampling port.

e. *Access to Work Platform.*

(1) Ladders to the work platform exceeding 15 feet in length shall have safety cages or fall arresters with a minimum of 3 compatible safety belts available for use by sampling personnel.

(2) Walkways over free-fall areas shall be equipped with safety rails and toe boards.

f. *Electrical Power.*

(1) A minimum of two 120-volt AC, 20-amp outlets shall be provided at the sampling platform within 20 feet of each sampling port.

(2) If extension cords are used to provide the electrical power, they shall be kept on the plant's property and be available immediately upon request by sampling personnel.

g. *Sampling Equipment Support.*

(1) A three-quarter inch eyebolt and an angle bracket shall be attached directly above each port on vertical stacks and above each row of sampling ports on the sides of horizontal ducts.

(a) The bracket shall be a standard 3 inch × 3 inch × one-quarter inch equal-legs bracket which is 1 and one-half inches wide. A hole that is one-half inch in diameter shall be drilled through the exact center of the horizontal portion of the bracket. The horizontal portion of the bracket shall be located 14 inches above the centerline of the sampling port.

(b) A three-eighth inch bolt which protrudes 2 inches from the stack may be substituted for the required bracket. The bolt shall be located 15 and one-half inches above the centerline of the sampling port.

(c) The three-quarter inch eyebolt shall be capable of supporting a 500 pound working load. For stacks that are less than 12 feet in diameter, the eyebolt shall be located 48 inches above the horizontal portion of the angle bracket. For stacks that are greater than or equal to 12 feet in diameter, the eyebolt shall be located 60 inches above the horizontal portion of the angle bracket. If the eyebolt is more than 120 inches above the platform, a length of chain shall be attached to it to bring the free end of the chain to within safe reach from the platform.

(2) A complete monorail or dual rail arrangement may be substituted for the eyebolt and bracket.

(3) When the sample ports are located in the top of a horizontal duct, a frame shall be provided above the port to allow the sample probe to be secured during the test.

7. Frequency of Compliance Tests. The following provisions apply only to those emissions units that are subject to an emissions limiting standard for which compliance testing is required. [Rule 62-297.310(7), F.A.C.]

a. *General Compliance Testing.*

1. The owner or operator of a new or modified emissions unit that is subject to an emission limiting standard shall conduct a compliance test that demonstrates compliance with the applicable emission limiting standard prior to obtaining an operation permit for such emissions unit.

2. For excess emission limitations for particulate matter specified in Rule 62-210.700, F.A.C., a compliance test shall be conducted annually while the emissions unit is operating under soot blowing conditions in each federal fiscal year during which soot blowing is part of normal emissions unit operation, except that such test shall not be required in any federal fiscal year in which a fossil fuel steam generator does not burn liquid and/or solid fuel for more than 400 hours other than during startup.

3. The owner or operator of an emissions unit that is subject to any emission limiting standard shall conduct a compliance test that demonstrates compliance with the applicable emission limiting standard prior to obtaining a renewed operation permit. Emissions units that are required to conduct an annual compliance test may submit the most recent annual compliance test to satisfy the requirements of this provision. In renewing an air operation permit pursuant to sub-subparagraph 62-210.300(2)(a)3.b., c., or d., F.A.C., the Department shall not require submission of emission compliance test results for any emissions unit that, during the year prior to renewal:

(a) Did not operate; or

(b) In the case of a fuel burning emissions unit, burned liquid and/or solid fuel for a total of no more than 400 hours,

4. During each federal fiscal year (October 1 – September 30), unless otherwise specified by rule, order, or permit, the owner or operator of each emissions unit shall have a formal compliance test conducted for:
   (a) Visible emissions, if there is an applicable standard;
   (b) Each of the following pollutants, if there is an applicable standard, and if the emissions unit emits or has the potential to emit: 5 tons per year or more of lead or lead compounds measured as elemental lead; 30 tons per year or more of acrylonitrile; or 100 tons per year or more of any other regulated air pollutant; and
   (c) c. Each NESHAP pollutant, if there is an applicable emission standard.
5. An annual compliance test for particulate matter emissions shall not be required for any fuel burning emissions unit that, in a federal fiscal year, does not burn liquid and/or solid fuel, other than during startup, for a total of more than 400 hours.
6. For fossil fuel steam generators on a semi-annual particulate matter emission compliance testing schedule, a compliance test shall not be required for any six-month period in which liquid and/or solid fuel is not burned for more than 200 hours other than during startup.
7. For emissions units electing to conduct particulate matter emission compliance testing quarterly pursuant to paragraph 62-296.405(2)(a), F.A.C., a compliance test shall not be required for any quarter in which liquid and/or solid fuel is not burned for more than 100 hours other than during startup.
8. Any combustion turbine that does not operate for more than 400 hours per year shall conduct a visible emissions compliance test once per each five-year period, coinciding with the term of its air operation permit.
9. The owner or operator shall notify the Department, at least 15 days prior to the date on which each formal compliance test is to begin, of the date, time, and place of each such test, and the test contact person who will be responsible for coordinating and having such test conducted for the owner or operator.
10. An annual compliance test conducted for visible emissions shall not be required for units exempted from air permitting pursuant to subsection 62-210.300(3), F.A.C.; units determined to be insignificant pursuant to subparagraph 62-213.300(2)(a)1., F.A.C., or paragraph 62-213.430(6)(b), F.A.C.; or units permitted under the General Permit provisions in paragraph 62-210.300(4)(a) or Rule 62-213.300, F.A.C., unless the general permit specifically requires such testing.

b. *Special Compliance Tests.* When the Department, after investigation, has good reason (such as complaints, increased visible emissions or questionable maintenance of control equipment) to believe that any applicable emission standard contained in a Department rule or in a permit issued pursuant to those rules is being violated, it shall require the owner or operator of the emissions unit to conduct compliance tests which identify the nature and quantity of pollutant emissions from the emissions unit and to provide a report on the results of said tests to the Department.

c. *Waiver of Compliance Test Requirements.* If the owner or operator of an emissions unit that is subject to a compliance test requirement demonstrates to the Department, pursuant to the procedure established in Rule 62-297.620, F.A.C., that the compliance of the emissions unit with an applicable weight emission limiting standard can be adequately determined by means other than the designated test procedure, such as specifying a surrogate standard of no visible emissions for particulate matter sources equipped with a bag house or specifying a fuel analysis for sulfur dioxide emissions, the Department shall waive the compliance test requirements for such emissions units and order that the alternate means of determining compliance be used, provided, however, the provisions of paragraph 62-297.310(7)(b), F.A.C., shall apply.

RECORDS AND REPORTS

8. Test Reports [Rule 62-297.310(8), F.A.C.]
   a. The owner or operator of an emissions unit for which a compliance test is required shall file a report with the Department on the results of each such test.
   b. The required test report shall be filed with the Department as soon as practical but no later than 45 days after the last sampling run of each test is completed.

c. The test report shall provide sufficient detail on the emissions unit tested and the test procedures used to allow the Department to determine if the test was properly conducted and the test results properly computed. As a minimum, the test report, other than for an EPA or DEP Method 9 test, shall provide the following information.

1. The type, location, and designation of the emissions unit tested.
2. The facility at which the emissions unit is located.
3. The owner or operator of the emissions unit.
4. The normal type and amount of fuels used and materials processed, and the types and amounts of fuels used and material processed during each test run.
5. The means, raw data and computations used to determine the amount of fuels used and materials processed, if necessary to determine compliance with an applicable emission limiting standard.
6. The type of air pollution control devices installed on the emissions unit, their general condition, their normal operating parameters (pressure drops, total operating current and GPM scrubber water), and their operating parameters during each test run.
7. A sketch of the duct within 8 stack diameters upstream and 2 stack diameters downstream of the sampling ports, including the distance to any upstream and downstream bends or other flow disturbances.
8. The date, starting time and duration of each sampling run.
9. The test procedures used, including any alternative procedures authorized pursuant to Rule 62-297.620, F.A.C. Where optional procedures are authorized in this chapter, indicate which option was used.
10. The number of points sampled and configuration and location of the sampling plane.
11. For each sampling point for each run, the dry gas meter reading, velocity head, pressure drop across the stack, temperatures, average meter temperatures and sample time per point.
12. The type, manufacturer and configuration of the sampling equipment used.
13. Data related to the required calibration of the test equipment.
14. Data on the identification, processing and weights of all filters used.
15. Data on the types and amounts of any chemical solutions used.
16. Data on the amount of pollutant collected from each sampling probe, the filters, and the impingers, are reported separately for the compliance test.
17. The names of individuals who furnished the process variable data, conducted the test, analyzed the samples and prepared the report.
18. All measured and calculated data required to be determined by each applicable test procedure for each run.
19. The detailed calculations for one run that relate the collected data to the calculated emission rate.
20. The applicable emission standard and the resulting maximum allowable emission rate for the emissions unit plus the test result in the same form and unit of measure.
21. A certification that, to the knowledge of the owner or his authorized agent, all data submitted are true and correct. When a compliance test is conducted for the Department or its agent, the person who conducts the test shall provide the certification with respect to the test procedures used. The owner or his authorized agent shall certify that all data required and provided to the person conducting the test are true and correct to his knowledge.

PROJECT DESCRIPTION

Progress Energy Florida, Inc. operates the existing Crystal River Power Plant, which is located north of Crystal River and west of U.S. 19 in Citrus County, Florida. The plant consists of four coal-fired steam generating units, natural draft cooling towers, helper mechanical draft cooling towers, coal and ash handling facilities, and relocatable diesel-fired generators. The following changes will occur as a result of this project.

- To provide full flexibility in implementing the federal cap and trade program for NO_X and SO_2 emissions under CAIR, the plant will install new low-NOx burners, new SCR systems, new FGD systems, and new stack configurations for Units 4 and 5.
- In conjunction with the proposed control equipment, the new control equipment will allow the flexibility to fire additional fuel blends (sub-bituminous coal and petroleum coke) and recognize the actual maximum heat input rates for Units 4 and 5 as 7200 MMBtu per hour.
- The plant will install a new CBO system that will reburn fly ash generated at this plant to recover the remaining heating value in this material and minimize the onsite landfilling of fly ash.
- The plant will conduct a trial burn to evaluate a new fuel additive intended to reduce slagging and improve emissions performance.

The combination of new fuel blends and control equipment will result in PSD-significant emissions increases of CO, PM/PM_{10}, SAM, and VOC. The Department's preliminary determinations of the Best Available Control Technologies (BACT) for these pollutants are based on: the design of the new low-NOx burners and good combustion practices (CO, PM/PM_{10}, and VOC); modifications to the existing ESPs (PM/PM_{10} and SAM); and new alkali injection systems (SAM).

FINAL BACT DETERMINATIONS

In accordance with Rule 62-212.400(6), F.A.C., the Department establishes the following standards as BACT for CO, PM/PM, SAM, and VOC emissions.

Unit 4 (EU-004), Unit 5 (EU-003) and CBO Fluidized Bed Combustor (EU-024) [f]

Pollutant	BACT Standard [g]	Averaging Period	Compliance Method
Ammonia Slip	5 ppmv	3-run test average	CTM-027 (or equivalent)
CO [a] (Interim)	0.17 lb/MMBtu excluding SU/SD/M 1156.0 lb/hour including SU/SD/M	30-day rolling average	CEMS Data
Opacity [b]	10% opacity, except for one 6-minute block per hour up to 20% opacity	6-minute block	EPA Method 9
PM/PM_{10} [c]	0.030 lb/MMBtu and 216.0 lb/hour	3-run test average	EPA Methods 5 or 5b
SAM [d]	0.009 lb/MMBtu and 64.8 lb/hour	3-run test average	EPA Methods 8 or 8A
VOC [e]	0.004 lb/MMBtu and 28.8 lb/hour	3-run test average	EPA Method 25A

Notes:

a. Within 24 months of commencing commercial operation of each unit with the new low-NO_X burners, the permittee shall submit an application proposing a revised (lower) final BACT standard. The final standard shall be based on actual CO emissions data collected for initial operation after completing installation of the new low-NO_X burners. There may be separate standards proposed for different fuels.

b. Due to concerns regarding moisture interference from the wet stack conditions caused by the FGD system, COMS were not required on the new stack.

c. The Department notes that this control strategy directly reduces PM/PM_{10} emissions as well as the formation of $PM_{2.5}$ in the environment when combined with the other proposed control systems (SCR systems designed for low ammonia slip; alkali injection to reduce sulfuric acid mist emissions; and FGD systems to minimize precursors known to contribute to formation of $PM_{2.5}$). The permittee shall continuously monitor and record the opacity in the ductwork just

after the ESP for use as part of the Compliance Assurance Monitoring Plan under Title V. Operation of the ESP shall be based upon COMS data collected during satisfactory PM emissions compliance tests.

d. Operation of the alkali injection system shall be determined by the automated control system, which shall be set in accordance with the preliminary performance and compliance tests for SAM emissions.

e. Concurrently with EPA Method 25A, EPA Method 18 may be used as an optional method to deduct emissions of methane and ethane from the THC emissions measured by Method 25A.

f. The CBO fluidized bed combustor is also subject to the following applicable NSPS Subpart Dc provisions for boilers: the firing of fuel with no more than 0.5% sulfur by weight percent based on a certification from the fuel supplier (applies at all times, including periods of startup, shutdown, and malfunction); and no more than 20% opacity based on a 6-minute average, except for one 6-minute period per hour of not more than 27% opacity (applies at all times, except during periods of startup, shutdown, or malfunction). Since the flue gas exhaust from the CBO unit is directed back into the boiler ductwork for control, the CBO unit will achieve the same standards as Units 4 and 5, which are more stringent than the applicable NSPS.

g. "SU" means startup; "SD" means shutdown; and "M" means malfunction.

Limestone/Gypsum Material Storage and Handling (EU-023)

Limestone is the reactant for the FGD systems, which will produce gypsum as a byproduct. The following control equipment and techniques are determined to be BACT for minimizing dust emissions from the related material handling and storage activities.

- To the extent practical, all limestone conveyors will be enclosed to confine dust emissions.
- The initial storage of limestone will be in a covered storage pile.
- The portal scraper reclaimer and an emergency reclaim feeder will be located inside a limestone storage building.
- Limestone will be crushed and sized inside a crusher building, which will include a dust collection system.
- The three (possibly four) limestone silos will be equipped with pulse-jet fabric filter dust collection systems.
- Insertable dust collectors will be installed at each of the truck unloading feeders and at each of the loading points of the silo feed conveyors.
- A water-surfactant blend dust suppression system will be provided at the discharge point of the transfer conveyor and at the head end of the unloading conveyor to treat the limestone before it is loaded onto the belt of the stacking conveyor.
- Wet ball mill grinding systems will produce the limestone slurry for the FGD system. Fugitive dust emissions will be minimized by the addition of water for the slurry.
- The dewatering system will be located inside a building. Fugitive dust emissions will be negligible because the system is enclosed and wet.
- Fugitive dust emissions from dewatered gypsum will be minimal because it still contains 10% water. Gypsum storage piles will be watered as necessary to prevent fugitive dust.
- Bags for all dust collection systems shall be selected based on the above design outlet dust loading specification of no more than 0.010 grains per acf of exhaust. All replacement filter bags and cartridges shall meet this design specification.
- Visible emissions from each dust collector and fabric filter shall not exceed 5% opacity.

CBO Feed Ash Silo (EU-025) and Product Ash Storage (EU-026)

Fly ash from Units 4 and 5 will be conveyed pneumatically to the CBO feed fly ash silo (EU-025). Ash will be fed from this silo to the fluidized bed combustor (EU-024) for processing. Exhaust from the feed fly ash silo will vent through a baghouse prior to discharge to the atmosphere. Product ash will be pneumatically conveyed to storage (EU-026) in either the product fly ash storage dome or directly to a truck load-out silo, which will each vent to a separate baghouse. In addition, particulate emissions captured during the truck load-out process will be routed to the truck load-out silo for control

by the baghouse. The following control equipment and techniques are determined to be BACT for minimizing dust emissions from the related material handling and storage activities.

- Dust emissions from the transfer of ash will be controlled by full enclosure throughout the CBO process.
- Bags for all dust collection systems shall be selected based on the above design outlet dust loading specification of no more than 0.010 grains per acf of exhaust. All replacement filter bags and cartridges shall meet this design specification.
- Visible emissions from each dust collector and fabric filter shall not exceed 5% opacity.
- Trucks will travel on paved roads within the plant and exit the plant for delivery offsite. Fugitive particulate matter emissions associated with product fly ash truck traffic will be controlled by maintaining the roads and periodic watering as needed.

The Department's technical review and rationale for the BACT determinations are presented in Technical Evaluation and Preliminary Determination issued concurrently with the draft permit for the original project.

STANDARD CONTINUOUS MONITORING REQUIREMENTS

Unit 4 (EU-004) and Unit 5 (EU-003) are subject to the following requirements for continuous emissions monitoring systems (CEMS).

CEMS OPERATION PLAN

1. CEMS Operation Plan: The permittee shall create and implement a facility-wide plan for the proper installation, calibration, maintenance, and operation of each CEMS required by this permit. The permittee shall submit the CEMS Operation Plan to the Bureau of Air Monitoring and Mobile Sources for approval at least 60 days prior to CEMS installation. The CEMS Operation Plan shall become effective 60 days after submittal or upon its approval. If the CEMS Operation Plan is not approved, the permittee shall submit a new or revised plan for approval. [Rule 62-4.070(3), F.A.C.]

   {Permitting Note: The Department maintains both guidelines for developing a CEMS Operation Plan and example language that can be used as the basis for the facility-wide plan required by this permit. Contact the Emissions Monitoring Section of the Bureau of Air Monitoring and Mobile Sources at 850/488-0114.}

MONITORS, PERFORMANCE SPECIFICATIONS AND QUALITY ASSURANCE

2. Existing CEMS: Existing Units 4 and 5 have CEMS currently installed. The permittee shall also continue to meet the applicable performance specifications and quality assurance procedures for these systems. [Rule 62-4.070(3), F.A.C.]

3. Span Values and Dual Range Monitors: The permittee shall set appropriate span values for the CEMS based on the emissions standards and range of operation. If necessary, the permittee shall install dual range monitors in accordance with the CEMS Operation Plan. [Rule 62-4.070(3), F.A.C.]

4. Moisture Correction: If necessary, the permittee shall install a system to determine the moisture content of the exhaust gas and develop an algorithm to enable correction of the monitoring results to a dry basis (0% moisture). [Rule 62-4.070(3), F.A.C.]

5. Continuous Flow Monitor: For compliance with mass emission flow rate standards, the permittee shall install a continuous flow monitor to determine the stack exhaust flow rate. The flow monitor shall be certified pursuant to 40 CFR Part 60, Appendix B, Performance Specification 6. Alternatively, the permittee may install a fuel flow monitor and use an appropriate F-Factor computational approach to calculate stack exhaust flow rate. [Rules 62-212.400 and 62-4.070(3), F.A.C.]

   {Permitting Note: The CEMS Operation Plan will contain additional CEMS-specific details and procedures for installation.} [Rule 62-4.070(3), F.A.C.]

6. Performance Specifications: The permittee shall evaluate the "acceptability" of each CEMS by conducting the appropriate performance specification. CEMS determined to be "unacceptable" shall not be considered "installed" for purposes of meeting the timelines of this permit. For carbon monoxide, use Performance Specification 4 or 4A (as appropriate) in Appendix B of 40 CFR 60. [Rule 62-4.070(3), F.A.C.]

7. Quality Assurance: The permittee shall follow the quality assurance procedures of 40 CFR Part 60, Appendix F. For carbon monoxide, the required relative accuracy test assessment (RATA) tests shall be performed using EPA Method 10 in Appendix A of 40 CFR Part 60. [Rule 62-4.070(3), F.A.C.]

CALCULATION APPROACH FOR SIP COMPLIANCE

8. CEMS for Compliance: Once adherence to the applicable performance specification for each CEMS is demonstrated, the permittee shall use the CEMS to demonstrate compliance with the applicable emission standards as specified by this permit. [Rules 62-4.070(3) and 62-212.400, F.A.C.]

9. CEMS Data: Each CEMS shall monitor and record emissions during all operations and whenever emissions are being generated, including during episodes of startups, shutdowns, and malfunctions. All data shall be used, except for invalid measurements taken during monitor system breakdowns, repairs, calibration checks, zero adjustments, and span adjustments. [Rule 62-4.070(3), F.A.C.]

10. Operating Hours and Operating Days: For purposes of this Appendix, the following definitions shall apply. An hour is the 60-minute period beginning at the top of each hour. Any hour during which an emissions unit is in operation for

more than 15 minutes is an operating hour for that emission unit. A day is the 24-hour period from midnight to midnight. Any day with at least one operating hour for an emissions unit is an operating day for that emission unit. [Rule 62-4.070(3), F.A.C.]

11. Valid Hourly Averages: Each CEMS shall be designed and operated to sample, analyze, and record data evenly spaced over the hour at a minimum of one measurement per minute. All valid measurements collected during an hour shall be used to calculate a 1-hour block average that begins at the top of each hour.

    a. Hours that are not operating hours are not valid hours.

    b. For each operating hour, the 1-hour block average shall be computed from at least two data points separated by a minimum of 15 minutes. If less than two such data points are available, there is insufficient data, the 1-hour block average is not valid, and the hour is considered as "monitor unavailable."

    [Rule 62-4.070(3), F.A.C.]

12. Calculation Approaches: The permittee shall implement the calculation approach specified by this permit for each CEMS, as follows:

    a. *24-hour Block Average.* Compliance shall be determined after each 24-hour block by calculating the arithmetic average of all valid hourly averages occurring within that block averaging period.

    b. *30-day Rolling Average.* Compliance shall be determined after each operating day by calculating the arithmetic average of all valid hourly averages occurring within that day and the prior 29 operating days.

    c. *12-month Rolling Average.* Compliance shall be determined after each operating month by calculating the arithmetic average of all valid hourly averages occurring within that day and the prior 29 operating days.

    [Rule 62-4.070(3), F.A.C.]

13. Minimum Valid Hours: At least one valid hourly average shall be used to calculate the emissions over any block averaging period specified by this permit. One valid hourly average shall be sufficient to calculate the emissions over any block averaging period. [Rule 62-4.070(3), F.A.C.]

14. Data Exclusion for SIP Compliance: As per the procedures in this condition, limited amounts of CEMS emissions data may be excluded from the corresponding compliance demonstration, provided that best operational practices to minimize emissions are adhered to and the duration of data excluded is minimized. As provided by the authority in Rule 62-210.700(5), F.A.C., the following conditions replace the provisions in Rule 62-210.700(1), F.A.C.

    a. *Excess Emissions.* For purposes of SIP-based limits, some data collected during periods of SIP-based excess emissions (startup, shutdown, and malfunction) may be excluded from compliance calculations. The maximum duration of excluded data is 2 hours in any 24-hour period, unless some other duration is specified by permit.

    b. *Limiting Data Exclusion.* If the compliance calculation using all valid CEMS emission data (as defined in this Appendix) indicates that the emission unit is in compliance, then no CEMS data shall be excluded from the compliance demonstration.

    c. *Event Driven Exclusion.* The underlying event (startup, shutdown, or malfunction) must precede the data exclusion. If there is no underlying event, then no data may be excluded.

    d. *Continuous Exclusion.* Data shall be excluded on a continuous basis per event. Data from discontinuous periods shall not be excluded for the same underlying event.

    e. *Reporting Excluded Data.* These procedures for excluding SIP-based excess emissions from compliance calculations are not necessarily the same procedures used for "excess emissions" as defined by federal rules. Semiannual reports required by this permit shall indicate the duration of data excluded from SIP compliance calculations as well as the number of excess emissions as defined in the applicable federal rules.

15. Acid Rain CEMS: For CEMS that are also subject to the acid rain program, the data substitution and bias adjustment procedures from 40 CFR part 75 shall only be applied to data submitted to the EPA. Compliance with SIP-based emission standards shall be determined using unadjusted data and using the calculation procedures of this Appendix. [Rule 62-4.070(3), F.A.C.]

MONITOR AVAILABILITY

16. Monitor Availability: Monitor availability shall be calculated on a quarterly basis for each emission unit as the number of valid hourly averages obtained by the CEMS, divided by the number of operating hours, times 100%. The monitor availability calculation shall not include periods of time where the monitor was functioning properly, but was unable to collect data while conducting a mandated quality assurance/quality control activity such as calibration error tests, RATA, calibration gas audit, or relative accuracy audits (RAA). Monitor availability for each CEMS shall be 95% or greater in any calendar quarter. Monitor availability shall be reported in the quarterly excess emissions report. In the event 95% availability is not achieved, the permittee shall provide the Department with a report identifying the problems in achieving 95% availability and a plan of corrective actions that will be taken to achieve 95% availability. The permittee shall implement the reported corrective actions within the next calendar quarter. Failure to take corrective actions or continued failure to achieve the minimum monitor availability shall be violations of this permit. [Rule 62-4.070(3), F.A.C.]

CALCULATING AND REPORTING ANNUAL EMISSIONS

17. CEMS for Calculating Annual Emissions: As defined by this Appendix, all valid data shall be used when calculating annual emissions.

    a. Annual emissions shall include data collected during startup, shutdown, and malfunction periods.

    b. Annual emissions shall include data collected during periods when the emission unit is not operating but emissions are being generated (for example, firing fuel to warm up a process for some period of time prior to the emission unit's "official" startup).

    c. Annual emissions shall not include data from periods of time where the monitor was functioning properly but was unable to collect data while conducting a mandated quality assurance/quality control activity such as calibration error tests, RATA, calibration gas audit, or RAA. These periods of time shall be considered "missing data" for purposes of calculating annual emissions.

    d. Annual emissions shall not include data from periods of time when emissions are in excess of the calibrated span of the CEMS. These periods of time shall be considered "missing data" for purposes of calculating annual emissions.

    [Rule 62-4.070(3), F.A.C.]

18. Accounting for Missing Data: All valid measurements collected during each hour shall be used to calculate a 1-hour block average that begins at the top of each hour. For each hour, the 1-hour block average shall be computed from at least two data points separated by a minimum of 15 minutes. If less than two such data points are available, the permittee shall account for emissions during that hour using site-specific data to generate a reasonable estimate of the 1-hour block average. [Rule 62-4.070(3), F.A.C.]

19. Emissions Calculation: Hourly emissions shall be calculated for each hour as the product of the 1-hour block average and the duration of pollutant emissions during that hour. Annual emissions shall be calculated as the sum of all hourly emissions occurring during the year. [Rule 62-4.070(3), F.A.C.]

20. Acid Rain CEMS: For CEMS that are also subject to the acid rain program, the data substitution and bias adjustment procedures from 40 CFR part 75 shall only be applied to data submitted to the U.S. EPA. Annual emissions shall be determined using unadjusted data and using the calculation procedures of this Appendix. [Rule 62-4.070(3), F.A.C.]

21. Reporting Annual Emissions: The permittee shall use data from each required CEMS when calculating annual emissions for purposes of computing actual emissions, baseline actual emissions, and net emissions increase, as defined at Rule 62-210.200, F.A.C., and for purposes of computing emissions pursuant to the reporting requirements of Rules 62-210.370(3) and 62-212.300(1)(e), F.A.C. The owner or operator shall follow the procedures in Appendix E (Standard CEMS Requirements) for calculating annual emissions. [Rule 62-4.070(3), F.A.C.]

The following emissions units are subject to applicable New Source Performance Standards (NSPS) in 40 CFR 60, which are adopted by reference in Rule 62-204.800(8), F.A.C.

EU No.	Description
024	The CBO Unit is a fluidized bed combustor that will reburn fly ash generated from Units 4 and 5 to produce low-carbon, low-ammonia fly ash material suitable for commercial use. Flue gas exhaust from CBO Unit is directed back into the ductwork of Units 4 and 5 prior to the control equipment.

40 CFR 60, NSPS SUBPART A - GENERAL PROVISIONS

The affected emission units are subject to the applicable General Provisions in Subpart A of the New Source Performance Standards including: §60.1 (Applicability); §60.2 (Definitions(; §60.3 (Units and Abbreviations); §60.4 (Address); §60.5 (Determination of Construction or Modification); §60.6 (Review of Plans); §60.7 (Notification and Record Keeping); §60.8 (Performance Tests); §60.9 (Availability of Information); §60.10 (State Authority); §60.11 (Compliance with Standards and Maintenance Requirements); §60.12 (Circumvention); §60.13 (Monitoring Requirements); §60.14 (Modification); §60.15 (Reconstruction); §60.16 (Priority List); §60.17 (Incorporations by Reference); §60.18 (General Control Device Requirements); §60.19 (General Notification and Reporting Requirements). The General Provisions are not included in this permit, but can be obtained from the Department upon request.

40 CFR 60, SUBPART Dc - STANDARDS OF PERFORMANCE FOR SMALL INDUSTRIAL-COMMERCIAL-INSTITUTIONAL STEAM GENERATING UNITS

Table of Contents

60.40c Applicability and delegation of authority.

60.41c Definitions.

60.42c Standard for sulfur dioxide.

60.43c Standard for particulate matter.

60.44c Compliance and performance test methods and procedures for sulfur dioxide.

60.45c Compliance and performance test methods and procedures for particulate matter.

60.46c Emission monitoring for sulfur dioxide.

60.47c Emission monitoring for particulate matter.

60.48c Reporting and recordkeeping requirements.

§ 60.40c Applicability and Delegation of Authority.

(a) Except as provided in paragraph (d) of this section, the affected facility to which this subpart applies is each steam generating unit for which construction, modification, or reconstruction is commenced after June 9, 1989 and that has a maximum design heat input capacity of 29 megawatts (MW) (100 million Btu per hour (Btu/hr)) or less, but greater than or equal to 2.9 MW (10 million Btu/hr).

(b) In delegating implementation and enforcement authority to a State under section 111(c) of the Clean Air Act, § 60.48c(a)(4) shall be retained by the Administrator and not transferred to a State.

(c) Not applicable.

(d) Not applicable.

(e) Not applicable.

(f) Not applicable.

(g) Not applicable.

§ 60.41c Definitions.

As used in this subpart, all terms not defined herein shall have the meaning given them in the Clean Air Act and in subpart A of this part.

Annual capacity factor means the ratio between the actual heat input to a steam generating unit from an individual fuel or combination of fuels during a period of 12 consecutive calendar months and the potential heat input to the steam generating unit from all fuels had the steam generating unit been operated for 8,760 hours during that 12-month period at the maximum design heat input capacity. In the case of steam generating units that are rented or leased, the actual heat input shall be determined based on the combined heat input from all operations of the affected facility during a period of 12 consecutive calendar months.

Coal means all solid fuels classified as anthracite, bituminous, sub-bituminous, or lignite by the American Society of Testing and Materials in ASTM D388-77, 90, 91, 95, or 98a, Standard Specification for Classification of Coals by Rank (IBR--see Sec. 60.17), coal refuse, and petroleum coke. Coal-derived synthetic fuels derived from coal for the purposes of creating useful heat, including but not limited to solvent refined coal, gasified coal, coal-oil mixtures, and coal-water mixtures, are also included in this definition for the purposes of this subpart.

Coal refuse means any by-product of coal mining or coal cleaning operations with an ash content greater than 50 percent (by weight) and a heating value less than 13,900 kilojoules per kilogram (kJ/kg) (6,000 Btu per pound (Btu/lb) on a dry basis.

Cogeneration steam generating unit means a steam generating unit that simultaneously produces both electrical (or mechanical) and thermal energy from the same primary energy source.

Combined cycle system means a system in which a separate source (such as a stationary gas turbine, internal combustion engine, or kiln) provides exhaust gas to a steam generating unit.

Combustion research means the experimental firing of any fuel or combination of fuels in a steam generating unit for the purpose of conducting research and development of more efficient combustion or more effective prevention or control of air pollutant emissions from combustion, provided that, during these periods of research and development, the heat generated is not used for any purpose other than preheating combustion air for use by that steam generating unit (i.e., the heat generated is released to the atmosphere without being used for space heating, process heating, driving pumps, preheating combustion air for other units, generating electricity, or any other purpose).

Conventional technology means wet flue gas desulfurization technology, dry flue gas desulfurization technology, atmospheric fluidized bed combustion technology, and oil hydrodesulfurization technology.

Distillate oil means fuel oil that complies with the specifications for fuel oil numbers 1 or 2, as defined by the American Society for Testing and Materials in ASTM D396-78, 89, 90, 92, 96, or 98, "Standard Specification for Fuel Oils" (incorporated by reference -- see § 60.17).

Dry flue gas desulfurization technology means a sulfur dioxide (SO2) control system that is located between the steam generating unit and the exhaust vent or stack, and that removes sulfur oxides from the combustion gases of the steam generating unit by contacting the combustion gases with an alkaline slurry or solution and forming a dry powder material. This definition includes devices where the dry powder material is subsequently converted to another form. Alkaline reagents used in dry flue gas desulfurization systems include, but are not limited to, lime and sodium compounds.

Duct burner means a device that combusts fuel and that is placed in the exhaust duct from another source (such as a stationary gas turbine, internal combustion engine, kiln, etc.) to allow the firing of additional fuel to heat the exhaust gases before the exhaust gases enter a steam generating unit.

Emerging technology means any SO2 control system that is not defined as a conventional technology under this section, and for which the owner or operator of the affected facility has received approval from the Administrator to operate as an emerging technology under § 60.48c(a)(4).

Federally enforceable means all limitations and conditions that are enforceable by the Administrator, including the requirements of 40 CFR Parts 60 and 61, requirements within any applicable State implementation plan, and any permit requirements established under 40 CFR 52.21 or under 40 CFR 51.18 and 40 CFR 51.24.

Fluidized bed combustion technology means a device wherein fuel is distributed onto a bed (or series of beds) of limestone aggregate (or other sorbent materials) for combustion; and these materials are forced upward in the device by the flow of

combustion air and the gaseous products of combustion. Fluidized bed combustion technology includes, but is not limited to, bubbling bed units and circulating bed units.

Fuel pretreatment means a process that removes a portion of the sulfur in a fuel before combustion of the fuel in a steam generating unit.

Heat input means heat derived from combustion of fuel in a steam generating unit and does not include the heat derived from preheated combustion air, recirculated flue gases, or exhaust gases from other sources (such as stationary gas turbines, internal combustion engines, and kilns).

Heat transfer medium means any material that is used to transfer heat from one point to another point.

Maximum design heat input capacity means the ability of a steam generating unit to combust a stated maximum amount of fuel (or combination of fuels) on a steady state basis as determined by the physical design and characteristics of the steam generating unit.

Natural gas means (1) a naturally occurring mixture of hydrocarbon and nonhydrocarbon gases found in geologic formations beneath the earth's surface, of which the principal constituent is methane, or (2) liquefied petroleum (LP) gas, as defined by the American Society for Testing and Materials in ASTM D1835-86, 87, 91, or 97, "Standard Specification for Liquefied Petroleum Gases" (incorporated by reference -- see § 60.17).

Noncontinental area means the State of Hawaii, the Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico, or the Northern Mariana Islands.

Oil means crude oil or petroleum, or a liquid fuel derived from crude oil or petroleum, including distillate oil and residual oil.

Potential sulfur dioxide emission rate means the theoretical SO2 emissions (nanograms per joule [ng/J], or pounds per million Btu [lb/million Btu] heat input) that would result from combusting fuel in an uncleaned state and without using emission control systems.

Process heater means a device that is primarily used to heat a material to initiate or promote a chemical reaction in which the material participates as a reactant or catalyst.

Residual oil means crude oil, fuel oil that does not comply with the specifications under the definition of distillate oil, and all fuel oil numbers 4, 5, and 6, as defined by the American Society for Testing and Materials in ASTM D396-78, 89, 90, 92, 96, or 98, "Standard Specification for Fuel Oils" (incorporated by reference -- see § 60.17).

Steam generating unit means a device that combusts any fuel and produces steam or heats water or any other heat transfer medium. This term includes any duct burner that combusts fuel and is part of a combined cycle system. This term does not include process heaters as defined in this subpart.

Steam generating unit operating day means a 24-hour period between 12:00 midnight and the following midnight during which any fuel is combusted at any time in the steam generating unit. It is not necessary for fuel to be combusted continuously for the entire 24-hour period.

Wet flue gas desulfurization technology means an SO2 control system that is located between the steam generating unit and the exhaust vent or stack, and that removes sulfur oxides from the combustion gases of the steam generating unit by contacting the combustion gases with an alkaline slurry or solution and forming a liquid material. This definition includes devices where the liquid material is subsequently converted to another form. Alkaline reagents used in wet flue gas desulfurization systems include, but are not limited to, lime, limestone, and sodium compounds.

Wet scrubber system means any emission control device that mixes an aqueous stream or slurry with the exhaust gases from a steam generating unit to control emissions of particulate matter (PM) or SO2.

Wood means wood, wood residue, bark, or any derivative fuel or residue thereof, in any form, including but not limited to sawdust, sanderdust, wood chips, scraps, slabs, millings, shavings, and processed pellets made from wood or other forest residues.

§ 60.42c Standard for Sulfur Dioxide.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) On and after the date on which the initial performance test is completed or required to be completed under § 60.8 of this part, whichever date comes first, no owner or operator of an affected facility that combusts oil shall cause to be discharged into the atmosphere from that affected facility any gases that contain SO_2 in excess of 215 ng/J (0.50 lb/million Btu) heat input; or, as an alternative, no owner or operator of an affected facility that combusts oil shall combust oil in the affected facility that contains greater than 0.5 weight percent sulfur. The percent reduction requirements are not applicable to affected facilities under this paragraph.

{Permitting Note: The permit restricts fuel oil for startup to a maximum sulfur content of 0.5% by weight. Flue gases from the CBO unit are directed back into the ductwork for Units 4 and 5 to meet an SO2 standard of 0.27 lb/MMBtu of heat input. Compliance with this NSPS Subpart Dc requirement is assured by compliance with the permit conditions.}

(e) Not applicable.

(f) Not applicable.

(g) Not applicable.

(h) Not applicable.

(i) The SO_2 emission limits, fuel oil sulfur limits, and percent reduction requirements under this section apply at all times, including periods of startup, shutdown, and malfunction.

(j) Only the heat input supplied to the affected facility from the combustion of coal and oil is counted under this section. No credit is provided for the heat input to the affected facility from wood or other fuels or for heat derived from exhaust gases from other sources, such as stationary gas turbines, internal combustion engines, and kilns.

§ 60.43c Standard for Particulate Matter.

(a) Not applicable.

(b) Not applicable.

(c) On and after the date on which the initial performance test is completed or required to be completed under § 60.8 of this part, whichever date comes first, no owner or operator of an affected facility that combusts coal, wood, or oil and has a heat input capacity of 8.7 MW (30 million Btu/hr) or greater shall cause to be discharged into the atmosphere from that affected facility any gases that exhibit greater than 20 percent opacity (6-minute average), except for one 6-minute period per hour of not more than 27 percent opacity.

(d) The PM and opacity standards under this section apply at all times, except during periods of startup, shutdown, or malfunction.

(e) Not applicable.

§ 60.44c Compliance and Performance Test Methods and Procedures for Sulfur Dioxide.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

(e) Not applicable.

(f) Not applicable.

(g) For oil-fired affected facilities where the owner or operator seeks to demonstrate compliance with the fuel oil sulfur limits under § 60.42c based on shipment fuel sampling, the initial performance test shall consist of sampling and analyzing the oil in the initial tank of oil to be fired in the steam generating unit to demonstrate that the oil contains 0.5 weight percent sulfur or less. Thereafter, the owner or operator of the affected facility shall sample the oil in the fuel

tank after each new shipment of oil is received, as described under § 60.46c(d)(2).

(h) Not applicable.

(i) Not applicable.

(j) Not applicable.

§ 60.45c Compliance and Performance Test Methods and Procedures for Particulate Matter.

(a) The owner or operator of an affected facility subject to the PM and/or opacity standards under Sec. 60.43c shall conduct an initial performance test as required under Sec. 60.8, and shall conduct subsequent performance tests as requested by the Administrator, to determine compliance with the standards using the following procedures and reference methods, except as specified in paragraph (c) and (d) of this section.

(b) Not applicable.

(c) Units that burn only oil containing no more than 0.5 weight percent sulfur or liquid or gaseous fuels with potential sulfur dioxide emission rates of 230 ng/J (0.54 lb/MMBtu) heat input or less are not required to conduct emissions monitoring if they maintain fuel supplier certifications of the sulfur content of the fuels burned.

(d) Not applicable.

§ 60.46c Emission Monitoring for Sulfur Dioxide

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

(e) The monitoring requirements of paragraphs (a) and (d) of this section shall not apply to affected facilities subject to § 60.42c(h)(1), (2), or (3) where the owner or operator of the affected facility seeks to demonstrate compliance with the SO_2 standards based on fuel supplier certification, as described under § 60.48c(f) (1), (2), or (3), as applicable.

(f) Not applicable.

§ 60.47c Emission Monitoring for Particulate Matter.

(a) The owner or operator of an affected facility combusting coal, oil, gas, or wood that is subject to the opacity standards under Sec. 60.43c shall install, calibrate, maintain, and operate a COMS for measuring the opacity of the emissions discharged to the atmosphere and record the output of the system, except as specified in paragraphs (c) and (d) of this section.

(b) Not applicable.

(c) Units that burn only oil that contains no more than 0.5 weight percent sulfur or liquid or gaseous fuels with potential sulfur dioxide emission rates of 230 ng/J (0.54 lb/MMBtu) heat input or less are not required to conduct PM emissions monitoring if they maintain fuel supplier certifications of the sulfur content of the fuels burned.

(d) Not applicable.

§ 60.48c Reporting and Recordkeeping Requirements.

(a) The owner or operator of each affected facility shall submit notification of the date of construction or reconstruction, anticipated startup, and actual startup, as provided by § 60.7 of this part. This notification shall include:

(1) The design heat input capacity of the affected facility and identification of fuels to be combusted in the affected facility.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(b) The owner or operator of each affected facility subject to the SO_2 emission limits of § 60.42c, or the PM or opacity limits of § 60.43c, shall submit to the Administrator the performance test data from the initial and any subsequent performance tests and, if applicable, the performance evaluation of the CEMS and/or COMS using the applicable performance specifications in appendix B.

(c) The owner or operator of each coal-fired, residual oil-fired, or wood-fired affected facility subject to the opacity limits under § 60.43c(c) shall submit excess emission reports for any excess emissions reports for any excess emissions from the affected facility which occur during the reporting period.

(d) The owner or operator of each affected facility subject to the SO_2 emission limits, fuel oil sulfur limits, or percent reduction requirements under § 60.42c shall submit reports to the Administrator.

(e) The owner or operator of each affected facility subject to the SO_2 emission limits, fuel oil sulfur limits, or percent reduction requirements under § 60.43c shall keep records and submit reports as required under paragraph (d) of this section, including the following information, as applicable.

(1) Calendar dates covered in the reporting period.

(2) Each 30-day average SO_2 emission rate (ng/J or lb/million Btu), or 30-day average sulfur content (weight percent), calculated during the reporting period, ending with the last 30-day period; reasons for any noncompliance with the emission standards; and a description of corrective actions taken.

(3) Each 30-day average percent of potential SO_2 emission rate calculated during the reporting period, ending with the last 30-day period; reasons for any noncompliance with the emission standards; and a description of corrective actions taken.

(4) Identification of any steam generating unit operating days for which SO_2 or diluent (oxygen or carbon dioxide) data have not been obtained by an approved method for at least 75 percent of the operating hours; justification for not obtaining sufficient data; and a description of corrective actions taken.

(5) Identification of any times when emissions data have been excluded from the calculation of average emission rates; justification for excluding data; and a description of corrective actions taken if data have been excluded for periods other than those during which coal or oil were not combusted in the steam generating unit.

(6) Identification of the F factor used in calculations, method of determination, and type of fuel combusted.

(7) Identification of whether averages have been obtained based on CEMS rather than manual sampling methods.

(8) If a CEMS is used, identification of any times when the pollutant concentration exceeded the full span of the CEMS.

(9) If a CEMS is used, description of any modifications to the CEMS that could affect the ability of the CEMS to comply with Performance Specifications 2 or 3 (appendix B).

(10) If a CEMS is used, results of daily CEMS drift tests and quarterly accuracy assessments as required under appendix F, Procedure 1.

(11) If fuel supplier certification is used to demonstrate compliance, records of fuel supplier certification as described under paragraph (f)(1), (2), or (3) of this section, as applicable. In addition to records of fuel supplier certifications, the report shall include a certified statement signed by the owner or operator of the affected facility that the records of fuel supplier certifications submitted represent all of the fuel combusted during the reporting period.

(f) Fuel supplier certification shall include the following information:

(1) For distillate oil:

(i) The name of the oil supplier; and

(ii) A statement from the oil supplier that the oil complies with the specifications under the definition of distillate oil in § 60.41c.

(2) For residual oil:

(i) The name of the oil supplier;

(ii) The location of the oil when the sample was drawn for analysis to determine the sulfur content of the oil, specifically including whether the oil was sampled as delivered to the affected facility, or whether the sample was drawn from oil in storage at the oil supplier's or oil refiner's facility, or other location;

(iii) The sulfur content of the oil from which the shipment came (or of the shipment itself); and

(iv) The method used to determine the sulfur content of the oil.

(3) Not applicable.

(g) The owner or operator of each affected facility shall record and maintain records of the amounts of each fuel combusted during each day. The owner or operator of an affected facility that only burns very low sulfur fuel oil or other liquid or gaseous fuels with potential sulfur dioxide emissions rate of 140 ng/J (0.32 lb/MMBtu) heat input or less shall record and maintain records of the fuels combusted during each calendar month.

(h) Not applicable.

(i) All records required under this section shall be maintained by the owner or operator of the affected facility for a period of two years following the date of such record.

(j) The reporting period for the reports required under this subpart is each six-month period. All reports shall be submitted to the Administrator and shall be postmarked by the 30th day following the end of each reporting period.

Friday, Barbara

To: bernie.cumbie@pgnmail.com; Meyer, Dave; John.Hunter@pgn.mail; sosbourn@golder.com; Zhang-Torres; Halpin, Mike; worley.gregg@epa.gov; dee_morse@nps.gov

Cc: Koerner, Jeff; Adams, Patty; Harvey, Mary

Subject: 0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant

Attachments: PSD-FL-383 - TEPD.pdf; 0170004-016-ACPSD-FL-383IntentToIssue.pdf; PSD-FL-383 - Appendix.pdf; PSD-FL-383 - Draft Permit.pdf

Dear Sir/Madam:

Please send a "reply" message verifying receipt of the attached document(s); this may be done by selecting "Reply" on the menu bar of your e-mail software and then selecting "Send". We must receive verification of receipt and your reply will preclude subsequent e-mail transmissions to verify receipt of the document(s).

The document(s) may require immediate action within a specified time frame. Please open and review the document(s) as soon as possible.

The document is in Adobe Portable Document Format (pdf). Adobe Acrobat Reader can be downloaded for free at the following internet site: http://www.adobe.com/products/acrobat/readstep.html.

The Bureau of Air Regulation is issuing electronic documents for permits, notices and other correspondence in lieu of hard copies through the United States Postal System, to provide greater service to the applicant and the engineering community. Please advise this office of any changes to your e-mail address or that of the Engineer-of-Record.

Thank you,

DEP, Bureau of Air Regulation

Friday, Barbara

From: System Administrator
To: Halpin, Mike
Sent: Monday, March 19, 2007 3:20 PM
Subject: Delivered:0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant

Your message

To:	'bernie.cumbie@pgnmail.com'; 'Meyer, Dave'; 'John.Hunter@pgn.mail'; 'sosbourn@golder.com'; Zhang-Torres; Halpin, Mike; 'worley.gregg@epa.gov'; 'dee_morse@nps.gov'
Cc:	Koerner, Jeff; Adams, Patty; Harvey, Mary
Subject:	0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant
Sent:	3/19/2007 3:20 PM

was delivered to the following recipient(s):

Halpin, Mike on 3/19/2007 3:20 PM

Friday, Barbara

From: System Administrator
To: Zhang-Torres; Koerner, Jeff; Adams, Patty; Harvey, Mary
Sent: Monday, March 19, 2007 3:21 PM
Subject: Delivered:0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant

Your message

To:	'bernie.cumbie@pgnmail.com'; 'Meyer, Dave'; 'John.Hunter@pgn.mail'; 'sosbourn@golder.com'; Zhang-Torres; Halpin, Mike; 'worley.gregg@epa.gov'; 'dee_morse@nps.gov'
Cc:	Koerner, Jeff; Adams, Patty; Harvey, Mary
Subject:	0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant
Sent:	3/19/2007 3:20 PM

was delivered to the following recipient(s):

Zhang-Torres on 3/19/2007 3:20 PM
Koerner, Jeff on 3/19/2007 3:20 PM
Adams, Patty on 3/19/2007 3:20 PM
Harvey, Mary on 3/19/2007 3:20 PM

PEF-CC-000925

Friday, Barbara

From: Mail Delivery System [MAILER-DAEMON@sophos.golder.com]
Sent: Monday, March 19, 2007 3:21 PM
To: Friday, Barbara
Subject: Successful Mail Delivery Report

Attachments: Delivery report; Message Headers


Delivery report.txt (460 B)


Message Headers.txt (2 KB)

This is the mail system at host sophos.golder.com.

Your message was successfully delivered to the destination(s) listed below. If the message was delivered to mailbox you will receive no further notifications. Otherwise you may still receive notifications of mail delivery errors from other systems.

The mail system

<sosbourn@golder.com>: delivery via 127.0.0.1[127.0.0.1]:10025: 250 OK, sent 45FEE297_17928_47_1

Friday, Barbara

From: Exchange Administrator
Sent: Monday, March 19, 2007 3:22 PM
To: Friday, Barbara
Subject: Delivery Status Notification (Relay)

Attachments: ATT593094.txt; 0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant



ATT593094.txt
(284 B)



0170004-016-AC/
Draft Air Permi...

This is an automatically generated Delivery Status Notification.

Your message has been successfully relayed to the following recipients, but the requested delivery status notifications may not be generated by the destination.

dee_morse@nps.gov

Friday, Barbara

From: Mail Delivery System [MAILER-DAEMON@mseive01.rtp.epa.gov]
Sent: Monday, March 19, 2007 3:22 PM
To: Friday, Barbara
Subject: Successful Mail Delivery Report

Attachments: Delivery report; Message Headers


Delivery report.txt (520 B)


Message Headers.txt (2 KB)

This is the mail system at host mseive01.rtp.epa.gov.

Your message was successfully delivered to the destination(s) listed below. If the message was delivered to mailbox you will receive no further notifications. Otherwise you may still receive notifications of mail delivery errors from other systems.

The mail system

<worley.gregg@epa.gov> (expanded from <worley.gregg@mseive.epa.gov>): delivery via 127.0.0.1[127.0.0.1]:10025: 250 OK, sent 45FEE2C7_3246_2708_1

PEF-CC-000928

Friday, Barbara

From: Halpin, Mike
To: Friday, Barbara
Sent: Monday, March 19, 2007 3:32 PM
Subject: Read: 0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant

Your message

To:	'bernie.cumbie@pgnmail.com'; 'Meyer, Dave'; 'John.Hunter@pgn.mail'; 'sosbourn@golder.com'; Zhang-Torres; Halpin, Mike; 'worley.gregg@epa.gov'; 'dee_morse@nps.gov'
Cc:	Koerner, Jeff; Adams, Patty; Harvey, Mary
Subject:	0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant
Sent:	3/19/2007 3:20 PM

was read on 3/19/2007 3:31 PM.

Friday, Barbara

From: Osbourn, Scott [Scott_Osbourn@golder.com]
To: undisclosed-recipients
Sent: Monday, March 19, 2007 3:34 PM
Subject: Read: 0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant

Your message

To: Scott_Osbourn@golder.com
Subject:

was read on 3/19/2007 3:34 PM.

Friday, Barbara

From: Cumbie, Bernie M. [Bernie.Cumbie@pgnmail.com]

Sent: Monday, March 19, 2007 3:45 PM

To: Friday, Barbara

Subject: RE: 0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant

-----Original Message-----
From: Friday, Barbara [mailto:Barbara.Friday@dep.state.fl.us]
Sent: Monday, March 19, 2007 3:20 PM
To: Cumbie, Bernie M.; Meyer, Dave; John.Hunter@pgn.mail; sosbourn@golder.com; Zhang-Torres; Halpin, Mike; worley.gregg@epa.gov; dee_morse@nps.gov
Cc: Koerner, Jeff; Adams, Patty; Harvey, Mary
Subject: 0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant

Dear Sir/Madam:

Please send a "reply" message verifying receipt of the attached document(s); this may be done by selecting "Reply" on the menu bar of your e-mail software and then selecting "Send". We must receive verification of receipt and your reply will preclude subsequent e-mail transmissions to verify receipt of the document(s).

The document(s) may require immediate action within a specified time frame. Please open and review the document(s) as soon as possible.

The document is in Adobe Portable Document Format (pdf). Adobe Acrobat Reader can be downloaded for free at the following internet site: http://www.adobe.com/products/acrobat/readstep.html.

The Bureau of Air Regulation is issuing electronic documents for permits, notices and other correspondence in lieu of hard copies through the United States Postal System, to provide greater service to the applicant and the engineering community. Please advise this office of any changes to your e-mail address or that of the Engineer-of-Record.

Thank you,

DEP, Bureau of Air Regulation

Friday, Barbara

From: Dee_Morse@nps.gov
Sent: Monday, March 19, 2007 4:15 PM
To: Friday, Barbara
Subject: 0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant

Return Receipt

Your document:	0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant
was received by:	Dee Morse/DENVER/NPS
at:	03/19/2007 02:14:34 PM

Friday, Barbara

From: Meyer, Dave [Dave.Meyer@pgnmail.com]
To: Friday, Barbara
Sent: Monday, March 19, 2007 3:57 PM
Subject: Read: 0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant

Your message

To: Dave.Meyer@pgnmail.com
Subject:

was read on 3/19/2007 3:57 PM.

PEF-CC-000933

Friday, Barbara

From: Meyer, Dave [Dave.Meyer@pgnmail.com]
Sent: Monday, March 19, 2007 4:04 PM
To: Friday, Barbara
Subject: RE: 0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant

Hi Barbara,

I got the email. Thanks you very much.

Best Regards, Dave

-----Original Message-----
From: Friday, Barbara [mailto:Barbara.Friday@dep.state.fl.us]
Sent: Monday, March 19, 2007 3:20 PM
To: Cumbie, Bernie M.; Meyer, Dave; John.Hunter@pgn.mail; sosbourn@golder.com; Zhang-Torres; Halpin, Mike; worley.gregg@epa.gov; dee_morse@nps.gov
Cc: Koerner, Jeff; Adams, Patty; Harvey, Mary
Subject: 0170004-016-AC/Draft Air Permit No. PSD-FL-383 - Progress Energy Florida, Inc. - Crystal River Power Plant

Dear Sir/Madam:

Please send a "reply" message verifying receipt of the attached document(s); this may be done by selecting "Reply" on the menu bar of your e-mail software and then selecting "Send". We must receive verification of receipt and your reply will preclude subsequent e-mail transmissions to verify receipt of the document(s).

The document(s) may require immediate action within a specified time frame. Please open and review the document(s) as soon as possible.

The document is in Adobe Portable Document Format (pdf). Adobe Acrobat Reader can be downloaded for free at the following internet site: http://www.adobe.com/products/acrobat/readstep.html.

The Bureau of Air Regulation is issuing electronic documents for permits, notices and other correspondence in lieu of hard copies through the United States Postal System, to provide greater service to the applicant and the engineering community. Please advise this office of any changes to your e-mail address or that of the Engineer-of-Record.

Thank you,

DEP, Bureau of Air Regulation

Florida Department of
Memorandum Environmental Protection

TO: Trina Vielhauer, Chief - Bureau of Air Regulation

FROM: Jeff Koerner, Air Permitting North

DATE: March 19, 2007

SUBJECT: Draft Air Permit No. PSD-FL-383
Project No. 0170004-016-AC
Progress Energy Florida, Inc., Crystal River Power Plant
FGD/SCR Projects for Units 4 and 5

Attached for your review are the following items:

- Intent to Issue Permit and Public Notice Package;
- Technical Evaluation and Preliminary Determination, including preliminary BACT determinations;
- Draft PSD air construction permit; and
- P.E. certification.

The P.E. certification briefly summarizes the proposed permit project. The Technical Evaluation and Preliminary Determination provides a detailed description of the project, rationale, and conclusion. Day #74 is April 6th. I recommend your approval of the attached Draft Permit for this project.

Attachments

TLV/jfk

P.E. CERTIFICATION STATEMENT

APPLICANT

Progress Energy Florida, Inc.
100 Central Ave, CN77
St. Petersburg, FL 34428

Air Permit No. PSD-FL-383
Project No. 0170004-016-AC
Crystal River Power Plant
Pollution Controls Project for Units 4 and 5
Citrus County, Florida

PROJECT DESCRIPTION

Progress Energy Florida, Inc. operates the existing Crystal River Power Plant, which is located north of Crystal River and west of U.S. 19 in Citrus County, Florida. The plant consists of four coal-fired steam generating units, two natural draft cooling towers, three helper mechanical draft cooling towers, coal and ash handling facilities, and relocatable diesel-fired generators. For the existing plant, the applicant proposes the following projects:

- To provide full flexibility in implementing the federal cap and trade program for NO_X and SO_2 emissions under the Clean Air Interstate Rule (CAIR), the applicant proposes to install new low-NOx burners, new SCR systems, new FGD systems, and new stacks for Units 4 and 5.
- In conjunction with the proposed control equipment, the applicant requests the flexibility to fire additional fuel blends (sub-bituminous coal and petroleum coke) and recognition of the true maximum heat input rates for Units 4 and 5 (7200 MMBtu per hour).
- The applicant proposes to install a new carbon burn-out system that will reburn fly ash generated at this plant to recover the remaining heating value in this material and minimize the onsite landfilling of fly ash.
- The applicant requests authorization for a trial period to evaluate a new fuel additive intended to reduce slagging and improve emissions performance.

The combination of new fuel blends and control equipment will result in PSD-significant emissions increases of CO, PM/PM_{10}, SAM, and VOC. The Department's preliminary BACT determinations for these pollutants are based on: the design of the new low-NOx burners and good combustion practices (CO, PM/PM_{10}, and VOC); modifications to the existing electrostatic precipitators (PM/PM_{10}); and the new alkali injection and FGD systems (SAM). Because CAIR affords a regulated facility the flexibility to evaluate market conditions to determine whether it will install controls, operate existing controls, or purchase allowances generated by other plants, the Department does not require the installation of this equipment nor its operation. However, the applicant must comply with the permit limits for NO_X and SO_2.

I HEREBY CERTIFY *that the air pollution control engineering features described in the above referenced application and subject to the proposed permit conditions provide reasonable assurance of compliance with applicable provisions of Chapter 403, Florida Statutes, and Florida Administrative Code Chapters 62-4 and 62-204 through 62-297. However, I have not evaluated and I do not certify aspects of the proposal outside of my area of expertise (including, but not limited to, the electrical, mechanical, structural, hydrological, geological, and meteorological features).*

Jeffery F. Koerner, P.E.
Registration No. 49441

3-19-07
(Date)

Florida Department of Environmental Protection

Bob Martinez Center
2600 Blair Stone Road, MS#5505
Tallahassee, Florida 32399-2400

Charlie Crist
Governor

Jeff Kottkamp
Lt. Governor

Michael W. Sole
Secretary

March 19, 2007

Mr. Bernie Cumbie, Plant Manager
Crystal River Power Plant
Progress Energy Florida, Inc.
100 Central Avenue, CN77
St. Petersburg, Florida 33701

Re: Draft Air Permit No. PSD-FL-383
Project No. 0170004-016-AC
Progress Energy Florida, Inc.
Crystal River Power Plant, FGD/SCR Projects for Units 4 and 5

Dear Mr. Cumbie:

On September 5, 2006, Progress Energy Florida, Inc. submitted an application for a PSD air construction permit for several projects at the existing Crystal River Power Plant, which is located in the Crystal River Energy Complex in Citrus County, north of Crystal River and west of U.S. Highway 19. The application includes the following requested projects for existing Units 4 and 5: installation of new low-NOx burners, new selective catalytic reduction systems, new flue gas desulfurization systems, new stack configurations, new alkali injection systems, a new carbon burn-out system, modifications to the existing electrostatic precipitators, recognition of the true maximum heat input rates, the firing of additional fuel blends (sub-bituminous coal and petroleum coke), and the evaluation of a new fuel additive. Enclosed are the following documents: Technical Evaluation and Preliminary Determination, Draft Permit, Written Notice of Intent to Issue Air Permit, and Public Notice of Intent to Issue Air Permit.

The Technical Evaluation and Preliminary Determination summarizes the Bureau of Air Regulation's technical review of the application and provides the rationale for making the preliminary determination to issue a draft permit. The proposed Draft Permit includes the specific conditions that regulate the emissions units covered by the proposed project. The Written Notice of Intent to Issue Air Permit provides important information regarding: the Permitting Authority's intent to issue an air permit for the proposed project; the requirements for publishing a Public Notice of the Permitting Authority's intent to issue an air permit; the procedures for submitting comments on the Draft Permit; the process for filing a petition for an administrative hearing; and the availability of mediation. The Public Notice of Intent to Issue Air Permit is the actual notice that you must have published in the legal advertisement section of a newspaper of general circulation in the area affected by this project.

If you have any questions, please contact the Project Engineer, Jeff Koerner, at 850/921-9536.

Sincerely,

Trina Vielhauer, Chief
Bureau of Air Regulation

Enclosures

TLV/jfk

PEF-CC-000937

WRITTEN NOTICE OF INTENT TO ISSUE AIR PERMIT

In the Matter of an
Application for Air Permit by:

Progress Energy Florida, Inc.
100 Central Avenue, CN77
St. Petersburg, Florida 33701

Authorized Representative:
Mr. Bernie Cumbie, Plant Manager

Air Permit No. PSD-FL-383
Air Permit No. 0170004-016-AC
Crystal River Power Plant
Existing Units 4 and 5
FGD/SCR Projects
Citrus County, Florida

Facility Location: The applicant, Progress Energy Florida, Inc., operates the existing Crystal River Power Plant, which is located in the Crystal River Energy Complex in Citrus County, north of Crystal River and west of U.S. Highway 19.

Project: To provide full flexibility in implementing the federal cap and trade program for nitrogen oxides and sulfur dioxide under the Clean Air Interstate Rule, the applicant proposes to install new low-NOx burners, new selective catalytic reduction systems, new flue gas desulfurization systems, and new stacks for Units 4 and 5. In conjunction with the proposed new control equipment, the applicant requests the flexibility to fire additional fuel blends (sub-bituminous coal and petroleum coke) and recognition of the true maximum heat input rates for Units 4 and 5. The applicant also proposes to install a new carbon burn-out system that will reburn fly ash generated at this plant to recover the remaining heating value in this material and minimize the onsite landfilling of fly ash. Finally, the applicant requests authorization for a trial period to evaluate a new fuel additive intended to reduce slagging and improve emissions performance. Details of the project are provided in the application and the enclosed "Technical Evaluation and Preliminary Determination".

Permitting Authority: Applications for air construction permits are subject to review in accordance with the provisions of Chapter 403, Florida Statutes (F.S.) and Chapters 62-4, 62-210, and 62-212 of the Florida Administrative Code (F.A.C.). The proposed project is not exempt from air permitting requirements and an air permit is required to perform the proposed work. The Florida Department of Environmental Protection's Bureau of Air Regulation is the Permitting Authority responsible for making a permit determination for this project. The Bureau of Air Regulation's physical address is 111 South Magnolia Drive, Suite 4, Tallahassee, Florida 32301 and the mailing address is 2600 Blair Stone Road, MS #5505, Tallahassee, Florida 32399-2400. The Bureau of Air Regulation's phone number is 850/488-0114.

Project File: A complete project file is available for public inspection during the normal business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday (except legal holidays), at address indicated above for the Permitting Authority. The complete project file includes the Draft Permit, the Technical Evaluation and Preliminary Determination, the application, and the information submitted by the applicant, exclusive of confidential records under Section 403.111, F.S. Interested persons may contact the Permitting Authority's project review engineer for additional information at the address and phone number listed above.

Notice of Intent to Issue Air Permit: The Permitting Authority gives notice of its intent to issue an air permit to the applicant for the project described above. The applicant has provided reasonable assurance that operation of the proposed equipment will not adversely impact air quality and that the project will comply with all applicable provisions of Chapters 62-4, 62-204, 62-210, 62-212, 62-296, and 62-297, F.A.C. The Permitting Authority will issue a Final Permit in accordance with the conditions of the proposed Draft Permit unless a timely petition for an administrative hearing is filed under Sections 120.569 and 120.57, F.S. or unless public comment received in accordance with this notice results in a different decision or a significant change of terms or conditions.

Public Notice: Pursuant to Section 403.815, F.S. and Rules 62-110.106 and 62-210.350, F.A.C., you (the applicant) are required to publish at your own expense the enclosed "Public Notice of Intent to Issue Air Permit" (Public Notice). The Public Notice shall be published one time only as soon as possible in the legal advertisement section of a newspaper of general circulation in the area affected by this project. The newspaper used must meet the requirements of Sections 50.011 and 50.031, F.S. in the county where the activity is to take place. If you are uncertain that a newspaper meets these requirements, please contact the Permitting Authority at the address or phone number listed above. Pursuant to Rule 62-110.106(5) and (9), F.A.C., the applicant shall provide proof of publication to the Permitting Authority at the above address within seven (7) days of publication. Failure to publish the notice and provide proof of publication may result in the denial of the permit pursuant to Rule 62-110.106(11), F.A.C.

Comments: The Permitting Authority will accept written comments concerning the Draft Permit for a period of thirty (30) days from the date of publication of the Public Notice. Written comments must be post-marked by the close of business

(5:00 p.m.), on or before the end of this 30-day period by the Permitting Authority at the above address. As part of his or her comments, any person may also request that the Permitting Authority hold a public meeting on this permitting action. If the Permitting Authority determines there is sufficient interest for a public meeting, it will publish notice of the time, date, and location in the Florida Administrative Weekly and in a newspaper of general circulation in the area affected by the permitting action. For additional information, contact the Permitting Authority at the above address or phone number. If written comments or comments received at a public meeting result in a significant change to the Draft Permit, the Permitting Authority will issue a Revised Draft Permit and require, if applicable, another Public Notice. All comments filed will be made available for public inspection.

Petitions: A person whose substantial interests are affected by the proposed permitting decision may petition for an administrative hearing in accordance with Sections 120.569 and 120.57, F.S. The petition must contain the information set forth below and must be filed with (received by) the Department's Agency Clerk in the Office of General Counsel of the Department of Environmental Protection, 3900 Commonwealth Boulevard, Mail Station #35, Tallahassee, Florida 32399-3000 (Telephone: 850/245-2241; Fax: 850/245-2303). Petitions filed by the applicant or any of the parties listed below must be filed within fourteen (14) days of receipt of this Written Notice of Intent to Issue Air Permit. Petitions filed by any persons other than those entitled to written notice under Section 120.60(3), F.S., must be filed within fourteen (14) days of publication of the attached Public Notice or within fourteen (14) days of receipt of this Written Notice of Intent to Issue Air Permit, whichever occurs first. Under Section 120.60(3), F.S., however, any person who asked the Permitting Authority for notice of agency action may file a petition within fourteen (14) days of receipt of that notice, regardless of the date of publication. A petitioner shall mail a copy of the petition to the applicant at the address indicated above, at the time of filing. The failure of any person to file a petition within the appropriate time period shall constitute a waiver of that person's right to request an administrative determination (hearing) under Sections 120.569 and 120.57, F.S., or to intervene in this proceeding and participate as a party to it. Any subsequent intervention (in a proceeding initiated by another party) will be only at the approval of the presiding officer upon the filing of a motion in compliance with Rule 28-106.205, F.A.C.

A petition that disputes the material facts on which the Permitting Authority's action is based must contain the following information: (a) The name and address of each agency affected and each agency's file or identification number, if known; (b) The name, address, and telephone number of the petitioner; the name, address and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination; (c) A statement of when and how each petitioner received notice of the agency action or proposed decision; (d) A statement of all disputed issues of material fact; (e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action; (f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action including an explanation of how the alleged facts relate to the specific rules or statutes; and, (g) A statement of the relief sought by the petitioner, stating precisely the action the petitioner wishes the agency to take with respect to the agency's proposed action. A petition that does not dispute the material facts upon which the Permitting Authority's action is based shall state that no such facts are in dispute and otherwise shall contain the same information as set forth above, as required by Rule 28-106.301, F.A.C.

Because the administrative hearing process is designed to formulate final agency action, the filing of a petition means that the Permitting Authority's final action may be different from the position taken by it in this Written Notice of Intent to Issue Air Permit. Persons whose substantial interests will be affected by any such final decision of the Permitting Authority on the application have the right to petition to become a party to the proceeding, in accordance with the requirements set forth above.

***Mediation**: Mediation is not available in this proceeding.*

Executed in Tallahassee, Florida.

Trina Vielhauer, Chief
Bureau of Air Regulation

CERTIFICATE OF SERVICE

The undersigned duly designated deputy agency clerk hereby certifies that this "Written Notice of Intent to Issue Air Permit" package (including the Written Notice of Intent to Issue Air Permit, the Public Notice of Intent to Issue Air Permit, the Technical Evaluation and Preliminary Determination, and the Draft Permit) was sent by electronic mail with received receipt requested before the close of business on 3/19/01 to the persons listed below.

Mr. Bernie Cumbie, Progress Energy Florida, Inc. (Bernie.Cumbie@pgnmail.com)
Mr. Dave Meyer, Progress Energy Florida, Inc. (Dave.Meyer@pgnmail.com)
Mr. John (Jamie) Hunter, Progress Energy Florida, Inc. (John.Hunter@pgnmail.com)
Mr. Scott Osbourn, Golder Associates Inc. (SOsbourn@golder.com)
Ms. Cindy Zhang-Torres, SWD Office (Cindy.Zhang-Torres@dep.state.fl.us)
Mr. Mike Halpin, Siting Office (Halpin_M@dep.state.fl.us)
Mr. Gregg Worley, EPA Region 4 (Worley.Gregg@epa.gov)
Mr. Dee Morse, National Park Service (Dee_Morse@nps.gov)

Clerk Stamp

FILING AND ACKNOWLEDGMENT FILED, on this date, pursuant to Section 120.52(7), Florida Statutes, with the designated agency clerk, receipt of which is hereby acknowledged.

Barbara J. Friday 3/19/01
(Clerk) (Date)

PUBLIC NOTICE OF INTENT TO ISSUE AIR PERMIT

Florida Department of Environmental Protection
Division of Air Resource Management, Bureau of Air Regulation

Project No. 0170004-016-AC / Draft Air Permit No. PSD-FL-383
Progress Energy Florida, Inc., Crystal River Power Plant
Citrus County, Florida

Applicant: The applicant for this project is Progress Energy Florida, Inc. The applicant's authorized representative and mailing address is: Mr. Bernie Cumbie, Plant Manager, Crystal River Power Plant, Progress Energy Florida, Inc., 100 Central Avenue, CN77, St. Petersburg, Florida, 33701.

Facility Location: Progress Energy Florida, Inc. operates the existing Crystal River Power Plant, which is located in the Crystal River Energy Complex in Citrus County, north of Crystal River and west of U.S. Highway 19.

Project: To provide full flexibility in implementing the federal cap and trade program for nitrogen oxides (NO_X) and sulfur dioxide (SO_2) under the Clean Air Interstate Rule, the applicant proposes to install new burners, new selective catalytic reduction systems, new flue gas desulfurization systems, and new stacks for the existing coal-fired Units 4 and 5. In conjunction with the proposed new control equipment, the applicant requests the flexibility to fire additional fuel blends (sub-bituminous coal and petroleum coke) and recognition of the true maximum heat input rates for Units 4 and 5. The applicant also proposes to install a new carbon burn-out system that will reburn fly ash generated at this plant to recover the remaining heating value in this material and minimize the onsite landfilling of fly ash. Finally, the applicant requests authorization for a trial period to evaluate a new fuel additive intended to reduce slagging and improve emissions performance.

Due to the installation of new control systems and slightly lower emissions standards, potential emissions of NO_X and SO_2 will decrease from previous actual annual emissions rates. Based on the air permit application, the project will result in potential emissions increases of: 9217 tons per year of carbon monoxide (CO); 116.5 tons per year of particulate matter (PM); 68.3 tons per year of particulate matter with a mean diameter of less than 10 microns (PM_{10}); 449.0 tons per year of sulfuric acid mist (SAM); and 89.3 tons per year of volatile organic compounds (VOC). As defined in Rule 62-210.200 of the Florida Administrative Code (F.A.C.), the project results in significant net emissions increases for CO, PM/PM_{10}, SAM, and VOC. Therefore, the project is subject to preconstruction review for the Prevention of Significant Deterioration (PSD) of Air Quality for these pollutants in accordance with Rule 62-212.400, F.A.C.

For each PSD-significant pollutant, the Department is required to determine the Best Available Control Technology (BACT) and approve the applicant's Air Quality Analysis regarding ambient impacts due to the project. The Department's preliminary BACT determinations for these pollutants are based on: the design of the new low-NOx burners and good combustion practices to minimize the formation of CO, PM/PM_{10}, and VOC emissions; modifications to the existing electrostatic precipitators to improve PM/PM_{10} removal efficiency; and installation of new alkali injection systems in addition to the flue gas desulfurization systems to mitigate the formation of SAM emissions.

The Department reviewed an air quality impact analysis prepared by the applicant. Based on the analysis, emissions from the project will not significantly contribute to, or cause a violation of, any state or federal ambient air quality standards. The table below shows the maximum predicted PSD increments for PM_{10} consumed by all sources in the area, including this project. The Class II increments represent the increments in the vicinity of the project and the Class I increments represent the increments in the Chassahowitzka National Wildlife Area to the south of the project.

		Allowable	Increment Consumed	
PM_{10} Increment	Averaging Time	Increment ($\mu g/m^3$)	($\mu g/m^3$)	Percent
Class II	24-hour	30	27	90%
	Annual	17	7	41%
Class I	24-hour	8	4.5	56%
	Annual	4	0.4	10%

Permitting Authority: Applications for air construction permits are subject to review in accordance with the provisions of Chapter 403, Florida Statutes (F.S.) and Chapters 62-4, 62-210, and 62-212, F.A.C. The proposed project is not exempt from air permitting requirements and an air permit is required to perform the proposed work. The Florida Department of Environmental Protection's Bureau of Air Regulation is the Permitting Authority responsible for making a permit determination for this project. The Bureau of Air Regulation's physical address is 111 South Magnolia Drive, Suite 4,

(Public Notice to be Published in the Newspaper)

Tallahassee, Florida 32301 and the mailing address is 2600 Blair Stone Road, MS #5505, Tallahassee, Florida 32399-2400. The Bureau of Air Regulation's phone number is 850/488-0114.

Project File: A complete project file is available for public inspection during the normal business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday (except legal holidays), at address indicated above for the Permitting Authority. The complete project file includes the Draft Permit, the Technical Evaluation and Preliminary Determination, the application, and the information submitted by the applicant, exclusive of confidential records under Section 403.111, F.S. Interested persons may contact the Permitting Authority's project review engineer for additional information at the address and phone number listed above.

Notice of Intent to Issue Air Permit: The Permitting Authority gives notice of its intent to issue an air permit to the applicant for the project described above. The applicant has provided reasonable assurance that operation of the proposed equipment will not adversely impact air quality and that the project will comply with all applicable provisions of Chapters 62-4, 62-204, 62-210, 62-212, 62-296, and 62-297, F.A.C. The Permitting Authority will issue a Final Permit in accordance with the conditions of the proposed Draft Permit unless a timely petition for an administrative hearing is filed under Sections 120.569 and 120.57, F.S. or unless public comment received in accordance with this notice results in a different decision or a significant change of terms or conditions.

Comments: The Permitting Authority will accept written comments concerning the Draft Permit for a period of thirty (30) days from the date of publication of the Public Notice. Written comments must be post-marked by the close of business (5:00 p.m.), on or before the end of this 30-day period by the Permitting Authority at the above address. As part of his or her comments, any person may also request that the Permitting Authority hold a public meeting on this permitting action. If the Permitting Authority determines there is sufficient interest for a public meeting, it will publish notice of the time, date, and location in the Florida Administrative Weekly and in a newspaper of general circulation in the area affected by the permitting action. For additional information, contact the Permitting Authority at the above address or phone number. If written comments or comments received at a public meeting result in a significant change to the Draft Permit, the Permitting Authority will issue a Revised Draft Permit and require, if applicable, another Public Notice. All comments filed will be made available for public inspection.

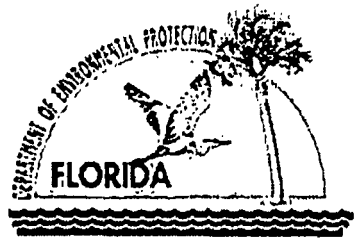
Petitions: A person whose substantial interests are affected by the proposed permitting decision may petition for an administrative hearing in accordance with Sections 120.569 and 120.57, F.S. The petition must contain the information set forth below and must be filed with (received by) the Department's Agency Clerk in the Office of General Counsel of the Department of Environmental Protection, 3900 Commonwealth Boulevard, Mail Station #35, Tallahassee, Florida 32399-3000 (Telephone: 850/245-2241; Fax: 850/245-2303). Petitions filed by any persons other than those entitled to written notice under Section 120.60(3), F.S., must be filed within fourteen (14) days of publication of this Public Notice or receipt of a written notice, whichever occurs first. Under Section 120.60(3), F.S., however, any person who asked the Permitting Authority for notice of agency action may file a petition within fourteen (14) days of receipt of that notice, regardless of the date of publication. A petitioner shall mail a copy of the petition to the applicant at the address indicated above, at the time of filing. The failure of any person to file a petition within the appropriate time period shall constitute a waiver of that person's right to request an administrative determination (hearing) under Sections 120.569 and 120.57, F.S., or to intervene in this proceeding and participate as a party to it. Any subsequent intervention (in a proceeding initiated by another party) will be only at the approval of the presiding officer upon the filing of a motion in compliance with Rule 28-106.205, F.A.C.

A petition that disputes the material facts on which the Permitting Authority's action is based must contain the following information: (a) The name and address of each agency affected and each agency's file or identification number, if known; (b) The name, address, and telephone number of the petitioner; the name, address and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination; (c) A statement of when and how each petitioner received notice of the agency action or proposed decision; (d) A statement of all disputed issues of material fact; (e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action; (f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action including an explanation of how the alleged facts relate to the specific rules or statutes; and, (g) A statement of the relief sought by the petitioner, stating precisely the action the petitioner wishes the agency to take with respect to the agency's proposed action. A petition that does not dispute the material facts upon which the Permitting Authority's action is based shall state that no such facts are in dispute and otherwise shall contain the same information as set forth above, as required by Rule 28-106.301, F.A.C.

Because the administrative hearing process is designed to formulate final agency action, the filing of a petition means that the Permitting Authority's final action may be different from the position taken by it in this Written Notice of Intent to Issue

Air Permit. Persons whose substantial interests will be affected by any such final decision of the Permitting Authority on the application have the right to petition to become a party to the proceeding, in accordance with the requirements set forth above.

Mediation: Mediation is not available in this proceeding.



TECHNICAL EVALUATION
&
PRELIMINARY DETERMINATION

PROJECT

Project No. 0170004-016-AC
Air Permit No. PSD-FL-383
Progress Energy Florida, Inc. – Crystal River Power Plant
ARMS Facility ID No. 0170004
FGD/SCR Projects for Units 4 and 5

COUNTY

Citrus County, Florida

APPLICANT

Progress Energy Florida, Inc.
Crystal River Power Plant
100 Central Ave, CN77
St. Petersburg, FL 34428

PERMITTING AUTHORITY

Florida Department of Environmental Protection
Division of Air Resource Management
Bureau of Air Regulation - Air Permitting North
2600 Blair Stone Road, MS #5505
Tallahassee, FL 32399-2400

March 19, 2007

PEF-CC-000944

1. GENERAL PROJECT INFORMATION

General Facility Information

The existing Crystal River Power Plant is located in the Crystal River Energy Complex in Citrus County, north of Crystal River and west of U.S. Highway 19. The UTM coordinates are Zone17, 334.3 km East, and 3204.5 km North (Latitude: 28/57/34; Longitude: 82/42/01). This is an area that is currently in attainment with the state and federal Ambient Air Quality Standards (AAQS) or otherwise designated as unclassifiable. The existing Crystal River Power Plant consists of four coal-fired fossil fuel steam generating (FFSG) units with electrostatic precipitators; two natural draft cooling towers; three helper mechanical cooling towers; coal and ash material handling facilities; and relocatable diesel fired generators. The nuclear unit is permitted under a separate Title V permit and is not considered part of this plant.

Major Regulatory Categories

The facility is regulated in accordance with the following major categories.

Title III: Major source of hazardous air pollutants (HAPs);

Title IV: Units subject to the acid rain provisions of the Clean Air Act;

Title V: Title V major source of air pollution;

PSD: Major stationary source;

CAIR: Subject to the Clean Air Interstate Rule (CAIR); and

CAMR: Subject to the Clean Air Mercury Rule (CAMR).

Application Processing Schedule

09/05/06: Received application to construct; incomplete.

10/04/06: Requested additional information.

11/13/06: Received additional information.

12/12/06: Requested additional information.

01/23/07: Received additional information; application complete.

Project Description

To provide full flexibility in implementing the federal cap and trade program for nitrogen oxides (NO_X) and sulfur dioxide (SO_2) under CAIR, the applicant proposes to install new low-NOx burners, new selective catalytic reduction (SCR) systems, new flue gas desulfurization (FGD) systems, and new stacks for Units 4 and 5. In conjunction with the proposed new control equipment, the applicant requests the flexibility to fire additional fuel blends (sub-bituminous coal and petroleum coke) and recognition of the true maximum heat input rates for Units 4 and 5. The applicant also proposes to install a new carbon burn-out (CBO^{TM}) system that will reburn fly ash generated at this plant to recover the remaining heating value in this material and minimize the onsite landfilling of fly ash. Finally, the applicant requests authorization for a trial period to evaluate a new fuel additive intended to reduce slagging and improve emissions performance.

The combination of new fuel blends and control equipment will result in PSD-significant emissions increases of carbon monoxide (CO), particulate matter (PM/PM_{10}), sulfuric acid mist (SAM), and volatile organic compounds (VOC). Therefore, the applicant also proposes the following additional equipment and work as the basis of the proposed Best Available Control Technologies (BACT) for these pollutants: the design of the new low-NOx burners and good combustion practices (CO, PM/PM_{10}, and VOC); modifications to the existing

electrostatic precipitators (PM/PM_{10}); and new alkali injection systems (SAM). Additional details for all projects are provided in Section 4 of this Technical Evaluation and Preliminary Determination.

Affected Emissions Units

This project addresses the following new and existing emissions units.

EU No.	Type	Emission Unit Description
003	Existing	Unit 5 Fossil Fuel Steam Generator
004	Existing	Unit 4 Fossil Fuel Steam Generator
016	Existing	Coal and Ash Material Handling Activities for Coal-Fired Steam Generators
023	New	Limestone and Gypsum Material Handling Activities
024	New	Carbon Burn-Out (CBO) Fluidized Bed Combustor
025	New	CBO Feed Fly Ash Silo
026	New	CBO Product Fly Ash Storage Dome and Truck Loadout Silo

2. APPLICABLE REGULATIONS

State Regulations

This project is subject to the applicable environmental laws specified in Section 403 of the Florida Statutes (F.S.). The Florida Statutes authorize the Department of Environmental Protection to establish rules and regulations regarding air quality as part of the Florida Administrative Code (F.A.C.). This project is subject to the applicable rules and regulations defined in the following Chapters F.A.C.: 62-4 (Permitting Requirements); 62-204 (Ambient Air Quality Requirements, PSD Increments, and Federal Regulations Adopted by Reference); 62-210 (Permits Required, Public Notice, Reports, Stack Height Policy, Circumvention, Excess Emissions, and Forms); 62-212 (Preconstruction Review, PSD Review and BACT, and Non-attainment Area Review and LAER); 62-213 (Title V Air Operation Permits for Major Sources of Air Pollution); 62-296 (Emission Limiting Standards); and 62-297 (Test Methods and Procedures, Continuous Monitoring Specifications, and Alternate Sampling Procedures). Applicable state regulations are discussed for each emissions unit.

General PSD Applicability

The Department regulates major air pollution facilities in accordance with Florida's Prevention of Significant Deterioration (PSD) program, as defined in Rule 62-212.400, F.A.C. PSD preconstruction review is required in areas currently in attainment with the state and federal Ambient Air Quality Standards (AAQS) or areas designated as "unclassifiable" for a given pollutant. As defined in Rule 62-210.200, F.A.C., a facility is considered a "major stationary source" with respect to PSD if it emits or has the potential to emit 5 tons per year of lead, 250 tons per year or more of any regulated air pollutant, or 100 tons per year or more of any regulated air pollutant and the facility belongs to one of the 28 listed PSD Major Facility Categories.

For new projects at existing PSD-major facilities, each regulated pollutant is reviewed for PSD applicability based on emissions thresholds known as the "Significant Emission Rates" defined in Rule 62-210.200, F.A.C. Pollutant emissions from the project exceeding these rates are considered "significant" and applicants must evaluate the air quality impacts and employ the Best Available Control Technology (BACT) to minimize emissions of each such pollutant. Rule 62-210.200, F.A.C. defines "BACT" as:

> "An emission limitation, including a visible emissions standard, based on the maximum degree of reduction of each pollutant emitted which the Department, on a case by case basis, taking into account:
>
> 1. Energy, environmental and economic impacts, and other costs;
> 2. All scientific, engineering, and technical material and other information available to the Department;

and

3. The emission limiting standards or BACT determinations of Florida and any other state;

determines is achievable through application of production processes and available methods, systems and techniques (including fuel cleaning or treatment or innovative fuel combustion techniques) for control of each such pollutant.

If the Department determines that technological or economic limitations on the application of measurement methodology to a particular part of an emissions unit or facility would make the imposition of an emission standard infeasible, a design, equipment, work practice, operational standard or combination thereof, may be prescribed instead to satisfy the requirement for the application of BACT. Such standard shall, to the degree possible, set forth the emissions reductions achievable by implementation of such design, equipment, work practice or operation.

Each BACT determination shall include applicable test methods or shall provide for determining compliance with the standard(s) by means which achieve equivalent results.

In no event shall application of best available control technology result in emissions of any pollutant which would exceed the emissions allowed by any applicable standard under 40 CFR Parts 60, 61, and 63."

Although a facility may be "major" with respect to PSD for only one regulated pollutant, it may be required to install BACT controls for several regulated pollutants that exceed the Significant Emission Rates.

PSD Applicability for the Project

The project is located in the Crystal River Energy Complex in Citrus County, north of Crystal River and west of U.S. Highway 19, which is in an area that is currently in attainment with the state and federal Ambient Air Quality Standards (AAQS) or otherwise designated as unclassifiable. The annual emissions of one or more pollutants from the facility are greater than the applicability thresholds defined above. Therefore, the existing power plant is a major stationary source as defined in Rule 62-212.400, F.A.C. The following table identifies the estimated emissions increases based on the initial application.

Table 2A. Summary of the Applicant's PSD Applicability

Pollutant	Net Emissions Increase [a]	PSD Significant Emission Rate [a]	Subject to PSD Review?
Carbon Monoxide (CO)	9217 TPY	100 TPY	Yes
Nitrogen Oxides (NOx)	- 272 TPY	40 TPY	No
Particulate Matter (PM)	116.5 TPY	25 TPY	Yes
Particulate Matter (PM_{10})	68.3	15 TPY	Yes
Sulfuric Acid Mist (SAM)	449 TPY	7 TPY	Yes
Sulfur Dioxide (SO_2)	- 37,360 TPY	40 TPY	No
Volatile Organic Compounds (VOC)	89.3 TPY	40 TPY	Yes

a. "TPY" means tons per year.

As shown in the table, the project is subject to PSD preconstruction review for emissions of CO, PM/PM_{10}, VOC, SAM.

Federal Regulations

The Environmental Protection Agency establishes air quality regulations in Title 40 of the Code of Federal Regulations (CFR). Part 60 identifies New Source Performance Standards (NSPS) for a variety of industrial activities. Part 61 specifies the National Emissions Standards for Hazardous Air Pollutant (NESHAP) based on

specific pollutants. Part 63 identifies National Emissions Standards for Hazardous Air Pollutant (NESHAP) based on the Maximum Achievable Control Technology (MACT) for given source categories. Federal regulations are adopted in Rule 62-204.800, F.A.C. Applicable federal regulations are discussed for each emissions unit.

3. DEPARTMENT'S PROJECT REVIEW

A process flow diagram from the application is provided on the next page showing the modified configuration.

Low-NOx Burners and the Maximum Heat Input Rates

The applicant proposes to replace the existing burners in Units 4 and 5 with new low-NO_X burners manufactured by Babcock & Wilcox (Model No. DRB-42). There will be 54 burners per unit and the existing burner inlet system will be modified to allow even airflow distribution to the new burners. Based on the preliminary design, the low-NOx burners are expected to achieve 0.35 lb/MMBtu of heat input, but the vendor specification is 0.41 lb/MMBtu of heat input. To better reflect the capabilities of the new equipment and avoid PSD preconstruction review, the applicant proposes to reduce the current annual average NO_X emissions standard from 0.50 lb/MMBtu to 0.47 lb/MMBtu of heat input. Design of the proposed SCR system will benefit from lower NOx emissions in the boiler flue gas.

The current Title V permit identifies the maximum heat input rates to Units 4 and 5 as 6665 MMBtu per hour with the following permitting note:

> "The heat input limitations have been placed in each permit to identify the capacity of each unit for the purposes of confirming that emissions testing is conducted within 90 to 100 percent of the unit's rated capacity (or to limit future operation to 110 percent of the test load), to establish appropriate emission limits and to aid in determining future rule applicability. Regular record keeping is not required for heat input. Instead the owner or operator is expected to determine heat input whenever emission testing is required, to demonstrate at what percentage of the rated capacity that the unit was tested. Rule 62-297.310(5), F.A.C., included in the permit, requires measurement of the process variables for emission tests. Such heat input determination may be based on measurements of fuel consumption by various methods including but not limited to fuel flow metering or tank drop measurements, using the heat value of the fuel determined by the fuel vendor or the owner or operator, to calculate average hourly heat input during the test."

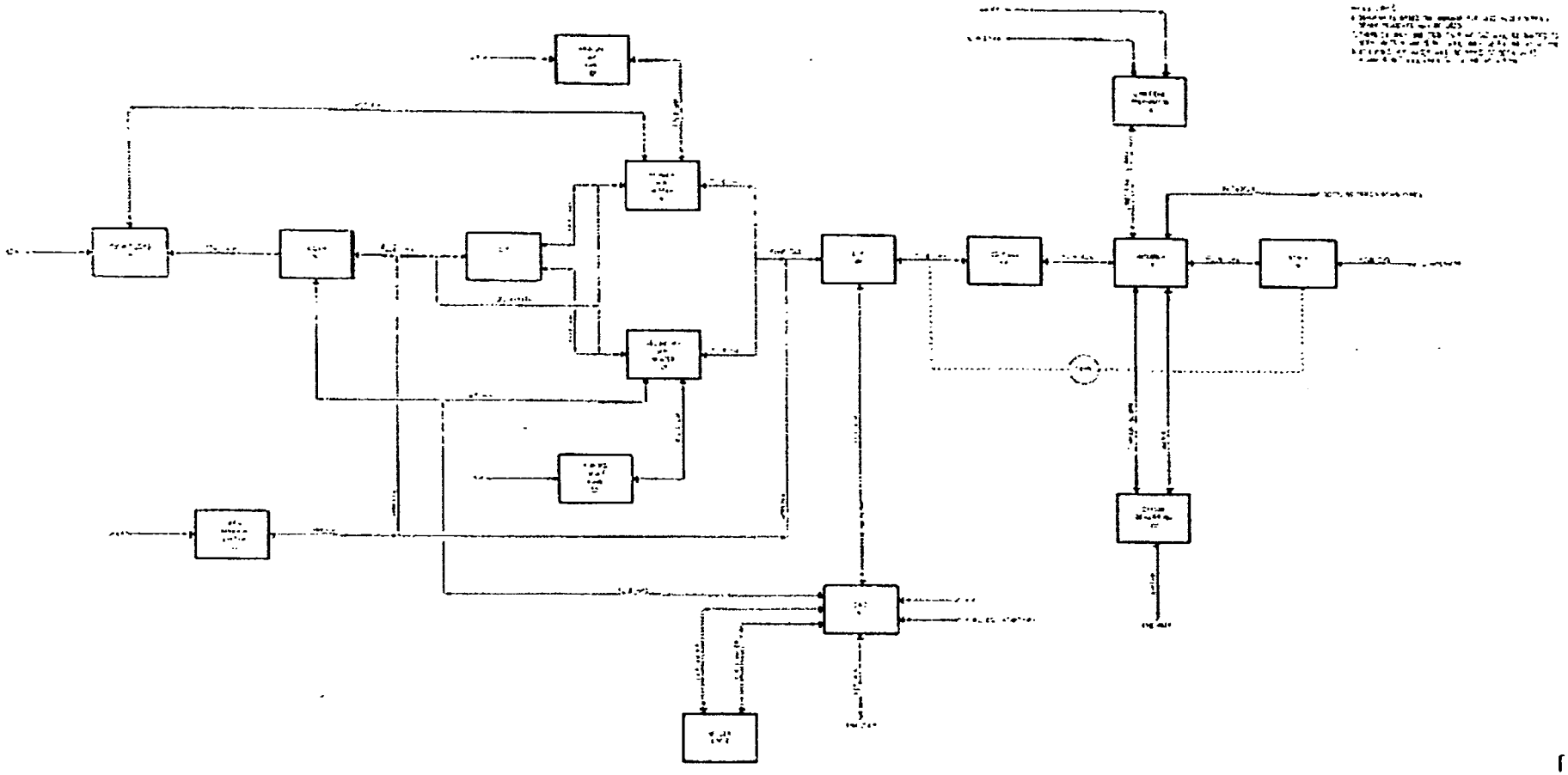
As part of this project, the applicant requests that the maximum heat input rate be recognized as 7200 MMBtu per hour and based annual emissions on an annual average heat input rate of 6800 MMBtu per hour. The applicant maintains that the existing units are currently capable of achieving these rates and provided supporting documentation based on actual fuel feed rates and fuel heating values, as summarized below.

Table 3A. Summary of Actual Heat Input Rates

Year	Heat Input Rates (MMBtu per Hour)							
	Unit 4				Unit 5			
	Highest Consecutive 24-hour Period			Highest 1-Hour Average	Highest Consecutive 24-hour Period			Highest 1-Hour Average
	1-Hour Average		24-Hour Average		1-Hour Average		24-Hour Average	
	Minimum	Maximum			Minimum	Maximum		
2006	6675	7241	6985	7266	6558	7025	6845	7229
2005	6845	7238	7045	7252	6908	7004	6948	7142
2004	5748	7140	6894	7255	6833	7004	6945	7008
2003	6597	6874	6764	7226	6769	6868	6828	7204

Process Flow Diagram

Revised Configuration for Units 4 and 5



PEF-CC-000949

The heat input data clearly shows that both units are currently capable of a 1-hour heat input rate of 7200 MMBtu per hour and sustaining a 24-hour heat input rate of more than 6800 MMBtu per hour. In fact, the eight 24-hour heat input rates provided range from 94% to 98% of the requested 7200 MMBtu per hour value. Therefore, the Department agrees that the current units are capable of achieving the requested heat input rates and the following conditions will be established in the draft permit:

> The maximum heat input rates to each unit shall not exceed 7200 MMBtu per hour based on a 24-hour block average (midnight to midnight) and 6800 MMBtu per hour based on a 30-day rolling average. Compliance shall be demonstrated by monitoring the fuel feed rate and fuel heating values as monitored by the existing data system.

The permit will also clarify that compliance tests shall be conducted between 90% and 100% of the maximum permitted 24-hour block average heat input rate. The Department notes that heat input rates are also monitored and recorded for the Acid Rain Program based on flow rates and fuel F-factors, which may provide different results. The permitted heat input rates will be determined from the fuel feed rates and fuel heating values, which provided the basis for the condition.

SCR Systems

For existing coal-fired Units 4 and 5, the applicant proposes to install new SCR systems, which typically include an ammonia injection grid, a mixing grid, catalyst modules, a urea-to-ammonia processing system, associated bulk storage systems, an automated control system, piping, electrical, and other ancillary equipment. Selective catalytic reduction is an add-on control technology in which ammonia is injected into the exhaust gas stream before a section of catalyst. The ammonia combines with NOx in the presence of the catalyst in a reduction reaction to form nitrogen and water. For conventional catalysts such as vanadium pentoxide, the exhaust gas temperature must be maintained between 450° F and 850° F for the reaction to proceed satisfactorily. Ammonia that escapes past the catalyst without reacting with NOx is called "ammonia slip". If a fuel contains significant amounts of sulfur, high levels of ammonia slip can lead to the formation of bisulfates and other particulate matter, which can foul the catalyst and reduce the heat transfer rates of the unit. To avoid these problems, SCR systems can be designed with very low levels of ammonia slip (< 5 ppmv) while still achieving NOx reduction efficiencies of 90% or more. SCR is a commercially available, demonstrated control technology currently employed on numerous utility boilers and combined cycle gas turbine projects worldwide.

The proposed SCR systems will be installed at the flue gas exhausts from Units 4 and 5 and upstream of the air heater for each unit. The preliminary designs of the SCR systems is for 90% reduction in NOx emissions with a designed maximum ammonia slip level of 2 to 5 ppmv. The control efficiency is based on a design inlet NOx rate of 0.35 lb/MMBtu, which is the expected NOx emission level after installation of low-NOx burners (part of the proposed FGD project). Each proposed SCR system will consist of the following equipment.

Urea-to-Ammonia Processing Unit: The project includes a system to convert urea to ammonia.

Ammonia Flow Control Unit (AFCU): The ACFU modulates the amount of ammonia gas that is mixed with heated air to achieve a 3% to 4% ammonia concentration. This is the mixture that is delivered to the ammonia injection grid. As NOx emissions vary, the AFCU adjusts the ammonia gas to the proper level for the desired NOx control. Monitored NOx emissions provide feedback for adjustment of the ammonia injection rate.

Ammonia Injection Grid (AIG): Effective ammonia distribution and NOx conversion are dependent on the velocity profile entering the AIG, which divides the flue gas into numerous zones. Each zone is equipped with a flow indicator and control valve for tuning the AIG to match the inlet NOx profile. Typically, a static mixer is installed upstream of the AIG to create flow resistance, flatten the velocity profile, and provide uniform gas flow. A second static mixer may be positioned at the injection points to impart a swirl to the diluted ammonia and promote good mixing with the flue gas. The preliminary design is for a molar ratio of ammonia-to-NOx of approximately 0.91. The mass rate of ammonia injected will vary with operating conditions such as load. However, at full load and full control, the maximum ammonia injection rate is estimated to be 880 lb/hour.

SCR Reactor: The SCR reactor will be placed just upstream of the air heater for each unit. Within the SCR reactor, the catalyst will be arranged in three layers with an internal honeycomb structure. The system has an operational temperature range between 568° F to 715° F with an optimum temperature just above 680° F. Initially, catalyst will be placed in only two of the three layers. The SCR reactor is expected to create a pressure loss of approximately 2 to 5 inches of water column.

Catalyst: The general catalyst composition will be $TiO_2 - WO_3 - V_2O_5$ with the active catalyst component being vanadium pentoxide (V_2O_5). The catalyst volume will be approximately 21,000 to 25,000 cubic feet. As the catalyst gradually deactivates through use, the remaining layer will be filled and eventually older layers replaced. This will be determined by periodic analysis of catalyst coupons for reactivity. The expected catalyst life is 24,000 hours. The applicant plans to prevent particulate matter from fouling and masking catalyst beds by the following methods: installing an SCR bypass duct, installing a screen to remove large particles prior to the SCR reactor, installing sonic horns above the catalyst layer to minimize ash accumulation, and minimizing oil firing when the SCR reactor is in service.

NO_x CEMS: The existing continuous emissions monitoring system (CEMS) for NOx will be modified to accurately measure the lower NOx emission levels when the SCR system is in service.

SCR Bypass: The SCR design incorporates dampers and ductwork to provide the capability of bypassing the SCR system. Bypass generally occurs under the following circumstances.

- *Boiler Startup*: The SCR reactor must be heated to the minimum operating temperature before ammonia can be injected. During a boiler startup, the boiler exhaust is bypassed until a minimum load and steady state operation is achieved. The bypass dampers are gradually opened to control SCR warming and allow the system to reach the minimum SCR reactor temperature.
- *Boiler Shutdown/Problems*: Problems may occur that require personnel entry into the boiler for maintenance. By closing the bypass dampers in this situation, the SCR remains thermally isolated and warm while the boiler is cooled for entry. By keeping the SCR warm, the SCR can be returned to operation much faster.
- *SCR Catalyst Problems*: Problems with the catalyst (such as plugging or fouling) would require inspections and maintenance on the SCR itself. The bypass would be used to allow entry and work on the SCR reactor without taking the boiler off line.
- *Operation without NOx Control*: The plant could operate without ammonia injection for NOx control and elect to bypass the SCR reactor as long as compliance with the permit standard is demonstrated.

FGD Systems

To reduce SO_2 emissions, the applicant proposes to install new wet limestone flue gas desulfurization (FGD) systems on both Units 4 and 5. A limestone slurry will be injected into the FGD absorbers at design feed rate of approximately 352 gpm to neutralize acid gases. The slurry will consist of 25 to 30% solids and a specific gravity of 1.22. A number of chemical reactions take place in the absorber. Before the calcium can react with the SO_2, both must be broken down into their respective ions. This is accomplished by slaking (dissolving) the lime in water and then spraying the slurry into the flue gas to dissolve the SO_2. Simplified reactions occur simultaneously and are illustrated below.[1]

SO_2 dissociation:

$$SO_{2\,(gaseous)} \rightarrow SO_{2\,(aqueous)}$$

$$SO_2 + H_2O \rightarrow H_2SO_3$$

$$H_2SO_3 \rightarrow H^+ + HSO_3^- \rightarrow 2H^- + SO_3^=$$

[1] "Lesson 9: Flue Gas Desulfurization (Acid Gas Removal) Systems", Course SI:412C, "Wet Scrubber Plan Review", Environmental Protection Agency, July 1998

Limestone ($CaCO_3$) dissolution:

$$CaCO_{3\,(solid)} + H_2O \rightarrow Ca^{++} + HCO^{-} + OH^{-}$$

Once SO_2 and lime are broken into their ions ($SO_3^{=}$ and Ca^{++}), the following reaction occurs:

$$Ca^{++} + SO_3^{=} + 2H^{+} + 2OH^{-} \rightarrow CaSO_{3\,(solid)} + 2H_2O$$

In addition, the following reactions can also occur when there is excess oxygen:

$$SO_3^{=} + \tfrac{1}{2}\, O_2 \rightarrow SO_4^{=}$$

$$SO_4^{=} + Ca^{++} \rightarrow CaSO_{4\,(solid)}$$

$$CaSO_3 + H_2O + 1/2\, O_2 \rightarrow CaSO_{4\,(solid)} + H_2O$$

The $CaSO_4$ byproduct can be filtered and dewatered for uses in gypsum wallboard production. The FGD systems will be designed to reduce SO_2 emissions by approximately 97%. To better reflect the capabilities of the new equipment, avoid PSD preconstruction review, and reduce ambient impacts, the applicant proposes a new SO_2 emissions standard of 0.27 lb/MMBtu of heat input based on a 30-day rolling average. In addition to the absorbers, the FGD systems will consist of limestone storage and handling, limestone preparation, limestone slurry injection, FGD blowdown, and gypsum dewatering, transfer and storage.

Limestone Handling System: This system will receive, store, size and transfer limestone to the FGD system's limestone preparation equipment. It will be designed to receive limestone delivered to the plant by: conveyor from an adjacent quarry, or by rear dump trucks unloading into aboveground truck unloading feeders with integral hoppers. The system will receive limestone from one source at a time and will consist of: a conveyor to transfer limestone received from the quarry delivery conveyor; truck unloading feeders; unloading and stacking belt conveyors to transfer limestone to a covered storage pile; a portal scraper reclaimer and an emergency reclaim feeder located inside a limestone storage building; crusher feed belt conveyors to transfer limestone to a crusher building for limestone sizing; plant feed belt conveyors; and silo feed belt conveyors to transfer limestone to the day silos.

Limestone received from the quarry conveyor will be transported to the unloading conveyor by the transfer conveyor. Limestone received by trucks will be transferred to the unloading conveyor by the truck unloading feeders. The delivered limestone will be conveyed to a covered storage pile via the unloading conveyor and a stacking conveyor equipped with a dual-discharge overhead traveling tripper. The storage pile will be longitudinal-shaped pile and will be formed by the stacking conveyor overhead traveling tripper. From the storage pile, the material is reclaimed using a single full portal scraper reclaimer and conveyed via redundant conveyors to a crusher building where the material is sized using crushers. The sized material is then delivered to three limestone day silos via a network of redundant plant and silo feed conveyors. A floor-mounted emergency reclaim feeder is provided to supplement the portal scraper reclaimer in case the portal scraper reclaimer is out of service. The emergency reclaim feeder will feed limestone onto the belt of one of the crusher feed conveyors and will be designed to receive limestone from a front-end wheel loader, rear dump truck, or combination of this equipment. Two plant feed conveyors and four silo feed conveyors are provided to receive limestone from the crushers and distribute the material to the three limestone day silos.

Each of the plant feed conveyors will be equipped with a diverter gate and will supply limestone to the first limestone day silo (Silo A) directly via a chute and to the other limestone day silos (Silos B & C) using four silo feed conveyors each equipped with a diverter gate. The diverter gates at the last two silo feed conveyors are provided to accommodate future feed conveyors to a 4th future limestone day silo (if required). Each limestone silo will be equipped with a pulse-jet fabric filter dust collection system. Insertable dust collectors will be provided at each of the truck unloading feeders and at the loading points of the silo feed conveyors. A dust collection system will be provided for the crusher building. A water-surfactant blend dust suppression system will be provided at the discharge point of the transfer conveyor and at the head end of the unloading conveyor to treat the limestone before it is loaded onto the belt of the stacking conveyor.

Limestone Preparation System

Wet ball mill grinding systems will produce the limestone slurry. Filtrate-recycle water from the FGD system will be used to prepare the limestone slurry to conserve make-up water for FGD system mist eliminator washing. The design limestone slurry will consist of 25 to 30% solids and have a design feed rate of approximately 352 gpm at specific gravity of 1.22. Fugitive dust emissions are minimized by enclosures and the addition of water for the slurry.

Dewatering System

The gypsum slurry from the FGD system will be delivered by bleed pumps to the dewatering system, which will consist of a filter feed tank, hydro-cyclones, vacuum belt filters, vacuum pumps, filtrate tanks, filtrate pumps, lined piping, and associated valves. The incoming gypsum slurry will contain 18 to 22% suspended solids. Using a series of hydro-cyclones and four horizontal vacuum belt filters, the dewatering system will remove water until the slurry contains approximately 90% solids. Filtrate removed from the slurry will be stored and pumped back to the limestone preparation system or the absorber module. The de-watering system will be located inside a building. Fugitive dust emissions are negligible because the system is enclosed and wet.

Gypsum Handling System

Reversible collection belt conveyors (G1A and G1B) collect dewatered gypsum from the vacuum belt filters at the dewatering system. Under normal operating conditions, conveyors G1A and G1B feed gypsum onto the belt of transfer conveyor G2, which transfers the gypsum onto a belt feed conveyor for delivery to an adjacent (proposed) wallboard plant. In the reverse direction, gypsum conveyor G1A and G1B feed gypsum onto the belt of conveyor G3, which delivers gypsum to the emergency gypsum pile. The emergency gypsum pile will be located southwest of the dewatering facility and will be used primarily to store the gypsum upon loss of the gypsum transfer and feed conveyors. In addition, the emergency pile may be used to store "off-specification" gypsum if needed. Trucks will remove gypsum from the emergency gypsum stockpile. Fugitive dust emissions will be minimal because the dewatered gypsum still contains 10% water.

Fuel Blend – Request for Blend of up to 50% by Weight Sub-Bituminous Coal

Currently, Units 4 and 5 are authorized to fire bituminous coal (e.g., Highlands No. 9), a bituminous coal and bituminous coal briquette mixture, on-specification used oil, No. 2 fuel oil (as a startup fuel), and natural gas (as a startup and low-load flame stabilization fuel). The applicant proposes to fire a blend of up to 50% by weight sub-bituminous coal with bituminous coal. The maximum sulfur content of the blend will comply with the requested maximum sulfur content of 3.13% by weight. In support of the request, the plant previously obtained an air construction permit and conducted a trial burn of 18% by weight Powder River Basin coal (a sub-bituminous coal) with bituminous coal. The applicant proposes to begin firing such blends upon issuance of the final permit granting authorization. The proposed new blend would only be fired in Units 4 and 5.

Although performance tests showed marginal emissions impacts from firing this fuel blend, the tests were only conducted with a blend of 18% by weight of sub-bituminous coal. Based on the tests, the Department will authorize the firing of a blend of up to up to 20% by weight of sub-bituminous coal with bituminous coal. However, the draft permit authorizes an additional trial burn allowing a temporary period to fire a blend of up to 50% by weight of sub-bituminous coal with bituminous coal for the purpose of conducting additional performance tests in support of a permanent request for this higher blend.

Fuel Blend - Request for Blend of up to 30% by Weight Petroleum Coke

The applicant also proposes to fire a blend of up to 30% by weight petroleum coke with authorized coal blends. The petroleum coke would have a maximum sulfur content of 6.0% by weight. The maximum sulfur content of the petroleum coke/coal blend will be limited to the requested maximum sulfur content of 3.13% by weight. The applicant proposes to begin firing such blends after completing installation of the FGD, SCR, and alkali injection systems and improvements to the existing electrostatic precipitators (ESPs). The proposed new blend would only be fired in Units 4 and 5.

Similar to the request for a blend of up to 50% by weight sub-bituminous coal, the draft permit authorizes a temporary trial burn for a blend of up to 30% by weight petroleum coke with authorized coal blends. The plant will gather emissions and performance data to evaluate the impacts to emissions and operation. The trial burn will be conducted after completing installation of the FGD, SCR, and alkali injection systems and improvements to the existing ESPs.

Carbon Burn-Out (CBO™) Unit

Description

CBO™ technology is a proprietary, patented technology designed to produce low-carbon, low-ammonia fly ash material suitable for commercial use as an additive in Portland cement. Major components of the CBO™ process include a feed fly ash silo, a product fly ash storage dome, a fluidized bed combustor, hot cyclones for fly ash recycle to the fluidized bed combustor, a heat recovery heat exchanger, cold cyclones and a fabric filter to recover product fly ash, and truck loading of product fly ash. Fly ash from Units 4 and 5 will be conveyed pneumatically to the CBO feed fly ash silo (EU-025). The silo will vent through a baghouse prior to discharge to the atmosphere. Fly ash will then be fed from the silo to the fluidized bed combustor (EU-024) for processing. Fly ash from the fluidized bed combustor will be separated from the exhaust gases by hot cyclones and directed to a heat exchanger to cool the product and recover heat. Thermal energy recovered from the CBO process will be used to heat condensate from the Unit 4 and 5 low-pressure feed water systems. The cooled exhaust gas will be routed through a cold cyclone and fabric filter to remove residual product fly ash before being returned to the inlet ductwork of Units 4 and 5 pollution control equipment (SCR, FGD, ESP and alkali injection systems).

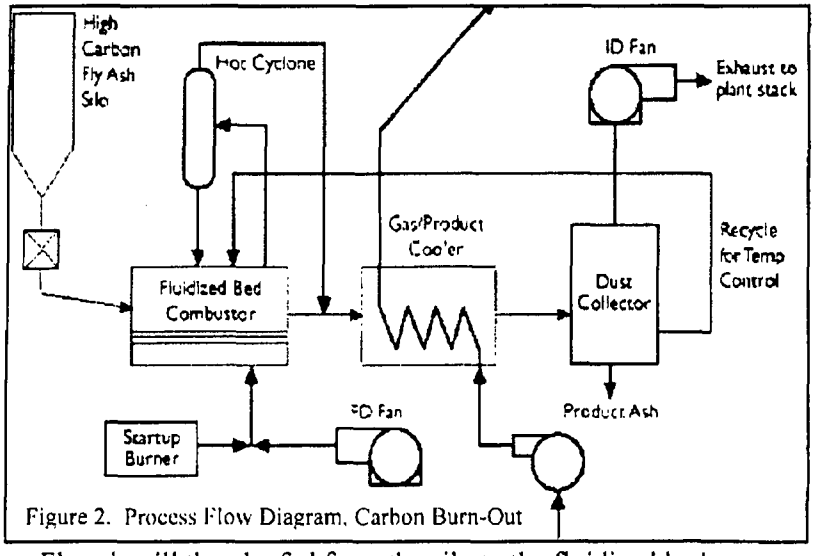


Figure 2. Process Flow Diagram, Carbon Burn-Out

Product fly ash separated by the cold cyclone and fabric filter will be sent to a surge bin with a portion of the product fly ash being returned to the fluidized bed combustor for temperature control. The remaining product ash is pneumatically conveyed to storage (EU-026) in either the product fly ash storage dome or directly to a truck load-out silo. The product fly ash storage dome will vent through a baghouse prior to discharging to the atmosphere. Particulate emissions captured during the truck load-out process will be routed to the truck load-out silo which will vent through a baghouse. Trucks will travel on paved roads within the plant and exit the plant for delivery offsite. Fugitive particulate matter emissions associated with product fly ash truck traffic will be controlled by maintaining the roads and periodic watering as needed.

The CBO system is proposed because the new low-NO_X burners may generate high-carbon ash and the new SCR system will add ammonia to the boiler fly ash. The proposed CBO fluidized bed combustor is a Model No. 1500 with a nominal bed area of 1500 ft^2 and a maximum heat input rate of 95.6 MMBtu per hour. The startup fuel will be distillate oil with a maximum sulfur content of 0.5% by weight. Once the desired operating temperature is achieved, fly ash from the boilers will be combusted to produce low-carbon, low-ammonia fly ash material suitable for commercial use. Thermal energy recovered from the CBO process will be used to heat condensate from the Unit 4 and 5 low-pressure feed water systems.

New Stack Configuration

A new 550 foot tall chimney will be constructed with two internal liners, one per unit. The diameter of each

liner will be 30.5 feet and the volumetric flow rate will be 2,205,195 acfm. The existing stacks will no longer be used. The purpose of the new stack configuration is to reduce the current exhaust velocity of 77 feet per second to 55 feet per second, which will help mitigate stack rainout. The required continuous emissions monitoring systems will be installed on each new stack liner. The existing CEMS and continuous opacity monitoring systems (COMS) will be modified or replaced to demonstrate compliance with the permit standards.

Fuel Additive Trial

The applicant proposes to test a fuel additive (Environmental Energy Services, Inc.) based on calcium nitrate to improve unit performance and reduce emissions, as well as loss on ignition (LOI). The proposal is to spray the additive on the coal in the gravimetric feeders. Preliminary estimates are for a rate of 3 to 30 gph (total to all feeders) of 500 to 1000 ppm of active concentrate onto the coal. Various applications rates will be tested. The vendor expects a 30% reduction in CO emissions, a 30% reduction in PM emissions, a 20% reduction in NOx emissions, and a 10% reduction in opacity. The fuel additive would be tested upon issuance of a permit granting authorization for the boilers prior to the pollution control projects and proposed fuel blends.

The draft permit authorizes a temporary trial burn to evaluate the fuel additive. The draft permit specifies the following basic requirements:

- During the trial burn, the permittee shall comply with all terms and conditions in the current Title V air operation Permit. If the trial burn results in operation that is not in accordance with the conditions of the Title V permit or the test protocol, the performance testing will cease as soon as possible. The permittee shall immediately notify the Compliance Authority (by phone, fax, or email) of any non-compliance issue. The trial burn shall not resume until appropriate actions have been taken to correct the problem.
- For the trial burn, data from the existing CEMS and COMS will be used to determine NO_X and SO_2 emissions as well as opacity. A portable analyzer provided by the vendor will be used to document baseline CO emissions and CO emissions with the fuel additive. The vendor will also perform impaction plate tests to document baseline particulate matter emissions and particulate matter emissions with the fuel additive.
- For the trial burn, the following operational parameters will be continuously monitored and recorded: fuel additive injection rates, fuel additive concentrations, fuel feed rates, boiler heat input rates, electrical output, flue gas oxygen levels, feed water flow rates, and feed water temperature to the economizer.
- A report shall also be provided on the slag viscosity, ash porosity, and iron content.
- The permittee shall submit a final report summarizing the actual schedule and overall description of the trial burn; any operational issues related to the fuel additive; comparison of baseline operation versus operation with the fuel additive; evaluation of current equipment compatibility with fuel additive; summary and comparison of continuous emissions monitoring data; summary and comparison of all operational parameters; summary and comparison of emissions test results; comparison of emissions; and a discussion of emissions changes as described in Appendix C of 40 CFR 60.

4. BACT REVIEW – EXISTING UNITS 4 AND 5

The combination of additional fuel blends, control equipment, and requested emissions rates results in significant emissions increases of CO, SAM, PM/PM_{10}, and VOC. This section provides the Department's review of these pollutants for BACT, as required by Rule 62-212.400 (PSD), F.A.C. Because the exhaust from the proposed CBO fluidized bed combustor will be directed back through the control equipment for Units 4 and 5, the proposed BACT determinations include emissions from this operation as well.

Carbon Monoxide (CO) and Volatile Organic Compounds (VOC)

Discussion

Emissions of carbon monoxide (CO) and volatile organic compounds (VOC) result from incomplete combustion of fuel. Sufficient air and adequate mixing of the air with fuel are required for good combustion in a boiler.

Modern coal-fired boilers typically have high flue gas temperatures and residence times yielding relatively low CO and VOC emissions. CO emissions may be higher with low-NOx burners and the firing of fuels such a Powder River Basin coal or petcoke.

Applicant's Proposal

As a potential add-on control device, the applicant identified an oxidation catalyst. This technology utilizes a catalytic reactor operating at a location with sufficient temperature (~ 1000° F) to further oxidize CO and VOC emissions. However, the applicant indicated the following difficulties with this technology: no known applications for utility pulverized coal-fired boilers; difficulty in retrofitting a catalytic reactor within an adequate temperature range; additional conversion of SO_2 to SO_3; potential poisoning by trace metals; potential erosion by silica in flue gas; potential plugging from entrained particulate matter would reduce availability and reliability of plant; and the high capital and annual costs associated with this technology.

The applicant concludes that good combustion practices are the only technically feasible method of controlling CO and VOC emissions. The applicant proposes to limit CO emissions to 0.2 lb/MMBtu of heat input (1440 lb/hour) based on a 3-hour test average conducted at base load in accordance with EPA Method 10. The applicant proposes to limit VOC emissions to 0.004 lb/MMBtu of heat input (28.8 lb/hour) based on a 3-hour test average conducted at base load in accordance with EPA Methods 18, 25, or 25A.

Department's Review

In supporting information, the applicant provided a table of recent CO and VOC BACT determinations. In summary, CO BACT determinations for coal-fired units ranged from 0.1 to 0.2 lb/MMBtu with an average of approximately 0.15 lb/MMBtu. VOC BACT determinations have ranged from 0.0024 to 0.01 lb/MMBtu with an average of 0.0036 lb/MMBtu.

Although the Department is not aware of any coal-fired utility boilers that currently operate a catalytic oxidation system to reduce CO and VOC emissions, this does not mean that such a system is not technically feasible. It is more likely that such controls have not been required due to the relatively low levels of actual CO and VOC emissions from coal-fired units. The test report for the recent trial burn of Powder River Basin coal in Crystal River Unit 5 shows actual CO emissions ranging from 0.006 to 0.033 lb/MMBtu of heat input. VOC emissions generally follow the same trends as CO emissions. These very low actual emissions rates suggest that the addition of an oxidation catalyst may be cost prohibitive when actual emissions reductions are considered.

The burner vendor guarantees CO emissions of 200 ppmv at 3% oxygen (boiler) in conjunction with the proposed NO_X emissions rate of 0.41 lb/MMBtu of heat input. This is equivalent to a CO emissions rate of approximately 0.17 lb/MMBtu of heat input. Although the Department expects actual CO emissions to be much lower than this rate even after the low-NOx burner change-out, the following unique factors were also considered: the primary purpose of the project is the installation of nearly $1 billion in NO_X and SO_2 controls; the retrofit of new low-NOx burners to the existing boilers in conjunction with new fuel blends; the vendor guarantee; and the limited amount of actual CO emissions data available for these existing units. Therefore, the Department makes the following preliminary BACT determinations for this project to modify existing boilers:

Interim Standards

The permittee shall install, calibrate, operate and maintain continuous emissions monitoring systems (CEMS) to determine compliance with the CO standards for Units 4 and 5.

CO emissions shall not exceed 0.17 lb/MMBtu based on a 30-day rolling CEMS average excluding periods of startup, shutdown and malfunction.

CO emissions shall not exceed 1156.0 lb/hour based on a 30-day rolling CEMS average for all periods of operation including startup, shutdown and malfunction.

BACT Revisited

Within 15 months of commencing commercial operation of each unit with the new low-NO_X burners, the permittee shall submit an application proposing a revised (lower) final BACT standard. The final standard shall be based on actual CO emissions data collected for the initial 12 months of operation after completing installation of the new low-NO_X burners. There may be separate standards proposed for different fuels.

Installation and operation of the CO CEMS will provide compliance assurance for the interim BACT standard, verification of the expected low emissions levels under all load conditions, a continuous indicator of the overall combustion efficiency, and actual emissions data for comparison of baseline operations with proposed fuel blends. The interim CO standard will allow the burner replacement and operation based on the limited information available for these units. Revisiting the BACT determination after collecting sufficient data will ensure that the final BACT determination is based on the maximum degree of reduction achievable by the combustion controls. This approach is used sparingly when making BACT determinations and reserved for projects with such unique circumstances.

The interim CO limit based on "lb/MMBtu" allows the *exclusion* of emissions data collected during startup, shutdown and malfunction because emissions rates during low load periods may be elevated and not yet stable. However, the other interim CO limit based on "lb/hour" requires the *inclusion* of data collected during startup, shutdown and malfunction to regulate overall emissions and ensure the adherence of good operating practices to minimize emissions.

The Department accepts the applicant's proposed VOC standards and makes the following preliminary BACT determination for this project to modify existing boilers:

VOC emissions shall not exceed 0.004 lb/MMBtu and 28.8 lb/hour based on a 3-hour test average conducted at permitted capacity in accordance with EPA Method 25A. Optionally, EPA Method 18 may be conducted concurrently in order to deduct non-regulated VOC emissions such as methane and ethane.

Sulfuric Acid Mist (SAM)

Discussion

Gaseous SO_2 and SO_3 emissions are formed during the combustion process. SO_3 readily reacts with moisture in the flue gas and converts to sulfuric acid (H_2SO_4) in vapor form above approximately 600° F. At reduced flue gas temperatures (~ 260° F to 340° F), the sulfuric acid vapor will condense and form a corrosive acid mist. Approximately 1% of the available fuel sulfur will be converted to SAM emissions. The two proposed SCR catalyst layers are expected to convert another 0.5% of the flue gas SO_2 to SO_3 and eventually to SAM emissions. Installed equipment will also reduce SAM emissions. Condensation in the air heaters is expected to remove 15%. Capture on the alkaline fly ash and removal in the ESP is expected to remove 23%. The new FGD systems will remove between 10% to 50% depending on the rate of SAM emissions and the vapor/liquid state.

For Units 4 and 5, the applicant proposes to fire coal blends with a maximum sulfur content of up to 3.13% by weight. The actual fuel sulfur content for recent coal blends has been approximately 0.65% by weight to comply with the current permit limit of 1.2 lb/MMBtu of heat input. Once the FGD systems are installed, the applicant may elect to fire blends approaching the new allowable fuel sulfur level. This will result in actual SAM emissions increases from the combustion of higher sulfur fuels as well as the additional conversion due to the SCR catalyst.

Applicant's Proposal

The applicant identified the following available and demonstrated pollution control technologies for reducing SAM emissions:

WESP: A wet electrostatic precipitator (WESP) could be installed after the existing ESP to remove SAM emissions. The applicant estimated a 90% reduction with a WESP.

Alkali Injection (downstream of the SCR reactor): An alkali such as ammonia could be injected downstream of the SCR reactor and upstream of the existing ESP. The ammonia would react with SAM to form salts, which would be removed by the ESP. The applicant conservatively estimates that this system would result in a reduction of 85%.

Furnace Sorbent Injection: A sorbent could be injected into the boiler furnace to potentially reduce SAM emissions from combustion by almost 90%. Sorbents include magnesium hydroxide, dolomitic lime, limestone, and OmniClear (a mixture of calcium and magnesium compounds). However, furnace injection will not affect SAM emissions due to the SCR catalyst. Prior to any reductions from existing equipment, total SAM emissions are estimated to be approximately 0.135 lb/MMBtu (0.093 lb/MMBtu from combustion plus 0.042 lb/MMBtu from conversion of SO_2 across the SCR catalyst). So, a 90% reduction of SAM emissions due to combustion is equivalent to a 62% overall reduction of SAM emissions.

WESPs and alkali injection were identified as the two top controls. The applicant estimated the capital cost for two alkali injection systems as $1.7 million with a cost effectiveness of less than $300 per ton of SAM removed. For two WESPs, the applicant estimated a capital cost of $80 million with a cost effectiveness of more than $5000 per ton of SAM removed. In addition, the applicant estimated the incremental cost effectiveness of WESPs compared to alkali injection as approximately $50,000 per ton of SAM removed. Therefore, the applicant eliminated WESPs based on excessive costs and proposed to limit SAM emissions to no more than 0.012 lb/MMBtu (86.4 lb/hour) based on control from alkali injection and the FGD system.

For the alkali injection systems, the applicant proposes to use ammonia generated from the urea/ammonia system for the proposed SCR system. Ammonia will be injected into the flue gas after the boiler air heaters and proposed SCR reactors and before the existing ESPs. The additional ammonia will react with SO_2 to form salts (e.g., bisulfates), which will be removed by the existing ESP. Improvements to the existing ESP are described in the following section. The preliminary design removal efficiency is 85%. The applicant proposes to demonstrate compliance with the emissions standard by conducting annual tests in accordance with EPA Methods 8 or 8A.

Department's Review

The Department does not necessarily accept all details of the applicant's cost analysis. Nevertheless, the addition of new WESPs would be another large capital investment ($~ 80 million) to a project with large capital investments for NO_X and SO_2 control equipment (~ $1 billion). Using the applicant's assumptions, the system as proposed with no additional SAM controls will result in an overall capture of approximately 54% (15% reduction from the air heaters, 23% reduction from alkaline fly ash/ESP removal, and 30% reduction from proposed FGD systems). Using this as the "baseline", the cost effectiveness would increase to $550 per ton of SAM removed for alkali injection and $5650 per ton of SAM removed for WESPs. Due to the high capital and annual costs, the Department agrees that alkali injection is the more cost effective option.

From a 2003 paper prepared for the Department of Energy, "Ammonia injection has been tested by many and has been at some plants for sulfuric acid control. Ammonia can be injected between the air heater and cold-side ESP at NH_3:SO_3 mole ratios in the range of 1.5:1 to 2:1 to achieve high sulfuric acid removal levels (upwards of 95%). Ammonia injection does not adversely affect ESP performance. In fact, ammonia injection is often employed to enhance cold-side ESP performance due to the cohesive properties of the ammonium sulfate/bisulfate salts that form. Furthermore, plants that have SCR systems already have a supply of ammonia on site."[2] This appears to be the case for Crystal River Units 4 and 5, which will have ammonia available from the proposed SCR systems to inject between the air heater and the existing ESP.

Although FGD systems will be installed in conjunction with the SCR systems, the effect of the wet FGD systems on SAM emissions can vary depending on the uncontrolled SAM emissions, the flue gas temperature,

[2] "Furnace Injection of Alkaline Sorbents for Sulfuric Acid Control, Semi-Annual Technical Progress Report", prepared by Gary M. Blythe for the National Energy Technology Laboratory, U.S. Department of Energy, October 2003

and the liquid/vapor state of the SAM. For a utility boiler firing 3.5% sulfur by weight bituminous coal, the above paper suggests a 50% reduction in SAM emissions due to the FGD system. Based on a presentation made at the Department of Energy's 2006 Environmental Controls Conference, FGD systems are capable of providing reductions ranging from 10% to 50%, depending on the fuel sulfur, as summarized in the following table.[3]

Table 4A. Reductions from Wet FGD Based on Coal Sulfur [3]

Case	Coal Sulfur % by wt.	SCR Conversion % SO_2 to SO_3	FGD System % Reduction
1	3.40%	0.5%	50%
2	2.75%	0.5%	40%
3	2.40%	0.5%	30%
4	2.10%	0.5%	20%
5	1.80%	0.5%	10%

It is noted that the applicant's proposed SAM standard is based on a conservative 30% reduction in SAM emissions from the FGD systems for even the high-sulfur coal case (3.13% sulfur). In addition, the applicant uses a conservative 85% reduction for alkali injection, which results in the proposed SAM emissions standard of 0.012 lb/MMBtu. The Department notes that an 85% reduction from alkali injection combined with the reductions from FGD noted above will result in SAM emissions of 0.009 lb/MMBtu or less. Alternatively, 95% reduction by alkali injection with no reductions from FGD in results SAM emissions of 0.006 lb/MMBtu.

The applicant also provided a list of 18 recent BACT determinations for SAM emissions from coal-fired power plants. These determinations ranged from 0.000184 to 0.027 lb/MMBtu. New units with dry lime scrubbing ranged from 0.000184 to 0.0064 lb/MMBtu. New units with WESPs ranged from 0.00383 to 0.01 lb/MMBtu. New units with wet FGD ranged from 0.005 to 0.0075 lb/MMBtu. The only existing unit was limited to 0.027 lb/MMBtu with sorbent injection.

Given the documented control capabilities of ammonia injection and wet FGD systems for reducing SAM emissions from coal-fired units, the Department establishes the following preliminary BACT determination for this project to modify the existing boilers:

SAM emissions shall not exceed 0.009 lb/MMBtu and 64.8 lb/hour based on a 3-hour test average conducted at permitted capacity in accordance with EPA Method 8 or 8A. In addition, the permittee shall conduct a series of performance tests to establish the correlation of SAM emissions with operating parameters such as the fuel sulfur content, the uncontrolled SO_2 emissions rate, the SCR catalyst conversion rate, and the flue gas flow rate. This correlation shall be established in the automated control system to determine and adjust the ammonia injection rate for a given set of operating conditions.

Particulate Matter (PM/PM_{10})

Discussion

As previously described, particulate matter emissions have the potential to increase due to the new fuel blends, installation of the proposed SCR systems, and alkali injection systems.

Applicant's Proposal

The applicant identifies electrostatic precipitators (ESP) and fabric filters as the top controls for coal-fired units capable of particulate matter collection efficiencies exceeding 99.9%. The existing units are currently controlled by ESPs with original design collection efficiencies of 99.82%. The applicant proposes to rebuild the existing

[3] "Projection of U.S. Coal-Fired Power Plants Potentially Impacted by Excess SO_3 Emissions", prepared by James T. Murphy, Science Applications International Corporation, presented at the DOE/NETL 2006 Environmental Controls Conference, May 16-18, 2006, Pittsburgh, PA

ESPs to top-rapping configurations as follows:

- The roof of the precipitator will be removed, replaced, and the entire internals will be replaced.
- The replacement of the discharge electrodes will be with an improved type that will convey the charge to the particulate in a more efficient manor to improve the precipitator's efficiency.
- The gas flow path deflectors at the inlet of the precipitator will be inspected and modified to improve the flow distribution.
- The rapping system will be replaced with top-mounted type rappers to improve the efficiency of the system.
- The plate spacing will be improved for better collection efficiency.
- The precipitator box will be reinforced to account for increased transient pressures from the new induced draft fans.

This modification will increase the collector plate length from 87.5 feet to 98 feet, which will increase the collecting plate surface area by more than 10%. The changes are expected to increase the calculated collection efficiency to approximately 99.91%. The two modifications to the existing ESP are intended to accommodate the anticipated increased inlet dust loading due to the increase in ammonium bisulfate and the installation of the CBO unit without a corresponding increase in particulate matter emissions. The applicant proposes to limit PM emissions to 0.03 lb/MMBtu of heat input based on a 3-run test average as determined by EPA Method 5 or 17. This is equivalent to the standard specified in NSPS Subpart D for utility boilers, which represents the floor for BACT.

Department's Review

Based on five recent stack tests (2000 – 2004) each for Units 4 and 5, particulate matter (PM) emissions from the existing ESPs ranged from 0.010 to 0.055 lb/MMBtu. Eight of the ten tests showed PM emissions of 0.02 lb/MMBtu or less. Additional PM emission tests were conducted in 2006 at permitted capacity prior to (3 test runs) and during (6 test runs) the PRB coal trial burns. These tests ranged from 0.002 to 0.004 lb/MMBtu with an average rate of approximately 0.003 lb/MMBtu utilizing the existing ESP. In general, it appears that the existing ESP is capable of complying with the proposed standard of 0.03 lb/MMBtu prior to any improvements.

At the Department's request, the applicant provided the bid specifications for the proposed ESP improvements, which indicate the following performance guarantees based on 10% of the plate area out of service: 0.03 lb/MMBtu, 99.540% control efficiency, 10% instantaneous opacity, and 5% opacity based on 6-minute averages. The criterion "10% of the plate area out of service" is used to factor in rapping and maintenance issues. These performance levels are based on predicted uncontrolled emissions of 6.52 lb/MMBtu, which is an estimated upper bound for coal.

The Department also acknowledges ESPs and fabric filters as the top controls for coal-fired units. New utility boilers with newly designed control systems are capable of achieving levels of less than 0.012 lb/MMBtu for filterable PM and 0.02 lb/MMBtu for filterable plus condensable PM. However, the Department also considered the following additional factors: the proposed modifications to existing ESPs, limited space considerations, new higher sulfur fuel blends, additional loading from the alkali injection system, and additional loading from the CBO unit. The Department establishes the following emissions standards as the preliminary BACT determination for this project to modify existing boilers:

As determined by EPA Method 5 or 5b, PM emissions shall not exceed 0.030 lb/MMBtu and 216.0 lb/hour based on a 3-run test average conducted at permitted capacity.

As determined by the existing COMS and EPA Method 9, visible emissions shall not exceed 10% opacity based on a 6-minute average, except for one 6-minute period per hour that shall not exceed 20% opacity. For periods of startup, shutdown and malfunction, the stack opacity shall not exceed 20% based on a 6-

minute block average, except for one 6-minute period per hour of not more than 27%, as determined by COMS data or EPA Method 9.

The Department notes that this control strategy directly reduces PM/PM_{10} emissions as well as the formation of $PM_{2.5}$ in the environment when combined with the other proposed control systems (SCR systems designed for low ammonia slip, alkali injection to reduce sulfuric acid mist emissions, and FGD systems to minimize precursors known to contribute to formation of $PM_{2.5}$).

Nitrogen Oxides (NO_X)

To better reflect the capabilities of the new burners and avoid PSD preconstruction review, the applicant proposes to reduce the current annual average NO_X emissions standard from 0.50 lb/MMBtu to 0.47 lb/MMBtu of heat input based on a 12-month rolling average. The design and operation of the proposed SCR system will benefit from lower NOx emissions in the boiler flue gas. The Department will establish the NO_X emissions standard as 0.47 lb/MMBtu of heat input based on a 12-month rolling average, including periods of startup, shutdown and malfunction. The inclusion of all emissions data considers the very long averaging period and the additional control provided by the SCR system.

Sulfur Dioxide (SO_2)

To better reflect the capabilities of the new equipment, avoid PSD preconstruction review, and reduce ambient impacts in the national parks, the applicant proposes a new SO_2 emissions standard of 0.27 lb/MMBtu of heat input based on a 30-day rolling average. However, this emission rate was used to determine the ambient impacts for the PSD Class I increment analysis in the Chassahowitzka and St. Marks National Wilderness Areas, which reflect 3-hour, 24-hour and annual averaging periods. To be protective of the increment, the Department will establish the following standards:

As determined by CEMS data, SO_2 emissions shall not exceed 0.27 lb/MMBtu of heat input based on a 30-day rolling average for all periods of operation including startup, shutdown and malfunction.

As determined by CEMS data, SO_2 emissions shall not exceed 1944.0 lb/hour based on a 24-hour block average excluding startup, shutdown and malfunction of the FGD system.

The 30-day rolling average reflects the industry standard (lb/MMBtu) and includes emissions data collected during startup, shutdown and malfunction. The long averaging period considers low emission levels when operating with the FGD system as well as high emission levels for periods of startup, shutdown and malfunction. The 24-hour block average reflects the modeled emission rate (lb/hour) and is protective of the increment. Due to the short averaging period and reliance on the FGD system to comply with the standard, emissions data collected during periods of startup, shutdown and malfunction may be excluded from the 24-hour block average.

Previous Applicable Requirements

Existing Units 4 and 5 (EU-004 and EU-005) were originally constructed in accordance with the applicable provisions of NSPS Subpart D for Fossil-Fuel-Fired Steam Generators for Which Construction is Commenced After August 17, 1971. The units will remain subject to all applicable provisions of this federal subpart. Unless otherwise specified by the draft permit, the units will remain subject to all currently applicable regulations.

This project is not expected to affect the existing material handling activities (EU-016) for the existing coal-fired electric utility steam generators. Where feasible, the existing material handling activities are required to be covered and enclosed. As specified by recent Permit No. 0170004-014-AC issued on December 15, 2006, these activities remain subject to the following primary regulations: Power Plant Site Certification No. PA 77-09; original Permit No. PSD-FL-139; and 40 CFR 60, NSPS Subpart Y (coal preparation plants). This permit does not add any new requirements for the existing material handling activities. New material handling activities are regulated under new emissions units EU-023 (limestone/gypsum material storage and handling), EU-025 (CBO feed ash silo), and EU-026 (product ash storage).

Excess Emissions

For PM, SAM, VOC and ammonia slip emissions standards, compliance is determined by stack test at permitted capacity during steady-state operations. Therefore, during everyday operation, the compliance status is not readily known. For these pollutants, monitoring of the process and control systems is used to assure proper operation. In accordance with Rule 62-210.700(6), F.A.C., the Department considered excess emissions due to startup, shutdown or malfunction in the sets of CEMS-based emissions standards for opacity as well as CO, NO_X, SO_2. No other periods of excess emissions are authorized by the draft permit.

5. BACT REVIEW – LIMESTONE/GYPSUM MATERIAL STORAGE AND HANDLING (EU-023)

As previously described, limestone is the reactant for the FGD systems, which will produce gypsum as a byproduct. The applicant proposes the following control equipment and techniques to minimize dust emissions from the related material handling and storage activities.

- To the extent practical, all limestone conveyors will be enclosed to confine dust emissions.
- The initial storage of limestone will be in a covered storage pile.
- The portal scraper reclaimer and an emergency reclaim feeder will be located inside a limestone storage building.
- Limestone will be crushed and sized inside a crusher building, which will include a dust collection system.
- The three (possibly four) limestone silos will be equipped with pulse-jet fabric filter dust collection systems.
- Insertable dust collectors will be installed at each of the truck unloading feeders and at each of the loading points of the silo feed conveyors.
- A water-surfactant blend dust suppression system will be provided at the discharge point of the transfer conveyor and at the head end of the unloading conveyor to treat the limestone before it is loaded onto the belt of the stacking conveyor.
- Wet ball mill grinding systems will produce the limestone slurry for the FGD system. Fugitive dust emissions will be minimized by enclosures and the addition of water for the slurry.
- The dewatering system will be located inside a building. Fugitive dust emissions will be negligible because the system is enclosed and wet.
- Fugitive dust emissions from dewatered gypsum will be minimal because it still contains 10% water. Gypsum storage piles will be watered as necessary to prevent fugitive dust.

The Department accepts the applicant's proposed strategy as BACT for controlling particulate matter from these activities. In addition, the draft permit will include the following preliminary BACT standards.

- Each dust collector and fabric filter shall be designed to achieve a dust outlet loading of no more than 0.010 grains per acf of exhaust. All replacement filter bags and cartridges shall meet this design specification.
- Visible emissions from each dust collector and fabric filter shall not exceed 5% opacity.

6. BACT REVIEW – CBO FLUIDIZED BED COMBUSTOR (EU-024)

BACT Determinations

The combustion of ash in the CBO fluidized bed combustor will result in CO, NO_X, PM/PM_{10}, SAM, SO_2 and VOC emissions. As such, the Department is required to make BACT determinations for CO, SAM, PM/PM_{10}, and VOC emissions, which are PSD-significant for this project. However, the flue gas exhaust from combustion will be directed back into the ductwork for Units 4 and 5. Therefore, the Department makes a preliminary determination that the BACT determinations made for Units 4 and 5 will also serve as the BACT determinations

for the CBO fluidized bed combustor.

The CBO system is proposed because the new low-NO_X burners may generate high-carbon ash and the new SCR system will add ammonia to the boiler fly ash. The proposed CBO fluidized bed combustor is a Model No. 1500 with a nominal bed area of 1500 ft^2 and a maximum heat input rate of 95.6 MMBtu per hour. The startup fuel will be distillate oil with a maximum sulfur content of 0.5% by weight. Once the desired operating temperature is achieved, fly ash from the boilers will be combusted to produce low-carbon, low-ammonia fly ash material suitable for commercial use.

NSPS Subpart Dc

Thermal energy recovered from the CBO process will be used to heat condensate from low-pressure feed water systems for the Units 4 and 5. Since the fluidized bed combustor will generate hot water, it will be subject to NSPS Subpart Dc as a small boiler with a maximum heat input rate between 10 to 100 MMBtu per hour. Although derived from coal, the boiler fly ash does not fit the NSPS Subpart Dc definition of *coal*, which is, "... all solid fuels classified as anthracite, bituminous, sub-bituminous, or lignite by the American Society for Testing and Materials in ASTM D388-77, "Standard Specification for Classification of Coals by Rank" (incorporated by reference - see §60.17); coal refuse; and petroleum coke. Synthetic fuels derived from coal for the purpose of creating useful heat, including but not limited to solvent-refined coal, gasified coal, coal-oil mixtures, and coal-water mixtures, are included in this definition for the purposes of this subpart." In addition, NSPS Subpart Dc defines *coal refuse* as, "... any by-product of coal mining or coal cleaning operations with an ash content greater than 50 percent (by weight) and a heating value less than 13,900 kilojoules per kilogram (kJ/kg) (6,000 Btu per pound (Btu/lb) on a dry basis." Although the boiler fly ash is 100% ash with a heating value of approximately 1380 Btu per pound, it is not considered *coal refuse* because it is not a byproduct of coal mining or coal cleaning. Therefore, only the following NSPS Subpart Dc requirements for oil firing will apply:

- ≤ 0.5% sulfur by weight percent (equivalent to 0.5 lb/MMBtu), based on a certification from the fuel supplier (applies at all times, including periods of startup, shutdown, and malfunction); and
- ≤ 20% opacity (6-minute average), except for one 6-minute period per hour of not more than 27% opacity (applies at all times, except during periods of startup, shutdown, or malfunction).

The proposed distillate oil will meet the maximum fuel sulfur requirements. In addition, exhaust gas from the fluidized bed combustor will be directed back into the ductwork just before the SCR reactors for Units 4 and 5. As necessary, the exhaust will be directed to either of the boiler flue gas ductwork. This means that the exhaust will be controlled for NO_X (SCR), PM/PM_{10} (ESP), and SO_2 (FGD). The preliminary BACT standards for Units 4 and 5 are more stringent than these requirements.

Ammonia Emissions

The vendor tested fly ash samples with ammonia concentrations varying from 50 to 750 ppmvw. In each case, processing by the CBO unit resulted in fly ash with ammonia concentrations of less than 5 ppmvw. Therefore, approximately 94% to 98% of the ammonia was thermally decomposed. Such processing will result in a more salable fly ash product. Again, emissions generated from ash combustion will be controlled by the new air pollution control devices for Units 4 and 5. Ammonia slip in the flue gas exhaust is limited to no more than 5 ppmvw.

Mercury Emissions

Mercury naturally occurs in coal and can be present in the fly ash collected by the particulate matter control device. The vendor conducted a series of tests to determine the fate of mercury entering the CBO process. Of the mercury introduced into the CBO fluidized bed combustor, the test results indicate that only 0.02% exits with the exhaust gas and that 99.98% exits with the low-carbon fly ash product after processing. Although the mercury is volatized to a vapor state in the fluidized bed combustor, it will condense after the cooler and be re-captured with the low-carbon fly ash product exiting the process. If the low-carbon fly ash product is used as an additive for cement, the mercury will be bound in the eventual concrete matrix.

7. BACT REVIEW – CBO FEED ASH SILO (EU-025) AND PRODUCT ASH STORAGE (EU-026)

Fly ash from Units 4 and 5 will be conveyed pneumatically to the CBO feed fly ash silo (EU-025). Ash will be fed from this silo to the fluidized bed combustor (EU-024) for processing. Exhaust from the silo will vent through a baghouse prior to discharge to the atmosphere. Dust emissions from the transfer of ash will be controlled by full enclosure throughout the CBO process.

After processing in the CBO unit, product fly ash separated by the cold cyclone and fabric filter will be sent to a surge bin with a portion of the product fly ash being returned to the fluidized bed combustor for temperature control. The remaining product ash is pneumatically conveyed to storage (EU-026) in either the product fly ash storage dome or directly to a truck load-out silo, which will each vent to a separate baghouse. In addition, particulate emissions captured during the truck load-out process will be routed to the truck load-out silo for control by the baghouse. Trucks will travel on paved roads within the plant and exit the plant for delivery offsite. Fugitive particulate matter emissions associated with product fly ash truck traffic will be controlled by maintaining the roads and periodic watering as needed.

The Department accepts the applicant's proposed strategy as BACT for controlling particulate matter from these activities. In addition, the draft permit will include the following preliminary BACT standards.

- Each baghouse shall be designed to achieve a dust outlet loading of no more than 0.010 grains per acf of exhaust. All replacement filter bags and cartridges shall meet this design specification.
- Visible emissions from each dust collector and fabric filter shall not exceed 5% opacity.

8. AIR QUALITY ANALYSIS

Introduction

The proposed Crystal River FGD project will increase PM_{10}, CO, SAM and VOC emissions at levels in excess of PSD significant emissions rates. PM_{10} is a criteria pollutant and has national and state ambient air quality standards (AAQS), PSD increments, significant impact levels, and significant monitoring concentrations (de minimis concentrations) defined for it. CO is a criteria pollutant and has only AAQS, significant impact levels and a de minimis concentration defined for it. There are no applicable PSD increments or AAQS for SAM or VOC. However, there is a significant monitoring concentration for VOC. There will be a substantial reduction in SO_2 emissions, and a small reduction in NO_x emissions. However, the Department required the evaluation of air quality impacts for these pollutants since no analysis of these pollutants has been done in the last ten years.

The air quality impact analyses required by the Department regulations for this project include:

- An analysis of existing air quality for PM_{10}, CO and VOC;
- A significant impact analysis for PM_{10}, CO and VOC;
- A PSD increment analysis for PM_{10}, SO_2 and NO_2;
- An Ambient Air Quality Standards (AAQS) analysis for PM_{10}, SO_2 and NO_2;
- An analysis of impacts on soils, vegetation, and visibility and growth-related impacts to air quality.

The analysis of existing air quality generally relies on preconstruction monitoring data collected with EPA-approved methods. The significant impact, PSD increment, and AAQS analyses depend on air quality dispersion modeling carried out in accordance with EPA and Department guidelines. Based on the required analyses, the Department has reasonable assurance that the proposed project, as described in this report and subject to the conditions of approval proposed herein, will not cause or significantly contribute to a violation of any AAQS or PSD increment.

Analysis of Existing Air Quality

Preconstruction ambient air quality monitoring is required for all pollutants subject to PSD review unless otherwise exempted or satisfied. If available, the use of previously existing representative monitoring data may

satisfy this monitoring requirement. An exemption to the monitoring requirement shall be granted by rule if either of the following conditions is met: the maximum predicted air quality impact resulting from the projected emissions increase, as determined by air quality modeling, is less than a pollutant-specific de minimis ambient concentration; or the existing ambient concentrations are less than a pollutant-specific de minimis ambient concentration.

If preconstruction ambient monitoring is exempted, determination of background concentrations for PSD significant pollutants with established AAQS may still be necessary for use in any required AAQS analysis. These concentrations may be established from the required preconstruction ambient air quality monitoring analysis or from existing representative monitoring data. Background ambient air quality concentrations are added to pollutant impacts predicted by modeling and represent the air quality impacts of sources not included in the modeling. No de minimis ambient concentration is provided for ozone. Instead the net emissions increase of VOC is compared to a de minimis monitoring emission rate of 100 tons per year. The following table shows the maximum predicted air quality impacts from the project for comparison to the de minimis levels.

MAXIMUM PREDICTED PROJECT AIR QUALITY IMPACTS FOR COMPARISON TO THE DE MINIMIS CONCENTRATIONS

Pollutant	Averaging Time	Maximum Predicted Impact ($\mu g/m^3$)	Impact Greater than De Minimis? (Yes/No)	De Minimis Concentration ($\mu g/m^3$)
PM_{10}	24-hr	9	No	10
CO	8-hr	58	No	575
VOC	Annual Emission Rate	89 TPY	No	100 TPY

As shown in the table, all pollutant emissions are predicted to be less than the de minimis levels; therefore, preconstruction monitoring is not required for these pollutants. As will be shown in a later section, an AAQS analysis is required for PM_{10}. For this analysis, data from a PM_{10} monitor in Hernando County will be used to establish background concentrations. In addition, SO_2 and NO_2 data collected from ambient monitors in Pinellas County will be used to establish the necessary background concentrations for the Department-required AAQS analyses. These background concentrations are shown in the table below.

BACKGROUND CONCENTRATIONS FOR USE IN AAQS ANALYSES

Pollutant	Averaging Time	Background Concentration ($\mu g/m^3$)
SO_2	Annual	6
	24-hour	34
	3-hour	144
NO_2	Annual	11
PM_{10}	Annual	20
	24-hour	54

Models and Meteorological Data Used in Significant Impact, PSD Increment and AAQS Analyses

PSD Class II Area Model

The EPA-approved American Meteorological Society and EPA Regulatory Model (AERMOD) dispersion model was used to evaluate the pollutant emissions from the proposed project and other existing major facilities. In November of 2005, the EPA promulgated AERMOD as the preferred regulatory model for predicting

pollutant concentrations within 50 km from a source. AERMOD is a replacement for the Industrial Source Complex Short-Term Model (ISCST3). The AERMOD model calculates hourly concentrations based on hourly meteorological data. For evaluating plume behavior within the building wake of structures, the AERMOD model incorporates the Plume Rise Enhancement (PRIME) downwash algorithm developed by the Electric Power Research Institute (EPRI). AERMOD can predict pollutant concentrations for annual, 24-hour, 8-hour, 3-hour and 1-hour. A series of specific model features recommended by the EPA are referred to as the "regulatory options". The applicant used the EPA recommended regulatory options in each modeling scenario.

Meteorological data used in the AERMOD model consisted of a concurrent 5-year period of hourly surface weather observations and twice-daily upper air soundings from the Tampa International Airport and in Ruskin, respectively. The 5-year period of meteorological data was from 2001 through 2005. These stations were selected for use in the evaluation because they are the closest primary weather stations to the project area and are most representative of the project site.

Because five years of data are used in AERMOD, the highest-second-high (HSH) short-term predicted concentrations were compared with the appropriate AAQS or PSD increments. For the annual averages, the highest predicted yearly average was compared with the standards. For determining the significant impact area in the vicinity of the facility, and for determining if there are significant impacts from the project on any PSD Class I area, both the highest short-term predicted concentrations and the highest predicted yearly averages were compared to the respective significant impact levels.

In reviewing this permit application, the Department has determined that the application complies with the applicable provisions of the stack height regulations as revised by EPA on July 8, 1985 (50 FR 27892). Portions of the regulations have been remanded by a panel of the U.S. Court of Appeals for the D.C. Circuit in NRDC v. Thomas, 838 F. 2d 1224 (D.C. Cir. 1988). Consequently, this permit may be subject to modification if and when EPA revises the regulation in response to the court decision. This may result in revised emission limitations or may affect other actions taken by the source owners or operators.

PSD Class I Area Model

There are two PSD Class I areas located within 200 km of the facility: the Chassahowitzka National Wilderness Area (NWA) located 22 km south; and the St. Marks NWA located about 175 km to the northwest. Even though the Chassahowitzka NWA is less than 50 km from the facility, most of the sources in the multiple source PSD Class I increment inventory are greater than 50 km from the proposed facility, therefore, long-range transport modeling was required for the Class I impact assessment. The California Puff (CALPUFF) dispersion model was used to evaluate the potential impact of the proposed pollutant emissions on the PSD Class I increments and on the Air Quality Related Values (AQRV): regional haze and nitrogen and sulfur deposition. CALPUFF is a non-steady state, Lagrangian, long-range transport model that incorporates Gaussian puff dispersion algorithms. This model determines ground-level concentrations of inert gases or small particles emitted into the atmosphere by point, line, area, and volume sources. The CALPUFF model has the capability to treat time-varying sources. It is also suitable for modeling domains from tens of meters to hundreds of kilometers, and has mechanisms to handle rough or complex terrain situations. Finally, the CALPUFF model is applicable for inert pollutants as well as pollutants that are subject to linear removal and chemical conversion mechanisms.

The meteorological data used in the CALPUFF model was processed by the California Meteorological (CALMET) model. The CALMET model utilizes data from multiple meteorological stations and produces a three-dimensional modeling grid domain of hourly temperature and wind fields. The wind field is enhanced by the use of terrain data, which is also input into the model. Two-dimensional fields such as mixing heights, dispersion properties, and surface characteristics are produced by the CALMET model as well. 2001 through 2003, 4-km Florida domain, meteorological data were obtained and processed for use in the Class I analyses. The CALMET wind field and the CALPUFF model options used were consistent with the suggestions of the federal land managers.

Significant Impact Analysis-PSD Pollutants

Preliminary modeling is conducted for the project using only the proposed project's worst-case emission scenario for each pollutant and applicable averaging time. Over 2500 receptors were placed at 50 meter spacing along the facility's restricted property line and in a Cartesian grid out to 10 km from the facility, which is located in a PSD Class II area. Two PSD Class I areas are located within 200 km of the project: the Chassahowitzka NWA located 22 km south of the facility and the St. Marks NWA located 175 km to the northwest of the project. A total of 214 receptors were placed in these PSD Class I areas. For each pollutant subject to PSD and also subject to PSD increment and/or AAQS analyses, this modeling compares maximum predicted impacts due to the project with PSD significant impact levels to determine whether significant impacts due to the project were predicted in a PSD Class II area in the vicinity of the facility or in any PSD Class I area. In the event that the maximum predicted impact of a proposed project is less than the appropriate significant impact level, a full impact analysis for that pollutant is not required. Full impact modeling is modeling that considers not only the impact of the project but also other major sources, including background concentrations, located within the vicinity of the project to determine whether all applicable AAQS or PSD increments are predicted to be met for that pollutant. Consequently, a preliminary modeling analysis, which shows an insignificant impact, is accepted as the required air quality analysis (AAQS and PSD increments) for that pollutant and no further modeling for comparison to the AAQS and PSD increments is required for that pollutant. The tables below show the results of this modeling. The radius of significant impact, if any, for each pollutant and applicable pollutant averaging time is also shown in the tables below.

MAXIMUM PREDICTED PROJECT AIR QUALITY IMPACTS FOR COMPARISON TO THE PSD CLASS II SIGNIFICANT IMPACT LEVELS IN THE VICINITY OF THE FACILITY

Pollutant	Averaging Time	Maximum Predicted Impact ($\mu g/m^3$)	Significant Impact Level ($\mu g/m^3$)	Significant Impact?	Radius of Significant Impact (km)
PM_{10}	Annual	0.7	1	No	----
	24-hr	9	5	Yes	10
CO	8-hr	58	500	No	----
	1-hr	107	2,000	No	----
VOC	AER	89 TPY	100 TPY	No	----

MAXIMUM PREDICTED PROJECT IMPACTS IN THE PSD CLASS I AREAS FOR COMPARISON TO THE PSD CLASS I SIGNIFICANT IMPACT LEVELS

Pollutant	Averaging Time	Maximum Predicted Impact ($\mu g/m^3$)	Significant Impact Level ($\mu g/m^3$)	Significant Impact? (ug/m^3)
PM_{10}	Annual	0.00	0.2	No
	24-hr	2.09	0.3	Yes

As shown in the tables, less than significant impacts were predicted for annual average PM_{10}, CO and VOC in the Class II area in the vicinity of the project, and for annual average PM_{10} in the Class I areas; therefore, no further dispersion modeling was required to be performed for these pollutants in these areas. However, further PM_{10} full impact modeling was required for the 24-hour averaging time.

Receptor Grids for Performing PSD Increments and AAQS Analyses-PSD Pollutants

For the PSD Class II increment and AAQS analyses, receptor grids normally are based on the size of the

significant impact area for each pollutant. The PM_{10} significant impact area was predicted to extend out to 10 km with over 2400 receptors. A total of 214 receptors were placed in the PSD Class I areas. The applicant predicted PM_{10} impacts for both the annual average and 24-hour averaging times, even though predicted PM_{10} from the project were significant for only the 24-hour averaging time.

PSD Increment Analysis

The PSD increment represents the amount that new sources in an area may increase ambient ground level concentrations of a pollutant from a baseline concentration which was established in 1977 for PM_{10} and SO_2 (the baseline year was 1975 for existing major sources of PM_{10} and SO_2), and 1988 for NO_2 (the baseline year was 1988 for existing major sources of NO_2). The emission values that are input into the model for predicting increment consumption are based on maximum emissions from increment-consuming facility sources and all other increment-consuming sources in the vicinity of the facility. The maximum predicted PSD Class II area PM_{10} increments consumed by this project and all other increment-consuming sources in the vicinity of the facility are shown below. The results show that all of the maximum predicted impacts are less than the allowable increments.

PSD CLASS II INCREMENT ANALYSIS				
Pollutant	**Averaging Time**	**Maximum Predicted Impact ($\mu g/m^3$)**	**Impact Greater than Allowable Increment?**	**Allowable Increment ($\mu g/m^3$)**
PM_{10}	Annual	7	No	17
	24-hour	27	No	30

PSD CLASS I INCREMENT ANALYSIS CHASSAHOWITZKA NWA AND ST. MARKS NWA				
Pollutant	**Averaging Time**	**Maximum Predicted Impact ($\mu g/m^3$)**	**Impact Greater than Allowable Increment?**	**Allowable Increment ($\mu g/m^3$)**
PM_{10}	Annual	0.4	No	4
	24-hour	4.5	No	8

AAQS Analysis

For pollutants subject to an AAQS review, the total impact on ambient air quality is obtained by adding a "background" concentration to the maximum-modeled concentration. The background concentration takes into account all sources of a particular pollutant that are not explicitly modeled. The results of the AAQS analysis are summarized in the table below. As shown in this table, emissions from the proposed facility are not expected to cause or significantly contribute to a violation of any AAQS.

MAXIMUM AMBIENT AIR QUALITY IMPACTS						
Pollutant	**Averaging Time**	**Modeled Sources ($\mu g/m^3$)**	**Background Concentration ($\mu g/m^3$)**	**Total Impact ($\mu g/m^3$)**	**Total Impact Greater than AAQS**	**AAQS ($\mu g/m^3$)**
PM_{10}	Annual	8	20	28	No	50
	24-hour	31	54	85	No	150

Discussion of SO_2 and NO_2 Impact Analyses

The Department required an analysis for SO_2 and NO_2 impacts for comparison with AAQS and PSD increments. As was done for the PM_{10} Class II analyses, over 2400 receptors were placed along the facility's restricted property line and out to 10 km. The results of the SO_2 and NO_2 AAQS and PSD increment modeling for this project are shown in the tables below. The results show that the SO_2 and NO_2 impacts for this project, together with other sources, will comply with the AAQS and PSD increments.

MAXIMUM PREDICTED AMBIENT AIR QUALITY IMPACTS (AAQS) IN THE VICINITY OF THE PROJECT

Pollutant	Averaging Time	Modeled Sources ($\mu g/m^3$)	Background Concentration ($\mu g/m^3$)	Total Impact ($\mu g/m^3$)	Total Impact Greater than AAQS	AAQS ($\mu g/m^3$)
SO_2	Annual	14	6	20	No	60
	24-hour	118	34	152	No	260
	3-hour	306	144	450	No	1300
NO_2	Annual	9	11	20	No	100

PSD CLASS II INCREMENT ANALYSIS IN THE VICINITY OF THE PROJECT

Pollutant	Averaging Time	Maximum Predicted Impact ($\mu g/m^3$)	Impact Greater than Allowable Increment?	Allowable Increment ($\mu g/m^3$)
SO_2	Annual	3	No	20
	24-hour	38	No	91
	3-hour	130	No	512
NO_2	Annual	7	No	25

PSD CLASS I INCREMENT ANALYSIS CHASSAHOWITZKA NWA AND ST. MARKS NWA

Pollutant	Averaging Time	Maximum Predicted Impact ($\mu g/m^3$)	Impact Greater than Allowable Increment?	Allowable Increment ($\mu g/m^3$)
SO_2	Annual	0.00	No	1
	24-hour	7.2	No	5
	3-hour	24.8	No	25
NO_2	Annual	1.0	No	2

Modeling analyses in the Chassahowitzka NWA has shown potential SO_2 Class I increment problems for several years with predicted violations. However, for this project, the predicted SO_2 impacts in the Chassahowitzka NWA are all less than the Class I significant impact level (0.2 $\mu g/m^3$) at receptors and time periods where the Class I SO_2 increments are predicted to be exceeded. The predicted problems are being addressed through recent permitting actions that will result in substantial reductions in short-term SO_2 emissions and predicted impacts. After this project is completed, there will still be predicted violations of the 24-hour SO_2

increment. The predicted violations are caused by sources in the Tampa area approximately 100 km to the south of this Class I area. Additional studies will be necessary to determine the contributing sources.

Additional Impacts Analysis

Impacts on Soils, Vegetation, Wildlife, and Visibility

The maximum ground-level concentrations predicted to occur due to PM_{10}, NO_x, SO_2 and CO emissions as a result of the proposed project, including all other nearby sources, will be below the associated AAQS. The AAQS are designed to protect both the public health and welfare. As such, this project is not expected to have a harmful impact on soils and vegetation in the PSD Class II area. An air quality related values (AQRV) analysis was done by the applicant for the Class I area. No significant impacts on this area are expected. Because the project's SO_2 emissions are substantially decreasing and NOx emissions are also decreasing, regional haze and acid deposition rates for sulfur and nitrogen compounds were not predicted.

Growth-Related Air Quality Impacts

The proposed modification will not significantly change employment, population, housing or commercial/industrial development in the area to the extent that a significant air quality impact will result.

9. PRELIMINARY DETERMINATION

The Department makes a preliminary determination that the proposed project will comply with all applicable state and federal air pollution regulations as conditioned by the draft permit. This determination is based on a technical review of the complete application, reasonable assurances provided by the applicant, and the conditions specified in the draft permit. Jeff Koerner is the project engineer responsible for reviewing the application and drafting the permit changes. Cleve Holladay is the meteorologist responsible for reviewing the ambient air quality analyses. Additional details of this analysis may be obtained by contacting the project engineer at the Department's Bureau of Air Regulation at Mail Station #5505, 2600 Blair Stone Road, Tallahassee, Florida 32399-2400.

{Filename: PSD-FL-383 - TEPD}

DRAFT PERMIT

PERMITTEE:

Progress Energy Florida, Inc.
Crystal River Power Plant
100 Central Ave, CN77
St. Petersburg, FL 34428

Authorized Representative:
Mr. Bernie Cumbie, Plant Manager

Air Permit No. PSD-FL-383
Project No. 0170004-016-AC
Facility ID No. 0170004
Crystal River Power Plant
Units 4 and 5, Pollution Controls Project
Permit Expires: November 1, 2011

PLANT LOCATION

The existing Crystal River Power Plant (SIC No. 4911) is located in the Crystal River Energy Complex in Citrus County, north of Crystal River and west of U.S. Highway 19.

STATEMENT OF BASIS

This air pollution construction permit is issued under the provisions of Chapter 403 of the Florida Statutes (F.S.), Chapters 62-4, 62-204, 62-210, 62-212, 62-296, and 62-297 of the Florida Administrative Code (F.A.C.), and Part 60 in Title 40 of the Code of Federal Regulations (CFR). Specifically, this permit is issued in accordance with Rule 62-212.400, F.A.C. for the Prevention of Significant Deterioration (PSD) of Air Quality. The permittee is authorized to install the proposed equipment and perform the work in accordance with the conditions of this permit and as described in the application, approved drawings, plans, and other documents on file with the Department of Environmental Protection (Department). This air construction permit supplements all other valid air construction and operation permits.

CONTENTS

Section 1. General Information

Section 2. Administrative Requirements

Section 3. Emissions Units Specific Conditions

Section 4. Appendices

Executed in Tallahassee, Florida

(DRAFT)

Joseph Kahn, Director
Division of Air Resource Management

Effective Date

FACILITY AND PROJECT DESCRIPTION

The existing Crystal River Power Plant consists of four coal-fired fossil fuel steam generating units with electrostatic precipitators; two natural draft cooling towers; three helper mechanical cooling towers; coal and ash material handling facilities; and relocatable diesel fired generators. The nuclear unit is permitted under a separate Title V permit and is not considered part of this plant.

To provide full flexibility in implementing the federal cap and trade program for nitrogen oxides (NO_X) and sulfur dioxide (SO_2) under the Clean Air Interstate Rule (CAIR) and the Clean Air Mercury Rule (CAMR), the permittee elects to install new low-NO_X burners, new selective catalytic reduction systems, new flue gas desulfurization systems, and new stack configurations for existing Units 4 and 5. Because CAIR and CAMR afford the flexibility to evaluate market conditions to determine whether it will install controls, operate existing controls, or purchase allowances generated by other plants, the Department does not require the installation of this equipment nor its operation. However, other changes requested by the permittee require a demonstration of continuous compliance with new standards for NO_X and SO_2.

In conjunction with the proposed new control equipment, the permit also authorizes the following: a new carbon burn-out (CBO™) system to reburn fly ash, a new blend of bituminous/sub-bituminous coal, a trial burn to evaluate coals blends with up to 30% petroleum coke, and a trial burn to evaluate a new fuel additive intended to reduce slagging and improve emissions performance. This permit also establishes the maximum heat input rates for Units 4 and 5. The combination of new fuel blends and control equipment will result in PSD-significant emissions increases of carbon monoxide (CO), particulate matter (PM/PM_{10}), sulfuric acid mist (SAM), and volatile organic compounds (VOC). Therefore, the permittee is also required to perform the following work and install the following additional equipment as the Best Available Control Technologies (BACT) for these pollutants: the new low-NOx burners (CO, PM/PM_{10}, and VOC); modifications to the existing electrostatic precipitators (PM/PM_{10} and SAM); and new alkali injection systems (SAM).

This permit affects the following emissions units:

EU No.	New/Existing	Emission Unit Description
003	Existing	Unit 5 Fossil Fuel Steam Generator
004	Existing	Unit 4 Fossil Fuel Steam Generator
016	Existing	Coal and Ash Material Handling Activities for Coal-Fired Steam Generators
023	New	Limestone and Gypsum Material Handling Activities
024	New	CBO Fluidized Bed Combustor
025	New	CBO Feed Fly Ash Silo
026	New	CBO Product Fly Ash Storage Dome and Truck Loadout Silo

REGULATORY CLASSIFICATION

Title III: The existing facility is a major source of hazardous air pollutants.

Title IV: The existing facility operates units subject to the Acid Rain provisions.

Title V: The existing facility is a Title V major source of air pollution.

PSD: The existing facility is a major stationary source.

RELEVANT DOCUMENTS

The following relevant documents are not a part of this permit, but helped form the basis for this permitting action: the permit application and additional information received to make it complete; the draft permit

package including the Department's Technical Evaluation and Preliminary Determination; publication and comments; the Department's BACT determinations and the Department's Final Determination.

CONTENTS

Section 1. General Information

Section 2. Administrative Requirements

Section 3. Emissions Units Specific Conditions

Subsection A. Unit 4, Unit 5 and CBO Unit – Pollution Control Projects

Subsection B. Material Handling Activities for Limestone and Gypsum

Subsection C. Material Handling Activities for CBO System

Subsection D. Units 4 and 5 – Temporary Trial Period with up to 50% Sub-bituminous Coal

Subsection E. Units 4 and 5 – Temporary Trial Period with Fuel Additive

Subsection F. Units 4 and 5 – Temporary Trial Period with up to 30% Petroleum Coke

Section 4. Appendices

Appendix A. Citation Formats

Appendix B. General Conditions

Appendix C. Common Conditions

Appendix D. Common Testing Requirements

Appendix E. Summary of Final BACT Determinations

Appendix F. Standard Continuous Monitoring Requirements

Appendix G. New Source Performance Standards (NSPS)

1. Permitting Authority: All documents related to PSD applications for permits to construct or modify emissions units shall be submitted to the Department's Bureau of Air Regulation in the Division of Air Resource Management at 2600 Blair Stone Road, MS #5505, Tallahassee, Florida, 32399-2400. Copies of all such applications shall also be submitted to each Compliance Authority.

2. Compliance Authority: All documents related to compliance activities such as reports, tests, and notifications shall be submitted to the Air Resource Section of the Department's Southwest District Office at 13051 N. Telecom Parkway, Temple Terrace, FL 33637-0926.

3. Applicable Regulations, Forms and Application Procedures: Unless otherwise indicated in this permit, the construction and operation of the subject emissions unit shall be in accordance with the capacities and specifications stated in the application. The facility is subject to the applicable requirements of: Chapter 403, F.S.; and Chapters 62-4, 62-204, 62-210, 62-212, 62-213, 62-296, and 62-297, F.A.C. The terms used in this permit have specific meanings as defined in the applicable chapters of the Florida Administrative Code. The permittee shall use the appropriate forms provided in Rule 62-210.900, F.A.C. and follow the applicable permitting procedures as specified in the above regulations. Issuance of this permit does not relieve the permittee from compliance with any applicable federal, state, or local permitting or regulations.

4. Source Obligation:

   (a) Authorization to construct shall expire if construction is not commenced within 18 months after receipt of the permit, if construction is discontinued for a period of 18 months or more, or if construction is not completed within a reasonable time. This provision does not apply to the time period between construction of the approved phases of a phased construction project except that each phase must commence construction within 18 months of the commencement date established by the Department in the permit.

   (b) At such time that a particular source or modification becomes a major stationary source or major modification (as these terms were defined at the time the source obtained the enforceable limitation) solely by virtue of a relaxation in any enforceable limitation which was established after August 7, 1980, on the capacity of the source or modification otherwise to emit a pollutant, such as a restriction on hours of operation, then the requirements of subsections 62-212.400(4) through (12), F.A.C., shall apply to the source or modification as though construction had not yet commenced on the source or modification.

   (c) At such time that a particular source or modification becomes a major stationary source or major modification (as these terms were defined at the time the source obtained the enforceable limitation) solely by exceeding its projected actual emissions, then the requirements of subsections 62-212.400(4) through (12), F.A.C., shall apply to the source or modification as though construction had not yet commenced on the source or modification.

   [Rule 62-212.400(12), F.A.C.]

5. Modifications: No emissions unit or facility subject to this permit shall be constructed or modified without obtaining an air construction permit from the Department. Such permit shall be obtained prior to beginning construction or modification. [Rule 62-4.030 and Chapters 62-210 and 62-212, F.A.C.]

6. Title V Permit: This permit authorizes construction of the permitted emissions units and initial operation to determine compliance with Department rules. A Title V operation permit is required for regular operation of the permitted emissions unit. The permittee shall apply for a Title V operation permit at least 90 days prior to expiration of this permit, but no later than 180 days after commencing operation. To apply for a Title V operation permit, the applicant shall submit the appropriate application form, compliance test results, and such additional information as the Department may by law require. [Rules 62-4.030, 62-4.050, 62-4.220 and Chapter 62-213.420, F.A.C.]

A. Unit 4, Unit 5 and CBO Unit – Pollution Control Projects

This section of the permit addresses the following emissions units.

EU No.	Emission Unit Description
004	Unit 4 is a fossil fuel-fired, electric utility steam generator consisting of a pulverized coal, dry bottom, wall-fired boiler rated at 760 MW, which began commercial operation in 1982. Air pollution control equipment will include: low-NOx burners, selective catalytic reduction (SCR) systems, flue gas desulfurization (FGD) systems, alkali injection, and an electrostatic precipitator (ESP). The flue gas exhausts at 130° F with a volumetric flow rate of 2,205,195 acfm through a stack that is 30.5 feet in diameter and 550 feet tall. Units 4 and 5 share a common chimney with separate internal stack liners.
003	Unit 5 is a fossil fuel-fired electric utility steam generator consisting of a pulverized coal, dry bottom, wall-fired boiler rated at 760 MW, which began commercial operation in 1984. Air pollution control equipment will include: low-NOx burners, selective catalytic reduction (SCR) systems, flue gas desulfurization (FGD) systems, alkali injection, and an electrostatic precipitator (ESP). The flue gas exhausts at 130° F with a volumetric flow rate of 2,205,195 acfm through a stack that is 30.5 feet in diameter and 550 feet tall. Units 4 and 5 share a common chimney with separate internal stack liners.
016	Material handling activities consist of the existing handling and storage of coal and ash for coal-fired electric utility steam generators.
024	The carbon burn-out (CBO) unit is a fluidized bed combustor that will reburn fly ash generated from Units 4 and 5 to produce low-carbon, low-ammonia fly ash material suitable for commercial use. The CBO unit is included in this subsection because the flue gas exhaust is directed back into the ductwork of Units 4 and 5 prior to the control equipment.

*{Permitting Note: Existing units EU-003, EU-004, and EU-016 are currently subject to the following applicable requirements: Power Plant Site Certification No. PA 77-09; 40 CFR 60, NSPS Subpart D (*fossil fuel-fired steam generators*); NSPS Subpart Y (coal preparation plants); and Chapter 62-214, F.A.C. (Acid Rain Program). This permit does not affect these previous requirements. In accordance with Rule 62-212.400 (PSD), F.A.C., this project subjects these units to BACT determinations for the following pollutants: CO, PM/PM_{10}, SAM, and VOC. Final BACT determinations are presented in Appendix E of this permit. Emissions standards specified in this permit allow these units to avoid PSD preconstruction review for NO_Y and SO_2.*

AUTHORIZED CONSTRUCTION

1. Previous Permits:

   a. *Units 4 and 5*: Except for Permit No. 0170004-013-AC, the conditions of this permit supplement all previously issued air construction and operation permits for Units 4 and 5. Unless otherwise specified, these conditions are in addition to all other applicable permit conditions and regulations including: Power Plant Site Certification No. PA 77-09; 40 CFR 60, NSPS Subpart D (fossil fuel-fired steam generators); and Chapter 62-214, F.A.C. (Phase I and II of the Acid Rain Program). However, this permit supersedes Permit No. 0170004-013-AC for the construction of the selective catalytic reduction systems, which is now on the same construction schedule as the flue gas desulfurization systems.

   b. *Material Handling Activities (EU-016)*: The material handling activities for the existing coal-fired electric utility steam generators remain subject to the applicable permit conditions and regulations as specified by Permit No. 0170004-014-AC issued on December 15, 2006. That permit authorized modifications to the existing material handling activities and included the following primary regulations: Power Plant Site Certification No. PA 77-09; Permit No. PSD-FL-139; and 40 CFR 60, NSPS Subpart Y (coal preparation plants). This permit does not add any new requirements.

   [Permit Nos. 0170004-013-AC and 017004-014-AC; Application No. 0170004-016-AC; Rule 62-4.070(3), F.A.C.]

2. CAIR Project: For Units 4 and 5, the permittee is authorized to perform the following work to provide full flexibility in implementing the federal cap and trade program for nitrogen oxides (NO_X) and sulfur dioxide (SO_2) under the Clean Air Interstate Rule (CAIR).

   a. *Low-NO_X Burners*: The permittee is authorized to install new low-NOx burners manufactured by Babcock & Wilcox (Model No. DRB-42) or equivalent. The preliminary design is for 54 burners per unit. The existing burner inlet system will be modified to allow even airflow distribution to the new burners.

   b. *SCR Systems*: The permittee is authorized to install new SCR systems to reduce NOx emissions. Each system will consist of the following basic components: an ammonia injection grid, a mixing grid, SCR reactor with catalyst modules, a urea-to-ammonia processing system, associated bulk storage systems, an automated control system, piping, electrical, and other ancillary equipment. As needed, urea will be converted into ammonia, which will be mixed to the proper concentration. Ammonia will be injected ahead of the SCR reactor, which will be installed upstream of the air heater for each unit. The ammonia will combine with NO_X in the presence of the catalyst in a reduction reaction to form nitrogen and water. The preliminary design is for 90% reduction in NO_X emissions with a maximum ammonia slip of 2 to 5 ppmv. The design also incorporates dampers and ductwork to provide the capability of bypassing the SCR system. The bypass is most commonly used to gradually heat or cool the catalyst structure to minimize thermal fatigue during startup and shutdown. During catalyst maintenance and repair, the bypass would also allow access to the SCR reactor without requiring the complete shutdown of a unit.

   c. *FGD Systems*: The permittee is authorized to install new wet flue gas desulfurization (FGD) systems after the existing ESPs and induced draft fans to reduce SO_2 and other acid gas emissions. A limestone slurry will be injected into the FGD absorbers at design feed rate of approximately 352 gpm. The slurry will consist of approximately 25 to 30% solids and a specific gravity of 1.22. The preliminary design is for a 97% reduction in SO_2 emissions. In addition to the FGD absorbers, the systems will consist of limestone storage and handling, limestone preparation, limestone slurry injection, FGD blowdown, and gypsum dewatering, transfer and storage.

   d. *Stacks*: In conjunction with the CAIR projects, the permittee is authorized to construct a single new 550 feet tall chimney with separate internal stack liners for Units 4 and 5, one per unit. Each stack liner will have an internal diameter of 30.5 feet. The existing stacks will no longer be used. The required continuous emissions monitoring systems (CEMS) and continuous opacity monitoring systems (COMS) will be installed on each new stack liner.

   [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-212.300, F.A.C.]

3. BACT Controls: For Units 4 and 5, the permittee is required to perform the following work as the basis for the BACT determinations.

   a. *Alkali Injection Systems*: The permittee is required to install new alkali injection systems to reduce SAM emissions by 85%. The preliminary design for the alkali injection system is to use ammonia generated from the urea-to-ammonia processing system, which is part of the new SCR system. Ammonia will be injected into the flue gas through a uniform injection grid located after the boiler air heaters and proposed SCR reactor and before the existing ESP. The additional ammonia reacts with SO_3 to form salts (e.g., bisulfates), which will be removed by the ESP.

   b. *ESP*: The permittee is required to modify the existing ESPs to achieve the new PM/PM_{10} emissions standards. The primary work includes: removing and replacing the precipitator roof; replacing the precipitator internals; replacing and upgrading the discharge electrodes to improve collection

efficiency; as necessary, modifying the gas flow path deflectors at the inlet of the precipitator to improve the flow distribution; replacing the rapping system with top-mounted rappers to improve performance; adjusting the plate spacing for improved collection efficiency; and reinforcing the precipitator box to account for increased transient pressures from the new induced draft fans. The modifications will improve the collection efficiency to more than 99.9%.

[Application No. 0170004-016-AC; Rules 62-4.070(3), 62-212.300 and 62-212.400(PSD), F.A.C.]

4. CBO Unit: The permittee is authorized to install a new CBO fluidized bed combustor (Model No. 1500 or equivalent) with a nominal bed area of 1500 ft^2 that will reburn fly ash generated from Units 4 and 5 to produce low-carbon, low-ammonia fly ash material suitable for commercial use as an additive in Portland cement. The CBO unit also includes the following process equipment: hot cyclones to recycle fly ash back to the fluidized bed combustor; a heat recovery heat exchanger; cold cyclones to recover product fly ash; and a fabric filter to recover product fly ash. The flue gas exhaust shall be directed back into the ductwork of Units 4 and 5 prior to the air pollution control equipment such that emissions will be controlled when either unit or both units are in operation. The hot cyclones, cold cyclones and baghouse are considered process equipment and not air pollution control equipment because the equipment is used to separate the ash from the flue gas exhaust. The recovered ash is sold as a byproduct and the flue gas exhaust is directed back into the boiler ductwork for control. Details of the CBO process are provided in Subsection B, which regulates the material handling activities. [Application No. 0170004-016-AC; Rules 62-4.070(3), 62-212.300 and 62-212.400(PSD), F.A.C.]

PERFORMANCE REQUIREMENTS

5. Permitted Capacities:

   a. *Units 4 and 5*: The maximum heat input rates to Units 4 and 5 are 7200 MMBtu per hour per unit based on a 24-hour block average (midnight to midnight) and 6800 MMBtu per hour per unit based on a 30-day rolling average. Compliance shall be demonstrated by collecting the fuel feed rate and fuel heating values as monitored by the existing operating data monitoring system.

   b. *CBO Unit*: The maximum heat input rate to the CBO fluidized bed combustor is 95.6 MMBtu per hour based on a 24-hour block average.

   [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-212.300, F.A.C.]

6. Authorized Fuels:

   a. In addition to the currently authorized fuels, this air construction permit authorizes Units 4 and 5 to fire a blend of bituminous coal and sub-bituminous coal of up to 20% sub-bituminous coal upon issuance of this permit. Coal fuel blends shall not exceed a maximum sulfur content of 3.13% by weight.

   b. For startup, the CBO fluidized bed combustor will fire distillate oil with a maximum sulfur content of 0.5% by weight. Once the target operating temperature is achieved, fly ash from the boilers will be combusted.

   {Permitting Note: The current Title V air operation permit authorizes Units 4 and 5 to fire bituminous coal, a bituminous coal and bituminous coal briquette mixture, used oil, No. 2 fuel oil as a startup fuel, and natural gas as a startup and low-load flame stabilization fuel. Recently, the plant successfully tested a blend of approximately 80% bituminous coal with 20% Powder River Basin coal (sub-bituminous coal).}

   [Application No. 0170004-016-AC; Rule 62-4.070(3), F.A.C.]

7. Capacities and Restrictions: None of the emissions units in this subsection are restricted by hours of

operation (8760 hours/year). [Application No. 0170004-016-AC; Rule 62-210.200(PTE), F.A.C.]

EMISSIONS LIMITATIONS AND PERFORMANCE STANDARDS

8. Standards Based on Stack Tests: Including the emissions from the CBO unit, emissions from each Unit 4 or Unit 5 shall not exceed the following standards based on stack tests.
   a. *Ammonia Slip*: As determined by EPA Method CTM-027 (or equivalent), the ammonia slip shall not exceed 5 ppmv based on a 3-run test average conducted at permitted capacity.
   b. *PM/PM_{10} Emissions*: As determined by EPA Method 5 or 5b, PM emissions shall not exceed 0.030 lb/MMBtu and 216.0 lb/hour based on a 3-run test average conducted at permitted capacity.
   c. *SAM emissions*: As determined by EPA Method 8 or 8A, SAM emissions shall not exceed 0.009 lb/MMBtu and 64.8 lb/hour based on a 3-run test average conducted at permitted capacity.
   d. *VOC Emissions*: As determined by EPA Method 25A, VOC emissions shall not exceed 0.004 lb/MMBtu and 28.8 lb/hour based on a 3-run test average conducted at permitted capacity. Optionally, EPA Method 18 may be conducted concurrently in order to deduct non-regulated VOC emissions such as methane and ethane.

   [Rule 62-212.400(BACT), F.A.C.]
9. Standards Based on CEMS/COMS: Including the emissions from the CBO unit, emissions from Units 4 and 5 each shall not exceed the following standards based on data collected by the CEMS and COMS.
   a. *NO_X Emissions*: As determined by CEMS data, NO_X emissions shall not exceed 0.47 lb/MMBtu of heat input based on a 12-month rolling average for all periods of operation including startup, shutdown and malfunction. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-212.400(12), F.A.C.]
   b. *SO_2 Emissions*: As determined by CEMS data, SO_2 emissions shall not exceed 0.27 lb/MMBtu of heat input based on a 30-day rolling average for all periods of operation including startup, shutdown and malfunction. As determined by CEMS data, SO_2 emissions shall not exceed 1944.0 lb/hour based on a 24-hour block average excluding startup, shutdown and malfunction of the FGD system. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-212.400(12), F.A.C.]
   c. *Opacity*: As determined by COMS data or EPA Method 9, the stack opacity shall not exceed 10% based on a 6-minute block average, except for one 6-minute period per hour of not more than 20%. For periods of startup, shutdown and malfunction, the stack opacity shall not exceed 20% based on a 6-minute block average, except for one 6-minute period per hour of not more than 27%, as determined by COMS data or EPA Method 9. [Rule 62-212.400(BACT), F.A.C.]
   d. *CO Emissions (Interim)*: As determined by CEMS data, CO emissions shall not exceed 0.17 lb/MMBtu of heat input based on a 30-day rolling average excluding periods of startup, shutdown and malfunction. As determined by CEMS data, CO emissions shall not exceed 1156.0 lb/hour based on a 30-day rolling average for all periods of operation including startup, shutdown and malfunction. [Rule 62-212.400 (BACT), F.A.C.]
   e. *CO Emissions (Final)*: Within 15 months of commencing commercial operation of each unit with the new low-NO_X burners, the permittee shall submit an application proposing a revised (lower) final BACT standard. The final standard shall be based on actual CO emissions data collected for the initial 12 months of operation after completing installation of the new low-NO_X burners. There may be separate standards proposed for different fuels. [Rule 62-212.400(BACT), F.A.C.]
10. Circumvention: No person shall circumvent any air pollution control device, or allow the emission of air pollutants without the applicable air pollution control device operating properly. The SCR and FGD

systems shall operate as necessary to comply with the emissions standards of this permit. The alkali injection system and ESP shall operate in accordance with the automated controls system as determined by subsequent performance and compliance testing. [Rules 62-210.650 and 62-212.400(BACT), F.A.C.]

11. Excess Emissions - Prohibited: Excess emissions caused entirely or in part by poor maintenance, poor operation or any other equipment or process failure that may reasonably be prevented during startup, shutdown or malfunction shall be prohibited. All such preventable emissions shall be included in any compliance determinations based on CEMS data. [Rule 62-210.700(4), F.A.C.]

12. Excess Emissions - Allowed: In accordance with Rule 62-210.700(6), F.A.C., excess emissions due to startup, shutdown or malfunction have been considered in establishing the sets of emissions standards of this permit. No other periods of excess emissions are authorized. [Rule 62-210.700(6), F.A.C.]

CONTINUOUS EMISSIONS MONITORING REQUIREMENTS

13. Existing CEMS/COMS: For Units 4 and 5, the permittee shall continue to calibrate, operate, and maintain continuous monitoring equipment to measure and record opacity, NO_X and SO_2 in terms of the applicable standards. The permittee shall either relocate the existing COMS and CEMS on the new stack configurations or replace the monitoring systems. Each COMS and CEMS shall be installed such that representative measurements of emissions or process parameters from the facility are obtained. The monitors shall be operated and maintained in accordance with the existing requirements of 40 CFR 60.45 as well as the provisions of the federal acid rain program. [Rule 62-4.070(3), F.A.C.]

14. CO CEMS Installation: For Units 4 and 5, the permittee shall properly install, calibrate, operate and maintain CEMS to measure and record CO emissions in the terms of the applicable standard. Each CEMS shall be installed such that representative measurements of emissions or process parameters from the facility are obtained. The permittee shall locate the CEMS by following the procedures contained in the applicable performance specification of 40 CFR Part 60, Appendix B. The permittee shall install each CEMS required by this permit and conduct the appropriate performance specification for each CEMS within 60 calendar days of achieving permitted capacity as defined in Rule 62-297.310(2), F.A.C., but no later than 180 calendar days after initial startup. [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

15. Compliance by CEMS: Compliance with the standards for opacity and emissions of CO, NO_X, and SO_2 shall be demonstrated with data collected from the required continuous monitoring systems. Within 60 days of reestablishing commercial operation of each unit, the permittee shall certify proper operation of each required monitor. The permittee shall comply with the conditions of Appendix F (Standard Continuous Monitoring Requirements) of this permit as the compliance method for the corresponding emissions standards. [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

PRELIMINARY PERFORMANCE TESTING REQUIREMENTS

16. Preliminary SAM Performance Tests: Within 60 days after completing construction on the pollution control systems, the permittee shall conduct a series of preliminary performance tests on either unit to determine the SAM emissions rate under a variety of operating scenarios. The purpose of the tests is to document the impact of alkali injection on reducing SAM emissions and results in the development of correlation/curves between injection rates, operating conditions and emissions. When collecting data during the preliminary SAM performance tests, the permittee is exempt from the SAM emissions standards of this permit.

    a. For each set of operating conditions being evaluated, the permittee shall conduct at least a 1-hour test run to determine SAM emissions. At least nine test runs shall be conducted to evaluate the effect of SAM emissions on parameters such as: the SO_2 emissions rate prior to the SCR catalyst, the unit load,

the flue gas flow rate, the alkali injection rate, the current catalyst oxidation rate, and the operating level of the FGD system.

b. Tests shall be conducted with the fuel blends and load rates that are representative of the actual operating ranges intended for Units 4 and 5. Sufficient tests shall be conducted to establish the SAM emissions rates for the following scenarios: bypass of the SCR reactor, SCR reactor in service without alkali injection, and SCR reactor in service under varying operating conditions and levels of alkali injection.

c. At least 15 days prior to initiating the performance tests, the permittee shall submit a test notification, preliminary test schedule and test protocol to the Bureau of Air Regulation and the Compliance Authority.

d. Within 45 days following the last test run conducted, the permittee shall provide a report summarizing the emissions tests and results. All SAM emissions test data shall be provided with this report.

e. Within 45 days following the submittal of the emissions test report and no later than 90 days following the last test run conducted, the permittee shall submit an operating protocol and report summarizing the following: *identify each set of operating conditions evaluated; identify each operating parameter* evaluated; identify the relative influence of each operating parameter; describe how the automated control system will adjust the alkali injection rate based on the selected parameters; identify the frequency with which operational parameters will be reevaluated and adjusted within the automated control system; provide a description of the algorithm used for the automated control system or a series of related performance curves; and provide details for calculating and estimating the SAM emissions rate based on the level of alkali injection and operating conditions. The preliminary performance tests shall be used to set the alkali injection control system and estimate SAM emissions.

f. The permittee shall operate the alkali injection system in accordance with the operating protocol determined by the performance tests. The permittee may request that additional performance tests be conducted to establish new operating conditions for the alkali injection system due to changes with the fuel blends, the SCR catalyst, or other circumstances.

[Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

COMPLIANCE TESTING REQUIREMENTS

17. Common Testing Requirements: All required emissions tests shall be conducted in accordance with the requirements specified in Appendix D (Common Testing Requirements) of this permit. [Rules 62-204.800 and 62-297.100, F.A.C.; and 40 CFR 60, Appendix A]

18. Test Methods: Any required stack tests shall be performed in accordance with the following methods.

EPA Method	Description of Method and Comments
1 - 4	Methods for Determining Traverse Points, Velocity, Flow Rate, Gas Analysis, and Moisture Content These methods shall be performed as necessary to support other methods.
5 or 5b	Method for Determining Particulate Matter Emissions
6C	Method for Determining SO_2 Emissions (Instrumental)
7E	Method for Determining NOx Emissions (Instrumental)
8 or 8A	Method for Determining Sulfuric Acid Mist (SAM) Emissions
9	Method for Determining Opacity Observations

EPA Method	Description of Method and Comments
10	Method for Determining Carbon Monoxide Emissions (Instrumental) The method shall be based on a continuous sampling train.
18	Method for Determining Gaseous Organic Compound Emissions (Gas Chromatography) Concurrently with EPA Method 25A, EPA Method 18 may be used as an optional method to deduct emissions of methane and ethane from the THC emissions measured by Method 25A.
19	Methods for Determining NO_X, PM, and SO_2 Mass Emission Rates
25A	Method for Determining Gaseous Organic Concentrations (Flame Ionization)
CTM-027	Procedure for Collection and Analysis of Ammonia in Stationary Source This is an EPA conditional test method with a minimum detection limit of 1 ppm. Other equivalent methods may be used.

The above methods are specified in Appendix A of 40 CFR 60 and are adopted by reference in Rule 62-204.800, F.A.C. No other methods may be used unless prior written approval is received from the Department. [Rules 62-4.070(3), 62-204.800(8) and 62-212.400(BACT), F.A.C.; 40 CFR 60, Appendix A]

19. Compliance Tests: In accordance with the following requirements, the permittee shall have stack tests conducted to demonstrate compliance with the emissions standards specified in this permit for ammonia slip, PM, SAM and VOC.

    a. *Initial Tests*: Within 60 days after completing construction on the pollution control systems, initial compliance tests shall be conducted to determine emissions of ammonia slip, PM and VOC. Within 120 days after completing construction on the pollution control systems and after completing the preliminary SAM performance tests, initial compliance tests shall be conducted to determine SAM emissions. At least one boiler shall be tested with the CBO unit also in operation. If the CBO unit is not yet in service at the time of the initial tests, separate compliance tests to determine PM and SAM emissions shall be conducted on at least one boiler with the CBO unit in operation. All initial tests shall be conducted with the emissions units operating at 90% to 100% of the permitted capacity specified by this permit (7200 MMBtu/hour based on a 24-hour average); otherwise, this permit shall be modified to reflect the true maximum capacity of each unit as constructed. [Rules 62-212.400(BACT) and 62-297.310(7), F.A.C.; 40 CFR 60.8]

    b. *Subsequent Tests*: During each federal fiscal year (October 1st to September 30th), Units 4 and 5 shall be tested to determine emissions of ammonia slip, PM, and SAM. During the 12 months prior to renewal or the operation permit, Units 4 and 5 shall be tested to demonstrate compliance with the VOC emission standards. For each pollutant, at least one boiler shall be tested with the CBO unit also in operation. The Department may require the permittee to repeat some or all of the initial stack tests after substantial replacement or repair of any air pollution control or process equipment.

    c. *Test Fuel*: Compliance tests shall be conducted with the highest sulfur content representative of the actual coal blends that will be fired. If the fuel sulfur content of the actual coal blends fired increase by 0.5% by weight or more from the last compliance test, the permittee shall conduct new tests to determine emissions of PM and SAM. [Rules 62-4.070(3), 62-212.400(BACT) and 62-297.310, F.A.C.]

    d. *Test Capacity*: Testing of emissions shall be conducted with the emissions unit operating at permitted capacity. Except for the initial tests, if it is impractical to test at permitted capacity, an emissions unit may be tested at less than the maximum permitted capacity; in this case, subsequent emissions unit operation is limited to 110 percent of the test rate until a new test is conducted. Once the unit is so

limited, operation at higher capacities is allowed for no more than 15 consecutive days for the purpose of additional compliance testing to regain the authority to operate at the permitted capacity. Permitted capacity is defined as 90 to 100 percent of the maximum operation rate allowed by the permit (7200 MMBtu/hour based on a 24-hour average). [Rules 62-212.400(BACT) and 62-297.310, F.A.C.]

20. Operational Data for Tests: For each test run, the permittee shall monitor and record the following information: fuel feed rate; heat input rate; sulfur content of fuel; the ammonia injection rate of the SCR control system; the limestone slurry injection rate of the FGD control system; alkali injection rate of the alkali injection system; the secondary power input to the ESP; flue gas oxygen content (%); CO, NO_X, and SO_2 CEMS emissions data; and opacity data. [Rules 62-297.310 and 62-4.070(3), F.A.C.]

RECORDS AND REPORTS

21. Stack Test Reports: The owner or operator of an emissions unit for which a compliance test is required shall file a report with the Compliance Authority on the results of each such test. The required test report shall be filed with the Compliance Authority as soon as practical but no later than 45 days after the last sampling run of each test is completed. The test report shall provide sufficient detail on the emissions unit tested and the test procedures used to allow the Compliance Authority to determine if the test was properly conducted and the test results properly computed. As a minimum, the test report, other than for an EPA or DEP Method 9 test, shall provide the specified in Rule 62-297.310(8), F.A.C. The stack test shall also report all operational data collected during each test run. [Rule 62-297.310(8), F.A.C.]
22. Malfunction Notifications: If temporarily unable to comply with any condition of the permit due to breakdown of equipment (malfunction) or destruction by hazard of fire, wind or by other cause, the permittee shall immediately (within one working day) notify the Compliance Authority. Notification shall include pertinent information as to the cause of the problem, and what steps are being taken to correct the problem and to prevent its recurrence, and where applicable, the owner's intent toward reconstruction of destroyed facilities. Such notification does not release the permittee from any liability for failure to comply with Department rules. If requested by the Compliance Authority, the owner or operator shall submit a quarterly written report describing the malfunction. [Rules 62-210.700(6) and 62-4.130, F.A.C.]
23. Fuel Monitoring – Units 4 and 5: Using the existing operating data system, the permittee shall continuously monitor each fuel to determine the heat input rates to Units 4 and 5. The heat input rates shall be calculated from the amounts of fuel fired and the higher heating value (HHV) of each fuel as determined by vendor certifications or the regular sampling and analysis required by the current Title V permit. Data shall be reduced to 1-hour blocks, 24-hour blocks (midnight-to-midnight), and 30-day rolling averages (average of all the 1-hour blocks for 30 operating days). [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]
24. Fuel Monitoring – CBO Unit: During any compliance test and when requested by the Compliance Authority, the permittee shall monitor and record the heat input rate to the CBO Unit from the amount of ash burned and the higher heating value (HHV) of the ash. [Rule 62-212.400(BACT), F.A.C.]
25. Control Device – Parametric Monitoring:
    a. *SCR System*: The permittee shall continuously monitor and record the ammonia injection rate of the SCR control system. Data shall be reduced to 1-hour block averages. [Rule 62-4.070(3), F.A.C.]
    b. *FGD System*: The permittee shall continuously monitor and record the limestone slurry injection rate of the FGD control system. Data shall be reduced to 1-hour block averages. [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]
    c. *Alkali Injection System*: The permittee shall continuously monitor and record the alkali injection rate of the alkali injection system. Data shall be reduced to 1-hour block averages. Operation of the alkali

injection system shall be determined by the automated control system, which shall be set in accordance with the preliminary performance and compliance tests for SAM emissions. [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

d. *ESP*: The permittee shall continuously monitor and record the current and voltage to determine the secondary power input to the ESP. Data shall be reduced to 1-hour and 3-hour block averages. Operation of the ESP shall be based upon performance during satisfactory PM emissions compliance tests. [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

B. Material Handling Activities for Limestone and Gypsum

This section of the permit addresses the following emissions unit.

EU No.	Emission Unit Description
023	Limestone and Gypsum Material Handling Activities

Process Description

The FGD systems will include limestone storage and handling, limestone preparation, limestone slurry injection, and gypsum dewatering, transfer and storage. The limestone handling system will receive, store, size and transfer limestone to the FGD system's limestone preparation equipment. It will be designed to receive limestone delivered to the plant by: conveyor from an adjacent quarry, or by rear dump trucks unloading into aboveground truck unloading feeders with integral hoppers. The system will receive limestone from one source at a time and will consist of: a conveyor to transfer limestone received from the quarry delivery conveyor; truck unloading feeders; unloading and stacking belt conveyors to transfer limestone to a covered storage pile; a portal scraper reclaimer and an emergency reclaim feeder located inside a limestone storage building; crusher feed belt conveyors to transfer limestone to a crusher building for limestone sizing; plant feed belt conveyors; and silo feed belt conveyors to transfer limestone to the day silos.

Limestone received from the quarry conveyor will be transported to the unloading conveyor by the transfer conveyor. Limestone received by trucks will be transferred to the unloading conveyor by the truck unloading feeders. The delivered limestone will be conveyed to a covered storage pile via the unloading conveyor and a stacking conveyor equipped with a dual-discharge overhead traveling tripper. The storage pile will be longitudinal-shaped pile and will be formed by the stacking conveyor overhead traveling tripper. From the storage pile, the material is reclaimed using a single full portal scraper reclaimer and conveyed via redundant conveyors to a crusher building where the material is sized using crushers. The sized material is then delivered to three limestone day silos via a network of redundant plant and silo feed conveyors. A floor-mounted emergency reclaim feeder is provided to supplement the portal scraper reclaimer in case the portal scraper reclaimer is out of service. The emergency reclaim feeder will feed limestone onto the belt of one of the crusher feed conveyors and will be designed to receive limestone from a front-end wheel loader, rear dump truck, or combination of this equipment. Two plant feed conveyors and four silo feed conveyors are provided to receive limestone from the crushers and distribute the material to the three limestone day silos.

Each of the plant feed conveyors will be equipped with a diverter gate and will supply limestone to the first limestone day silo (Silo A) directly via a chute and to the other limestone day silos (Silos B & C) using four silo feed conveyors each equipped with a diverter gate. The diverter gates at the last two silo feed conveyors are provided to accommodate future feed conveyors to a 4th future limestone day silo (if required). Each limestone silo will be equipped with a pulse-jet fabric filter dust collection system. Insertable dust collectors will be provided at each of the truck unloading feeders and at the loading points of the silo feed conveyors. A dust collection system will be provided for the crusher building. A water-surfactant blend dust suppression system will be provided at the discharge point of the transfer conveyor and at the head end of the unloading conveyor to treat the limestone before it is loaded onto the belt of the stacking conveyor.

The limestone preparation system includes wet ball mill grinding systems to produce the limestone slurry. Filtrate-recycle water from the FGD system will be used to prepare the limestone slurry to conserve make-up water for FGD system mist eliminator washing. The design limestone slurry will consist of 25 to 30% solids and have a design feed rate of approximately 352 gpm at specific gravity of 1.22. Fugitive dust emissions are minimized by enclosures and the addition of water for the slurry.

The gypsum slurry from the FGD system will be delivered by bleed pumps to the dewatering system, which will consist of a filter feed tank, hydro-cyclones, vacuum belt filters, vacuum pumps, filtrate tanks, filtrate pumps, lined piping, and associated valves. The incoming gypsum slurry will contain 18 to 22% suspended solids.

B. Material Handling Activities for Limestone and Gypsum

Using a series of hydro-cyclones and four horizontal vacuum belt filters, the dewatering system will remove water until the slurry contains approximately 90% solids. Filtrate removed from the slurry will be stored and pumped back to the limestone preparation system or the absorber module. The de-watering system will be located inside a building. Fugitive dust emissions are negligible because the system is enclosed and wet.

Reversible collection belt conveyors (G1A and G1B) collect dewatered gypsum from the vacuum belt filters at the dewatering system. Under normal operating conditions, conveyors G1A and G1B feed gypsum onto the belt of transfer conveyor G2, which transfers the gypsum onto a belt feed conveyor for delivery to an adjacent (proposed) wallboard plant. In the reverse direction, gypsum conveyor G1A and G1B feed gypsum onto the belt of conveyor G3, which delivers gypsum to the emergency gypsum pile. The emergency gypsum pile will be located southwest of the dewatering facility and will be used primarily to store the gypsum upon loss of the gypsum transfer and feed conveyors. In addition, the emergency pile may be used to store "off-specification" gypsum if needed. Trucks will remove gypsum from the emergency gypsum stockpile. Fugitive dust emissions will be minimal because the dewatered gypsum still contains 10% water.

AUTHORIZED CONSTRUCTION

1. Equipment: The permittee is authorized to construct the following processes to support the FGD system: limestone storage and handling, limestone preparation, limestone slurry injection, and gypsum dewatering, transfer and storage. [Application No. 0170004-016-AC; Rules 62-4.070(3), 62-212.300 and 62-212.400(PSD), F.A.C.]

2. Air Pollution Control Equipment and Techniques: To comply with the standards of this permit, the permittee shall design, install, operate and maintain the following air pollution control equipment.

Process Activity	Emissions Point No.	Control Device	Flow Rate	Outlet Dust Loading Specification
Dry Limestone Handling System				
Limestone conveyors (general)	---	enclosed	---	---
Limestone stacking conveyor (discharge to)	---	dust suppressant	---	---
Dump trucks	---	covered	---	---
Truck unloading feeders w/integral hoppers	EP-000	dust collectors	acfm	0.010 grains/dscf
Limestone storage	---	covered pile	---	---
Limestone crushing and sizing	EP-000	enclosed building w/baghouse	acfm	0.010 grains/dscf
Limestone silo feed conveyors	EP-000	dust collectors	acfm	0.010 grains/dscf
Limestone day silos, up to (4)	EP-000	baghouse	acfm	0.010 grains/dscf
Limestone Preparation System				
Wet ball mill grinders and misc. equipment	---	enclosure/wet	---	---
Gypsum Dewatering System				
Gypsum dewatering system	---	enclosure/wet	---	---
Gypsum Handling System				
Gypsum handling system	---	enclosure/wet	---	---

Initial and replacement bags shall be selected based on the above design outlet dust loading specification. [Application No. 0170004-016-AC; Rules 62-4.070(3), 62-212.300 and 62-212.400(BACT), F.A.C.]

3. Fugitive Dust Emissions: The dry limestone handling and storage operations shall be enclosed to the extent practicable and confined to prevent fugitive dust emissions. During the construction period, fugitive dust emissions shall be minimized by techniques such as covering, confining and/or the application of water or dust suppressants to the affected areas, as necessary. [Rule 62-296.320(4)(c), F.A.C.]

EMISSIONS LIMITATIONS AND PERFORMANCE STANDARDS

4. Capacities: None of the emissions units in this subsection are restricted by hours of operation (8760 hours/year). *{Permitting Note: For informational purposes, maximum limestone processing rate is estimated at 100 tons per day.}* [Application No. 0170004-016-AC; Rule 62-210.200(PTE), F.A.C.]

5. Opacity Standard: As determined by EPA Method 9, visible emissions from each baghouse and dust collector exhaust point shall not exceed 5% opacity based on a 6-minute average. [Application No. 0170004-016-AC; Rule 62-212.400(BACT), F.A.C.]

6. Circumvention: The permittee shall not circumvent the air pollution control equipment or allow the emission of air pollutants without this equipment operating properly. [Rule 62-210.650, F.A.C.]

COMPLIANCE TESTING REQUIREMENTS

7. Initial Compliance Tests: Each baghouse exhaust shall be tested to demonstrate initial compliance with the specified opacity standard. The initial tests shall be conducted within 60 days after achieving permitted capacity, but not later than 180 days after initial operation of the unit. [Rule 62-297.310(7)(a)1, F.A.C.]

8. Annual Compliance Tests: During each federal fiscal year (October 1st to September 30th), each baghouse exhaust point shall be tested to demonstrate compliance with the specified opacity standard. [Rule 62-297.310(7)(a)4, F.A.C.]

9. Test Notification: At least 15 days prior to the date on which each formal compliance test is to begin, the permittee shall notify the Compliance Authority of: the date, time, and place of the test; and the contact person who will be responsible for coordinating and having the test conducted. [Rule 62-297.310(7)(a)9, F.A.C.]

10. Test Method: Opacity tests shall be conducted in accordance with EPA Method 9, which is described in 40 CFR 60, Appendix A, and adopted by reference in Rule 62-204.800, F.A.C. Tests shall also comply with the applicable requirements of Rule 62-297.310, F.A.C. summarized in Appendix D (Common Testing Requirements) of this permit. [Rules 62-204.800 and 62-297.100, F.A.C.; 40 CFR 60, Appendix A]

11. Test Procedures: Tests shall be conducted in accordance with all applicable requirements of Chapter 62-297, F.A.C. The minimum observation period for a visible emissions compliance test shall be 30 minutes. The observation period shall include the period during which the highest opacity can reasonably be expected to occur. The permittee shall record the actual ash processing rate for the emissions unit being tested. [Rules 62-297.310(4) and (5), F.A.C.]

12. Common Testing Requirements: All required emissions tests shall be conducted in accordance with the requirements specified in Appendix D (Common Testing Requirements) of this permit. The minimum observation period for a visible emissions compliance test shall be 30 minutes. The observation period shall include the period during which the highest opacity can reasonably be expected to occur. The permittee shall record the actual ash processing rate for the emissions unit being tested. [Rule 62-297.310, F.A.C.]

RECORDS AND REPORTS

13. Final Design Notification: Within 90 days of completing the FGD system design, provide the final details

for the limestone and gypsum material handling activities including a process flow diagram and all control equipment specifications. It may be necessary to modify this air construction permit. [Application No. 0170004-016-AC; Rule 62-4.070(3), F.A.C.]

14. Test Reports: The owner or operator of an emissions unit for which a compliance test is required shall file a report with the Compliance Authority on the results of each such test. The required test report shall be filed with the Compliance Authority as soon as practical, but no later than 45 days after the last sampling run of each test is completed. The test report shall provide sufficient detail on the emissions unit tested and the test procedures used to allow the Compliance Authority to determine if the test was properly conducted and the test results properly computed. [Rule 62-297.310(8), F.A.C.]

15. Operational Records: The owner or operator shall maintain the following records on site to demonstrate compliance with the specifications and limitations of this subsection.

    a. Records of the design outlet dust loading specifications for new and replacement fabric filter bags; and

    b. For each month, record the total limestone processed for the month and the previous 12 months.

    All records shall be made available to the Department and Compliance Authority upon request. [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

C. Material Handling Activities for CBO System

This section of the permit addresses the following emissions unit.

ID	Emission Unit Description
025	CBO Feed Fly Ash Silo
026	CBO Product Fly Ash Storage Dome and Truck Loadout Silo

Process Description

Fly ash from Units 4 and 5 will be conveyed pneumatically to the CBO feed fly ash silo (EU-025). The silo will vent through a baghouse prior to discharge to the atmosphere. Fly ash will then be fed from the silo to the fluidized bed combustor (EU-024) for processing. Fly ash from the fluidized bed combustor will be separated from the exhaust gases by hot cyclones and directed to a heat exchanger to cool the product and recover heat. Thermal energy recovered from the CBO process will be used to heat condensate from the Unit 4 and 5 low-pressure feed water systems. The cooled exhaust gas will be routed through a cold cyclone and fabric filter to remove residual product fly ash before being returned to the inlet ductwork of Units 4 and 5 pollution control equipment (SCR, FGD, ESP and alkali injection systems).

Product fly ash separated by the cold cyclone and fabric filter will be sent to a surge bin with a portion of the product fly ash being returned to the fluidized bed combustor for temperature control. The remaining product ash is pneumatically conveyed to the product fly ash storage dome (EU-026) or directly to a truck load-out silo (also EU-026). The product fly ash storage dome will vent through a baghouse prior to discharging to the atmosphere. Particulate emissions captured during the truck load-out process will be routed to the truck load-out silo which will vent through a baghouse. Trucks will travel on paved roads within the plant and exit the plant for delivery offsite. Fugitive particulate matter emissions associated with product fly ash truck traffic will be controlled by maintaining the roads and periodic watering as needed.

AUTHORIZED CONSTRUCTION

1. CBO System: The permittee is authorized to construct a carbon burnout system consisting of the following major components: a fluidized bed combustor (EU-024) with hot cyclones to recycle ash back to the fluidized bed combustor, a heat recovery heat exchanger, cold cyclones to recover product ash and a fabric filter to recover product ash; a feed fly ash silo (EU-025, CBO-001); a product fly ash storage dome and a product fly ash truck loadout silo (EU-026). The system is designed for a maximum ash process rate of 75 tons per hour. For the fluidized bed combustor, the hot cyclones, cold cyclones and baghouse are considered process equipment and not air pollution control devices because the equipment is used to separate ash from the flue gas exhaust, which is then directed back into the boiler ductwork for emissions control. [Application No. 0170004-016-AC; Rules 62-4.070(3), 62-212.300 and 62-212.400(PSD), F.A.C.]

2. Air Pollution Control Equipment: To comply with the standards of this permit, the permittee shall design, install, operate, and maintain the following air pollution control equipment.

EU No.	Emissions Unit	Emissions Point No.	Control Device	Flow Rate	Outlet Dust Loading Specification
025	CBO Feed Fly Ash Silo	CBO-001	Baghouse	3040 acfm	0.010 grains/dscf
026	CBO Product Storage Dome	CBO-002	Baghouse	7600 acfm	0.010 grains/dscf
026	CBO Product Truck Loadout	CBO-003	Baghouse	7600 acfm	0.010 grains/dscf

Initial and replacement bags shall be selected based on the above design outlet dust loading specification. [Application No. 0170004-016-AC; Rules 62-4.070(3), 62-212.300 and 62-212.400(BACT), F.A.C.]

3. Fugitive Dust Emissions: The CBO system shall be enclosed to the extent practicable and confined to prevent fugitive dust emissions. During the construction period, fugitive dust emissions shall be minimized by techniques such as covering, confining and/or the application of water or dust suppressants to the affected areas, as necessary. [Rule 62-296.320(4)(c), F.A.C.]

EMISSIONS LIMITATIONS AND PERFORMANCE STANDARDS

4. Capacities and Restrictions: None of the emissions units in this subsection are restricted by hours of operation (8760 hours/year). The maximum ash processing rate for the CBO system shall not exceed 320,000 tons of product ash during any consecutive 12 months. [Application No. 0170004-016-AC; Rule 62-210.200(PTE), F.A.C.]

5. Opacity Standard: As determined by EPA Method 9, visible emissions from each baghouse exhaust point shall not exceed 5% opacity based on a 6-minute average. [Application No. 0170004-016-AC; Rule 62-212.400(BACT), F.A.C.]

6. Circumvention: The permittee shall not circumvent the air pollution control equipment or allow the emission of air pollutants without this equipment operating properly. [Rule 62-210.650, F.A.C.]

COMPLIANCE TESTING REQUIREMENTS

7. Initial Compliance Tests: Each baghouse exhaust shall be tested to demonstrate initial compliance with the specified opacity standard. The initial tests shall be conducted within 60 days after achieving permitted capacity, but not later than 180 days after initial operation of the unit. [Rule 62-297.310(7)(a)1, F.A.C.]

8. Annual Compliance Tests: During each federal fiscal year (October 1st to September 30th), each baghouse exhaust point shall be tested to demonstrate compliance with the specified opacity standard. [Rule 62-297.310(7)(a)4, F.A.C.]

9. Test Notification: At least 15 days prior to the date on which each formal compliance test is to begin, the permittee shall notify the Compliance Authority of: the date, time, and place of the test; and the contact person who will be responsible for coordinating and having the test conducted. [Rule 62-297.310(7)(a)9, F.A.C.]

10. Test Method: Opacity tests shall be conducted in accordance with EPA Method 9, which is described in 40 CFR 60, Appendix A, and adopted by reference in Rule 62-204.800, F.A.C. Tests shall also comply with the applicable requirements of Rule 62-297.310, F.A.C. [Rules 62-204.800 and 62-297.100, F.A.C.; 40 CFR 60, Appendix A]

11. Test Procedures: Tests shall be conducted in accordance with all applicable requirements of Chapter 62-297, F.A.C. The minimum observation period for a visible emissions compliance test shall be thirty (30) minutes. The observation period shall include the period during which the highest opacity can reasonably be expected to occur. The permittee shall record the actual ash processing rate for the emissions unit being tested. [Rules 62-297.310(4) and (5), F.A.C.]

RECORDS AND REPORTS

12. Test Reports: The owner or operator of an emissions unit for which a compliance test is required shall file a report with the Compliance Authority on the results of each such test. The required test report shall be filed with the Compliance Authority as soon as practical, but no later than 45 days after the last sampling run of each test is completed. The test report shall provide sufficient detail on the emissions unit tested and the test procedures used to allow the Compliance Authority to determine if the test was properly conducted and the test results properly computed. [Rule 62-297.310(8), F.A.C.]

13. Operational Records: The owner or operator shall maintain the following records on site to demonstrate compliance with the specifications and limitations of this subsection.

    a. Records of the design outlet dust loading specifications for new and replacement fabric filter bags; and

    b. For each month, record the total product ash processed for the month and the previous 12 months.

    All records shall be made available to the Department and Compliance Authority upon request. [Rules 62-4.070(3) and 62-212.400(BACT), F.A.C.]

D. Units 4 and 5 – Temporary Trial Period with up to 50% Sub-bituminous Coal

This section of the permit addresses a temporary trial period for the following emissions units.

EU No.	Emission Unit Description
004	Unit 4 is a fossil fuel-fired, electric utility steam generator
003	Unit 5 is a fossil fuel-fired, electric utility steam generator

TEMPORARY AUTHORIZATION AND RESTRICTIONS

1. Trial Coal Blend: For Units 4 and 5, the permittee is temporarily authorized to fire trial coal blends with greater than 20% sub-bituminous coal by weight (including Powder River Basin coal), but not more than 50% sub-bituminous coal by weight. The maximum sulfur content of such coal blends shall not exceed 3.13% by weight. The preliminary schedule is to conduct the trial before installation of the additional control systems. The purpose is to gather operational and emissions data to evaluate overall impacts in support of a future permanent request to fire bituminous/sub-bituminous coal blends. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

2. Trial Test Burn Duration: The trial coal blends shall only be fired in existing Units 4 and 5 and shall be fired in a similar manner to the bituminous coal currently in use at the plant. The permittee shall provide at least a one-day advance notice (by phone, fax, or email) to the Compliance Authority prior to the initial firing of any trial coal blend. Once any trial coal blend is fired, the permittee shall complete the trial burn within 90 calendar days. No more than 150,000 tons of the trial coal blends shall be burned during the trial burn period. In addition, all trial burns shall be completed prior to the expiration date of this permit. Within five calendar days of completing the trial burn, the permittee shall notify the Compliance Authority (by phone, fax, or email) that the trial burn has been completed. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

EMISSIONS LIMITING AND PERFORMANCE STANDARDS

3. Performance Requirements: The permittee shall provide the Compliance Authority with a preliminary schedule for conducting the trial burn and performance tests and shall update this schedule as necessary. During the trial burn, the permittee shall comply with all terms and conditions in the current Title V air operation permit. If the trial burn results in operation that is not in accordance with the conditions of the Title V permit or the test protocol, the performance testing will cease as soon as possible. The permittee shall immediately notify the Compliance Authority (by phone, fax, or email) of any non-compliance issue. The trial burn shall not resume until appropriate actions have been taken to correct the problem. [Application No. 0170004-016-AC; Rule 62-4.070(3), F.A.C.]

4. Fugitive Dust: The permittee shall take reasonable precautions to prevent fugitive dust emissions from the unloading, storage, and handling of trial coal blends. These shall be the same reasonable precautions specified in the most recent Title V air operation permit to prevent fugitive dust emissions from the unloading, storage, and handling of the coal blends currently in use at the plant. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

MONITORING AND TESTING

5. Baseline Emissions: Baseline emissions shall be determined by the continuous monitoring systems for opacity, NO_X, and SO_2 emissions when firing bituminous coal at permitted capacity. For each boiler that will fire the trial coal blend, the permittee shall conduct tests at permitted capacity for emissions of CO and PM. Permitted capacity is defined as 90 to 100 percent of the maximum heat input rate allowed by the permit (7200 MMBtu/hour based on a 24-hour average). Test results shall be reported in units of lb/MMBtu and lb/hour. If tests are conducted after installation of the new CO CEMS, baseline CO

emissions shall be determined by data collected by the CEMS. If available, existing data may be used for baseline data. [Rule 62-4.070(3), F.A.C.]

6. Trial Coal Blend Emissions: Emissions from firing the trial coal blend at permitted capacity shall be determined by the continuous monitoring systems for opacity, NO_X, and SO_2 coal blends. For each boiler that will fire the trial coal blends, the permittee shall conduct tests at permitted capacity for emissions of CO and PM. Permitted capacity is defined as 90 to 100 percent of the maximum heat input rate allowed by the permit (7200 MMBtu/hour based on a 24-hour average). If only one boiler fires the trial coal blend during the trial burn period, that unit shall conduct two series of tests to determine emission levels of PM, SAM, and VOC for the trial coal blend. Test results shall be reported in units of lb/MMBtu and lb/hour. If tests are conducted after installation of the new CO CEMS, baseline CO emissions shall be determined by data collected by the CEMS. The permittee shall obtain a sample of each trial coal blend fired. A proximate and ultimate analysis shall be provided for each sample taken. [Rule 62-4.070(3), F.A.C.]

7. Monitoring: The permittee shall conduct the following monitoring when firing the trial coal blend.

   a. The permittee shall record the amount and blend ratio of each trial coal blend delivered to the plant. A "certificate of analysis" (including the proximate and ultimate analysis) shall be retained for each delivery of trial coal blend.

   b. On at least three separate days, the permittee shall take samples of the trial coal blend being fired. A proximate and ultimate analysis shall be provided for each sample taken. Samples taken on different emissions testing days may satisfy this requirement.

   c. The permittee shall maintain daily records of the boiler operations including: the blend ratio as fired; the fuel mass firing rate; the heat input rate; steam production, temperature and pressure; and the MW generated.

   d. The permittee shall monitor and record the ESP secondary voltage and secondary current and calculate and record the total ESP secondary power input.

   e. The permittee shall continuously monitor and record opacity, NO_X, and SO_2 with the existing CEMS. If the trial burn is conducted after installation of the CO CEMS, CO emissions shall also be continuously monitored.

   [Rule 62-4.070(3), F.A.C.]

8. Test Methods: Any required tests shall be performed in accordance with the following reference methods.

Method	Description of Method and Comments
1 - 4	Traverse Points, Velocity and Flow Rate, Gas Analysis, and Moisture Content
5 or 5b	Determination of Particulate Matter (PM) Emissions
8 or 8A	Method for Determining Sulfuric Acid Mist (SAM) Emissions
9	Method for Determining Opacity Observations
10	Method for Determining Carbon Monoxide Emissions (Instrumental) The method shall be based on a continuous sampling train.
18	Method for Determining Gaseous Organic Compound Emissions (Gas Chromatography) Concurrently with EPA Method 25A, EPA Method 18 may be used as an optional method to deduct emissions of methane and ethane from the THC emissions measured by Method 25A.
19	Methods for Determining NO_X, PM, and SO_2 Mass Emission Rates
25A	Method for Determining Gaseous Organic Concentrations (Flame Ionization)

Tests shall also be conducted in accordance with the requirements specified in Appendix D (Common Testing Requirements) of this permit. The above methods are described in 40 CFR 60, Appendix A, and adopted by reference in Rule 62-204.800, F.A.C. [Rules 62-204.800 and 62-297.100, F.A.C.; 40 CFR 60, Appendix A]

9. Notifications: The permittee shall provide the Compliance Authority with a written preliminary schedule for conducting any emissions tests (by letter, fax, or email). The preliminary schedule shall be updated as necessary. The permittee shall provide the Compliance Authority with at least 5 days advance notice (by phone, fax, or email) prior to conducting any emissions tests. [Rule 62-4.070(3), F.A.C.]

RECORDS AND REPORTS

10. Trial Burn Report: Within 60 days of completing the trial burn period, the permittee shall submit a final report summarizing the trial burn to the Bureau of Air Regulation and the Compliance Authority. The trial burn report shall include, but not be limited to, the following information: actual schedule and overall description of the trial burn; summary of trial coal blends evaluated (amounts delivered; blend ratio; and proximate/ultimate analyses); discussion of operational issues with the trial coal blends (coal unloading, coal handling, coal storage, coal firing, fugitive dust, soot blowing, ESP performance and adjustments, ash handling, and ash storage); comparison of baseline operations versus operation with the trial coal blends; evaluation of current equipment compatibility with the trial coal blends; summary of boiler operating data and continuous emissions monitoring data; comparison of baseline emissions with emissions from firing trial coal blends (short-term and long-term); and a discussion of emissions changes as described in Appendix C of 40 CFR 60. [Rules 62-4.070(3), 62-210.200(PTE) and 62-212.400, F.A.C.]

E. Units 4 and 5 – Temporary Trial Period with Fuel Additive

This section of the permit addresses a temporary trial period for the following emissions units.

EU No.	Emission Unit Description
004	Unit 4 is a fossil fuel-fired, electric utility steam generator
003	Unit 5 is a fossil fuel-fired, electric utility steam generator

TEMPORARY AUTHORIZATION AND RESTRICTIONS

1. Fuel Additive: For Units 4 and 5, the permittee is temporarily authorized to apply a fuel additive (Environmental Energy Services, Inc.) based on calcium nitrate to currently authorized coal blends (bituminous coal, bituminous coal with coal briquettes, bituminous coal with sub-bituminous coal). The preliminary schedule is to conduct the trial before installation of the additional control systems. The purpose of the trial period is to evaluate the impact of the fuel additive on unit performance, slagging, emissions levels, and loss on ignition (LOI). The preliminary design is to spray the fuel additive on the coal in the gravimetric feeders. Preliminary estimates are for a rate of 3 to 30 gph (total to all feeders) of 500 to 1000 ppm of active concentrate onto the coal. Various applications rates will be tested. The purpose is to gather operational and emissions data to evaluate overall impacts in support of a future permanent request to use this fuel additive. *{Permitting Note: The vendor expects a 30% reduction in CO emissions, a 30% reduction in PM emissions, a 20% reduction in NOx emissions, and a 10% reduction in opacity.}* [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

2. Trial Test Burn Duration: The fuel additive shall only be applied to coal fired in existing Units 4 and 5. The permittee shall provide at least a one-day advance notice (by phone, fax, or email) to the Compliance Authority prior to the initial application of the fuel additive. Once the fuel additive is initially applied, the permittee shall complete all trial burns within 90 calendar days. Within five calendar days of completing the trial burn period, the permittee shall notify the Compliance Authority (by phone, fax, or email) that the trial burn period has been completed. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

EMISSIONS LIMITING AND PERFORMANCE STANDARDS

3. Performance Requirements: The permittee shall provide the Compliance Authority with a preliminary schedule for conducting trial burns and performance tests and shall update this schedule as necessary. During each trial burn, the permittee shall comply with all terms and conditions in the current Title V air operation permit. If a trial burn results in operation that is not in accordance with the conditions of the Title V permit or the test protocol, the trial burn shall cease as soon as possible. The permittee shall immediately notify the Compliance Authority (by phone, fax, or email) of any non-compliance issue. The trial burn shall not resume until appropriate actions have been taken to correct the problem. [Application No. 0170004-016-AC; Rule 62-4.070(3), F.A.C.]

MONITORING AND TESTING

4. Emissions - Baseline: Baseline emissions shall be determined by the continuous monitoring systems for opacity and NO_X, and SO_2 emissions when firing representative coal fuel blends at permitted capacity. For each boiler that will fire coal with the fuel additive, the permittee shall conduct impaction plate tests at permitted capacity for baseline PM emissions and use a portable analyzer to document baseline CO emissions. Permitted capacity is defined as 90 to 100 percent of the maximum heat input rate allowed by the permit (7200 MMBtu/hour based on a 24-hour average). Test results shall be reported in units of lb/MMBtu and lb/hour. [Rule 62-4.070(3), F.A.C.]

5. Emissions with Fuel Additive: Emissions shall be determined by the continuous monitoring systems for opacity, NO_X, and SO_2 emissions when firing coal blends with fuel additive at permitted capacity. For each boiler that will fire coal with the fuel additive, the permittee shall conduct impaction plate tests at permitted capacity for baseline emissions of particulate matter (PM) and use a portable analyzer to document baseline CO emissions. Permitted capacity is defined as 90 to 100 percent of the maximum heat input rate allowed by the permit. Test results shall be reported in units of lb/MMBtu and lb/hour. [Rule 62-4.070(3), F.A.C.]

6. Monitoring of Operations: For each trial, the permittee shall conduct the following monitoring: the type, amount, and heat input of fuel fired; the boiler feedwater flow rates, boiler feedwater temperatures to the economizer, flue gas oxygen levels, and electrical outputs; the fuel additive injection rates and fuel additive concentrations; LOI, ash porosity, iron content, and slag viscosity; and continuously monitor and record opacity, NOx and SO_2 with the existing COMS and CEMS. For comparison purposes, the permittee shall identify the current corresponding baseline monitoring values for bituminous coal firing or collect baseline data during the trial burn period. [Rule 62-4.070(3), F.A.C.]

7. Notifications: The permittee shall provide the Compliance Authority with a written preliminary schedule for conducting any emissions tests (by letter, fax, or email). The preliminary schedule shall be updated as necessary. The permittee shall provide the Compliance Authority with at least 5 days advance notice (by phone, fax, or email) prior to conducting any emissions tests. [Rule 62-4.070(3), F.A.C.]

RECORDS AND REPORTS

8. Trial Burn Report: Within 60 days of completing the trial burn, the permittee shall submit a final report summarizing the trial burn to the Bureau of Air Regulation and the Compliance Authority. The final report shall provide the following: the actual schedule and overall description of the trial burn; any operational issues related to the fuel additive; a comparison of baseline operation versus operation with the fuel additive; an evaluation of equipment compatibility with fuel additive; a summary and comparison of continuous emissions and opacity monitoring data; a summary and comparison of all operational parameters; a summary and comparison of emissions test results; a comparison of continuously monitored emissions; a discussion of the impacts on LOI, ash porosity, iron content, and slag viscosity; and a discussion of emissions changes as described in Appendix C of 40 CFR 60.

   [Rules 62-4.070(3), 62-210.200(PTE) and 62-212.400, F.A.C.]

F. Units 4 and 5 – Temporary Trial Period with up to 30% Petroleum Coke

This section of the permit addresses a temporary trial period for the following emissions units.

EU No.	Emission Unit Description
004	Unit 4 is a fossil fuel-fired, electric utility steam generator
003	Unit 5 is a fossil fuel-fired, electric utility steam generator

TEMPORARY AUTHORIZATION AND RESTRICTIONS

1. Trial Coal Blend: Upon commercial operation of all air pollution control equipment (low-NO_X burners, SCR systems, FGD systems, alkali injection systems, and ESP improvements) and satisfactorily demonstrating compliance with the required initial tests, this air construction permit authorizes Units 4 and 5 to fire a trial coal blend of bituminous coal with up to 30% petroleum coke by weight. The maximum sulfur content of the trial coal blend shall not exceed 3.13% by weight. This permit authorizes a trial period to fire such blends and does not authorize the permanent firing of petroleum coke. The purpose is to gather operational and emissions data to evaluate overall impacts in support of a future permanent request to fire coal blends with petroleum coke. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

2. Trial Test Burn Duration: Trial coal blends shall only be fired in existing Units 4 and 5 and shall be fired in a manner similar to bituminous coal. The permittee shall provide at least a one-day advance notice (by phone, fax, or email) to the Compliance Authority prior to the initial firing of the first trial coal blend. Once the first trial coal blend is fired, the permittee shall complete all trial burns within 90 calendar days. No more than a total of 150,000 tons of trial petroleum coke/coal blends shall be fired during the trial burn period. In addition, all trial burns shall be completed prior to the expiration date of this permit. Within five calendar days of completing the trial burn period, the permittee shall notify the Compliance Authority (by phone, fax, or email) that the trial burn period has been completed. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

EMISSIONS LIMITING AND PERFORMANCE STANDARDS

3. Performance Requirements: The permittee shall provide the Compliance Authority with a preliminary schedule for conducting trial burns and performance tests and shall update this schedule as necessary. During each trial burn, the permittee shall comply with all terms and conditions in the current Title V air operation permit. If a trial burn results in operation that is not in accordance with the conditions of the Title V permit or the test protocol, the trial burn shall cease as soon as possible. The permittee shall immediately notify the Compliance Authority (by phone; fax, or email) of any non-compliance issue. The trial burn shall not resume until appropriate actions have been taken to correct the problem. [Application No. 0170004-016-AC; Rule 62-4.070(3), F.A.C.]

4. Fugitive Dust: The permittee shall take reasonable precautions to prevent fugitive dust emissions from the unloading, storage, and handling of the trial coal blends. These shall be the same reasonable precautions specified in the current Title V air operation permit to prevent fugitive dust emissions from the unloading, storage, and handling of bituminous coal currently in use at the plant. [Application No. 0170004-016-AC; Rules 62-4.070(3) and 62-210.200(PTE), F.A.C.]

MONITORING AND TESTING

5. Baseline Emissions: Baseline emissions shall be determined by the continuous monitoring systems for opacity and CO, NO_X, and SO_2 emissions when firing bituminous coal at permitted capacity. For each boiler that will fire a petroleum coke/coal blend, the permittee shall conduct tests at permitted capacity for PM, SAM and VOC emissions. Permitted capacity is defined as 90 to 100 percent of the maximum heat

input rate allowed by the permit (7200 MMBtu/hour based on a 24-hour average). Test results shall be reported in units of lb/MMBtu and lb/hour. Compliance tests conducted after completing the construction authorized by this permit may be used for the baseline emissions data. [Rule 62-4.070(3), F.A.C.]

6. Trial Coal Blend Emissions: Emissions shall be determined by the continuous monitoring systems for opacity and CO, NO_X, and SO_2 emissions when petroleum coke/coal blends at permitted capacity. For each boiler that fires a petroleum coke/coal blend, the permittee shall conduct tests at permitted capacity for PM, SAM and VOC emissions. Permitted capacity is defined as 90 to 100 percent of the maximum heat input rate allowed by the permit (7200 MMBtu/hour based on a 24-hour average). Test results shall be reported in units of lb/MMBtu and lb/hour. During each required emission test, the permittee shall obtain a sample of the petroleum coke/coal blend as fired. A proximate and ultimate analysis shall be provided for each sample taken. If only one boiler fires the trial coal blend during the trial burn period, that unit shall conduct two series of tests to determine emission levels of PM, SAM, and VOC for the trial coal blend. [Rule 62-4.070(3), F.A.C.]

7. Monitoring: When firing trial coal bends, the permittee shall conduct the following monitoring.

   a. The permittee shall record the amount and blend ratio of each petroleum coke/coal blend delivered to the plant. A "certificate of analysis" (including the proximate and ultimate analysis) shall be retained for each delivery of petroleum coke/coal blend.

   b. For each petroleum coke/coal blend, the permittee shall take a sample of the blend as fired. A proximate and ultimate analysis shall be provided for each sample taken. Samples taken on different emissions testing days may satisfy this requirement.

   c. The permittee shall maintain daily records of the boiler operations including: the petroleum coke/blend ratio fired; the fuel mass firing rate; the heat input rate; steam production, temperature and pressure; and the MW generated.

   d. The permittee shall monitor and record the ESP secondary voltage and secondary current and calculate and record the total ESP secondary power input.

   e. The permittee shall continuously monitor and record opacity, CO, NO_X, and SO_2 with existing monitoring systems.

   [Rule 62-4.070(3), F.A.C.]

8. Test Methods: Any required tests shall be performed in accordance with the following reference methods.

Method	Description of Method and Comments
1 - 4	Traverse Points, Velocity and Flow Rate, Gas Analysis, and Moisture Content
5 or 5b	Determination of Particulate Matter (PM) Emissions
8 or 8A	Method for Determining Sulfuric Acid Mist (SAM) Emissions
9	Method for Determining Opacity Observations
10	Method for Determining Carbon Monoxide Emissions (Instrumental) The method shall be based on a continuous sampling train.
18	Method for Determining Gaseous Organic Compound Emissions (Gas Chromatography) Concurrently with EPA Method 25A, EPA Method 18 may be used as an optional method to deduct emissions of methane and ethane from the THC emissions measured by Method 25A.
19	Methods for Determining NO_X, PM, and SO_2 Mass Emission Rates
25A	Method for Determining Gaseous Organic Concentrations (Flame Ionization)

Tests shall also be conducted in accordance with the requirements specified in Appendix D (Common Testing Requirements) of this permit. The above methods are described in 40 CFR 60, Appendix A, and adopted by reference in Rule 62-204.800, F.A.C. [Rules 62-204.800 and 62-297.100, F.A.C.; 40 CFR 60, Appendix A]

9. Notifications: The permittee shall provide the Compliance Authority with a written preliminary schedule for conducting any emissions tests (by letter, fax, or email). The preliminary schedule shall be updated as necessary. The permittee shall provide the Compliance Authority with at least 5 days advance notice (by phone, fax, or email) prior to conducting any emissions tests. [Rule 62-4.070(3), F.A.C.]

RECORDS AND REPORTS

10. Emissions Tests Reports: The permittee shall prepare and submit reports for all emissions tests in accordance with the requirements specified in Appendix D (Common Testing Requirements) of this permit. For each test run, the report shall also indicate the following: the petroleum coke/blend ratio, the fuel firing rate, the heat input rate, the average ESP secondary power input, the opacity, the CO emission rate, the NOx emission rate, and the SO_2 emission rate. [Rule 62-297.310(8), F.A.C.]

11. Trial Burn Report: Within 60 days of completing the trial burn, the permittee shall submit a final report summarizing the trial burn to the Bureau of Air Regulation and the Compliance Authority. The trial burn report shall include, but not be limited to, the following information: actual schedule and overall description of the trial burn period; summary of petroleum coke/coal blends evaluated (amounts delivered, blend ratio, and proximate/ultimate analyses); discussion of operational issues of petroleum coke/coal (coal unloading, coal handling, coal storage, coal firing, fugitive dust, soot blowing, ESP performance and adjustments, ash handling, and ash storage); comparison of baseline operations versus operation with petroleum coke/coal blend; evaluation of current equipment compatibility with petroleum coke/coal blend; summary of continuous emissions monitoring data; summary of boiler operating data; summary of emissions test results, actual test schedule, and procedures used; comparison of baseline emissions with emissions from firing petroleum coke/coal blend (short-term and long-term); and a discussion of emissions changes as described in Appendix C of 40 CFR 60. [Rules 62-4.070(3), 62-210.200(PTE) and 62-212.400, F.A.C.]

CONTENTS

Appendix A. Citation Formats

Appendix B. General Conditions

Appendix C. Common Conditions

Appendix D. Common Testing Requirements

Appendix E. Summary of Final BACT Determinations

Appendix F. Standard Continuous Monitoring Requirements

Appendix G. New Source Performance Standards (NSPS)

CITATION FORMATS

The following examples illustrate the format used in the permit to identify applicable permitting actions and regulations.

REFERENCES TO PREVIOUS PERMITTING ACTIONS

Old Permit Numbers

Example: Permit No. AC50-123456 or Air Permit No. AO50-123456

Where: "AC" identifies the permit as an Air Construction Permit
"AO" identifies the permit as an Air Operation Permit
"123456" identifies the specific permit project number

New Permit Numbers

Example: Permit Nos. 099-2222-001-AC, 099-2222-001-AF, 099-2222-001-AO, or 099-2222-001-AV

Where: "099" represents the specific county ID number in which the project is located
"2222" represents the specific facility ID number
"001"identifies the specific permit project
"AC" identifies the permit as an air construction permit
"AF" identifies the permit as a minor federally enforceable state operation permit
"AO" identifies the permit as a minor source air operation permit
"AV" identifies the permit as a Title V Major Source Air Operation Permit

PSD Permit Numbers

Example: Permit No. PSD-FL-317

Where: "PSD" means issued pursuant to the Prevention of Significant Deterioration of Air Quality
"FL" means that the permit was issued by the State of Florida
"317" identifies the specific permit project

RULE CITATION FORMATS

Florida Administrative Code (F.A.C.)

Example: [Rule 62-213.205, F.A.C.]

Means: Title 62, Chapter 213, Rule 205 of the Florida Administrative Code

Code of Federal Regulations (CFR)

Example: [40 CRF 60.7]

Means: Title 40, Part 60, Section 7

GENERAL CONDITIONS

The permittee shall comply with the following general conditions from Rule 62-4.160, F.A.C.

1. The terms, conditions, requirements, limitations, and restrictions set forth in this permit are "Permit Conditions" and are binding and enforceable pursuant to Sections 403.161, 403.727, or 403.859 through 403.861, F.S. The permittee is placed on notice that the Department will review this permit periodically and may initiate enforcement action for any violation of these conditions.

2. This permit is valid only for the specific processes and operations applied for and indicated in the approved drawings or exhibits. Any unauthorized deviation from the approved drawings, exhibits, specifications, or conditions of this permit may constitute grounds for revocation and enforcement action by the Department.

3. As provided in Subsections 403.087(6) and 403.722(5), F.S., the issuance of this permit does not convey and vested rights or any exclusive privileges. Neither does it authorize any injury to public or private property or any invasion of personal rights, nor any infringement of federal, state or local laws or regulations. This permit is not a waiver or approval of any other Department permit that may be required for other aspects of the total project which are not addressed in the permit.

4. This permit conveys no title to land or water, does not constitute State recognition or acknowledgment of title, and does not constitute authority for the use of submerged lands unless herein provided and the necessary title or leasehold interests have been obtained from the State. Only the Trustees of the Internal Improvement Trust Fund may express State opinion as to title.

5. This permit does not relieve the permittee from liability for harm or injury to human health or welfare, animal, or plant life, or property caused by the construction or operation of this permitted source, or from penalties therefore; nor does it allow the permittee to cause pollution in contravention of F.S. and Department rules, unless specifically authorized by an order from the Department.

6. The permittee shall properly operate and maintain the facility and systems of treatment and control (and related appurtenances) that are installed or used by the permittee to achieve compliance with the conditions of this permit, as required by Department rules. This provision includes the operation of backup or auxiliary facilities or similar systems when necessary to achieve compliance with the conditions of the permit and when required by Department rules.

7. The permittee, by accepting this permit, specifically agrees to allow authorized Department personnel, upon presentation of credentials or other documents as may be required by law and at a reasonable time, access to the premises, where the permitted activity is located or conducted to:

   a. Have access to and copy and records that must be kept under the conditions of the permit;
   b. Inspect the facility, equipment, practices, or operations regulated or required under this permit, and,
   c. Sample or monitor any substances or parameters at any location reasonably necessary to assure compliance with this permit or Department rules.

   Reasonable time may depend on the nature of the concern being investigated.

8. If, for any reason, the permittee does not comply with or will be unable to comply with any condition or limitation specified in this permit, the permittee shall immediately provide the Department with the following information:

   a. A description of and cause of non-compliance; and

   b. The period of noncompliance, including dates and times; or, if not corrected, the anticipated time the non-compliance is expected to continue, and steps being taken to reduce, eliminate, and prevent recurrence of the non-compliance.

   The permittee shall be responsible for any and all damages which may result and may be subject to enforcement action by the Department for penalties or for revocation of this permit.

9. In accepting this permit, the permittee understands and agrees that all records, notes, monitoring data and other information relating to the construction or operation of this permitted source which are submitted to the Department may be used by the Department as evidence in any enforcement case involving the permitted source arising under the F.S. or Department rules, except where such use is prescribed by Sections 403.73 and 403.111, F.S.. Such evidence

shall only be used to the extent it is consistent with the Florida Rules of Civil Procedure and appropriate evidentiary rules.

10. The permittee agrees to comply with changes in Department rules and F.S. after a reasonable time for compliance, provided, however, the permittee does not waive any other rights granted by F.S. or Department rules.

11. This permit is transferable only upon Department approval in accordance with F.A.C. Rules 62-4.120 and 62-730.300, F.A.C., as applicable. The permittee shall be liable for any non-compliance of the permitted activity until the transfer is approved by the Department.

12. This permit or a copy thereof shall be kept at the work site of the permitted activity.

13. This permit also constitutes:

    a. Determination of Best Available Control Technology;
    b. Determination of Prevention of Significant Deterioration; and
    c. Compliance with New Source Performance Standards.

14. The permittee shall comply with the following:

    a. Upon request, the permittee shall furnish all records and plans required under Department rules. During enforcement actions, the retention period for all records will be extended automatically unless otherwise stipulated by the Department.

    b. The permittee shall hold at the facility or other location designated by this permit records of all monitoring information (including all calibration and maintenance records and all original strip chart recordings for continuous monitoring instrumentation) required by the permit, copies of all reports required by this permit, and records of all data used to complete the application or this permit. These materials shall be retained at least three years from the date of the sample, measurement, report, or application unless otherwise specified by Department rule.

    c. Records of monitoring information shall include:

        1) The date, exact place, and time of sampling or measurements;
        2) The person responsible for performing the sampling or measurements;
        3) The dates analyses were performed;
        4) The person responsible for performing the analyses;
        5) The analytical techniques or methods used; and
        6) The results of such analyses.

15. When requested by the Department, the permittee shall within a reasonable time furnish any information required by law which is needed to determine compliance with the permit. If the permittee becomes aware that relevant facts were not submitted or were incorrect in the permit application or in any report to the Department, such facts or information shall be corrected promptly.

Unless otherwise specified in the permit, the following conditions apply to all emissions units and activities at the facility.

EMISSIONS AND CONTROLS

1. Plant Operation - Problems: If temporarily unable to comply with any of the conditions of the permit due to breakdown of equipment or destruction by fire, wind or other cause, the permittee shall notify each Compliance Authority as soon as possible, but at least within one working day, excluding weekends and holidays. The notification shall include: pertinent information as to the cause of the problem; steps being taken to correct the problem and prevent future recurrence; and, where applicable, the owner's intent toward reconstruction of destroyed facilities. Such notification does not release the permittee from any liability for failure to comply with the conditions of this permit or the regulations. [Rule 62-4.130, F.A.C.]
2. Circumvention: The permittee shall not circumvent the air pollution control equipment or allow the emission of air pollutants without this equipment operating properly. [Rule 62-210.650, F.A.C.]
3. Excess Emissions Allowed: Excess emissions resulting from startup, shutdown or malfunction of any emissions unit shall be permitted providing (1) best operational practices to minimize emissions are adhered to and (2) the duration of excess emissions shall be minimized but in no case exceed two hours in any 24 hour period unless specifically authorized by the Department for longer duration. [Rule 62-210.700(1), F.A.C.]
4. Excess Emissions Prohibited: Excess emissions caused entirely or in part by poor maintenance, poor operation, or any other equipment or process failure that may reasonably be prevented during startup, shutdown or malfunction shall be prohibited. [Rule 62-210.700(4), F.A.C.]
5. Excess Emissions - Notification: In case of excess emissions resulting from malfunctions, the permittee shall notify the Department or the appropriate Local Program in accordance with Rule 62-4.130, F.A.C. A full written report on the malfunctions shall be submitted in a quarterly report, if requested by the Department. [Rule 62-210.700(6), F.A.C.]
6. VOC or OS Emissions: No person shall store, pump, handle, process, load, unload or use in any process or installation, volatile organic compounds (VOC) or organic solvents (OS) without applying known and existing vapor emission control devices or systems deemed necessary and ordered by the Department. [Rule 62-296.320(1), F.A.C.]
7. Objectionable Odor Prohibited: No person shall cause, suffer, allow or permit the discharge of air pollutants, which cause or contribute to an objectionable odor. An "objectionable odor" means any odor present in the outdoor atmosphere which by itself or in combination with other odors, is or may be harmful or injurious to human health or welfare, which unreasonably interferes with the comfortable use and enjoyment of life or property, or which creates a nuisance. [Rules 62-296.320(2) and 62-210.200(Definitions), F.A.C.]
8. General Visible Emissions: No person shall cause, let, permit, suffer or allow to be discharged into the atmosphere the emissions of air pollutants from any activity equal to or greater than 20% opacity. This regulation does not impose a specific testing requirement. [Rule 62-296.320(4)(b)1, F.A.C.]
9. Unconfined Particulate Emissions: During the construction period, unconfined particulate matter emissions shall be minimized by dust suppressing techniques such as covering and/or application of water or chemicals to the affected areas, as necessary. [Rule 62-296.320(4)(c), F.A.C.]

RECORDS AND REPORTS

10. Records Retention: All measurements, records, and other data required by this permit shall be documented in a permanent, legible format and retained for at least five (5) years following the date on which such measurements, records, or data are recorded. Records shall be made available to the Department upon request. [Rule 62-213.440(1)(b)2, F.A.C.]
11. Annual Operating Report: The permittee shall submit an annual report that summarizes the actual operating rates and emissions from this facility. Annual operating reports shall be submitted to the Compliance Authority by March 1st of each year. [Rule 62-210.370(3), F.A.C.]

Unless otherwise specified in the permit, the following conditions apply to all emissions units and activities at the facility.

GENERAL COMPLIANCE TESTING REQUIREMENTS

1. Required Number of Test Runs: For mass emission limitations, a compliance test shall consist of three complete and separate determinations of the total air pollutant emission rate through the test section of the stack or duct and three complete and separate determinations of any applicable process variables corresponding to the three distinct time periods during which the stack emission rate was measured; provided, however, that three complete and separate determinations shall not be required if the process variables are not subject to variation during a compliance test, or if three determinations are not necessary in order to calculate the unit's emission rate. The three required test runs shall be completed within one consecutive five-day period. In the event that a sample is lost or one of the three runs must be discontinued because of circumstances beyond the control of the owner or operator, and a valid third run cannot be obtained within the five-day period allowed for the test, the Secretary or his or her designee may accept the results of two complete runs as proof of compliance, provided that the arithmetic mean of the two complete runs is at least 20% below the allowable emission limiting standard. [Rule 62-297.310(1), F.A.C.]
2. Operating Rate During Testing: Testing of emissions shall be conducted with the emissions unit operating at permitted capacity. If it is impractical to test at permitted capacity, an emissions unit may be tested at less than the maximum permitted capacity; in this case, subsequent emissions unit operation is limited to 110 percent of the test rate until a new test is conducted. Once the unit is so limited, operation at higher capacities is allowed for no more than 15 consecutive days for the purpose of additional compliance testing to regain the authority to operate at the permitted capacity. Permitted capacity is defined as 90 to 100 percent of the maximum operation rate allowed by the permit. [Rule 62-297.310(2), F.A.C.]
3. Calculation of Emission Rate: For each emissions performance test, the indicated emission rate or concentration shall be the arithmetic average of the emission rate or concentration determined by each of the three separate test runs unless otherwise specified in a particular test method or applicable rule. [Rule 62-297.310(3), F.A.C.]
4. Applicable Test Procedures [Rule 62-297.310(4), F.A.C.]
   a. *Required Sampling Time.*
      (1) Unless otherwise specified in the applicable rule, the required sampling time for each test run shall be no less than one hour and no greater than four hours, and the sampling time at each sampling point shall be of equal intervals of at least two minutes.
      (2) Opacity Compliance Tests. When either EPA Method 9 or DEP Method 9 is specified as the applicable opacity test method, the required minimum period of observation for a compliance test shall be sixty (60) minutes for emissions units which emit or have the potential to emit 100 tons per year or more of particulate matter, and thirty (30) minutes for emissions units which have potential emissions less than 100 tons per year of particulate matter and are not subject to a multiple-valued opacity standard. The opacity test observation period shall include the period during which the highest opacity emissions can reasonably be expected to occur. Exceptions to these requirements are as follows:
         (a) For batch, cyclical processes, or other operations which are normally completed within less than the minimum observation period and do not recur within that time, the period of observation shall be equal to the duration of the batch cycle or operation completion time.
         (b) The observation period for special opacity tests that are conducted to provide data to establish a surrogate standard pursuant to Rule 62-297.310(5)(k), F.A.C., Waiver of Compliance Test Requirements, shall be established as necessary to properly establish the relationship between a proposed surrogate standard and an existing mass emission limiting standard.
         (c) The minimum observation period for opacity tests conducted by employees or agents of the Department to verify the day-to-day continuing compliance of a unit or activity with an applicable opacity standard shall be twelve minutes.
   b. *Minimum Sample Volume.* Unless otherwise specified in the applicable rule or test method, the minimum sample volume per run shall be 25 dry standard cubic feet.
   c. *Calibration of Sampling Equipment.* Calibration of the sampling train equipment shall be conducted in accordance with the schedule shown in Table 297.310-1, F.A.C.
   d. *Calibration of Sampling Equipment.* Calibration of the sampling train equipment shall be conducted in accordance

with the schedule shown in Table 297.310-1.

e. *Allowed Modification to EPA Method 5.* When EPA Method 5 is required, the following modification is allowed: the heated filter may be separated from the impingers by a flexible tube.

5. Determination of Process Variables [Rule 62-297.310(5), F.A.C.]

a. *Required Equipment.* The owner or operator of an emissions unit for which compliance tests are required shall install, operate, and maintain equipment or instruments necessary to determine process variables, such as process weight input or heat input, when such data are needed in conjunction with emissions data to determine the compliance of the emissions unit with applicable emission limiting standards.

b. *Accuracy of Equipment.* Equipment or instruments used to directly or indirectly determine process variables, including devices such as belt scales, weight hoppers, flow meters, and tank scales, shall be calibrated and adjusted to indicate the true value of the parameter being measured with sufficient accuracy to allow the applicable process variable to be determined within 10% of its true value.

6. Sampling Facilities: The permittee shall install permanent stack sampling ports and provide sampling facilities that meet the requirements of Rule 62-297.310(6), F.A.C. Sampling facilities include sampling ports, work platforms, access to work platforms, electrical power, and sampling equipment support. All stack sampling facilities must also comply with all applicable Occupational Safety and Health Administration (OSHA) Safety and Health Standards described in 29 CFR Part 1910, Subparts D and E. [Rule 62-297.310(6), F.A.C.]

a. *Permanent Test Facilities.* The owner or operator of an emissions unit for which a compliance test, other than a visible emissions test, is required on at least an annual basis, shall install and maintain permanent stack sampling facilities.

b. *Temporary Test Facilities.* The owner or operator of an emissions unit that is not required to conduct a compliance test on at least an annual basis may use permanent or temporary stack sampling facilities. If the owner chooses to use temporary sampling facilities on an emissions unit, and the Department elects to test the unit, such temporary facilities shall be installed on the emissions unit within 5 days of a request by the Department and remain on the emissions unit until the test is completed.

c. *Sampling Ports.*

(1) All sampling ports shall have a minimum inside diameter of 3 inches.

(2) The ports shall be capable of being sealed when not in use.

(3) The sampling ports shall be located in the stack at least 2 stack diameters or equivalent diameters downstream and at least 0.5 stack diameter or equivalent diameter upstream from any fan, bend, constriction or other flow disturbance.

(4) For emissions units for which a complete application to construct has been filed prior to December 1, 1980, at least two sampling ports, 90 degrees apart, shall be installed at each sampling location on all circular stacks that have an outside diameter of 15 feet or less. For stacks with a larger diameter, four sampling ports, each 90 degrees apart, shall be installed. For emissions units for which a complete application to construct is filed on or after December 1, 1980, at least two sampling ports, 90 degrees apart, shall be installed at each sampling location on all circular stacks that have an outside diameter of 10 feet or less. For stacks with larger diameters, four sampling ports, each 90 degrees apart, shall be installed. On horizontal circular ducts, the ports shall be located so that the probe can enter the stack vertically, horizontally or at a 45 degree angle.

(5) On rectangular ducts, the cross sectional area shall be divided into the number of equal areas in accordance with EPA Method 1. Sampling ports shall be provided which allow access to each sampling point. The ports shall be located so that the probe can be inserted perpendicular to the gas flow.

d. *Work Platforms.*

(1) Minimum size of the working platform shall be 24 square feet in area. Platforms shall be at least 3 feet wide.

(2) On circular stacks with 2 sampling ports, the platform shall extend at least 110 degrees around the stack.

(3) On circular stacks with more than two sampling ports, the work platform shall extend 360 degrees around the stack.

(4) All platforms shall be equipped with an adequate safety rail (ropes are not acceptable), toe board, and hinged floor-opening cover if ladder access is used to reach the platform. The safety rail directly in line with the

sampling ports shall be removable so that no obstruction exists in an area 14 inches below each sample port and 6 inches on either side of the sampling port.

e. *Access to Work Platform.*

(1) Ladders to the work platform exceeding 15 feet in length shall have safety cages or fall arresters with a minimum of 3 compatible safety belts available for use by sampling personnel.

(2) Walkways over free-fall areas shall be equipped with safety rails and toe boards.

f. *Electrical Power.*

(1) A minimum of two 120-volt AC, 20-amp outlets shall be provided at the sampling platform within 20 feet of each sampling port.

(2) If extension cords are used to provide the electrical power, they shall be kept on the plant's property and be available immediately upon request by sampling personnel.

g. *Sampling Equipment Support.*

(1) A three-quarter inch eyebolt and an angle bracket shall be attached directly above each port on vertical stacks and above each row of sampling ports on the sides of horizontal ducts.

(a) The bracket shall be a standard 3 inch × 3 inch × one-quarter inch equal-legs bracket which is 1 and one-half inches wide. A hole that is one-half inch in diameter shall be drilled through the exact center of the horizontal portion of the bracket. The horizontal portion of the bracket shall be located 14 inches above the centerline of the sampling port.

(b) A three-eighth inch bolt which protrudes 2 inches from the stack may be substituted for the required bracket. The bolt shall be located 15 and one-half inches above the centerline of the sampling port.

(c) The three-quarter inch eyebolt shall be capable of supporting a 500 pound working load. For stacks that are less than 12 feet in diameter, the eyebolt shall be located 48 inches above the horizontal portion of the angle bracket. For stacks that are greater than or equal to 12 feet in diameter, the eyebolt shall be located 60 inches above the horizontal portion of the angle bracket. If the eyebolt is more than 120 inches above the platform, a length of chain shall be attached to it to bring the free end of the chain to within safe reach from the platform.

(2) A complete monorail or dual rail arrangement may be substituted for the eyebolt and bracket.

(3) When the sample ports are located in the top of a horizontal duct, a frame shall be provided above the port to allow the sample probe to be secured during the test.

7. Frequency of Compliance Tests. *The following provisions apply only to those emissions units that are subject to an* emissions limiting standard for which compliance testing is required. [Rule 62-297.310(7), F.A.C.]

a. *General Compliance Testing.*

1. The owner or operator of a new or modified emissions unit that is subject to an emission limiting standard shall conduct a compliance test that demonstrates compliance with the applicable emission limiting standard *prior to obtaining an operation permit for such emissions unit.*

2. For excess emission limitations for particulate matter specified in Rule 62-210.700, F.A.C., a compliance test shall be conducted annually while the emissions unit is operating under soot blowing conditions in each federal fiscal year during which soot blowing is part of normal emissions unit operation, except that such test shall not be required in any federal fiscal year in which a fossil fuel steam generator does not burn liquid and/or solid fuel for more than 400 hours other than during startup.

3. The owner or operator of an emissions unit that is subject to any emission limiting standard shall conduct a compliance test that demonstrates compliance with the applicable emission limiting standard prior to obtaining a renewed operation permit. Emissions units that are required to conduct an annual compliance test may submit the most recent annual compliance test to satisfy the requirements of this provision. In renewing an air operation permit pursuant to sub-subparagraph 62-210.300(2)(a)3.b., c., or d., F.A.C., the Department shall not require submission of emission compliance test results for any emissions unit that, during the year prior to renewal:

(a) Did not operate; or

(b) In the case of a fuel burning emissions unit, burned liquid and/or solid fuel for a total of no more than 400 hours,

4. During each federal fiscal year (October 1 – September 30), unless otherwise specified by rule, order, or permit, the owner or operator of each emissions unit shall have a formal compliance test conducted for:
   (a) Visible emissions, if there is an applicable standard;
   (b) Each of the following pollutants, if there is an applicable standard, and if the emissions unit emits or has the potential to emit: 5 tons per year or more of lead or lead compounds measured as elemental lead; 30 tons per year or more of acrylonitrile; or 100 tons per year or more of any other regulated air pollutant; and
   (c) c. Each NESHAP pollutant, if there is an applicable emission standard.
5. An annual compliance test for particulate matter emissions shall not be required for any fuel burning emissions unit that, in a federal fiscal year, does not burn liquid and/or solid fuel, other than during startup, for a total of more than 400 hours.
6. For fossil fuel steam generators on a semi-annual particulate matter emission compliance testing schedule, a compliance test shall not be required for any six-month period in which liquid and/or solid fuel is not burned for more than 200 hours other than during startup.
7. For emissions units electing to conduct particulate matter emission compliance testing quarterly pursuant to paragraph 62-296.405(2)(a), F.A.C., a compliance test shall not be required for any quarter in which liquid and/or solid fuel is not burned for more than 100 hours other than during startup.
8. Any combustion turbine that does not operate for more than 400 hours per year shall conduct a visible emissions compliance test once per each five-year period, coinciding with the term of its air operation permit.
9. The owner or operator shall notify the Department, at least 15 days prior to the date on which each formal compliance test is to begin, of the date, time, and place of each such test, and the test contact person who will be responsible for coordinating and having such test conducted for the owner or operator.
10. An annual compliance test conducted for visible emissions shall not be required for units exempted from air permitting pursuant to subsection 62-210.300(3), F.A.C.; units determined to be insignificant pursuant to subparagraph 62-213.300(2)(a)1., F.A.C., or paragraph 62-213.430(6)(b), F.A.C.; or units permitted under the General Permit provisions in paragraph 62-210.300(4)(a) or Rule 62-213.300, F.A.C., unless the general permit specifically requires such testing.

b. *Special Compliance Tests.* When the Department, after investigation, has good reason (such as complaints, increased visible emissions or questionable maintenance of control equipment) to believe that any applicable emission standard contained in a Department rule or in a permit issued pursuant to those rules is being violated, it shall require the owner or operator of the emissions unit to conduct compliance tests which identify the nature and quantity of pollutant emissions from the emissions unit and to provide a report on the results of said tests to the Department.

c. *Waiver of Compliance Test Requirements.* If the owner or operator of an emissions unit that is subject to a compliance test requirement demonstrates to the Department, pursuant to the procedure established in Rule 62-297.620, F.A.C., that the compliance of the emissions unit with an applicable weight emission limiting standard can be adequately determined by means other than the designated test procedure, such as specifying a surrogate standard of no visible emissions for particulate matter sources equipped with a bag house or specifying a fuel analysis for sulfur dioxide emissions, the Department shall waive the compliance test requirements for such emissions units and order that the alternate means of determining compliance be used, provided, however, the provisions of paragraph 62-297.310(7)(b), F.A.C., shall apply.

RECORDS AND REPORTS

8. Test Reports [Rule 62-297.310(8), F.A.C.]
   a. The owner or operator of an emissions unit for which a compliance test is required shall file a report with the Department on the results of each such test.
   b. The required test report shall be filed with the Department as soon as practical but no later than 45 days after the last sampling run of each test is completed.

c. The test report shall provide sufficient detail on the emissions unit tested and the test procedures used to allow the Department to determine if the test was properly conducted and the test results properly computed. As a minimum, the test report, other than for an EPA or DEP Method 9 test, shall provide the following information.

1. The type, location, and designation of the emissions unit tested.
2. The facility at which the emissions unit is located.
3. The owner or operator of the emissions unit.
4. The normal type and amount of fuels used and materials processed, and the types and amounts of fuels used and material processed during each test run.
5. The means, raw data and computations used to determine the amount of fuels used and materials processed, if necessary to determine compliance with an applicable emission limiting standard.
6. The type of air pollution control devices installed on the emissions unit, their general condition, their normal operating parameters (pressure drops, total operating current and GPM scrubber water), and their operating parameters during each test run.
7. A sketch of the duct within 8 stack diameters upstream and 2 stack diameters downstream of the sampling ports, including the distance to any upstream and downstream bends or other flow disturbances.
8. The date, starting time and duration of each sampling run.
9. The test procedures used, including any alternative procedures authorized pursuant to Rule 62-297.620, F.A.C. Where optional procedures are authorized in this chapter, indicate which option was used.
10. The number of points sampled and configuration and location of the sampling plane.
11. For each sampling point for each run, the dry gas meter reading, velocity head, pressure drop across the stack, temperatures, average meter temperatures and sample time per point.
12. The type, manufacturer and configuration of the sampling equipment used.
13. Data related to the required calibration of the test equipment.
14. Data on the identification, processing and weights of all filters used.
15. Data on the types and amounts of any chemical solutions used.
16. Data on the amount of pollutant collected from each sampling probe, the filters, and the impingers, are reported separately for the compliance test.
17. The names of individuals who furnished the process variable data, conducted the test, analyzed the samples and prepared the report.
18. All measured and calculated data required to be determined by each applicable test procedure for each run.
19. The detailed calculations for one run that relate the collected data to the calculated emission rate.
20. The applicable emission standard and the resulting maximum allowable emission rate for the emissions unit plus the test result in the same form and unit of measure.
21. A certification that, to the knowledge of the owner or his authorized agent, all data submitted are true and correct. When a compliance test is conducted for the Department or its agent, the person who conducts the test shall provide the certification with respect to the test procedures used. The owner or his authorized agent shall certify that all data required and provided to the person conducting the test are true and correct to his knowledge.

PROJECT DESCRIPTION

Progress Energy Florida, Inc. operates the existing Crystal River Power Plant, which is located north of Crystal River and west of U.S. 19 in Citrus County, Florida. The plant consists of four coal-fired steam generating units, two natural draft cooling towers, three helper mechanical draft cooling towers, coal and ash handling facilities, and relocatable diesel-fired generators. The following changes will occur as a result of this project.

- To provide full flexibility in implementing the federal cap and trade program for NO_X and SO_2 emissions under CAIR, the plant will install new low-NOx burners, new SCR systems, new FGD systems, and new stack configurations for Units 4 and 5.
- In conjunction with the proposed control equipment, the new control equipment will allow the flexibility to fire additional fuel blends (sub-bituminous coal and petroleum coke) and recognize the actual maximum heat input rates for Units 4 and 5 as 7200 MMBtu per hour.
- The plant will install a new CBO system that will reburn fly ash generated at this plant to recover the remaining heating value in this material and minimize the onsite landfilling of fly ash.
- The plant will conduct a trial burn to evaluate a new fuel additive intended to reduce slagging and improve emissions performance.

The combination of new fuel blends and control equipment will result in PSD-significant emissions increases of CO, PM/PM_{10}, SAM, and VOC. The Department's preliminary determinations of the Best Available Control Technologies (BACT) for these pollutants are based on: the design of the new low-NOx burners and good combustion practices (CO, PM/PM_{10}, and VOC); modifications to the existing ESPs (PM/PM_{10} and SAM); and new alkali injection systems (SAM).

FINAL BACT DETERMINATIONS

In accordance with Rule 62-212.400(6), F.A.C., the Department establishes the following standards as BACT for CO, PM/PM, SAM, and VOC emissions.

Unit 4 (EU-004), Unit 5 (EU-003) and CBO Fluidized Bed Combustor (EU-024) [f]

Pollutant	BACT Standard [g]	Averaging Period	Compliance Method
Ammonia Slip	5 ppmv	3-run test average	CTM-027 (or equivalent)
CO [a] (Interim)	0.17 lb/MMBtu excluding SU/SD/M 1156.0 lb/hour including SU/SD/M	30-day rolling average	CEMS Data
Opacity [b]	10% opacity, except for one 6-minute block per hour up to 20% opacity	6-minute block	COMS and EPA Method 9
PM/PM_{10} [c]	0.030 lb/MMBtu and 216.0 lb/hour	3-run test average	EPA Methods 5 or 5b
SAM [d]	0.009 lb/MMBtu and 64.8 lb/hour	3-run test average	EPA Methods 8 or 8A
VOC [e]	0.004 lb/MMBtu and 28.8 lb/hour	3-run test average	EPA Method 25A

Notes:

a. Within 15 months of commencing commercial operation of each unit with the new low-NO_X burners, the permittee shall submit an application proposing a revised (lower) final BACT standard. The final standard shall be based on actual CO emissions data collected for the initial 12 months of operation after completing installation of the new low-NO_X burners. There may be separate standards proposed for different fuels.

b. For periods of startup, shutdown and malfunction, the stack opacity shall not exceed 20% based on a 6-minute block average, except for one 6-minute period per hour of not more than 27%, as determined by COMS or EPA Method 9.

c. The permittee shall continuously monitor and record the current and voltage to determine the secondary power input to the ESP. The Department notes that this control strategy directly reduces PM/PM_{10} emissions as well as the formation of $PM_{2.5}$ in the environment when combined with the other proposed control systems (SCR systems designed for low

ammonia slip; alkali injection to reduce sulfuric acid mist emissions; and FGD systems to minimize precursors known to contribute to formation of $PM_{2.5}$).

d. Operation of the alkali injection system shall be determined by the automated control system, which shall be set in accordance with the preliminary performance and compliance tests for SAM emissions.

e. Concurrently with EPA Method 25A, EPA Method 18 may be used as an optional method to deduct emissions of methane and ethane from the THC emissions measured by Method 25A.

f. The CBO fluidized bed combustor is also subject to the following applicable NSPS Subpart Dc provisions for boilers: the firing of fuel with no more than 0.5% sulfur by weight percent based on a certification from the fuel supplier (applies at all times, including periods of startup, shutdown, and malfunction); and no more than 20% opacity based on a 6-minute average, except for one 6-minute period per hour of not more than 27% opacity (applies at all times, except during periods of startup, shutdown, or malfunction). Since the flue gas exhaust from the CBO unit is directed back into the boiler ductwork for control, the CBO unit will achieve the same standards as Units 4 and 5, which are more stringent than the applicable NSPS.

g. "SU" means startup; "SD" means shutdown; and "M" means malfunction.

Limestone/Gypsum Material Storage and Handling (EU-023)

Limestone is the reactant for the FGD systems, which will produce gypsum as a byproduct. The following control equipment and techniques are determined to be BACT for minimizing dust emissions from the related material handling and storage activities.

- To the extent practical, all limestone conveyors will be enclosed to confine dust emissions.
- The initial storage of limestone will be in a covered storage pile.
- The portal scraper reclaimer and an emergency reclaim feeder will be located inside a limestone storage building.
- Limestone will be crushed and sized inside a crusher building, which will include a dust collection system.
- The three (possibly four) limestone silos will be equipped with pulse-jet fabric filter dust collection systems.
- Insertable dust collectors will be installed at each of the truck unloading feeders and at each of the loading points of the silo feed conveyors.
- A water-surfactant blend dust suppression system will be provided at the discharge point of the transfer conveyor and at the head end of the unloading conveyor to treat the limestone before it is loaded onto the belt of the stacking conveyor.
- Wet ball mill grinding systems will produce the limestone slurry for the FGD system. Fugitive dust emissions will be minimized by enclosures and the addition of water for the slurry.
- The dewatering system will be located inside a building. Fugitive dust emissions will be negligible because the system is enclosed and wet.
- Fugitive dust emissions from dewatered gypsum will be minimal because it still contains 10% water. Gypsum storage piles will be watered as necessary to prevent fugitive dust.
- Bags for all dust collection systems shall be selected based on the above design outlet dust loading specification of no more than 0.010 grains per acf of exhaust. All replacement filter bags and cartridges shall meet this design specification.
- Visible emissions from each dust collector and fabric filter shall not exceed 5% opacity.

CBO Feed Ash Silo (EU-025) and Product Ash Storage (EU-026)

Fly ash from Units 4 and 5 will be conveyed pneumatically to the CBO feed fly ash silo (EU-025). Ash will be fed from this silo to the fluidized bed combustor (EU-024) for processing. Exhaust from the feed fly ash silo will vent through a baghouse prior to discharge to the atmosphere. Product ash will be pneumatically conveyed to storage (EU-026) in either the product fly ash storage dome or directly to a truck load-out silo, which will each vent to a separate baghouse. In addition, particulate emissions captured during the truck load-out process will be routed to the truck load-out silo for control

by the baghouse. The following control equipment and techniques are determined to be BACT for minimizing dust emissions from the related material handling and storage activities.

- Dust emissions from the transfer of ash will be controlled by full enclosure throughout the CBO process.
- Bags for all dust collection systems shall be selected based on the above design outlet dust loading specification of no more than 0.010 grains per acf of exhaust. All replacement filter bags and cartridges shall meet this design specification.
- Visible emissions from each dust collector and fabric filter shall not exceed 5% opacity.
- Trucks will travel on paved roads within the plant and exit the plant for delivery offsite. Fugitive particulate matter emissions associated with product fly ash truck traffic will be controlled by maintaining the roads and periodic watering as needed.

The Department's technical review and rationale for the BACT determinations are presented in Technical Evaluation and Preliminary Determination issued concurrently with the draft permit for the original project.

SECTION 4. APPENDIX F

STANDARD CONTINUOUS MONITORING REQUIREMENTS

Unit 4 (EU-004) and Unit 5 (EU-003) are subject to the following requirements for continuous emissions monitoring systems (CEMS) and continuous opacity monitoring systems (COMS).

CEMS OPERATION PLAN

1. CEMS Operation Plan: The permittee shall create and implement a facility-wide plan for the proper installation, calibration, maintenance, and operation of each CEMS required by this permit. The permittee shall submit the CEMS Operation Plan to the Bureau of Air Monitoring and Mobile Sources for approval at least 60 days prior to CEMS installation. The CEMS Operation Plan shall become effective 60 days after submittal or upon its approval. If the CEMS Operation Plan is not approved, the permittee shall submit a new or revised plan for approval. [Rule 62-4.070(3), F.A.C.]

   {Permitting Note: The Department maintains both guidelines for developing a CEMS Operation Plan and example language that can be used as the basis for the facility-wide plan required by this permit. Contact the Emissions Monitoring Section of the Bureau of Air Monitoring and Mobile Sources at 850/488-0114.}

MONITORS, PERFORMANCE SPECIFICATIONS AND QUALITY ASSURANCE

2. Existing CEMS and COMS: Existing Units 4 and 5 have CEMS and COMS currently installed. The permittee shall also continue to meet the applicable performance specifications and quality assurance procedures for these systems. [Rule 62-4.070(3), F.A.C.]

3. Span Values and Dual Range Monitors: The permittee shall set appropriate span values for the CEMS based on the emissions standards and range of operation. If necessary, the permittee shall install dual range monitors in accordance with the CEMS Operation Plan. [Rule 62-4.070(3), F.A.C.]

4. Moisture Correction: If necessary, the permittee shall install a system to determine the moisture content of the exhaust gas and develop an algorithm to enable correction of the monitoring results to a dry basis (0% moisture). [Rule 62-4.070(3), F.A.C.]

5. Continuous Flow Monitor: For compliance with mass emission flow rate standards, the permittee shall install a continuous flow monitor to determine the stack exhaust flow rate. The flow monitor shall be certified pursuant to 40 CFR Part 60, Appendix B, Performance Specification 6. Alternatively, the permittee may install a fuel flow monitor and use an appropriate F-Factor computational approach to calculate stack exhaust flow rate. [Rules 62-212.400 and 62-4.070(3), F.A.C.]

   {Permitting Note: The CEMS Operation Plan will contain additional CEMS-specific details and procedures for installation.} [Rule 62-4.070(3), F.A.C.]

6. Performance Specifications: The permittee shall evaluate the "acceptability" of each CEMS by conducting the appropriate performance specification. CEMS determined to be "unacceptable" shall not be considered "installed" for purposes of meeting the timelines of this permit. For carbon monoxide, use Performance Specification 4 or 4A (as appropriate) in Appendix B of 40 CFR 60. [Rule 62-4.070(3), F.A.C.]

7. Quality Assurance: The permittee shall follow the quality assurance procedures of 40 CFR Part 60, Appendix F. For carbon monoxide, the required relative accuracy test assessment (RATA) tests shall be performed using EPA Method 10 in Appendix A of 40 CFR Part 60. [Rule 62-4.070(3), F.A.C.]

CALCULATION APPROACH FOR SIP COMPLIANCE

8. CEMS for Compliance: Once adherence to the applicable performance specification for each CEMS is demonstrated, the permittee shall use the CEMS to demonstrate compliance with the applicable emission standards as specified by this permit. [Rules 62-4.070(3) and 62-212.400, F.A.C.]

9. CEMS Data: Each CEMS shall monitor and record emissions during all operations and whenever emissions are being generated, including during episodes of startups, shutdowns, and malfunctions. All data shall be used, except for invalid measurements taken during monitor system breakdowns, repairs, calibration checks, zero adjustments, and span adjustments. [Rule 62-4.070(3), F.A.C.]

10. Operating Hours and Operating Days: For purposes of this Appendix, the following definitions shall apply. An hour is

the 60-minute period beginning at the top of each hour. Any hour during which an emissions unit is in operation for more than 15 minutes is an operating hour for that emission unit. A day is the 24-hour period from midnight to midnight. Any day with at least one operating hour for an emissions unit is an operating day for that emission unit. [Rule 62-4.070(3), F.A.C.]

11. Valid Hourly Averages: Each CEMS shall be designed and operated to sample, analyze, and record data evenly spaced over the hour at a minimum of one measurement per minute. All valid measurements collected during an hour shall be used to calculate a 1-hour block average that begins at the top of each hour.

    a. Hours that are not operating hours are not valid hours.

    b. For each operating hour, the 1-hour block average shall be computed from at least two data points separated by a minimum of 15 minutes. If less than two such data points are available, there is insufficient data, the 1-hour block average is not valid, and the hour is considered as "monitor unavailable."

    [Rule 62-4.070(3), F.A.C.]

12. Calculation Approaches: The permittee shall implement the calculation approach specified by this permit for each CEMS, as follows:

    a. *24-hour Block Average.* Compliance shall be determined after each 24-hour block by calculating the arithmetic average of all valid hourly averages occurring within that block averaging period.

    b. *30-day Rolling Average.* Compliance shall be determined after each operating day by calculating the arithmetic average of all valid hourly averages occurring within that day and the prior 29 operating days.

    c. *12-month Rolling Average.* Compliance shall be determined after each operating month by calculating the arithmetic average of all valid hourly averages occurring within that day and the prior 29 operating days.

    [Rule 62-4.070(3), F.A.C.]

13. Minimum Valid Hours: At least one valid hourly average shall be used to calculate the emissions over any block averaging period specified by this permit. One valid hourly average shall be sufficient to calculate the emissions over any block averaging period. [Rule 62-4.070(3), F.A.C.]

14. Data Exclusion for SIP Compliance: As per the procedures in this condition, limited amounts of CEMS emissions data may be excluded from the corresponding compliance demonstration, provided that best operational practices to minimize emissions are adhered to and the duration of data excluded is minimized. As provided by the authority in Rule 62-210.700(5), F.A.C., the following conditions replace the provisions in Rule 62-210.700(1), F.A.C.

    a. *Excess Emissions.* For purposes of SIP-based limits, some data collected during periods of SIP-based excess emissions (startup, shutdown, and malfunction) may be excluded from compliance calculations. The maximum duration of excluded data is 2 hours in any 24-hour period, unless some other duration is specified by permit.

    b. *Limiting Data Exclusion.* If the compliance calculation using all valid CEMS emission data (as defined in this Appendix) indicates that the emission unit is in compliance, then no CEMS data shall be excluded from the compliance demonstration.

    c. *Event Driven Exclusion.* The underlying event (startup, shutdown, or malfunction) must precede the data exclusion. If there is no underlying event, then no data may be excluded.

    d. *Continuous Exclusion.* Data shall be excluded on a continuous basis per event. Data from discontinuous periods shall not be excluded for the same underlying event.

    e. *Reporting Excluded Data.* These procedures for excluding SIP-based excess emissions from compliance calculations are not necessarily the same procedures used for "excess emissions" as defined by federal rules. Semiannual reports required by this permit shall indicate the duration of data excluded from SIP compliance calculations as well as the number of excess emissions as defined in the applicable federal rules.

15. Acid Rain CEMS: For CEMS that are also subject to the acid rain program, the data substitution and bias adjustment procedures from 40 CFR part 75 shall only be applied to data submitted to the EPA. Compliance with SIP-based emission standards shall be determined using unadjusted data and using the calculation procedures of this Appendix.

[Rule 62-4.070(3), F.A.C.]

MONITOR AVAILABILITY

16. Monitor Availability: Monitor availability shall be calculated on a quarterly basis for each emission unit as the number of valid hourly averages obtained by the CEMS, divided by the number of operating hours, times 100%. The monitor availability calculation shall not include periods of time where the monitor was functioning properly, but was unable to collect data while conducting a mandated quality assurance/quality control activity such as calibration error tests, RATA, calibration gas audit, or relative accuracy audits (RAA). Monitor availability for each CEMS shall be 95% or greater in any calendar quarter. Monitor availability shall be reported in the quarterly excess emissions report. In the event 95% availability is not achieved, the permittee shall provide the Department with a report identifying the problems in achieving 95% availability and a plan of corrective actions that will be taken to achieve 95% availability. The permittee shall implement the reported corrective actions within the next calendar quarter. Failure to take corrective actions or continued failure to achieve the minimum monitor availability shall be violations of this permit. [Rule 62-4.070(3), F.A.C.]

CALCULATING AND REPORTING ANNUAL EMISSIONS

17. CEMS for Calculating Annual Emissions: As defined by this Appendix, all valid data shall be used when calculating annual emissions.

    a. Annual emissions shall include data collected during startup, shutdown, and malfunction periods.

    b. Annual emissions shall include data collected during periods when the emission unit is not operating but emissions are being generated (for example, firing fuel to warm up a process for some period of time prior to the emission unit's "official" startup).

    c. Annual emissions shall not include data from periods of time where the monitor was functioning properly but was unable to collect data while conducting a mandated quality assurance/quality control activity such as calibration error tests, RATA, calibration gas audit, or RAA. These periods of time shall be considered "missing data" for purposes of calculating annual emissions.

    d. Annual emissions shall not include data from periods of time when emissions are in excess of the calibrated span of the CEMS. These periods of time shall be considered "missing data" for purposes of calculating annual emissions.

    [Rule 62-4.070(3), F.A.C.]

18. Accounting for Missing Data: All valid measurements collected during each hour shall be used to calculate a 1-hour block average that begins at the top of each hour. For each hour, the 1-hour block average shall be computed from at least two data points separated by a minimum of 15 minutes. If less than two such data points are available, the permittee shall account for emissions during that hour using site-specific data to generate a reasonable estimate of the 1-hour block average. [Rule 62-4.070(3), F.A.C.]

19. Emissions Calculation: Hourly emissions shall be calculated for each hour as the product of the 1-hour block average and the duration of pollutant emissions during that hour. Annual emissions shall be calculated as the sum of all hourly emissions occurring during the year. [Rule 62-4.070(3), F.A.C.]

20. Acid Rain CEMS: For CEMS that are also subject to the acid rain program, the data substitution and bias adjustment procedures from 40 CFR part 75 shall only be applied to data submitted to the U.S. EPA. Annual emissions shall be determined using unadjusted data and using the calculation procedures of this Appendix. [Rule 62-4.070(3), F.A.C.]

21. Reporting Annual Emissions: The permittee shall use data from each required CEMS when calculating annual emissions for purposes of computing actual emissions, baseline actual emissions, and net emissions increase, as defined at Rule 62-210.200, F.A.C., and for purposes of computing emissions pursuant to the reporting requirements of Rules 62-210.370(3) and 62-212.300(1)(e), F.A.C. The owner or operator shall follow the procedures in Appendix E (Standard CEMS Requirements) for calculating annual emissions. [Rule 62-4.070(3), F.A.C.]

The following emissions units are subject to applicable NSPS in 40 CFR 60, which are adopted by reference in Rule 62-204.800(8), F.A.C.

EU No.	Description
024	The CBO Unit is a fluidized bed combustor that will reburn fly ash generated from Units 4 and 5 to produce low-carbon, low-ammonia fly ash material suitable for commercial use. Flue gas exhaust from CBO Unit is directed back into the ductwork of Units 4 and 5 prior to the control equipment.

40 CFR 60, NSPS SUBPART A - GENERAL PROVISIONS

The affected emission units are subject to the applicable General Provisions in Subpart A of the New Source Performance Standards including: §60.1 (Applicability); §60.2 (Definitions(; §60.3 (Units and Abbreviations); §60.4 (Address); §60.5 (Determination of Construction or Modification); §60.6 (Review of Plans); §60.7 (Notification and Record Keeping); §60.8 (Performance Tests); §60.9 (Availability of Information); §60.10 (State Authority); §60.11 (Compliance with Standards and Maintenance Requirements); §60.12 (Circumvention); §60.13 (Monitoring Requirements); §60.14 (Modification); §60.15 (Reconstruction); §60.16 (Priority List); §60.17 (Incorporations by Reference); §60.18 (General Control Device Requirements); §60.19 (General Notification and Reporting Requirements). The General Provisions are not included in this permit, but can be obtained from the Department upon request.

40 CFR 60, SUBPART Dc - STANDARDS OF PERFORMANCE FOR SMALL INDUSTRIAL-COMMERCIAL-INSTITUTIONAL STEAM GENERATING UNITS

Table of Contents

60.40c Applicability and delegation of authority.

60.41c Definitions.

60.42c Standard for sulfur dioxide.

60.43c Standard for particulate matter.

60.44c Compliance and performance test methods and procedures for sulfur dioxide.

60.45c Compliance and performance test methods and procedures for particulate matter.

60.46c Emission monitoring for sulfur dioxide.

60.47c Emission monitoring for particulate matter.

60.48c Reporting and recordkeeping requirements.

§ 60.40c Applicability and Delegation of Authority.

(a) Except as provided in paragraph (d) of this section, the affected facility to which this subpart applies is each steam generating unit for which construction, modification, or reconstruction is commenced after June 9, 1989 and that has a maximum design heat input capacity of 29 megawatts (MW) (100 million Btu per hour (Btu/hr)) or less, but greater than or equal to 2.9 MW (10 million Btu/hr).

(b) In delegating implementation and enforcement authority to a State under section 111(c) of the Clean Air Act, § 60.48c(a)(4) shall be retained by the Administrator and not transferred to a State.

(c) Not applicable.

(d) Not applicable.

(e) Not applicable.

(f) Not applicable.

(g) Not applicable.

§ 60.41c Definitions.

As used in this subpart, all terms not defined herein shall have the meaning given them in the Clean Air Act and in subpart A of this part.

Annual capacity factor means the ratio between the actual heat input to a steam generating unit from an individual fuel or combination of fuels during a period of 12 consecutive calendar months and the potential heat input to the steam generating unit from all fuels had the steam generating unit been operated for 8,760 hours during that 12-month period at the maximum design heat input capacity. In the case of steam generating units that are rented or leased, the actual heat input shall be determined based on the combined heat input from all operations of the affected facility during a period of 12 consecutive calendar months.

Coal means all solid fuels classified as anthracite, bituminous, sub-bituminous, or lignite by the American Society of Testing and Materials in ASTM D388-77, 90, 91, 95, or 98a, Standard Specification for Classification of Coals by Rank (IBR--see Sec. 60.17), coal refuse, and petroleum coke. Coal-derived synthetic fuels derived from coal for the purposes of creating useful heat, including but not limited to solvent refined coal, gasified coal, coal-oil mixtures, and coal-water mixtures, are also included in this definition for the purposes of this subpart.

Coal refuse means any by-product of coal mining or coal cleaning operations with an ash content greater than 50 percent (by weight) and a heating value less than 13,900 kilojoules per kilogram (kJ/kg) (6,000 Btu per pound (Btu/lb) on a dry basis.

Cogeneration steam generating unit means a steam generating unit that simultaneously produces both electrical (or mechanical) and thermal energy from the same primary energy source.

Combined cycle system means a system in which a separate source (such as a stationary gas turbine, internal combustion engine, or kiln) provides exhaust gas to a steam generating unit.

Combustion research means the experimental firing of any fuel or combination of fuels in a steam generating unit for the purpose of conducting research and development of more efficient combustion or more effective prevention or control of air pollutant emissions from combustion, provided that, during these periods of research and development, the heat generated is not used for any purpose other than preheating combustion air for use by that steam generating unit (i.e., the heat generated is released to the atmosphere without being used for space heating, process heating, driving pumps, preheating combustion air for other units, generating electricity, or any other purpose).

Conventional technology means wet flue gas desulfurization technology, dry flue gas desulfurization technology, atmospheric fluidized bed combustion technology, and oil hydrodesulfurization technology.

Distillate oil means fuel oil that complies with the specifications for fuel oil numbers 1 or 2, as defined by the American Society for Testing and Materials in ASTM D396-78, 89, 90, 92, 96, or 98, "Standard Specification for Fuel Oils" (incorporated by reference -- see § 60.17).

Dry flue gas desulfurization technology means a sulfur dioxide (SO2) control system that is located between the steam generating unit and the exhaust vent or stack, and that removes sulfur oxides from the combustion gases of the steam generating unit by contacting the combustion gases with an alkaline slurry or solution and forming a dry powder material. This definition includes devices where the dry powder material is subsequently converted to another form. Alkaline reagents used in dry flue gas desulfurization systems include, but are not limited to, lime and sodium compounds.

Duct burner means a device that combusts fuel and that is placed in the exhaust duct from another source (such as a stationary gas turbine, internal combustion engine, kiln, etc.) to allow the firing of additional fuel to heat the exhaust gases before the exhaust gases enter a steam generating unit.

Emerging technology means any SO2 control system that is not defined as a conventional technology under this section, and for which the owner or operator of the affected facility has received approval from the Administrator to operate as an emerging technology under § 60.48c(a)(4).

Federally enforceable means all limitations and conditions that are enforceable by the Administrator, including the requirements of 40 CFR Parts 60 and 61, requirements within any applicable State implementation plan, and any permit requirements established under 40 CFR 52.21 or under 40 CFR 51.18 and 40 CFR 51.24.

Fluidized bed combustion technology means a device wherein fuel is distributed onto a bed (or series of beds) of limestone aggregate (or other sorbent materials) for combustion; and these materials are forced upward in the device by the flow of

combustion air and the gaseous products of combustion. Fluidized bed combustion technology includes, but is not limited to, bubbling bed units and circulating bed units.

Fuel pretreatment means a process that removes a portion of the sulfur in a fuel before combustion of the fuel in a steam generating unit.

Heat input means heat derived from combustion of fuel in a steam generating unit and does not include the heat derived from preheated combustion air, recirculated flue gases, or exhaust gases from other sources (such as stationary gas turbines, internal combustion engines, and kilns).

Heat transfer medium means any material that is used to transfer heat from one point to another point.

Maximum design heat input capacity means the ability of a steam generating unit to combust a stated maximum amount of fuel (or combination of fuels) on a steady state basis as determined by the physical design and characteristics of the steam generating unit.

Natural gas means (1) a naturally occurring mixture of hydrocarbon and nonhydrocarbon gases found in geologic formations beneath the earth's surface, of which the principal constituent is methane, or (2) liquefied petroleum (LP) gas, as defined by the American Society for Testing and Materials in ASTM D1835-86, 87, 91, or 97, "Standard Specification for Liquefied Petroleum Gases" (incorporated by reference -- see § 60.17).

Noncontinental area means the State of Hawaii, the Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico, or the Northern Mariana Islands.

Oil means crude oil or petroleum, or a liquid fuel derived from crude oil or petroleum, including distillate oil and residual oil.

Potential sulfur dioxide emission rate means the theoretical SO2 emissions (nanograms per joule [ng/J], or pounds per million Btu [lb/million Btu] heat input) that would result from combusting fuel in an uncleaned state and without using emission control systems.

Process heater means a device that is primarily used to heat a material to initiate or promote a chemical reaction in which the material participates as a reactant or catalyst.

Residual oil means crude oil, fuel oil that does not comply with the specifications under the definition of distillate oil, and all fuel oil numbers 4, 5, and 6, as defined by the American Society for Testing and Materials in ASTM D396-78, 89, 90, 92, 96, or 98, "Standard Specification for Fuel Oils" (incorporated by reference -- see § 60.17).

Steam generating unit means a device that combusts any fuel and produces steam or heats water or any other heat transfer medium. This term includes any duct burner that combusts fuel and is part of a combined cycle system. This term does not include process heaters as defined in this subpart.

Steam generating unit operating day means a 24-hour period between 12:00 midnight and the following midnight during which any fuel is combusted at any time in the steam generating unit. It is not necessary for fuel to be combusted continuously for the entire 24-hour period.

Wet flue gas desulfurization technology means an SO2 control system that is located between the steam generating unit and the exhaust vent or stack, and that removes sulfur oxides from the combustion gases of the steam generating unit by contacting the combustion gases with an alkaline slurry or solution and forming a liquid material. This definition includes devices where the liquid material is subsequently converted to another form. Alkaline reagents used in wet flue gas desulfurization systems include, but are not limited to, lime, limestone, and sodium compounds.

Wet scrubber system means any emission control device that mixes an aqueous stream or slurry with the exhaust gases from a steam generating unit to control emissions of particulate matter (PM) or SO2.

Wood means wood, wood residue, bark, or any derivative fuel or residue thereof, in any form, including but not limited to sawdust, sanderdust, wood chips, scraps, slabs, millings, shavings, and processed pellets made from wood or other forest residues.

§ 60.42c Standard for Sulfur Dioxide.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) On and after the date on which the initial performance test is completed or required to be completed under § 60.8 of this part, whichever date comes first, no owner or operator of an affected facility that combusts oil shall cause to be discharged into the atmosphere from that affected facility any gases that contain SO_2 in excess of 215 ng/J (0.50 lb/million Btu) heat input; or, as an alternative, no owner or operator of an affected facility that combusts oil shall combust oil in the affected facility that contains greater than 0.5 weight percent sulfur. The percent reduction requirements are not applicable to affected facilities under this paragraph.

{Permitting Note: The permit restricts fuel oil for startup to a maximum sulfur content of 0.5% by weight. Flue gases from the CBO unit are directed back into the ductwork for Units 4 and 5 to meet an SO2 standard of 0.27 lb/MMBtu of heat input. Compliance with this NSPS Subpart Dc requirement is assured by compliance with the permit conditions.}

(e) Not applicable.

(f) Not applicable.

(g) Not applicable.

(h) Not applicable.

(i) The SO_2 emission limits, fuel oil sulfur limits, and percent reduction requirements under this section apply at all times, including periods of startup, shutdown, and malfunction.

(j) Only the heat input supplied to the affected facility from the combustion of coal and oil is counted under this section. No credit is provided for the heat input to the affected facility from wood or other fuels or for heat derived from exhaust gases from other sources, such as stationary gas turbines, internal combustion engines, and kilns.

§ 60.43c Standard for Particulate Matter.

(a) Not applicable.

(b) Not applicable.

(c) On and after the date on which the initial performance test is completed or required to be completed under § 60.8 of this part, whichever date comes first, no owner or operator of an affected facility that combusts coal, wood, or oil and has a heat input capacity of 8.7 MW (30 million Btu/hr) or greater shall cause to be discharged into the atmosphere from that affected facility any gases that exhibit greater than 20 percent opacity (6-minute average), except for one 6-minute period per hour of not more than 27 percent opacity.

(d) The PM and opacity standards under this section apply at all times, except during periods of startup, shutdown, or malfunction.

(e) Not applicable.

§ 60.44c Compliance and Performance Test Methods and Procedures for Sulfur Dioxide.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

(e) Not applicable.

(f) Not applicable.

(g) For oil-fired affected facilities where the owner or operator seeks to demonstrate compliance with the fuel oil sulfur limits under § 60.42c based on shipment fuel sampling, the initial performance test shall consist of sampling and analyzing the oil in the initial tank of oil to be fired in the steam generating unit to demonstrate that the oil contains 0.5 weight percent sulfur or less. Thereafter, the owner or operator of the affected facility shall sample the oil in the fuel

tank after each new shipment of oil is received, as described under § 60.46c(d)(2).

(h) Not applicable.

(i) Not applicable.

(j) Not applicable.

§ 60.45c Compliance and Performance Test Methods and Procedures for Particulate Matter.

(a) The owner or operator of an affected facility subject to the PM and/or opacity standards under Sec. 60.43c shall conduct an initial performance test as required under Sec. 60.8, and shall conduct subsequent performance tests as requested by the Administrator, to determine compliance with the standards using the following procedures and reference methods, except as specified in paragraph (c) and (d) of this section.

(b) Not applicable.

(c) Units that burn only oil containing no more than 0.5 weight percent sulfur or liquid or gaseous fuels with potential sulfur dioxide emission rates of 230 ng/J (0.54 lb/MMBtu) heat input or less are not required to conduct emissions monitoring if they maintain fuel supplier certifications of the sulfur content of the fuels burned.

(d) Not applicable.

§ 60.46c Emission Monitoring for Sulfur Dioxide

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

(e) The monitoring requirements of paragraphs (a) and (d) of this section shall not apply to affected facilities subject to § 60.42c(h)(1), (2), or (3) where the owner or operator of the affected facility seeks to demonstrate compliance with the SO_2 standards based on fuel supplier certification, as described under § 60.48c(f) (1), (2), or (3), as applicable.

(f) Not applicable.

§ 60.47c Emission Monitoring for Particulate Matter.

(a) The owner or operator of an affected facility combusting coal, oil, gas, or wood that is subject to the opacity standards under Sec. 60.43c shall install, calibrate, maintain, and operate a COMS for measuring the opacity of the emissions discharged to the atmosphere and record the output of the system, except as specified in paragraphs (c) and (d) of this section.

(b) Not applicable.

(c) Units that burn only oil that contains no more than 0.5 weight percent sulfur or liquid or gaseous fuels with potential sulfur dioxide emission rates of 230 ng/J (0.54 lb/MMBtu) heat input or less are not required to conduct PM emissions monitoring if they maintain fuel supplier certifications of the sulfur content of the fuels burned.

(d) Not applicable.

§ 60.48c Reporting and Recordkeeping Requirements.

(a) The owner or operator of each affected facility shall submit notification of the date of construction or reconstruction, anticipated startup, and actual startup, as provided by § 60.7 of this part. This notification shall include:

(1) The design heat input capacity of the affected facility and identification of fuels to be combusted in the affected facility.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(b) The owner or operator of each affected facility subject to the SO_2 emission limits of § 60.42c, or the PM or opacity limits of § 60.43c, shall submit to the Administrator the performance test data from the initial and any subsequent performance tests and, if applicable, the performance evaluation of the CEMS and/or COMS using the applicable performance specifications in appendix B.

(c) The owner or operator of each coal-fired, residual oil-fired, or wood-fired affected facility subject to the opacity limits under § 60.43c(c) shall submit excess emission reports for any excess emissions reports for any excess emissions from the affected facility which occur during the reporting period.

(d) The owner or operator of each affected facility subject to the SO_2 emission limits, fuel oil sulfur limits, or percent reduction requirements under § 60.42c shall submit reports to the Administrator.

(e) The owner or operator of each affected facility subject to the SO_2 emission limits, fuel oil sulfur limits, or percent reduction requirements under § 60.43c shall keep records and submit reports as required under paragraph (d) of this section, including the following information, as applicable.

(1) Calendar dates covered in the reporting period.

(2) Each 30-day average SO_2 emission rate (ng/J or lb/million Btu), or 30-day average sulfur content (weight percent), calculated during the reporting period, ending with the last 30-day period; reasons for any noncompliance with the emission standards; and a description of corrective actions taken.

(3) Each 30-day average percent of potential SO_2 emission rate calculated during the reporting period, ending with the last 30-day period; reasons for any noncompliance with the emission standards; and a description of corrective actions taken.

(4) Identification of any steam generating unit operating days for which SO_2 or diluent (oxygen or carbon dioxide) data have not been obtained by an approved method for at least 75 percent of the operating hours; justification for not obtaining sufficient data; and a description of corrective actions taken.

(5) Identification of any times when emissions data have been excluded from the calculation of average emission rates; justification for excluding data; and a description of corrective actions taken if data have been excluded for periods other than those during which coal or oil were not combusted in the steam generating unit.

(6) Identification of the F factor used in calculations, method of determination, and type of fuel combusted.

(7) Identification of whether averages have been obtained based on CEMS rather than manual sampling methods.

(8) If a CEMS is used, identification of any times when the pollutant concentration exceeded the full span of the CEMS.

(9) If a CEMS is used, description of any modifications to the CEMS that could affect the ability of the CEMS to comply with Performance Specifications 2 or 3 (appendix B).

(10) If a CEMS is used, results of daily CEMS drift tests and quarterly accuracy assessments as required under appendix F, Procedure 1.

(11) If fuel supplier certification is used to demonstrate compliance, records of fuel supplier certification as described under paragraph (f)(1), (2), or (3) of this section, as applicable. In addition to records of fuel supplier certifications, the report shall include a certified statement signed by the owner or operator of the affected facility that the records of fuel supplier certifications submitted represent all of the fuel combusted during the reporting period.

(f) Fuel supplier certification shall include the following information:

(1) For distillate oil:

(i) The name of the oil supplier; and

(ii) A statement from the oil supplier that the oil complies with the specifications under the definition of distillate oil in § 60.41c.

(2) For residual oil:

(i) The name of the oil supplier;

(ii) The location of the oil when the sample was drawn for analysis to determine the sulfur content of the oil, specifically including whether the oil was sampled as delivered to the affected facility, or whether the sample was drawn from oil in storage at the oil supplier's or oil refiner's facility, or other location;

(iii) The sulfur content of the oil from which the shipment came (or of the shipment itself); and

(iv) The method used to determine the sulfur content of the oil.

(3) Not applicable.

(g) The owner or operator of each affected facility shall record and maintain records of the amounts of each fuel combusted during each day. The owner or operator of an affected facility that only burns very low sulfur fuel oil or other liquid or gaseous fuels with potential sulfur dioxide emissions rate of 140 ng/J (0.32 lb/MMBtu) heat input or less shall record and maintain records of the fuels combusted during each calendar month.

(h) Not applicable.

(i) All records required under this section shall be maintained by the owner or operator of the affected facility for a period of two years following the date of such record.

(j) The reporting period for the reports required under this subpart is each six-month period. All reports shall be submitted to the Administrator and shall be postmarked by the 30th day following the end of each reporting period.

OPC
1st POD

#6

070703

DOCUMENT NUMBER-DATE
00960 FEB-7 08
FPSC-COMMISSION CLERK

Phase Project Authorization Form

☒ Initial ☐ Revision (If Checked, enter revision no) _____ Phase: ☐ Study ☒ Design ☐ Implement

Project Title: 80CR9CRP2*Coal Yard Chutes System Upgrade Prioritization Category: Strategic

Department: Fossil Generation Location: Crystal River (Fossil) Charge To: 50930D

PEFSYS Record #: CRF-05-82845 Initiation Date: 2005 Acctng System Phase #: 20048595 Acctng System Master Project #: 20048593

Account Class: O&M 0.0% Capital 100.0% Fuel 0.0% ☐ Emergency If Emergency, Authorized By _____

Project Manager: Snipes, Charles R. Project Sponsor: Jackson, Rufus Benefit Assessment Date: April 12, 2006

Schedule	☐ Outage Required	Study	Design	Implementation	Source of Funds:
	Start Date	April 1, 2005	June 1, 2005	June 1, 2006	Budget X Other
	End Date	June 1, 2005	August 31, 2006	March 31, 2007	Total Direct Cost
Direct Cost	Prior Years	$55,000	$0	$0	$55,000
	2006	$0	$402,000	$2,368,000	$2,770,000
	2007	$0	$0	$1,500,000	$1,500,000
	Project Total	$55,000	$402,000	$3,868,000	$4,325,000

		Before-Tax $
Will there be obsolete inventory as a result of the project that will require the write-off of inventory* If yes, enter $ value in the box	☐ Yes ☒ No	
Will new inventory be added as a result of the project * If yes enter the $ value in the box.	☐ Yes ☒ No	

* Notify Business Unit Financial Services support, Manager, Property Plant and Materials Accounting, Director-Supply chain and CSD Salvage Group. Discuss in detail below.

Economic Analysis		B/C Ratio	NPV	Discounted Breakeven Year
Base Case		[redacted] 0.00 3/10/06	$ [redacted] million $0 3/10/06	8 [redacted] 3/10/06
If > $5M	Best Case Scenario			
	Worst Case Scenario			
	Treasury Control #: 2006-1107		Note: Proforma for entire term must be attached to approval.	
Other Metrics	Strategic Benefit Sought:			

We, the undersigned, agree that the project assumptions are reasonable and key risks have been identified and accurately considered.

Approvals: Thresholds based on total project direct costs. All must sign in sequence.

REDACTED

Phase Project Authorization Form

Approval Levels	Approval Signatures	Date	Approval Levels	Approval Signatures	Date
All 3 Phase Projects require these approvals	☑ Project Manager:	3/09/06	Project direct cost > $1M	☑ Senior Vice President:	3/10/06
	☑ Project Sponsor:	3/10/06		☐ PEC or PEF President & CEO | Pres. - Progress Ventures | Exec. VP Diversified Ops:	
	☑ PRG Chairperson:	3/10/06		☑ Subsidiary Director or Progress Energy Service Co. Pres. & CEO | Subsidiary Director or Progress Energy, Inc. Pres. & CEO:	3/10/06
	☑ Business Services Mgr. or Supervisor Financial Services:	3/10/06	Project direct cost > $5 M	☑ Subsidiary Treasurer or Progress Energy, Inc. Treasurer:	3/10/06
Project direct cost > $250K	☑ Department Head - DH:	3/10/06		☑ Subsidiary Director or Progress Energy, Inc. CFO:	3/13/06
	☐ Department Head - DH, Charge-By Org. (Required for facilities projects):			☑ Subsidiary Chairman or Progress Energy, Inc. Chairman & CEO:	3/13/06

Return Original to PRG Administrator, who must maintain a file of the signed original.
Executed Lease Evaluation Form, FRM-SUBS-01110 must be attached to approval if the recommended project includes a lease.
Signatures as Subsidiary Directors or Officers based on legal entity sponsoring project.

Capital Planning and Control Review (Initial and Date): _____

Phase Project Authorization Form

☐ Initial ☐ Revision (If Checked, enter revision no) _____ Phase: ☐ Study ☐ Design ☒ Implement

Project Title: 60CR11CRP3 *Barge Unloader System Upgrade Prioritization Category: Econ Ben--Existing Assets

Department: Fossil Generation Location: Crystal River (Fossil) Charge To: 60731D

EESY** Record #: CRF-05-69484 Initiation Date: 2006 Acctng System Phase #: 20048505 Acctng System Master Project #: 20048501

Account Class: O&M 0.0% Capital 100.0% Fuel 0.0% ☐ Emergency If Emergency, Authorized By _____

Project Manager: Snipes, Charles R. Project Sponsor: Jackson, Rufus Benefit Assessment Date: March 31, 2008

Schedule	☐ Outage Required	Study	Design	Implementation	Source of Funds:
	Start Date	April 1, 2005	January 2, 2006	August 1, 2006	Budget X Other
	End Date	December 31, 2005	July 31, 2006	March 31, 2007	Total Direct Cost
Direct Cost	Prior Years	$157,154	$0	$0	$157,154
	2006	$0	$1,479,705	$4,022,141	$5,501,846
	2007	$0	$0	$591,000	$591,000
	Project Total	$157,154	$1,479,705	$4,613,141	$6,250,000

		Before-Tax $
Will there be obsolete inventory as a result of the project that will require the write-off of inventory* If yes, enter $ value in the box	☒ Yes ☐ No	468000
Will new inventory be added as a result of the project * If yes enter the $ value in the box.	☒ Yes ☐ No	56385

* Notify Business Unit Financial Services support, Manager, Property Plant and Materials Accounting, Director-Supply chain and CSD Salvage Group. Discuss in detail below.

Economic Analysis		B/C Ratio 3/10/06	NPV 3/10/06	Discounted Breakeven Year 3/10/06
Base Case		[redacted]	[redacted] million	[redacted]
If > $5M	Best Case Scenario			
	Worst Case Scenario			
	Treasury Control #: 2006-1109		Note: Proforma for entire term must be attached to approval.	
Other Metrics				

We, the undersigned, agree that the project assumptions are reasonable and key risks have been identified and accurately considered.

Approvals: Thresholds based on total project direct costs. All must sign in sequence.

REDACTED

Rcvd 03/01/06 CP&C

FRM-SUBS-00690
Rev. 9 10/05

Approval Levels	Approval Signatures	Date	Approval Levels	Approval Signatures	Date
All 3 Phase Projects require these approvals	☐ Project Manager:	2/17/06	Project direct cost > $1M	☑ Senior Vice President:	3/10/06
	☐ Project Sponsor:	2/17/06		☐ PEC or PEF President & CEO | Pres. - Progress Ventures | Exec. VP Diversified Ops:	
	☑ PRG Chairperson:	2/27/06		☑ Subsidiary Director or Progress Energy Service Co. Pres. & CEO | Subsidiary Director or Progress Energy, Inc. President & CEO:	3/10/06
	☑ Business Services Mgr. or Supervisor Financial Services:	2/17/06	Project direct cost > $5 M	☑ Subsidiary Treasurer or Progress Energy, Inc. Treasurer:	3/10/06
Project direct cost > $250K	☑ Department Head - DH:	2/17/06		☑ Subsidiary Director or Progress Energy, Inc CEO:	3/15/06
	☐ Department Head - DH, Charge-By Org. (Required for facilities projects):			☑ Subsidiary Chairman or Progress Energy, Inc. Chairman & CEO:	3/14/06

Return Original to PRG Administrator, who must maintain a file of the signed original:

Executed Lease Evaluation Form, FRM-SUBS-01110 must be attached to approval if the recommended project includes a lease.

Signatures as Subsidiary Directors or Officers based on legal entity sponsoring project.

Capital Planning and Control Review (initial and Date): 03/02/06

Phase Project Authorization Form

☐ Initial ☐ Revision (If Checked, enter revision no) _____ Phase: ☐ Study ☒ Design ☐ Implement

Project Title: 60CR11CRP2*Barge Unloader System Upgrade Prioritization Category: Strategic

Department: Fossil Generation Location: Crystal River (Fossil) Charge To: 50930D

EESY Record #: CRF-06-82801 Initiation Date: 2005 Acctng System Phase #: 20048504 Acctng System Master Project #: 20048501

Account Class: O&M 0.0% Capital 100.0% Fuel 0.0% ☐ Emergency If Emergency, Authorized By _____

Project Manager: Snipes, Charles R. Project Sponsor: Jackson, Rufus Benefit Assessment Date: March 31, 2008

Schedule	☐ Outage Required	Study	Design	Implementation	Source of Funds:
	Start Date	April 1, 2005	January 2, 2006	August 1, 2006	Budget X Other
	End Date	December 31, 2005	July 31, 2006	March 31, 2007	Total Direct Cost

Direct Cost	Prior Years	$157,154	$0	$0	$157,154
	2006	$0	$1,479,705	$4,022,141	$5,501,846
	2007	$0	$0	$591,000	$591,000
	Project Total	$157,154	$1,479,705	$4,613,141	$6,250,000

		Before-Tax $
Will there be obsolete inventory as a result of the project that will require the write-off of inventory* If yes, enter $ value in the box	☒ Yes ☐ No	468000
Will new inventory be added as a result of the project * If yes enter the $ value in the box.	☒ Yes ☐ No	56385

* Notify Business Unit Financial Services support, Manager, Property Plant and Materials Accounting, Director-Supply chain and CSD Salvage Group. Discuss in detail below.

Economic Analysis		B/C Ratio mw3 3/10/06	NPV mw3	Discounted Breakeven Year mw3 3/10/06
Base Case		[redacted] ~~1.05~~	[redacted] ~~$386,646~~ 3/10/06	~~20~~ [redacted]
If > $5M	Best Case Scenario			
	Worst Case Scenario			
	Treasury Control #: 2006-1107		Note: Proforma for entire term must be attached to approval.	
Other Metrics	Strategic Benefit Sought:			

We, the undersigned, agree that the project assumptions are reasonable and key risks have been identified and accurately considered.

Approvals: Thresholds based on total project direct costs. All must sign in sequence.

REDACTED

Rcvd 03/01/06 CP&C

Approval Levels	Approval Signatures	Date	Approval Levels	Approval Signatures	Date
All 3 Phase Projects require these approvals	☐ Project Manager:	2/17/06	Project direct cost > $1M	☑ Senior Vice President:	3/10/06
	☐ Project Sponsor:	2/17/06		☐ PEC or PEF President & CEO | Pres. - Progress Ventures | Exec. VP Diversified Ops:	
	☑ PRG Chairperson:	2/23/06		☑ Subsidiary Director or Progress Energy Service Co. Pres. & CEO | Subsidiary Director or Progress Energy, Inc. Pres. & COO:	3/14/06
	☑ Business Services Mgr. or Supervisor Financial Services: 2/17	2/17/06		☑ Subsidiary Treasurer or Progress Energy, Inc. Treasurer:	3/6/06
Project direct cost > $250K	☑ Department Head - DH:	2/17/06	Project direct cost > $5 M	☑ Subsidiary Director or Progress Energy, Inc CFO:	3/13/06
	☐ Department Head - DH, Charge-By Org. (Required for facilities projects):			☑ Subsidiary Chairman or Progress Energy, Inc. Chairman & CEO:	3/14/06

Return Original to PRG Administrator, who must maintain a file of the signed original: _____

Executed Lease Evaluation Form, FRM-SUBS-01110 must be attached to approval if the recommended project includes a lease.

Signatures as Subsidiary Directors or Officers based on legal entity sponsoring project.

Capital Planning and Control Review (initial and Date): 03/02/06

Crystal River Barge Unloader Replacement
And
Coal Yard Chute System Upgrade
Business Analysis Package

Sponsoring Business Unit: Fossil Generation Department

Funding Legal Entity: Progress Energy Florida

Date Prepared: January 16, 2006

Key Project Contacts:

Role, Dept/Grp	Name	Phone #
Project Sponsor	Rufus. S. Jackson	240-5210
Project Manager	Charles R. Snipes	240-5129

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 6

PAGES
PEF-CC-001029
THROUGH
PEF-CC-001038
HAVE BEEN
DESIGNATED AS
CONFIDENTIAL

Appendix A: Pro Forma Economic Analysis

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 6

PAGES
PEF-CC-001040
THROUGH
PEF-CC-001044
HAVE BEEN
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CONFIDENTIAL

Progress Energy

memo

Date: December 13, 2006

To: Mike Williams, Peter Scott, Tom Sullivan, Bob McGehee, Bill Johnson

From: Carmen Prevette, Capital Planning and Control

Subject: Crystal River Coal Yard Chute System Upgrade

The Implementation Phase of the Crystal River Coal Yard Chute System Upgrade project is attached for your approval.

This project was reviewed by the PEF Capital Oversight Committee on December 5, 2006. Budget dollars are available to fund the capital requirements for 2006; and the committee agreed to fund the required cash flow for 2007 using carry-over dollars from the FGD 2006 capital budget.

This project has been reviewed by Capital Planning and Control for appropriate project documentation.

Since the project is greater than $5 million, each of your signatures is required.

If you have any questions, please call me at extension -4620.

Attachment

Revised

Crystal River Barge Unloader Replacement And Coal Yard Chute System Upgrade

Business Analysis Package

Sponsoring Business Unit: Fossil Generation Department

Funding Legal Entity: Progress Energy Florida

Date Prepared: December 7, 2006

Key Project Contacts:

Role, Dept/Grp	Name	Phone #
Project Sponsor	Daniel P. Grannan	240-2549
Project Manager	Charles R. Snipes	240-5129

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 6

PAGES
PEF-CC-001047
THROUGH
PEF-CC-001049
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Appendix A
Economic Evaluation

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 6

PAGES
PEF-CC-001051
THROUGH
PEF-CC-001053
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CONFIDENTIAL

Appendix B
Original PAF & BAP

Progress Energy

memo

Date: March 10, 2006

To: File

From: Mike Brennan MWB

Subject: Approval package for Crystal River Barge Unloader and Chute Redesign projects

Treasury has reviewed the attached business analysis package and project authorization forms for the Barge Unloader Replacement and Coal Yard Chute System Upgrade. These projects are planned to be completed jointly. As a result, the business analysis package recommends approval of both projects and the economic analysis is based on both projects being completed.

The approval documents have been split into forms for the approval for design and implementation of the barge unloader and a separate form for the approval of the design phase of the chute system upgrade. Approval for the implementation phase for the chute system upgrade will be requested prior to the start of implementation, currently expected to be June 2006.

Treasury – Financial Analysis recommends approval of these projects.

MWB:

Phase Project Authorization Form

☒ Initial ☐ Revision (If Checked, enter revision no) _____ Phase: ☐ Study ☒ Design ☐ Implement

Project Title: 60CR9CRP2"Coal Yard Chutes System Upgrade Prioritization Category: Strategic

Department: Fossil Generation Location: Crystal River (Fossil) Charge To 509300

PESY Record #: CRF-05-52845 Initiation Date 2005 Acctng System Phase #: 20048595 Acctng System Master Project #: 20048593

Account Class: O&M 0.0% Capital 100.0% Fuel 0.0% ☐ Emergency If Emergency, Authorized By _____

Project Manager: Snipes, Charles R. Project Sponsor: Jackson, Rufus Benefit Assessment Date: April 12, 2006

Schedule	☐ Outage Required	Study	Design	Implementation	Source of Funds:
	Start Date	April 1, 2005	June 1, 2005	June 1, 2006	Budget X Other
	End Date	June 1, 2005	August 31, 2006	March 31, 2007	Total Direct Cost

Direct Cost	Prior Years	$55,000	$0	$0	$55,000
	2006	$0	$402,000	$2,368,000	$2,770,000
	2007	$0	$0	$1,500,000	$1,500,000
	Project Total	$55,000	$402,000	$3,868,000	$4,325,000

		Before-Tax $
Will there be obsolete inventory as a result of the project that will require the write-off of inventory* If yes, enter $ value in the box	☐ Yes ☒ No	
Will new inventory be added as a result of the project * If yes enter the $ value in the box.	☐ Yes ☒ No	

* Notify Business Unit Financial Services support, Manager, Property Plant and Materials Accounting, Director-Supply chain and CSD Salvage Group. Discuss in detail below.

Economic Analysis		B/C Ratio	NPV	Discounted Breakeven Year
Base Case		[redacted] 0.00 3/10/06	$ [redacted] million $0 3/14/06	[redacted] 3/10/06
If > $5M	Best Case Scenario			
	Worst Case Scenario			
	Treasury Control #: 2006-1107		Note: Proforma for entire term must be attached to approval.	
Other Metrics	Strategic Benefit Sought			

We, the undersigned, agree that the project assumptions are reasonable and key risks have been identified and accurately considered.

Approvals: Thresholds based on total project direct costs. All must sign in sequence.

REDACTED

FRM-SUBS-00690
Rev. 9 10/05

Report Generated: 3/8/2006 12:53:46PM

Phase Project Authorization Form

Approval Levels	Approval Signatures	Date	Approval Levels	Approval Signatures	Date
All 3 Phase Projects require these approvals	☑ Project Manager:	3/07/06	Project direct cost > $1M	☑ Senior Vice President:	3/10/06
	☑ Project Sponsor:	3/10/06		☐ PEC or PEF President & CEO | Pres. - Progress Ventures | Exec. VP Diversified Ops:	
	☑ PRG Chairperson:	3/14/06		☑ Subsidiary Director or Progress Energy Service Co. Pres. & CEO | Subsidiary Director or Progress Energy, Inc. Pres. & CEO:	3/10/06
	☑ Business Services Mgr. or Supervisor Financial Services:	3/10/06	Project direct cost > $5 M	☑ Subsidiary Treasurer or Progress Energy, Inc. Treasurer:	3/10/06
Project direct cost > $250K	☑ Department Head - DH:	3/10/06		☑ Subsidiary Director or Progress Energy, Inc. CFO:	3/13/06
	☐ Department Head - DH, Charge-By Org. (Required for facilities projects):			☑ Subsidiary Chairman or Progress Energy, Inc. Chairman & CEO:	3/13/06

Return Original to PRG Administrator, who must maintain a file of the signed original: _____

Executed Lease Evaluation Form, FRM-SUBS-01110 must be attached to approval if the recommended project includes a lease.

Signatures as Subsidiary Directors or Officers based on legal entity sponsoring project.

Capital Planning and Control Review (initial and Date): _____ 03/10/06

FRM-SUBS-00690
Rev. 9 10/05

Report Generated: 3/8/2006 12:53:46PM

Phase Project Authorization Form

☐ Initial ☐ Revision (If Checked, enter revision no) _____ Phase: ☐ Study ☐ Design ☒ Implement

Project Title: 60CR11CRP3 *Barge Unloader System Upgrade Prioritization Category: Econ Ben–Existing Assets

Department: Fossil Generation Location: Crystal River (Fossil) Charge To 60731D

EESY* Record #: CRF-05-69484 Initiation Date: 2006 Acctng System Phase #: 20048505 Acctng System Master Project #: 20048501

Account Class: O&M 0.0% Capital 100.0% Fuel 0.0% ☐ Emergency If Emergency, Authorized By _____

Project Manager: Snipes, Charles R. Project Sponsor: Jackson, Rufus Benefit Assessment Date: March 31, 2008

Schedule	☐ Outage Required	Study	Design	Implementation	Source of Funds:
	Start Date	April 1, 2005	January 2, 2006	August 1, 2006	Budget X Other
	End Date	December 31, 2005	July 31, 2006	March 31, 2007	Total Direct Cost

Direct Cost	Prior Years	$157,154	$0	$0	$157,154
	2006	$0	$1,479,705	$4,022,141	$5,501,846
	2007	$0	$0	$591,000	$591,000
	Project Total	$157,154	$1,479,705	$4,613,141	$6,250,000

		Before-Tax $
Will there be obsolete inventory as a result of the project that will require the write-off of inventory* If yes, enter $ value in the box	☒ Yes ☐ No	462000
Will new inventory be added as a result of the project* If yes enter the $ value in the box.	☒ Yes ☐ No	56385

* Notify Business Unit Financial Services support, Manager, Property Plant and Materials Accounting, Director-Supply chain and CSD Salvage Group. Discuss in detail below.

Economic Analysis		B/C Ratio	NPV	Discounted Breakeven Year
Base Case		[redacted]	[redacted]	[redacted]
If > $5M	Best Case Scenario			
	Worst Case Scenario			
	Treasury Control #: 2006-1107		Note: Proforma for entire term must be attached to approval.	
Other Metrics				

We, the undersigned, agree that the project assumptions are reasonable and key risks have been identified and accurately considered.

Approvals: Thresholds based on total project direct costs. All must sign in sequence.

REDACTED

Rcvd 03/01/06 CP&C

FRM-SUBS-00690
Rev. 9 10/05

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Phase Project Authorization Form

Approval Levels	Approval Signatures	Date	Approval Levels	Approval Signatures	Date
All 3 Phase Projects require these approvals	☐ Project Manager:	2/17/06	Project direct cost > $1M	☑ Senior Vice President:	3/10/06
	☐ Project Sponsor:	2/17/06		☐ PEC or PEF President & CEO | Pres. - Progress Ventures | Exec. VP Diversified Ops:	
	☑ PRG Chairperson:	2/17/06		☑ Subsidiary Director or Progress Energy Service Co. Pres. & CEO | Subsidiary Director or Progress Energy, Inc. Executive:	3/14/06
	☑ Business Services Mgr. or Supervisor Financial Services:	2/17/06	Project direct cost > $5 M	☑ Subsidiary Treasurer or Progress Energy, Inc. Treasurer:	3/10/06
Project direct cost > $250K	☑ Department Head - DH:	2/17/06		☑ Subsidiary Director or Progress Energy, Inc CFO:	3/15/06
	☐ Department Head - DH, Charge-By Org. (Required for facilities projects):			☑ Subsidiary Chairman or Progress Energy, Inc. Chairman & CEO:	3/14/06

Return Original to PRG Administrator, who must maintain a file of the signed original.
Executed Lease Evaluation Form, FRM-SUBS-01110 must be attached to approval if the recommended project includes a lease.
Signatures as Subsidiary Directors or Officers based on legal entity sponsoring project.

Capital Planning and Control Review (initial and Date): 03/02/06

Phase Project Authorization Form

☐ Initial ☐ Revision (If Checked, enter revision no) _____ Phase: ☐ Study ☒ Design ☐ Implement

Project Title: 60CR11CRP2*Barge Unloader System Upgrade Prioritization Category: Strategic

Department: Fossil Generation Location: Crystal River (Fossil) Charge To: 60930D

EESY** Record #: CRF-06-82801 Initiation Date: 2005 Acctng System Phase #: 20048504 Acctng System Master Project #: 20048501

Account Class: O&M 0.0% Capital 100.0% Fuel 0.0% ☐ Emergency If Emergency, Authorized By _____

Project Manager: Snipes, Charles R. Project Sponsor: Jackson, Rufus Benefit Assessment Date: March 31, 2008

Schedule	☐ Outage Required	Study	Design	Implementation	Source of Funds:
	Start Date	April 1, 2005	January 2, 2006	August 1, 2006	Budget X Other
	End Date	December 31, 2005	July 31, 2006	March 31, 2007	Total Direct Cost
Direct Cost	Prior Years	$157,154	$0	$0	$157,154
	2006	$0	$1,479,705	$4,022,141	$5,501,846
	2007	$0	$0	$591,000	$591,000
	Project Total	$157,154	$1,479,705	$4,613,141	$6,250,000

		Before-Tax $
Will there be obsolete inventory as a result of the project that will require the write-off of inventory* If yes, enter $ value in the box	☒ Yes ☐ No	468 000
Will new inventory be added as a result of the project * If yes enter the $ value in the box.	☒ Yes ☐ No	56385

* Notify Business Unit Financial Services support, Manager, Property Plant and Materials Accounting, Director-Supply chain and CSD Salvage Group. Discuss in detail below.

Economic Analysis		B/C Ratio mw3 3/10/06	NPV mw3 3/10/06	Discounted Breakeven Year mw3 3/10/06
Base Case		[redacted] 1.85	[redacted] $1,886,546	2014 [redacted]
If > $5M	Best Case Scenario			
	Worst Case Scenario			
	Treasury Control #: 2006 - 1107		Note: Proforma for entire term must be attached to approval.	
Other Metrics	Strategic Benefit Sought:			

We, the undersigned, agree that the project assumptions are reasonable and key risks have been identified and accurately considered.

Approvals: Thresholds based on total project direct costs. All must sign in sequence.

REDACTED

Revd 03/01/06 CP&C

FRM-SUBS-00690
Rev. 9 10/05

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Phase Project Authorization Form

Approval Levels	Approval Signatures	Date	Approval Levels	Approval Signatures	Date
All 3 Phase Projects require these approvals	☐ Project Manager: C R Fujan	2/17/06	Project direct cost > $1M	☑ Senior Vice President:	3/10/06
	☐ Project Sponsor:	2/17/06		☐ PEC or PEF President & CEO | Pres. - Progress Ventures | Exec. VP Diversified Ops:	
	☑ PRG Chairperson:	2/23/06		☑ Subsidiary Director or Progress Energy Service Co. Pres. & CEO | Subsidiary Director or Progress Energy, Inc. Pres. & CEO:	3/10/06
	☑ Business Services Mgr. or Supervisor Financial Services:	2/17/06	Project direct cost > $5 M	☑ Subsidiary Treasurer Progress Energy, Inc. Treasurer:	3/6/06
Project direct cost > $250K	☑ Department Head - DH:	2/17/06		☑ Subsidiary Director or Progress Energy, Inc. CFO:	3/13/06
	☐ Department Head - DH, Charge-By Org. (Required for facilities projects):			☑ Subsidiary Chairman or Progress Energy, Inc. Chairman & CEO:	3/14/06

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Signatures as Subsidiary Directors or Officers based on legal entity sponsoring project.

Capital Planning and Control Review (initial and Date): 03/02/06

Crystal River Barge Unloader Replacement
And
Coal Yard Chute System Upgrade
Business Analysis Package

Sponsoring Business Unit: Fossil Generation Department

Funding Legal Entity: Progress Energy Florida

Date Prepared: January 16, 2006

Key Project Contacts:

Role, Dept/Grp	Name	Phone #
Project Sponsor	Rufus. S. Jackson	240-5210
Project Manager	Charles R. Snipes	240-5129

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 6

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Appendix A: Pro Forma Economic Analysis

Appendix C
Combined Projects, INCLUDING Sunk & Committed Costs

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 6

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Phase Project Authorization Form

Approval Levels	Approval Signatures	Date	Approval Levels	Approval Signatures	Date
All 3 Phase Projects require these approvals	☐ Project Manager:	9/29/06	Project direct cost > $1M	☐ Senior Vice President:	11/2/06
	☐ Project Sponsor:			☐ PEC or PEF President & CEO | Pres. - Progress Ventures | Exec. VP Diversified Ops:	
	☐ PRG Chairperson:	10/4/06		☐ Subsidiary Director or Progress Energy Service Co. Pres. & CEO | Subsidiary Director or Progress Energy, Inc Pres. & COO:	
	☐ Business Services Mgr. or Supervisor Financial Services:	10/2/06	Project direct cost > $5 M	☐ Subsidiary Treasurer or Progress Energy, Inc. Treasurer:	
Project direct cost > $250K	☐ Department Head - DH:	11/15/06		☐ Subsidiary Director or Progress Energy, Inc CFO:	
	☐ Department Head - DH, Charge-By Org. (Required for facilities projects):	10/9/06		☐ Subsidiary Chairman or Progress Energy, Inc. Chairman & CEO:	

Return Original to PRG Administrator, who must maintain a file of the signed original:

Executed Lease Evaluation Form, FRM-SUBS-01110 must be attached to approval if the recommended project includes a lease.

Signatures as Subsidiary Directors or Officers based on legal entity sponsoring project.

Capital Planning and Control Review (initial and Date): 12/08/06

PROGRESS ENERGY RESPONSE TO
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Progress Energy

PROGRESS ENERGY FLORIDA
CRYSTAL RIVER
SOUTH COAL YARD UPGRADE PROJECT

SPECIFICATION

FOR

BARGE UNLOADER FOR CRYSTAL RIVER STATION

CRYS-0-SP-092101
REVISION A

June 2005

Worley Parsons
2675 Morgantown Road
Reading, PA 19607

TABLE OF CONTENTS

SECTION	TITLE	PAGE
1.0	**SCOPE**	1
1.1	GENERAL	1
1.2	EQUIPMENT AND SERVICES TO BE FURNISHED BY THE CONTRACTOR	1
1.3	WORK BY OTHERS	3
1.4	ALTERNATES	4
1.5	INTENT OF THESE SPECIFICATIONS	4
2.0	**CODES AND STANDARDS**	4
3.0	**GENERAL**	6
3.1	DESCRIPTION OF EXISTING BARGE UNLOADER, DOCK AND CONVEYOR SYSTEM	6
3.2	GENERAL SITE REQUIREMENTS	7
3.3	TERMINAL POINTS	8
3.4	DRAWING AND DOCUMENT SUBMITTALS	9
3.5	SCHEDULE	9
4.0	**PERFORMANCE AND DESIGN REQUIREMETNS**	9
4.1	DESCRIPTION OF OPERATION	9
4.2	MATERIAL OF CONSTRUCTION	10
4.3	OPERATING AND SERVICE CONDITIONS	10
4.4	PROPERTIES OF THE RAW COAL FEEDSTOCK	10
4.5	DESIGN CAPACITY REQUIREMENTS	11
4.6	PLANT SPECIFIC DESIGN REQUIREMENTS	11
4.7	BARGE UNLOADER LAYOUT REQUIREMENTS	12
4.8	BARGE UNLOADER OPERATING WEIGHT, WHEEL AND CORNER LOADS	12
4.9	WORK AND GROUP MECHANISMS	13
4.10	MECHANICAL DESIGN REQUIREMENTS	13
4.11	STRUCTURAL DESIGN AND ACCESS REQUIREMENTS	24

4.12	ELECTRICAL REQUIREMENTS	26
4.13	INSTRUMENTATION AND CONTROL REQUIREMENTS	28
4.14	NOISE EMISSIONS	31
5.0	**SHOP FABRICATION, ASSEMBLY AND TESTING**	31
5.1	GENERAL	31
5.2	QUALITY CONTROL AND INSPECTION	31
5.3	CLEANING, PAINTING AND PROTECTION OF MATERIALS	32
6.0	**SHOP TESTING**	33
7.0	**SHOP ASSEMBLY AND SHIPPING**	34
8.0	**SPARE PARTS**	34
9.0	**MARKING AND IDENTIFICATION**	34
10.0	**GUARANTEES**	34
11.0	**START-UP AND PERFORMANCE TESTING FOR ACCEPTANCE**	34
11.1	GENERAL	34
11.2	COMPONENT TESTS	34
11.3	DRY RUN TESTS	35
11.4	PERFORMANCE TEST	35
12.0	**TRAINING PROGRAM**	36
13.0	**ATTACHMENTS**	36
14.0	**PROPOSAL REQUIREMENTS AND CONSIDERATIONS**	37

1.0 SCOPE

1.1 GENERAL

1.1.1 This specification, together with the drawings, and the referenced attachments, standards and Technical Specifications, establishes the minimum requirements for the design, engineering, furnishing, fabrication, shop testing, delivery, unloading, storage, assembly, erection, installation, modifications, demolition, performance and acceptance testing, start-up and commissioning of the following:

a. Traveling Barge Unloader for supplying coal to Existing Dock Conveyor #1 using the existing dock and rail system.

b. Demolishing and removal from site of existing clamshell barge unloader.

1.1.2 This specification is a "performance" specification for a "turnkey" supply that is functional, efficient, safe, reliable and operational. The barge unloader specified herein shall be controlled by the barge unloader's PLC, as a stand alone system; however, the PLC supplied shall interface with an existing PLC microprocessor based control system, which shall be re-programmed by Others.

1.2 EQUIPMENT AND SERVICES TO BE FURNISHED BY THE CONTRACTOR

In general, the equipment and services to be provided by the Contractor shall include the following:

1.2.1 Barge Unloader including, but not limited to, the following:

a. Traveling receiving hopper, belt feeder and dock conveyor pick-up idlers/table. These components may or may not be on the barge unloader structure itself depending upon the design of the barge unloader being provided. If separate structures, both are to be connected together. Structures are to be driven by common drives and powered at a single mid-point junction.

1.2.2 Demolition and Modifications Work:

a. Demolish and remove from site complete existing barge unloader, including but not limited to, all structural, mechanical and electrical components above the top of the dock rails.

b. If modifications or replacement of the existing travel bumpers, tie-downs or mid-point junction is required, the Contractor shall supply and install these. Foundations and anchor bolts shall be by Others.

1.2.3 Ancillary items and services including, but not limited to, the following:

a. If possible, the existing travel bumpers at the ends of the dock rails shall be used. Contractor shall inspect and determine the adequacy of the travel bumpers.

b. If possible, the existing dock tie-downs for the barge unloader shall be used. Contractor shall inspect and determine adequacy of the dock tie-downs.

c. If possible, the existing electrical mid-point junction shall be used. Contractor shall inspect and determine adequacy of the mid-point junction.

d. If possible, the existing cable trough along the dock conveyor shall be used. Contractor shall inspect and determine adequacy of the cable trough.

e. Instrument cabinets and enclosures for all instruments.

f. All local controls for all equipment.

g. Electrical distribution including supply of switchgear, motor control centers (MCCs), variable frequency drives (VFDs), uninterruptible power supplies, transformers and distribution panels required to distribute Owner supplied power sources/supplies to the equipment being provided.

h. Electrical and control devices, power control wiring, and cabling, conduits, cable trays as may be required to wire the equipment being supplied to the specified terminal point.

i. Final terminations/tie-in to Owner furnished electrical and control supply at mid-point junction.

j. Lifting beams and monorail beams as may be required for removal and maintenance of the equipment and associated drives.

k. Dozer hoist or other means of lifting dozer into and out of barge hold.

l. Permanent lighting, welding receptacles, electric outlets, public address system including page party system and telephone system for the barge unloading equipment provided under this specification, including connection of the Contractor supplied systems to the Plant Systems at the mid-point junction.

m. Provide all accessories, test equipment and apparatus, field supervision, labor, materials, tools, and equipment for unloading, storage, demolition, site preparation, installation of equipment, erection, start-up and commissioning.

n. Prepare and submit to the Owner for review and approval drawings, calculations, manuals, procedures, instructions, engineering and technical data, reports, lists, etc. All structural calculations and drawings shall be prepared and sealed by a Professional Engineer registered in the state of Florida.

o. Furnish a set of operating spare parts with prices as may be required for two years of continuous operation, and a complete set of consumable, start-up and commissioning spare parts for the equipment provided under this specification.

p. Furnish one set of all special tools required for assembly, operation, maintenance and disassembly of equipment furnished under this specification.

q. Provide qualified technical and erection advisors during assembly, unloading, erection, start-up, commissioning and performance testing of the equipment and systems being supplied.

r. Provide and conduct formal operation and maintenance training program.

s. Supply Material Safety Data Sheets (MSDS) on all chemicals and fluids provided with and required for the equipment, including all solvents and cleaning fluids used by the Contractor for the work specified herein.

t. Supply initial fill of lubricants as required, and fill all gearboxes, etc. with products used by the plant as specified by the Owner.

u. Supply sufficient amount of touch-up paint for field application by the Contractor.

v. Provide a detailed construction plan, which includes modifications of and tie-in to existing equipment, and have a designated experienced erector available for constructability and implementation review.

w. Field verify all measurements and obtain missing dimensions and data needed for the Contractor's work.

x. Provide the services of a full time safety person on site any time work in being performed.

y. Provide all required consumables, solvents and cleaning fluids. Maintain ownership and dispose of, off site, all solvents and cleaning fluids supplied by the Contractor.

z. Provide construction offices and storage sheds, sanitary facilities, construction utilities, temporary power and telephone service.

aa. Secure and pay for licenses, registrations and permits, not specifically listed as furnished by Others.

bb. Provide and maintain a detailed complete schedule (supply & construction) tailored for the project.

cc. Prepare and provide the Owner with the Contractor's detail site needs and requirements, including but not limited to, trailer space, laydown area, parking space, utility requirements, etc. at least three months in advance of mobilization.

1.3 WORK BY OTHERS

1.3.1 The following items are not included as part of the Contractor's scope of work. They will be provided by Others:

a. Existing support rails along the dock. Any refurbishment of the rails will be by Others.

b. Existing power and control wiring, conduits and cable trays to the Owner's side of the mid-point junction. Any refurbishments of these will be by Others.

c. Design, supply and installation of the network communication between the existing South Coal Yard control system and the Contractor's cable at the mid-point junction.

d. Re-programming of the existing Plant PLC and HMI graphics interface as required for interfacing with the barge unloader provided under this specification.

e. Implementation of the control functions and logic requirements, which are prepared and provided by the Contractor, in the existing South Coal Yard control system.

f. Clearing of coal from the Contractor's work areas along the dock.

g. Clearing and grading a lay-down area for the Contractor's use.

h. Secure and pay for all required site environmental permits.

i. Provide samples of coal for the Contractor's use if required.

j. Provide sources for temporary electric power for the Contractor's use during construction at designated power distribution centers.

k. Owner supplied 4160 VAC or 6900 VAC, 3 Phase, 60 Hz power supply at mid-point junction. Contractor to specify which is required in bid.

l. Supply and installation of all maintenance trolleys and hoists for mounting on the Contractor's monorail beams.

m. Owner supplied dozer for cleaning out barge holds.

1.4 ALTERNATES

The Owner recognizes the expertise of the Contractor in the design and installation of coal barge unloaders, and as such invites the Contractor to propose alternate design approaches for the barge unloader provided under this specification, and/or make recommendations or alternates for the purposes of more economical and/or improved system design and operation. However, the proposed alternates shall not compromise the quality, safety and functional requirements, as well as the flow path and handling rate requirements of the basic specification.

1.5 INTENT OF THESE SPECIFICATIONS

1.5.1 This specification is a performance specification.

1.5.2 The specification reference drawings are intended to show overall arrangements, locations and clearance requirements interface with other existing equipment, structures, etc. Contractor shall use its knowledge and experience to recommend "proven in service" "heavy duty" design concepts and its standard details, to the maximum extent possible.

1.5.3 This specification attempts to identify major equipment and components of the machine and set minimum standards of quality. However, the Contractor is required to furnish all necessary components for a complete functionally correct system in accordance with it's experience, industry standards, as well as state and local codes, even though a particular component or requirement may not be mentioned specifically by name in these documents.

2.0 CODES AND STANDARDS

2.1 The latest edition and published addenda in effect at the time of contract signing of the following publications are applicable to the extent indicated by the specific reference. All equipment furnished and work performed under this section shall comply with the approved standards, specifications, regulations, codes and tests of the following:

a. Air Movement & Control Association, Inc. (AMCA).

b. American Gear Manufacturers Association (AGMA).

c. Anti-Friction Bearing Manufacturers Association (AFBMA).

d. Conveyor Equipment Manufacturer's Association (CEMA) Standards.

e. National Electrical Manufacturers Association (NEMA).

f. Rubber Manufacturer Association (RMA).

g. American Petroleum Institute (API).

h. American Society of Mechanical Engineers (ASME).

i. American Society of Civil Engineers (ASCE).

j. American Concrete Institute (ACI).

k. American National Standard Institute (ANSI).

l. American Society for Nondestructive Testing, Inc. (ASNT).

m. American Institute of Steel Construction (AISC).

n. American Society for Testing and Materials (ASTM).

o. Instrumentation, Systems, and Automation Society (ISA).

p. Institute of Electric and Electronics Engineers (IEEE).

q. Pipe Fabrication Institute (PFI).

r. American Welding Society (AWS).

s. Environmental Protection Agency (EPA).

t. Factory Mutual Insurance Company (FM).

u. Occupational Safety and Health Administration (OSHA).

v. Hydraulic Institute Standards (HIS).

w. Manufacturers Standardization Society (MSS).

x. Mechanical Power Transmission Association (MPTA).

y. Sheet Metal and Air Conditioning Contractors National Association (SMACNA).

z. The Society for Protective Coatings (SSPC).

aa. Underwriters Laboratories (UL).

bb. National Fire Protection Association (NFPA).

cc. National Electrical Code (NEC).

dd. Open DeviceNet Vendor's Association (ODVA).

ee. National Association of Architectural Metal Manufacturer's (NAAMM).

ff. National Institute of Standards and Technology Handbook 44 (NIST H44).

gg. Florida Building Code.

hh. Local Codes of Citrus County and the state of Florida

ii. Federation Europeene de la Manutention (FEM)

2.2 Where the above referenced codes and standards contain recommendations in addition to requirements, the recommendations shall be considered requirements, and shall be followed unless stated otherwise in this specification.

2.3 In the event of any conflict between codes, or the specifications and codes, the more stringent regulation shall apply.

3.0 GENERAL

3.1 DESCRIPTION OF EXISTING BARGE UNLOADER, DOCK AND CONVEYOR SYSTEM

3.1.1 Coal is delivered to the Plant by barges and railcars and unloaded at the South Coal Yard. Existing reference Drawing # 11127-2-002 "Flow Diagram" shows the flow paths and handling rate requirements for the existing conveying systems at the South Coal Yard. Existing reference Drawing # 11127-2-001 "Plot Plan" shows the overall arrangement of the existing barge unloader and existing conveyor system upgrade which was completed in 2000.

3.1.2 The existing barge unloader (approximately 40 years old) is a wire rope reeved, clamshell type barge unloader as shown on reference Drawing 314622. Changes and upgrades have been made to the barge unloader over the years (i.e. control systems upgrade, addition of hopper spillage plate, etc.); however, the basic arrangement remains as shown on the general arrangement drawing.

3.1.3 The existing barge unloader loads the dock Conveyor 1 (reconfigured in 2000) as shown on Drawing 11127-2-003. Conveyor 1 is 54" belt width at 710 FPM with 35 degree troughing idlers.

3.1.4 The existing barge unloader travels along the dock and rails (modified in 2000) as shown on Drawing 11127-1-013. The rails are 135#/yd crane rails.

3.1.5 The existing barge unloader presently unloads the coal barge loaded with approximately 16,000 tons (17,600 capacity, not typically filled) in 24-25 hours including dozer clean-up of the holds.

3.1.6 The existing bunkering system to Units #1 and 2 receives coal from the following sources:

a. Front end loaders/dozers via the existing in-ground reclaim hopper, vibrating feeder and conveyor #9.

b. Directly from a barge as it is being unloaded via existing conveyor #2 and splitter gate within TP #3.

c. Directly from train as it is unloaded via existing conveyor #29B and splitter gate within TP #3.

d. Stacker/reclaimer SR1 via existing conveyor # 3 and splitter gate within TP #3.

3.1.7 Presently, the coal received by the plant is distributed and directed, within TP #3, to the various end users using three splitter gates and a diverter gate. Coal delivered by barges is distributed using an existing splitter gate located at the discharge end of existing conveyor #2, and the coal received by railcars is distributed using an existing splitter gate locate on the discharge end of existing conveyor #29B.

3.1.8 The new barge unloader provided under this specification and conveyor system upgrade provided under a separate specification will replace, enhance and/or supplement existing coal handling equipment and systems, and shall be integrated with the existing South Coal Yard equipment and systems. For reference, the conveyor system upgrade is schematically shown on Parsons E&C Drawing No. 5377204A-SK005.

3.2 GENERAL SITE REQUIREMENTS

3.2.1 The modification activities associated with existing equipment, structures and chutework as well as tie-in and wet commissioning of the new equipment and systems shall be scheduled by the Contractor to take place and be completed, to the maximum extend possible, during the normal daily periods when the existing systems are not being used, including the coal feed systems to Units #1 and 2 Plant day bin. Under no circumstances will Units 1 and 2 be shut down for lack of coal supply during the installation of the new systems.

3.2.2 All site work including erection and installation shall be performed under the full-time supervision of the Contractor's Site Project Manager. The Contractor shall maintain on site an office populated with qualified full time personnel throughout the construction, testing, start-up and commissioning time period.

3.2.3 The Contractor shall be responsible for repairing any damage to the existing equipment and structures occurring as a result of the Contractor's work.

3.2.4 The Contractor shall secure and pay for licenses, registrations and permits, not specifically listed as furnished by Others, which are required by the Contractor to comply fully with all laws, ordinances and regulations of the proper public authorities which may affect the work in any way.

3.2.5 The Contractor work shall be done in compliance with the Owner's obtained site environmental permits. The Contractor shall provide the Owner, upon request, any data regarding the equipment, structures, demolition, construction and work processes of the Contractor, as may be required to obtain the permits.

3.2.6 For all demolition work, the Contractor shall reduce all equipment and structures to shipping sizes, remove the pieces from site and dispose them of, off site, in accordance with all Federal, State and Local regulations. Some amount of lead based paint and asbestos material is believed to be present as a part of existing plant equipment and structures. The owner is in the process of identifying the amount and locations of these materials and will present this information during a pre-bid meeting at the plant site. Removal of these materials is part of Contractors" scope.

3.2.7 The construction plan provided by the Contractor for this project shall address the modifications of existing equipment, chutework and structures, tie-in to existing equipment and systems, the integration of the new systems with the existing systems and the transfer over to the new systems. The Constructor shall specify the down time required for the integration efforts and to transfer over to the new systems.

3.2.8 The temporary power furnished by Others is provided for the Contractor convenience only. The Owner assures no responsibility or liability for the loss or damage to the equipment or materials of the Contractor or his Sub-contractors, resulting directly or indirectly from the use of temporary power.

3.2.9 All services and materials supplied by the Contractor and all work and construction activities, including modification and demolition activities, performed by the Contractor on site shall conform to the requirements of Progress Energy Environmental, Health and Safety On-site Program.

3.2.10 The Contractor shall adhere to Progress Energy smoking policy.

3.2.11 Demolition work shall be performed in accordance with the requirements of **later.**

3.3 TERMINAL POINTS

The following list indicates the points at which the Contractor shall terminate its supply and beyond which systems and equipment are to be furnished by the Owner.

Item/System	Terminal Locations
Existing Dock Conveyor	Barge unloader shall unload onto existing dock conveyor via the Contractor's supplied impact table/pick-up idlers. Reference drawings show available length of dock conveyor onto which barge unloader can load material.
Service air	Not available on existing barge unloader. Portable supply of service air is supplied when required from dock. Bidder to recommend if needed or available on type of barge unloader being bid.
Service water for wash down	Not available on existing barge unloader. Temporary supply of service water for washdown is supplied when required from dock. Bidder to recommend if needed or available on type of barge unloader being bid.
Instrument air	Not applicable to barge unloader.
Fire protection water	Not Applicable to barge unloader. Protection from dock by Others.
Fire Detection System	Termination at mid-point junction box. Connection to existing fire alarm control panel located in South Coal Yard control room by Others.
PLC Control System	Termination at mid-point junction box.

Item/System	Terminal Locations
Electrical Power Supply	A single point power supply by Owner at mid-point junction box (either 4160 VAC or 6900 VAC power source).

3.4 DRAWING AND DOCUMENT SUBMITTALS

3.4.1 The Contractor shall refer to Attachment A "Contractor Data Requirements Schedule" for the drawing and document submittal requirements, for the proposal and after award, as well as for the required number of copies and the due dates.

3.4.2 Drawings shall be created and prepared in accordance with the requirements of Progress Energy CADD format per CRYS-0-SP-00001, "CADD Specification for Progress Energy Florida, Crystal River."

3.4.3 The Contractor shall completely fill Attachment B "Belt Conveyors and Belt Feeders Data Sheet" with the requested technical data, for all conveyors and feeders, and submit the completed attachment with the proposal.

3.5 SCHEDULE

All equipment and systems provided under this specification shall be completely installed, commissioned, tested including performance and acceptance testing, and placed in successful commercial operation no later than October 1st, 2006.

4.0 PERFORMANCE AND DESIGN REQUIREMENTS

4.1 DESCRIPTION OF OPERATION

4.1.1 Barge is moored to dock by barge crew. Barge remains moored in one position during the complete unloading cycle. Barge towboat stays with barge during unloading. Barge crew pulls back covers over barge holds. Barge crew adjusts barge draft as the barge is unloaded.

4.1.2 Barge unloader starts unloading in Hold #1 at the bow end of the barge.

4.1.3 Barge unloader unloads approximately 40% from each hold before moving on to the next hold (Holds #2 & #3)

4.1.4 Barge unloader unloads most of Hold #4 before placing dozer into hold for clean-up.

4.1.5 Barge unloader travels onto Hold #3 and unloads most of hold.

4.1.6 Barge unloader travels back to Hold #4 for removal of dozer clean-up. Dozer travels through barge bulkhead opening into Hold #3 for clean-up.

4.1.7 Barge unloader travels onto Hold #2 and unloads most of hold while dozer is cleaning up Hold #3.

4.1.8 Barge unloader travels back to Hold #3 for removal of dozer clean-up. Dozer travels through barge bulkhead into Hold #2 for clean-up.

4.1.9 Barge unloader travels onto Hold #1 and unloads most of hold while dozer is cleaning up Hold #2.

4.1.10 Barge unloader travels back to Hold #2 for removal of dozer clean-up. Dozer travels through barge bulkhead into Hold #1 for clean-up.

4.1.11 After dozer is finished in Hold#1, dozer is removed from barge by barge unloader and barge unloader finishes Hold#1.

Note: Barge holds must be adequately cleaned for loading other materials without contamination.

4.2 MATERIAL OF CONSTRUCTION

All materials shall be new, free of defects and suitable for the application. Materials shall be selected with consideration to both erosion and chemical corrosion effects of the materials being handled as well as site conditions.

4.3 OPERATING AND SERVICE CONDITIONS

4.3.1 All equipment shall be designed for the ambient conditions intended to be used in. All equipment and structures shall be designed to satisfy the plant design requirements specified herein, and shall be provided with protection from weather, moisture, and temperature extremes.

4.3.2 All equipment and systems shall be designed for continuous operation – 24 hours per day 7 days per week, for a minimum 30-year service life at 100% capacity factor.

4.3.3 Barge unloader shall be designed to operate under the following plant design conditions:

a. Minimum 5000 operating hours per year in a humid sea air conditions.

b. Estimated annual throughput of 2.1 million tons of sized coal.

c. Continued unloading operation during velocities up to 35 MPH.

d. Travel to parking location and tie-downs in winds up to 50 MPH.

e. Safe stowing during hurricane wind velocities up to 120 MPH.

4.4 PROPERTIES OF THE RAW COAL FEEDSTOCK

The barge unloader specified herein shall be designed to handle bulk materials with the following physical characteristics:

	Eastern Bituminous, Coal Types A & D
Unit weigh for volume calculation	50 Lb/ft^3
Unit weight for structural loading calculation	90 Lb/ft^3
Moisture content (by wt)	4.5 % to 10%
Temperature	Ambient

Nominal feed size	2" x 0
Maximum feed size	3" x 0 @ 5%
Fines	<50% passing ¼" x 0
Material angle of repose	35^0

4.5 DESIGN CAPACITY REQUIREMENTS

4.5.1 The barge unloader shall achieve and sustain the guaranteed capacity specified below, under all specified conditions, with due consideration to material size and surface moisture.

Barge Unloader:	**Design Capacity/Requirements**

• Unloading Cycle Time based on the following:
  • Unloading 16,000 short tons from Bulk Cargo Barge Hull No. 1921, Ingalls Iron Works Co. Dwg. No. GEI
  • Unloading sequence per Section 4.1
  • Cycle time includes lowering/raising dozer into one hold and clean-up of all holds. Maximum amount of coal to be left in barge holds is limited to 250 lbs. per hold.
  • Barge mooring time is excluded from cycle time.
  • Time for handling barge covers is excluded from cycle time.
	10 hours (Maximum)

• Average Unloading Rate based on above unloading cycle	1600 STPH
• Peak Unloading Rate	2500 STPH (limited by capacity of Dock Conveyor 1)

4.5.2 The design capacity figures specified herein for the barge unloader provided under this specification are minimum requirements. If the Contractor's design or experience dictates that these minimum requirements be exceeded to meet the specified performance, or to provide a safe and reliable operating system, the Contractor shall provide equipment capable of doing so.

4.6 PLANT SPECIFIC DESIGN REQUIREMENTS

All equipment and structures furnished and work performed by the Contractor under this specification shall comply with the site design requirements tabulated below:

Plant Location:	Crystal River, Florida
Outdoor Ambient Temperature: Range/Design, degrees F	25 to 100 / 100
Indoor Ambient Temperature: Range/Design, degrees F	35 to 104 / 104
Relative Humidity:	60% to 100%
Mean Sea Level Elevation:	89 feet
Site Elevation (above mean sea level elevation):	9 feet
Rain (average annual):	55 inches
Wind:	
• Design Code	Florida Building Code
• Exposure Category	C
• Building & Structure Classification	Category III
• Basic Wind Speed (fastest wind)	120 mph
• Importance Factor	1.15
Service/Utility Water Pressure: Range/Design, psig	85 to 95 / 150
Fire Protection Water System Pressure: Range/Design, psig	120 to 130 / 150
Service/Utility Compressed Air Pressure: Range/Design, psig	60 to 100 / 150
Electrical Power Sources Available (Nominal Value)	
• 6900 VAC, 3-Phase, 60 Hz	
• 4160 VAC, 3-Phase, 60 Hz	
• Emergency Power – 480 V, 3-Phase, 60 Hz	
• Instrument Quality Air Conditions	By Progress Energy

4.7 BARGE UNLOADER LAYOUT REQUIREMENTS

4.7.1 The Contractor shall utilize the drawings, data and information provided by the Owner for developing the design, configuration, layout and arrangement associated with the Contractor's scope of work. It shall be the Contractor's responsibility to determine the final design and arrangements, and to provide equipment and systems with sufficient vertical and horizontal clearances, adequate transfer heights, sufficient floor space for walkway and stair clearances, and maintenance access for all equipment.

4.7.2 The dimensions and work points shown in the drawings provided by the Owner are considered preliminary and are intended for bid purposes only. The Contractor shall be responsible for field verifying all measurements and obtaining missing dimensions and data needed for the Contractor' work, and for providing systems and equipment that accommodate the actual field design requirements, and meet the interface requirements of the existing equipment and systems. The Owner accepts no liability for the accuracy or completeness of available drawings of existing equipment and structures.

4.8 BARGE UNLOADER OPERATING WEIGHT, WHEEL AND CORNER LOADS

4.8.1 The barge unloader shall be designed to have an operating weight less than the weight of the present barge unloader so as not to exceed the design loads of the present dock and rails:

Maximum Operating Weight not to exceed 850,000 lbs including total unloader weight and weight of rated material on unloader.

4.8.2 The barge unloader shall be designed to have wheel and corner loads less than the loads of the present barge unloader so as not to exceed the design loads of the present dock and rails:

Maximum Operating Wheel Load not to exceed 70,000 lbs including maximum weight over any one corner with rated material load and wind load corresponding to 35 MPH during operation.

Maximum Operating Corner Load not to exceed 420,000 lbs including maximum weight over any one corner with rated material load and wind load corresponding to 35 MPH during operation. Maximum Operating Corner Load distribution on a rail is not to exceed 31,000 lbs/ft including maximum weight over any one corner with rated material load and wind load corresponding to 35 MPH during operation.

4.9 WORK AND GROUP MECHANISMS

Where designing under FEM rules, use the following minimum classes and group designations for design of the drive mechanisms.

4.9.1 For Boom Luffing and Slewing: Utilization class T7, load spectrum class L2 and mechanism group M7.

4.9.2 For Travel on Rails: Utilization class T7, load spectrum class L2, and mechanism group M7.

4.10 MECHANICAL DESIGN REQUIREMENTS

4.10.1 General:

a. The description of the systems and the design parameters provided in this specification are only intended to establish the minimum standards, functional requirements, required flow paths, and minimum design capacities of the equipment and systems provided under this specification. The detail design of the systems and equipment is the sole responsibility of the Contractor.

b. The Contractor shall provide systems and equipment using previously used and "proven in use" designs to the maximum possible extent, while fulfilling the performance requirement of this specification.

c. The equipment, systems and services provided shall be supplied complete and shall satisfy the design features and the requirements of this specification, referenced drawings, Technical Specifications, Contractor's experience, industry standards, and state and local codes. Mechanical, structural, electrical and instrumentation and controls components require to produce complete, effective, efficient, reliable, safe and operational systems shall be included in the Contractor's scope, whether or not a particular component or requirement is specifically mentioned by name in these documents.

d. The Contractor's scope includes the design, supply, foundations and installation of new systems as well as the modifications of existing equipment and structures as required to achieve the specified capacities and to satisfy the performance requirement of this specification.

e. The installation, start-up and commissioning of the equipment and systems supplied by the Contractor shall not cause plant outages or derate in plant capacity.

f. The equipment and systems provided under this specification shall be designed and installed in a manner that will enable the installation and dry testing of the equipment to take place while the systems being replaced remain in full operation.

g. The equipment and systems provided shall be of heavy-duty design and construction.

h. All equipment, hoppers, surge bins, chutes, and other ancillaries shall be dust tight as much as practical. This shall include, but not be limited to, utilization of skirtboards adjustable seal strips, dust curtains, seal shafts, gaskets, caulking, packing, and any other provisions required. All other equipment not normally in contact with the material being handled shall be commercially dust-tight.

i. Equipment and systems shall be designed so that all working parts shall be readily accessible for inspection, maintenance and replacement or repair. This shall include, but not limited to, the supply of the following:

   a. Access platforms, stairs or ladders, crossovers, etc.

   b. Lifting lugs for lifting equipment and components during erection and later for removal and replacement.

   c. Monorail beams: Beams to be located over the centerlines of drives, etc.

   d. Maintenance access doors.

   e. Areas for vulcanizing belts.

   f. Layout for easy cleanup and routine maintenance.

   Equipment components shall be provided with lifting lugs.

j. Equipment and systems shall be provided with sufficient safety guards and cages to satisfy the requirements of OSHA safety standards, state, and local codes, etc. Protective and safety devices shall conform to the requirements of ANSI B20.1 and ANSI B15.1.

k. Each system being provided shall be supplied complete. Equipment and systems shall be capable of operating continuously at the specified design capacity without pluggage, spillage, and/or motor overload.

l. All equipment shall be designed to start and stop when empty, partially loaded, as well as fully loaded to the design capacity, without causing damage to the conveying equipment, and to prevent spillage of material.

m. Contractor shall determine and allow for full load starting and other temporary conditions in the equipment design to maintain smooth and successful system operation under all conditions covered in the specification.

n. Rotating equipment shall be connected to the driving motor directly through a gear speed reducer. Flexible couplings shall be provided at all drive shaft interfaces to compensate for minor parallel or angular misalignment.

o. Gear reducers shall be rated in accordance with the recommended practice of the American Gear Manufacturing Association (AGMA) for the specified conditions.

p. Gear reducers and complete drive mechanisms shall be sized based on a 24-hour per day continuous duty with a 1.5 service factor. However, correspondingly greater service factors shall be used where driven equipment and operating conditions dictate the use of larger service factor. In no case shall the reducer thermal horsepower rating be less than the rated motor horsepower.

q. All reducer cases shall be provided with lifting lugs and an oil level sight glass, manual drain valve with a male thread for attaching a drain hose.

r. All equipment bearings shall be completely sealed and provided with means for lubrication as required by the bearing manufacturer and bearing design application. Lubrication points shall be easily accessible, and shall be piped to the nearest platform or floor if required.

4.10.2 Mechanical Design of Conveyors and Feeders

a. General:

Belt conveyors and belt feeders shall be provided complete including, but not limited to, the following:

- Belting.
- Idlers.
- Belt cleaning devices.
- Pulleys and lagging.
- Shafts and bearings.
- Braking devices, if required by manufacturer's design.
- Backstops, for incline or vertical conveyors, and other conveyors if required by manufacturer's design.
- Take-up mechanisms with take-up guards and access.
- Manual adjustable regulating/shear gate downstream of each loading point - feeders only.
- Chutes, including transition chutes, head chutes and internal dribble chutes at the head end.
- Skirtboards and seals at loading points.
- Deck plates.
- Drive mechanisms & couplings.
- Electric motors.

- Conveyor hoods and enclosures.
- Bulkheads.
- Safety guards and cages.
- Terminal frames.
- Access platforms and walkways. Head ends shall have wraparound access.
- Lining materials for skirtboards and chutes.

b. Belt Conveyor Design:

- As a minimum, all belt conveyors shall be designed, and calculations shall be performed, in accordance with the guidelines set forth by the current edition of the Conveyor Equipment Manufacturers Association (CEMA), or the Contractor's own standards, where the latter are more stringent.
- Conveyors with vertical curves shall be provided with sufficient radii to minimize the belt lift off to less than 6 inches, and preclude belt over stress or spillage under the most severe conditions, including startup and acceleration.
- The Contractor shall layout conveyors to avoid loading on conveyor curves.
- The Contractor shall furnish calculations for coasting (drift) times of all conveyors. The Contractor's design shall utilize an effective and conservative combination of surge chutes, fly wheels and/or brakes, to ensure that spillage resulting from differential coasting will not occur in the event of an emergency downstream stop. The calculated drift times and proposed solutions shall be submitted to the Owner for approval. The Contractor shall use the drift times in developing the control logic for programmed stops.
- Conveyor drives and components shall be selected to permit the conveyor to start, operate, and stop when loaded at the design capacity. Service factors for equipment selection shall be applied with the conveyor loaded at the design capacity.
- Conveyor belt width shall be based on the design capacity, minimum density (unit weight for volume calculation), and a maximum of 90% CEMA loading for all conveyors.
- The maximum incline for all coal conveyors shall be fifteen degrees (15^0).

c. Belt Feeder Design:

- All feeders shall be designed conservatively in accordance with the Contractor's design standards.
- Belt feeders shall be designed to be shippable as fully assembled, with an endless belt in place. Belt feeders over 25 feet in length shall have provisions for easy access for in-place vulcanizing and a future feeder belting replacement. Belt feeders 25 feet and less in length shall be designed to enable replacement of endless belt with an endless belt. Drives and skirts may be shipped separate from the feeders.

- A material flow adjusting gate shall be installed immediately downstream of each load point, between the skirtboards. Material flow adjusting gates shall be manually positioned to control the bed depth of the material in the belt feeder. Gates shall have sufficient adjustment to regulate volumetric capacity between 50% and 125% of the belt feeder design capacity.
- Each material flow adjusting gate shall be retained at its height position by a positive mechanism, such as bolts or pins.
- Material flow adjusting gates shall be constructed of ½" minimum thickness carbon steel plates, with a replaceable abrasion resistant plate edge, WellerPlus 500-DS.
- Idlers shall be of the picking and feeding style.

d. Pulleys and Shafting:

- Pulleys shall be of welded steel, drum type, solid end construction with tapered hubs. Pulleys shall be designed to operate at full belt tension. Pulleys shall be attached to the shafts by taper-lock compression type bushings.
- As a minimum, drive pulleys shall be designed in accordance with ANSI B105.1. Drive pulleys shall be lagged with 1/2" minimum of rubber, with herringbone or diamond shape patterned grooves, and vulcanized to the pulley. Drive pulleys shall be keyed to the shafts.
- Pulley face shall be a minimum 4" wider than the belt width for conveyor with 42" belt and under, and 6" for conveyor with belt over 42" wide. Drive pulleys shall generally be crowned. The crowning shall be done on the steel drum and not on the rubber lagging. Drive pulleys on high tension or steel cable belts shall be straight faced.
- All bend and snub pulleys, which are in contact with the dirty side of the belt, shall be provided with a minimum 3/8" thick plain vulcanized rubber lagging.
- Pulleys shall be statically balanced at factory with shafting and lagging in place.
- Pulley shafts shall be made of cold finished steel shafting AISI-C-1045 or Owner approved equal. Pulley shafts shall be suitable to operate with mounted pulleys at full belt tension. Shaft deflection shall not exceed a deflection slope of .0015 inch/inch at the pulley end discs or through the bearings.
- The use of bend pulleys shall be minimized.

e. Pillow Block Bearings:

- Spherical roller bearings shall have a minimum L10 life of 50,000 hours as defined by ANSI/AFMBA.
- All pulley shaft pillow block bearings shall be heavy duty self-aligning type, with split housing and replaceable seals with a button head grease fitting.
- All pulley shaft bearings shall be self-aligning heavy duty, double row, spherical roller type, suitable for the conditions and duty specified. Each pair of bearings supporting a shaft shall have one fixed and the other floating.

- All bearings shall be equipped with end caps where shafts terminate.
- Bearings 3-7/16" and above and shall have minimum of 4-bolt base.
- Bearings shall be grease packed prior to shipment.

f. Idlers:

- The minimum CEMA classification for all idlers shall be D6. Spacing for the conveyor load carrying idlers shall not exceed 4 feet. The Contractor shall check and verify that the spacing used does not exceed the load rating per the idler manufacturer. The Contractor shall determine the idler spacing for the return idlers based on the load requirements per CEMA Specifications.
- All idler rollers shall be equipped with anti-friction bearings lubricated and sealed for life, with a minimum L10 life of 60,000 hours as defined by ANSI/AFMBA. Seals shall be rated for coal service.
- Conveyor troughing idlers shall have equal length rolls with 35 degrees troughing angle.
- Troughing training idlers shall be provided as required on conveyors per the Contractor's recommendations.
- Return trainers shall be provided per Contractor's recommendations. A minimum quantity of (2) shall be provided for all uni-directional conveyors with flat roll return idlers.
- Reversible conveyors shall be equipped with special return training idlers as required. These idlers shall be "Tru-Trainer" as manufactured by ASGO, or Owner approved equal. The idlers shall be positioned above the clean side of the return belt, pushing the belt downward.
- Rubber impact idlers shall be provided at loading points for all belt feeders and conveyors. Spacing shall be the minimum possible without modifying the standard idler foot.
- Return idlers shall be the steel roll type.

g. Belt Take-ups:

- Take-up mechanisms shall be provided with liberal adjustment.
- Protected screw take-ups shall be used on all conveyors and belt feeders with head to tail pulley center-to-center distances of less than 100 feet. Take-up shall not be less than 12 inches. Take-up allowance shall be minimum 3% of belt length.
- Screw take-ups shall be "heavy duty" protected screw type supplied with four bolt pillow blocks.
- Gravity take-ups (counterweight) shall be used on conveyors with head to tail pulley center-to-center distances of 100 feet or more, and on all conveyors with belt scales. Take-up design shall permit a minimum take-up travel equal to or greater than 3% of belt length, prevent buildup of material, and, when feasible, shall have sufficient travel for one additional hot vulcanized belt splice.

- Where required, horizontal take-up carriages shall use "V" groove wheels, angle track, and V- shaped scraper to prevent material buildup. A V-shaped scraper shall be located before and after each wheel.
- Gravity take-ups and all other accessible pinch points shall have OSHA-style guards for safety.
- Counterweight boxes and framing shall be provided. Boxes shall be designed so that the weight may be varied. Box capacity shall be 125% of design weight. Boxes shall have rain-shedding, removable covers with drain holes at bottom of box. Design gross and net weight of counterweight shall be painted on the box.
- Counterweight materials shall be provided by the Contractor. Counterweight materials shall be in the form of punchings.
- In addition to the required counterweight net weight, the Contractor shall provide an additional 10% of required counterweight net weight in the form of carbon steel plates or punchings to provide a means of adjusting the weight in the field.
- All gravity take-ups shall be located above-ground using take up travel length as recommended by CEMA, or the manufacturer for a specific belt but not less than the minimum specified herein. The counterweight box shall be hung close to the ground in case of a belt breaking.
- Vertical take-up carriages shall be provided with guide frames that extend to grade level, and shock absorbing devices or materials mounted directly below the counterweights, at grade, to ensure that a falling counterweight will not damage the foundation.

h. Belting:

- Selection of belting shall be based on the operating and design conditions of the equipment being supplied, and on the Contractor's design calculations.
- Belts shall be rubber-covered fabric, made up of a sufficient number and proper weight plies to keep tensions per ply within the manufacturer's recommended operating limits. The fabric material shall be all polyester and/or nylon, without any cotton or rayon.
- The selection of carcass and breaker shall satisfy maximum tension and minimum plies for load operating conditions.
- Belt fabric selection and tension ratings shall be based on the use of Flexco type mechanical splices for extended periods, although the conveyors and feeders shall usually employ hot vulcanized splices.
- All belt covers shall be static conducting, oil resistant, and flame/fire resistant.
- Top and bottom cover quality shall not be lower than RMA Grade II and minimum top and bottom cover thickness shall not be less than 3/16" and 1/8" respectively. Belt edges shall be treated to prevent moisture intrusion, if cut edge belting is utilized.
- All splices shall be hot vulcanized in the field by the Owner.

- Belts for belt feeders shall be provided as "endless" with factory vulcanized splices.

i. Belt Cleaning Devices:

- A belt scraper system shall be supplied at the discharge of each conveyor and feeder being supplied. The belt scraper system shall utilize a two part cleaning system by Arch Environmental or Owner approved equal. This system shall be composed of a primary scraper mounted in a position such that it will "peel off" material stuck to the belt, and a secondary scraper mounted behind the discharge pulley such that it will "scrape off" any remaining material.
- All belt scrapers shall be located within the discharge chute to ensure scrapings are contained within the chute.
- Belt scrapers shall generally be made from urethane, and shall be mounted in such a way so that replacement of the scraping elements can be done easily and quickly from outside of the chutes. A scraper blade tensioning system that can be easily accessed and adjusted shall be incorporated.
- The Contractor shall provide V-Plow type belt scrapers, by Arch Environmental or Owner approved equal, on the clean side of each conveyor and feeder return belt, ahead of counterweighted take-ups, tail pulleys and intermediate drives. Special consideration shall be given to reversible conveyors and feeders so that the scrapers do not collect material or damage the belt when the conveyors and feeders are reversed.
- The V-plow scrapers shall be provided with rubber or urethane blades, minimum 60 durometer.
- Each V-plow belt scraper shall be provided with a minimum of one safety chain and positive stops to prevent any steel part of scraper from contacting the belt.

j. *Drives, Holdbacks and Couplings:*

- Gear reducers shall be parallel shaft, or spiral bevel, foot mounted, shaft mounted, or hollow shaft, enclosed-type gear reducers in accordance with AGMA Standards.
- Lubrication of reducers shall be by oil splash where possible.
- Cooling of reducers shall be by air only. Shaft mounted fans are acceptable for reducers with connected motor horsepower over 50 hp. Reducers 50 hp and below shall be sized to provide sufficient cooling without the use of fans. Heat exchangers or fin fan coolers are not acceptable.
- On inclined and vertical conveyors, holdbacks shall be provided. Internal or external type holdbacks may be used.
- Couplings where required on the drives shall be Falk Steelflex Type "T" with all steel construction or Owner approved equal.
- Conveyors that have motor requirements in excess of 100 HP, as well as all conveyors with vertical curves, shall be equipped with "fluid" couplings.

- Fluid couplings shall be of the fixed type double delay chamber design Voith TVVS equipped with flanged type connectors for ease of removal from the drive and the drive shaft.
- Fluid couplings shall be provided with thermal switches and fusible (high temperature) plugs.
- Fluid couplings shall be equipped with protective guards.
- Fluid couplings shall be provided with field adjustable nozzles.

k. Skirtboards:

- Belt feeders shall be furnished with continuous covered skirtboards for the entire length of the feeder.
- The conveyor loading skirtboards length shall meet or exceed CEMA recommendations for the belt speed.
- The inside width of skirtboards shall be 2/3 the belt width. Height shall be sufficient to enclose the material during acceleration without pluggage.
- All skirtboards shall be fabricated using ¼"minimum thickness carbon steel plates.
- All skirtboards shall be lined with replaceable abrasion resistant liners. Liner plates shall be WellerPlus 500-DS plates having minimum thickness of no less than 3/8 inch. Liner plates shall be fastened to the surfaces using stainless steel threaded studs with stainless steel washers and cadmium plated nuts.
- 3/8" minimum thickness replaced 304-2B stainless steel plates. Liner plates shall be attached to the walls of the skirtboards using stainless steel threaded studs with stainless steel washers and cadmium plated nuts.
- All skirtboards shall be covered with 3/16" minimum thickness carbon steel plates for the entire length of the skirtboards. Hinged inspection doors shall be provided in the skirtboard covers on the downstream side of each load point.
- Conveyor loading skirtboards shall be fabricated to be self-relieving in downstream direction.
- The lowest metal parts of all skirtboards shall terminate a minimum of ½" above the belt. Rubber strips shall be provided to seal the gap between the metal skirts seal and the belt. The rubber strips shall be a minimum of 6" high x ½" thick, made of 30 to 50 durometer rubber.
- The rubber strips shall be clamped to the outside of the skirtboards in a manner that allows the rubber to be adjusted for wear without the use of hand tools.
- The rubber and clamping systems shall be manufactured by Martin Engineering, REMA, or Owner approved equal.
- All skirtboards shall include rubber dust curtains at the exit end. Curtain shall be slit rubber and shall be field cut to material cross section.

l. Deck Plates:

- A continuous deck plate shall be provided to cover the space between the top flanges of the stringers at the tail end of the conveyor. The deck plate shall extend from the tail pulley for a distance equal to 2-times the skirtboards length. Deck plate shall be 12 gauge minimum thickness, galvanized carbon steel.
- A continuous deck plate shall be provided to cover the space between the top flanges of the stringers at the head end of the conveyor. The deck plate shall extend from the head pulley for a distance equal to the conveyor troughing transition distance. Deck plate shall be 12 gauge minimum thickness, galvanized carbon steel.
- A continuous deck plate shall be provided to cover over the gravity take up area. The deck plate shall be 20 feet long and 12 gauge minimum thickness, galvanized carbon steel.
- All deck plate joints shall be continuously seal welded prior to galvanizing.

m. Chutes:

- Chutes shall be designed to prevent clogging. All chutes shall be designed for plugged chute condition loads.
- The angle of sloped section for all chutes shall be 65 degrees minimum from horizontal where physically possible, but in no case shall the angle of sloped section be less than 60 degrees. Two-way convergences in chutes shall be avoided, but when required, the minimum valley angle shall be at least 55 degrees minimum from horizontal.
- External dribble chutes shall not be used. Head chutes shall be designed to return dribble material directly to the main material stream.
- All chutes shall be constructed using ¼" minimum thickness carbon steel plates. Chutes shall be adequately reinforced. Chute covers shall be constructed of 3/16" minimum thickness carbon steel plate.
- Chute sliding surfaces, direct impact areas where material change direction, areas subject to heavy abrasions, as well as all vertical and/or deflecting surfaces in the path of the coal, as it is discharged from the head ends of the conveyors and feeders shall be lined with 1.5" Kryptile KC wear resistant liners with 16 gauge expanded metal insert and 5/8" diameter mounting stainless steel threaded studs, as manufactured by Argonics Inc. or Owner approved equal. Liners shall be attached to the chute surfaces using the threaded stainless steel studs and stainless steel washers and cadmium plated nuts. The Owner prefers radius/concave liners at all corners if possible.
- All chutes shall have at least one flanged and bolted removable side for ease of liner replacement.
- Chutes between floors shall have fixed maintenance platforms and ladders located to enable side removal and liner replacement.
- All chutes shall be designed to minimize the escape of dust into the atmosphere.

- All chutes shall be provided with dust-tight inspection doors of the hinged quick-opening type. Hinges shall be mounted on the bottom or on the side of the doors but not on top. These doors shall be 24" x 24" where practical (minimum 18" x 24") and be accessible from adjacent platforms. All chutes containing diverter gates shall have additional inspection doors located in the chute above the gate for inspection and ease of clearing material from the gate path. Inspection doors shall not be located in the product stream impingement areas.
- Hardware for all inspection doors shall be of stainless steel construction.
- Replaceable shaft seals shall be used where shafts penetrate the chute. Seals shall be designed to allow shaft adjustment without reducing effectiveness of the seal.
- The Contractor shall provide adjustable baffles, or a fixed centering device of the Contractor's preferred design in the vicinity of the belt loading chute to skirtboard connections of all transfers, where material may approach the belt eccentrically.

n. Conveyor Enclosures and Wind Guards:

- The outdoor sections of all conveyors shall be provided with continuous fixed three quarter hood covers extending for the entire length of the outdoor portion of each of the conveyors, up to the conveyor's head chute. Conveyors #5A and 5B will be installed in an enclosed gallery.
- The covers shall be fabricated using corrugated steel or mill finish aluminum sheet, with corrugations at right angles to the direction of the conveyor, factory formed into the semicircular hood with the non service side extending below the return belt to function as a wing guard. The covers shall be the same design as the existing covers if practical. Minimum sheet thickness for steel shall be 24 gauge and for aluminum shall be 0.032".

o. Terminal Frames:

- All frames (i.e. head, tail, take-up, etc.) shall be made from rolled structural shapes and plate. Bearing support beams and legs shall generally be made from wide flanges, with cross supports and bracing using heavy angles, tees, or channels. However, welded combination head terminal chute frames are acceptable.
- Provision for pulley alignment shall be made at all bearings, in the form of adjustable screw-type stops.
- Where the centerline of the output shaft of the reducer is greater than 4'-0" above the surrounding walking surface, a service platform shall be provided.
- If foot mounted drives are used, a base plate of heavy welded steel construction shall be supplied under the entire drive. Steel pads 1" minimum thickness shall be welded to the base plate under the machinery legs, with the tops being machined off after all welding on the base plate.

p. Safety Guards and Cages:

- The Contractor shall provide sufficient safety guards and cages to satisfy the requirements of OSHA, state, and local codes, etc.

- The Contractor shall provide guards and cages at all nip points and pinch points, including but not be limited to, the following areas:
  1) Pulleys.
  2) Drive couplings.
  3) Belt take-up travel and impact areas.
  4) Belt approaches to skirtboard (pinch areas).
  5) V-belt drives.
  6) Any location that may constitute a safety hazard to personnel.
  7) Areas where personnel may cross below conveyors or feeders.
- Where bearings or other re-greasible components are located within the confines of a cage or guard, the component's lubrication port shall be piped to an area outside of the guard to the nearest platform, and shall be equipped with a grease fitting at that location. Flexible hose shall be provided to enable greasing for the take-up pulley bearings, etc. from walkway or grade, where practical.
- Machinery guards shall be constructed using expanded metal to enable visual inspection of the rotating machinery without removing the guards.

4.11 STRUCTURAL DESIGN AND ACCESS REQUIREMENTS

4.11.1 Design Criteria:

a. All structures shall be designed to support the dead, live, maintenance, dynamic and impact loadings imposed by the equipment. The Contractor shall take into consideration the vibration, impact and deflection limits required for machinery support structures.

b. Live loads from wind shall be in accordance with the plant specific design requirements.

c. Structural design, detailing, fabrication and erection shall be per AISC specifications, the structural steel requirements of this specification, the referenced Technical Specifications, and local codes as well as the Florida Building Code.

d. Minimum platform design load shall be 100 PSF unless otherwise dictated by code or equipment removal.

e. Minimum steel thickness for angles, T's and beams shall be ¼" nominal.

4.11.2 General:

a. The Contractor shall provide OSHA conforming platforms, stairs, ladders, etc., as required to furnish access to all the equipment and devices included in the Contractor supply.

b. The Contractor shall prepare and provide structural calculations for the design of hoppers, support structures, as well as connection design calculations for all structural steel.

c. All structural steel design and supply shall conform to the requirements of Technical Specification PGNC-0-TS-05120 "Structural Steel".

d. All structural welding shall be in accordance with Technical Specification PGNC-0-TS-05061 "Structural Welding".

e. All handrails and railings shall be in accordance with Technical Specification PGNC-0-TS-05520 "Handrails and Railings".

f. All gratings, stair treads and checkered floor plates shall be in accordance with Technical Specification PGNC-0-TS-05531 "Gratings, Stair Treads, and Checkered Floor Plates".

g. All metal stairs and platforms shall be in accordance with Technical Specification PGNC-0-TS-05510 "Metal Stairs and Platforms".

h. All metal steel floor and roof deck shall be in accordance with Technical Specification PGNC-0-TS-05310 "Steel Deck".

i. Joints sealers shall conformed to the requirements of Technical Specification PGNC-0-TS-07900 "Joint Sealers".

4.11.3 Access Requirements:

a. Head frames shall have access to the drive on three sides.

b. Head end wraparound platforms shall be provided for all conveyors, as required to service diverter gates, fixed trippers, pulleys, telescoping chute, etc.

c. Headroom shall be a minimum of 6'-10" clear including adequate allowance for installation of piping, conduit and lighting fixtures above this clearance height.

d. Operating and maintenance platforms around drives, etc., shall be 3'-0" wide minimum.

e. All access shall be by stairs. Ladders shall be used for a second "emergency egress".

f. Stairs shall be 3'-0" wide minimum, except if part of a conveyor walkway of 2'-6" width. Stair design and safety requirements including handrails shall be per OSHA and in accordance with Technical Specification PGNC-0-TS-05510 "Metal Stairs and Platforms".

g. Dead ends in platforms shall be avoided. The Contractor shall provide emergency escape ladders from any platform for which dead ends can not be avoided.

h. Access platforms shall be provided at elevations where equipment needing regular maintenance is located.

i. For all structures, including clearances required for maintenance and equipment removal, there shall be a minimum clearance of 3'-0" between equipment and structure perimeter, and between any two separate pieces of equipment.

j. The openings in the platform handrail that provide ladder access shall be protected by self-closing safety gates.

k. Ladders shall conform to OSHA requirements with step-off platforms and safety cages or rigid rail safety devices for elevated ladders. Minimum width between ladder rails shall be 16", and maximum rise between steps shall be 12".

l. Ladders shall conform to the requirements of American National Standard (ANSI) for ladders fixed - safety requirements (ANSI A14-3). Ladders shall be galvanized.

4.11.4 Feeder Walkways:

a. The Contractor shall provide a continuous walkway along one side of all conveyors with a belt line more than 5'-0" above adjacent walking surfaces.

b. Belt feeders shall be provided with two (2) walkways, one on each side of the feeder with a minimum clear width of 3'-0" on each side and around the drive.

4.11.5 Monorail Beams:

a. The Contractor shall provide monorail beams for the removal of drive equipment located more than 35 feet above grade or if drive equipment located inside structures and buildings. Monorail beams shall be located directly above the centerlines of the drives, or other equipment that may require removal or replacement, and shall extend a sufficient distance beyond tower/support structure perimeter to permit equipment to be lowered to grade and/or working surfaces.

b. The monorail beams shall be sized to handle the heaviest equipment piece in the area. Trolley beams shall be straight and as short as possible. Curved and unsupported cantilevered trolley beams are not preferred. Bracing or solid connection tie-backs shall be used for support of exterior cantilevered sections. The use of threaded or turnbuckle rods shall not be permitted.

c. Vertical clearance between the equipment and the beam shall allow for the trolley, hoisting device and necessary rigging.

d. The lifting capacity shall be painted on each monorail beam.

4.12 ELECTRICAL REQUIREMENTS

4.12.1 All electrical equipment supplied under this specification shall be suitable for the ambient conditions intended to be used in, as identified in section 4.7.

4.12.2 Motors rated at < 1/2 horsepower shall be 115 VAC, 1-Phase, 60 Hz, and shall be provided in accordance with Technical Specification PGNC-0-TS-16221 "575 Volt and Lower Electric Motors".

4.12.3 Motors rated at 1/2 horsepower through 200 horsepower shall be 460 VAC, 3-Phase, 60 Hz, and shall be provided in accordance with Technical Specification PGNC-0-TS-16221 "575 Volt and Lower Electric Motors".

4.12.4 Motors rated above 200 horsepower shall be 4160 VAC or 6900 VAC, 3-Phase, 60 Hz, and shall be provided in accordance with Technical Specification PGNC-0-TS-16222 "Medium Voltage Electric Motors".

4.12.5 The service factor for all motors shall be 1.15.

4.12.6 Motors shall be provided with anti-condensation heaters due to their application and the environmental conditions.

4.12.7 All motors shall be type TEFC rated for "Chemical" or "Severe Duty" and shall include seals rated for abrasive dusts such as "Taconite".

4.12.8 All motors associated with the equipment located in enclosed structures shall be dust ignition proof type motors, and identified for use in a Class II, Division I, Group F hazardous location.

4.12.9 VFD's shall be compatible with the motor supplied for the application. Motors supplied for use with VFDs shall be certified by the manufacturer as suitable for "inverter duty". The output waveform of the VFD shall allow utilization of standard motors, without the need of any special insulation or de-rating.

4.12.10 VFD's shall meet the requirements of IEEE 519 standards for both voltage and current distortion, and the requirements of Technical Specification PGNC-0-TS-16180 "Electrical Requirements for Packaged Mechanical Equipment". VFDs shall be manufactured by Safetronics, Toshiba, or Owner approved equal.

4.12.11 As a minimum, all electrical control devices, housings and enclosures provided by the Contractor shall be rated as NEMA 4X metallic devices.

4.12.12 If applications for the electrical control devices, housings, enclosures, control panels, etc. include hazardous ratings, as specified by Article 500 of the National Electrical Code (NEC) enclosures shall be rated for the hazard level applicable to each location.

4.12.13 Electrical equipment and control panels shall be provided in accordance with Technical Specification PGNC-0-TS-16180 "Electrical Requirements for Packaged Mechanical Equipment".

4.12.14 All electrical control devices including, but not be limited to, limit switches, emergency stop devices and switches, zero or low speed switches, and similar devices required for the proper operation of the equipment and systems shall be supplied by the Contractor with the systems. This scope shall include all mounting brackets and hardware.

4.12.15 Whenever practical, control devices shall be shipped pre-mounted on the equipment.

4.12.16 All devices supplied by the Contractor under this specification shall be UL listed, and shall conform to the manufacturing requirements established by the National Electrical Manufacturers Association (NEMA). European or other standards such as IEC are not acceptable for electrical and control equipment for this project.

4.12.17 Speed torque curves shall be submitted for all motors.

4.12.18 Warning horns shall be provided as required.

4.12.19 Local control panels shall be provided as required for local control of the equipment and systems being furnished, and supplied in accordance with Technical Specification PGNC-0-TS-16180 "Electrical Requirements for Packaged Mechanical Equipment" All local controls shall interface through the PLC system for control of the equipment supplied.

4.12.20 Each local control panel shall be provided complete with all the necessary pushbuttons, switches, status indicators, etc. required for the control of the equipment, including but not limited to, start pushbuttons, stop pushbuttons, hand-off-auto selector switches and status indicating lights, in accordance with Technical Specification PGNC-0-TS-16180 "Electrical Requirements for Packaged Mechanical Equipment".

4.12.21 All conduits shall conform to the requirements of Technical Specification PGNC-0-TS-16111 "Conduit".

4.12.22 Cable trays shall be of the metallic type and shall conform to the requirements of Technical Specification PGNC-0-TS-16114 "Metallic Cable Trays".

4.12.23 Boxes, including but not limited to, junction boxes, pull boxes, splice boxes and terminal boxes shall conform to the requirements of Technical Specification PGNC-0-TS-16130 "Boxes".

4.12.24 Equipment and structures grounding shall conform to the requirements of Technical Specification PGNC-0-TS-16675 "Grounding".

4.12.25 Lightning protection for buildings and structures shall conform to the requirements of Technical Specification PGNC-0-TS-16670 "Lightning Protection".

4.12.26 Lighting and receptacles for enclosed structures and buildings shall conform to the requirements of Technical Specification PGNC-0-TS-16500 "Interior Lighting and Receptacles".

4.12.27 Page and party communication equipment, communication cables and accessories shall conform to the requirements of Technical Specification PGNC-0-TS-16700 "Page and Party Communications Systems".

4.12.28 Panelboards, mini-power centers and low voltage transformers shall conform to the requirements of Technical Specification PGNC-0-TS-16472 "Panelboards, Mini-Power Centers and Low Voltage Transformers".

4.12.29 Design and supply of heat tracing systems for freeze protection, if used, shall conform to the requirements of Technical Specification PGNC-0-TS-16859 "Design and Furnish Heat Tracing System for Freeze Protection".

4.12.30 Control cables shall conform to the requirements of Specification PGNC-0-SP-463101 "Control Cable", and cables for instrumentation shall conform to the requirements of Specification PGNC-0-SP-463301 "Instrument Cable".

4.12.31 Low voltage power cables, 600V and less, shall conform to the requirements of Specification PGNC-0-SP-463501 "Power Cable – Low Voltage (600V & Less)".

4.12.32 Indoor medium voltage metal-clad switchgear design, supply and testing shall conform to the requirements of Specification PGNC-0-SP-021101 "Medium Voltage, Metal-Clad Switchgear".

4.12.33 Unit substation transformers shall be of the dry type and shall conform to the requirements of Specification PGNC-0-SP-021301 "Unit Substation Transformers, Dry-Type".

4.12.34 Low voltage switchgear shall conform to the requirements of Specification PGNC-0-SP-021302 "Low Voltage Switchgear".

4.12.35 Non-segregated phase bus duct shall conform to the requirements of Specification PGNC-0-SP-022201 "Non-Segregated Bus Duct".

4.12.36 Low voltage motor control centers shall conform to the requirements of Specification PGNC-0-SP-023101 "Low Voltage Motor Control Centers".

4.12.37 Indoor, low voltage, metal enclosed switchboards shall conform to the requirements of Specification PGNC-0-SP-026202 "Low Voltage Switchboards".

4.12.38 Indoor, medium voltage, NEMA Class E2 motor controllers shall conform to the requirements of Specification PGNC-0-SP-023201 "NEMA Class E2 Medium Voltage Controller".

4.12.39 Control and protective relay cabinets shall conform to the requirements of Specification PGNC-0-SP-036001 "Control and Protective Relay Cabinets".

4.12.41 Shielded medium voltage power cables shall conform to the requirements of Specification PGNC-0-SP-463401 "Shielded Medium Voltage Cable".

4.12.42 Thermocouple extension cables shall conform to the requirements of Specification PGNC-0-SP-463701 "Thermocouple Extension Cable".

4.13 INSTRUMENTATION AND CONTROL REQUIREMENTS

4.13.1 General

a. The control equipment provided under this specification shall be supplied by the Contractor and shall be designed to interface to an existing PLC microprocessor based control system. All control equipment supplied shall adhere to the requirements of the attached Technical Specification PGNC-0-TS-16908, "PLC Requirements for Packaged Mechanical Equipment."

b. The existing South Coal Yard control system is comprised of Schneider Modicon Quantum Series PLC electronics with Intellution FIX MMI operator station graphics interfaces. The Contractor shall supply the control panels with PLC hardware of the Schneider Modicon Quantum series, with all necessary power supplies, internal panel wiring, communication interface electronics (Ethernet or Modbus plus to be specified later), terminal blocks, and other electrical accessories as specified in the Technical Specification.

c. The Contractor shall provide controls engineering and design as specified in Specification PGNC-0-SP-051002, "Mechanical Systems – Control System Interface."

d. The Contractor shall supply a functional design specification, in Progress Energy format, which completely details the control functions, sequence of operations, and other logic requirements.

e. The Contractor shall supply a system description describing the equipment supplied, flow rates, flow paths, general control functions, and other operation and maintenance. Information shall be supplied in Progress Energy format.

f. The Contractor shall be responsible all programming of the PLC and HMI hardware supplied and for the sequence of operations and performance of the systems provided under this specification. Specific standard PLC logic macro's shall be supplied to the Contractor for implementation of the basic control of devices supplied by the Contractor. All controls functions shall be reviewed and commented on by the Owner.

g. The Contractor shall furnish all instrumentation required for the safe, reliable, and efficient operation of the equipment and systems being provided.

h. All instruments provided shall be suitable for the ambient conditions intended to be used in, as identified in section 4.7.

i. ISA data sheets shall be provided for all instruments and control devices.

j. The Contractor shall prepare and provide P&IDs for all equipment and systems provided by the Contractor. All instruments and control devices shall be shown on the P&IDs using standard ISA symbols. The Owner will assign a unique alphanumeric code for each device. Each device must be tagged with the two identifiers.

k. Instrumentation shall be provided in accordance with Technical Specification PGNC-0-TS-17180 "Instrumentation Requirements for Packaged Mechanical Equipment".

l. Switches containing mercury shall not be used.

m. All switches shall be provided with at least with one (1) normally open (N.O.) and one (1) normally closed (N.C.) electrically independent contacts or two (2) Form C (SPDT) contacts per switch.

n. The interruption rating for all switches shall be 5A at 120 VAC and 0.5A inductive @ 125 VDC.

o. The Contractor shall furnish all necessary communications/interface hardware to connect the Contractor supplied PLC hardware to the South Coal Yard's PLC hardware, for continuous monitoring, control and alarm of the equipment, system, and auxiliaries furnished by the Contractor. This includes hardware "cards" for the existing South Coal Yard PLC networking equipment. Cabling to the mid-point interface shall be by Others, if required.

p. All equipment furnished by the Contractor, which requires any type of control, shall be capable of being controlled locally and remotely.

q. All switches and control devices shall be waterproof by design or shrouded to protect from hose directed blast received during system wash-down. As a minimum, all switches and control devices shall be rated as NEMA 4X metallic or Owner approved equal. The systems provided under this specification may receive full wash-down as often as once per day.

r. If applications for the switches and control devices, etc. include hazardous ratings, as specified by Article 500 of the National Electrical Code (NEC) enclosures shall be rated for the hazard level applicable to each location.

s. The Contractor may re-use existing instrumentation, if functionally viable, only on existing equipment the Contractor is modifying under the scope of the project, provided that its effect on the coal yard operation is minimal, and that the work is coordinated with and approved by the Owner.

t. The Contractor shall use instruments of the exact manufacturer and model number as the existing coal handling instrumentation to the maximum extent possible. Alternative selections to specific devices will be considered by the Owner provided the functions and level of quality are at least equal to the existing devices, unless otherwise noted.

u. Any instruments and controls provided by the Contractor, for which a brand and model number have not been specified in these documents, are to be provided in conformity with CRYS-0-LI-692-0001, "Control Systems Equipment Preferred Vendor List."

v. Controls and instrumentation installation shall conform to the requirements of Technical Specification PGNC-0-TS-16941 "Controls and Instrumentation Installation".

4.13.2 Emergency Trip Cords and Switches:

a. The Contractor shall furnish all required emergency trip cords and switches paralleling the route of each conveyor and feeder being provided. The function of the emergency trip cord shall be to stop the material handling equipment on which it is installed.

b. Switches shall be of the proximity type and shall be provided with electronically settable trip.

4.13.6 Position Limit Switches:

Limit switches shall be provided with lever type actuators with wheels, rubbing pads, etc. as required for positive action and long life.

4.13.7 Warning Devices:

a. The Contractor shall furnish warning horns which are bi-directional, two way projection type, with the horns 180 degrees apart.

b. The Contractor shall furnish warning beacon lights with an amber lens. The beacon lights shall be spaced per manufacturer's recommendations to enable all maintenance personnel, who may be "in harms way" if the conveyor were to start, to have a clear visual indication from the warning beacon.

4.14 NOISE EMISSIONS

a. The sound power level emitted from each piece of equipment and component of systems provided under this specification shall not exceed 85 dBA at a distance of 3 feet (1 meter) from the source surface and 5 feet (1.5 meters) above grade.

b. Measurement requirement shall comply with applicable portion of ANSI S.4 and S1.25.

5.0 SHOP FABRICATION, ASSEMBLY AND TESTING

5.1 GENERAL:

5.1.1 Shop fabrication of the system components and structural steel is the responsibility of the Contractor, and shall be done in concert with the site requirements and shipping constraints, as well as the Contractor's planned erection program. It is the Owner preference that maximum shop assembly be used as a means to improve overall quality.

5.1.2 The Contractor is responsible for the quality control, inspection, shop testing, expediting, surface preparation and painting, and assembly of fabricated items within its scope of supply in conformance with these documents.

5.2 QUALITY CONTROL AND INSPECTION:

5.2.1 Prior to beginning of fabrication, the Contractor shall issue its Quality Assurance Program Manual for the Owner's review.

5.2.2 Prior to the start of fabrication, the Owner shall be given a shop fabrication schedule with dates of all proposed inspections and tests to be conducted by the Contractor. The Owner and Designated Representative reserve the right to witness any or all shop tests. The Owner shall be notified at least 15 days in advance of inspections and tests.

5.2.3 Fabricated items shall be inspected in accordance with AWS D1.1 etc. as applicable. Inspections shall be conducted by a Certified Welding Inspector.

5.2.4 Inspection by the Owner of fabricated material shall not constitute final acceptance and shall not relieve the Contractor of responsibility for acceptable material, equipment, and workmanship.

5.3 CLEANING, PAINTING AND PROTECTION OF MATERIALS:

5.3.1 All outdoor structural steel, conveyor steel, fabricated frames, trusses, bents, miscellaneous plate work, brackets, fabricated guards, handrails, ladders, etc. (except chutes, hoppers, bins, skirtboards, flop gates, and slide gates) shall be prepared and hot dipped galvanized to a minimum of 2.0 oz./ft^2 in accordance with ASTM A 123 and the requirements of Paint System PS-1 included in Technical Specification PGNC-0-TS-09900 "Painting".

5.3.2 All outdoor chutes, hoppers, bins, skirtboards, flopgates, slide gates, and any fabricated items that are not practical to galvanize, shall be shop coated. All surfaces except the inside surfaces of chutes, hoppers and bins shall be prepared, primed and finish painted in accordance with the requirements of Paint System PS-2 included in Technical Specification PGNC-0-TS-09900 "Painting". The color of the finish paint shall conform to the applicable section of the equipment colors scheme requirements included in Technical Specification PGNC-0-TS-09900 "Painting".

5.3.3 All indoor structural steel conveyor steel, fabricated frames, trusses, bents, miscellaneous plate work, brackets, fabricated guards, handrails, chutes, hoppers, bins, skirtboards, flop gates, slide gates, except the inside surfaces of chutes, hoppers, surge bins, galvanized and stainless steel items as well as liner materials shall be prepared, primed and finish painted in the shop in accordance with the requirements of Paint System PS-2 included in Technical Specification PGNC-0-TS-09900 "Painting". The color of the finish paint shall conform to the applicable section of the equipment colors scheme requirements included in Technical Specification PGNC-0-TS-09900 "Painting".

5.3.4 All piping, including shop fabricated piping, fittings and pipe supports shall be prepared and painted in accordance with Technical Specification PGNC-0-TS-09900 "Painting". The paint color scheme for the piping shall be as follows:

a. Fire protection – red.

b. Compressed Air – blue.

c. Water – green.

5.3.5 Bar grating and checkered floor plate shall be prepared and hot dipped galvanized to a minimum of 2.0 oz/sq. ft. in accordance with ASTM A123.

5.3.6 Indoor motors and manufactured machinery components furnished to the Contractor by others shall have original manufactured coating suitable for the ambient conditions intended to be used in, except that they shall be painted to the colors indicated in Technical Specification PGNC-0-TS-09900 "Painting".

5.3.7 Outdoor motors and manufactured components furnished to the Contractor by others shall be shop prepared and painted in accordance with the requirements of Paint System PS-2 included in Technical Specification PGNC-0-TS-09900 "Painting". The color of the finish paint shall conform to the equipment colors scheme requirements included in Technical Specification PGNC-0-TS-09900 "Painting".

5.3.8 Machinery and machined surfaces subject to corrosion shall be protected with appropriate oils packaging and preservative material intended for long term outdoor storage for a period not less than one year.

5.3.9 All equipment shall be clearly labeled in large lettering per Coal Yard standards including labeling of all conveyor rollers with the standard Coal Yard labeling scheme.

5.3.10 As part of the erection of equipment and structures, the Contractor shall perform complete field touch-up of all materials. For all galvanized and indoor painted items/materials, repair and touch-up work shall be performed in accordance with the requirements of Technical Specification PGNC-0-TS-09900 "Painting". For outdoor painted items/materials which are not galvanized, the Contractor shall perform complete field touch-up of all material, using coating systems intended for that purpose and supplied by the same manufacturers as the original shop coating system.

6.0 SHOP TESTING

6.1 The Contractor's standard shop tests shall be performed on all equipment being supplied. In addition, the Contractor shall perform all shop tests required to certify that the equipment and material being supplied meet contract requirements. All test results and reports shall be submitted to the Owner for his records.

6.2 Prior to the start of fabrication, the Owner shall be given a shop fabrication schedule with dates of all proposed inspections and tests to be conducted by the Contractor. The Owner and Designated Representative reserve the right to witness any or all shop tests. The Owner shall be notified at least 15 days in advance of inspections and tests.

6.3 Witnessing by the Owner of shop tests and acceptance of test reports shall not constitute final acceptance and shall not relieve the Contractor of responsibility for acceptable equipment.

6.4 The Contractor shall perform a Factory Acceptance Tested of the PLC and HMI system per the requirements of PGNC-0-TS-16908. The FAT shall test all hardware, logic functionality, and graphics interface points for the system for correct operation.

6.5 The Contractor shall provide a technical representative with thorough knowledge of the operation of the supplied equipment to attend the PLC and HMI systems Factory Acceptance Testing. A resume of the proposed technical representative shall be provided to the Owner for approval. The technical representative shall be responsible for witnessing the designed logic functionality of all equipment supplied by the Contractor and shall insure that the PLC and HMI system programming is implemented the logic design in accordance with the functional design specification.

7.0 SHOP ASSEMBLY AND SHIPPING

Assembly of the system components is the responsibility of the Contractor, and shall be done in concert with the site and shipping constraints, as well as, the Contractors planned erection program. It is the Owners preference that maximum shop assembly be used as a means to improve overall quality.

8.0 SPARE PARTS

As part of this specification, the Contractor shall supply a set of operating spare parts as may be required for two years of continuous operation, and a complete set of consumable, start-up and commissioning spare parts for the equipment and systems provided under this specification.

9.0 MARKING AND IDENTIFICATION

The following information shall be permanently stamped on each piece of equipment with at least 3/16" high letter.

9.1 Name of equipment.

9.2 Manufacturer's name.

9.3 Manufacturer's shop order number.

9.4 Owner's equipment identification number (tag number).

9.5 Operating data.

9.5 Any additional items in accordance with PGNC-0-TS-17180, "Instrumentation Requirements for Packaged Mechanical Equipment".

10.0 GUARANTEES

The Contractor shall guarantee that the systems and equipment provided under this specification will operate safely, satisfactorily and reliably, satisfying the flow paths, design capacities and all requirements of the contract documents. In addition, the Contractor shall guarantee that the systems/equipment shall satisfy the design requirements specified herein, for the following items, at the specified design capacities:

a. Average Unloading Rate over the specified unloading cycle.

11.0 START-UP AND PERFORMANCE TESTING FOR ACCEPTANCE

11.1 GENERAL

All operations during the start-up and performance testing of the systems shall be the responsibility of the Contractor.

11.2 COMPONENT TESTS

The component tests shall be performed by the Contractor after erection of the equipment at the Jobsite, in the presence of the Owner and/or the Owner's Designated Representative.

The Contractor shall demonstrate, to the Owner and/or the Owner's Designated Representative, the operation of all components of the system individually, without product load, to verify that all individual components are functional. The Contractor shall notify the Owner, in writing,

when he is ready to perform these tests so that the Owner can make the necessary arrangement for witnessing the tests.

11.3 DRY RUN TESTS

11.3.1 Within 10 days of written notice by the Contractor indicating that the component tests are complete, the Owner will authorize the start of dry run testing, or notify the Contractor why acceptance cannot be granted.

11.3.2 The dry run tests shall be carried out, by the Contractor, in the presence of the Owner and/or the Owner's Designated Representative. The dry run tests shall include as a minimum, the operation of all the contractor's components and systems provided under this specifications, without product load.

11.3.3 The purpose of the dry run tests is be to verify that the system is completely operational and ready to receive product. The dry run tests shall be considered complete when the Owner and/or the Owner's Designated Representative find no exceptions in the equipment's readiness to receive product.

11.4 PERFORMANCE TESTS

11.4.1 As a minimum, the performance tests enumerated below shall be conducted to ensure that the equipment and systems provided meet the contract design requirements. During the performance tests, the following conditions shall be assumed:

a. Favorable weather.

b. Design product conditions.

c. No interruptions in power supply.

d. Uninterrupted material flow at the design capacity into the system being tested.

e. The Owner will make coal available at the various receiving points to carry out the required performance to satisfy the contract design requirements.

11.4.2 The Owner reserves the right to stop performance testing under any of the following circumstances:

a. If any condition arises which the Owner feels might be hazardous to personnel or equipment.

b. If any condition arises which the Owner feels might jeopardize the operations of Units #1 and 2 and/or Units #4 and 5.

c. If any condition arises that might severely impact the barge and/or rail unloading operations.

11.4.3 The performance tests that shall be conducted are as follows:

a. Full Load Starting Test

The purpose of this test is to verify that the conveyors and feeders provided can start with their belts fully loaded to the design capacity. This test will be performed three (3) times, with 20 minutes duration in between tests to allow drive components to cool.

b. Capacity and Reliability Tests

1) The purpose of these tests is to demonstrate that each of the systems provided is capable of handling the design capacity figures specified, and that each system is capable of running continuously without failure due to overheating of drive components, chute pluggage, or spillage at transfer points, for the specified time duration. The design capacity will be verified by mutually agreed to methods. As a minimum, the contractor shall perform the following tests:

i) A system test operating each respective system flow path for 4 hours at the specified maximum design capacity.

2) During the above tests, the systems shall be controlled from the barge unloader operator's cab.

c. Unloading Cycle Test

The purpose of this test is to verify the barge unloader operates within the specified unloading cycle continuously over a barge. This test must be completed for no less than three barges. Any interruption of the test will warrant a new test such that a minimum of three continuous tests are completed.

12.0 TRAINING PROGRAM

12.1 The Contractor shall conduct a complete program of troubleshooting and maintenance training for the Owner's mechanical maintenance personnel. Such training program shall consist of both classroom work and "hands-on" field training.

12.2 The Contractor shall submit an outline of the proposed training program no later than six months prior to the proposed delivery date.

13.0 ATTACHMENTS

The drawings, flow diagrams, documents, reports, Technical Specifications etc. included and listed in the following attachments shall be considered as an integral part of this specification.

Item/Attachment	Title	Revision
Attachment A	Contract Data Requirements Schedule	A
Attachment B	Belt Conveyors and Belt Feeders Data Sheet	A
Attachment C	Reference Drawing List	A
PGNC-0-TS-16080	Electrical Equipment Erection	0
PGNC-0-TS-16120	Wire and Cable Installation	1
CRYS-0-SP-00001	CADD Specification	A
PGNC-0-TS-15062	Piping	1
PGNC-0-TS-05120	Structural Steel	3
PGNC-0-TS-05061	Structural Welding	1
PGNC-0-TS-05520	Handrails and Railings	0
PGNC-0-TS-05531	Gratings, Stair Treads, and Checkered Floor Plates	1
PGNC-0-TS-05510	Metal Stairs and Platforms	0
PGNC-0-TS- 05310	Steel Deck	0
PGNC-0-TS-07900	Joint Sealers	1

PGNC-0-TS-16111	Conduit	1
PGNC-0-TS-16114	Metallic Cable Trays	1
PGNC-0-TS-16130	Boxes	1
PGNC-0-TS-16180	Electrical Requirements for Packaged Mechanical Equipment	2
PGNC-0-TS-16221	575 Volt and Lower Electric Motors	4
PGNC-0-TS-16222	Medium Voltage Electric Motors	5
PGNC-0-TS-16472	Panelboards, Mini-Power Centers & Low Voltage Transformers	1
PGNC-0-TS-16500	Interior Lighting and Receptacles	0
PGNC-0-TS-16670	Lighting Protection	0
PGNC-0-TS-16675	Grounding	0
PGNC-0-TS-16700	Page and Party Communications Systems	0
PGNC-0-TS-16859	Design and Furnish Heat Tracing System for Freeze Protection	2
PGNC-0-SP-463101	Control Cable	0
PGNC-0-SP-463301	Instrument Cable	0
PGNC-0-SP-463501	Power Cable – Low Voltage (600V & Less)	0
PGNC-0-SP-021101	Medium Voltage, Metal-Clad Switchgear	2
PGNC-0-SP-021301	Unit Substation Transformers, Dry-Type	1
PGNC-0-SP-021302	Low Voltage Switchgear	2
PGNC-0-SP-022201	Non-Segregated Bus Duct	0
PGNC-0-SP-023101	Low Voltage Motor Control Centers	0
PGNC-0-SP-023201	NEMA Class E2 Medium Voltage Controller	0
PGNC-0-SP-026202	Low Voltage Switchboards	0
PGNC-SP-0-036001	Control and Protective Relay Cabinets	A
PGNC-0-SP-463401	Shielded Medium Voltage Power Cable	1
PGNC-0-SP-463701	Thermocouple Extension Cable	0
PGNC-0-TS-16908	PLC Requirements for Packaged Mechanical Equipment	0
PGNC-0-SP-051002	Mechanical systems – Control System Interface	Later
PGNC-0-TS-17180	Instrumentation Requirements for Packaged Mechanical Equipment	2
PGNC-0-TS-16941	Controls and Instrumentation Installation	0
PGNC-0-TS-09900	Painting	1

14.0 PROPOSAL REQUIREMENTS AND CONSIDERATIONS

14.1 The Contractor shall provide drawings in the proposal showing the operating limits of the barge unloader (& separate hopper structure if applicable) relative to the dock, barge and dock conveyor. All pertinent dimensions are to be shown for review.

14.2 The Contractor shall provide a detailed unloading cycle in the proposal providing the average unloading capacity and overall cycle time required. All operating speeds are to be provided.

14.3 The Contractor shall specify and provide in the proposal Time and Material (T&M) rates as may be required to cover any additional engineering and implementation work identified as being outside of the original project scope.

14.4 The Contractor shall specify in the proposal the manufacturers of all major equipment and components being proposed.

14.5 The Contractor proposals will be evaluated based on the lowest overall life cycle costs. As such, the Contractor shall provide cost information for all major equipment and components as may be required. The Contractor shall provide component life of all major equipment including slew bearings based on the stated annual throughput. Estimated replacement man-hours and costs are to be provided.

14.5 The Contractor shall submit with his Proposal a CPM schedule. The schedule submitted shall constitute the Contractor's work plan and shall contain all work items that are included in the Contractor's Scope of work, including project milestone dates, estimated durations for said work items, and the sequence in which the work will be carried out. As part of this construction schedule or as supporting documentation submitted with the schedule, the Contractor shall make known: (1) assumptions as to the delivery dates of major equipment and/or key construction materials to be furnished by the Contractor, (2) assumptions as to planned manpower levels, key construction equipment availabilities and field supervision staffing which might constrain the Contractor's performance, and (3) assumptions as to hours in addition to those of the "standard work week" required to maintain the schedule. The Contractor schedule shall list the start dates, finish dates, and shifts per week for each of the activities. The schedule shall conform to the project completion date specified above. The Schedule shall be man loaded by craft, and shall include the total craft composition by percentage of journeymen to be utilized.

14.6 The Contractor shall submit, with his proposal, a list of subcontractors and work to be assigned to each. Subcontractors will be subject to approval.

14.7 The Contractor shall incorporate into his proposal a complete Field Organization Chart indicating all Supervisory, Scheduling, and Material Control personnel with specific identification, and resume of Field Superintendent.

14.8 The Contractor shall submit with the proposal one (1) original and three (3) copies of the following:

a. Motor list including auxiliary motors.

b. Preliminary electrical load list.

c. Utilities (water, air, etc) requirement list, including flow rates, pressures and temperatures.

d. Equipment arrangement

g. Preliminary list of instrument and control devices.

h. Contractor's exceptions to the specifications, attached documents and attachments.

i. Level II project milestone schedule defining dates for release of documents for review, design, fabrication, delivery and major components, construction, start-up, commissioning, training, etc.

j. List of Sub-contractors and their functions.

k. Due dates noted on Attachment A, Contractor Data Requirements Schedule.

END

Crystal River Barge Unloader Commercial Proposals

Metso

Sobemai Equilibrium Crane	
Engineer and supply Crane	$4,745,000.00
Traveling Hopper	$760,000.00
Deliver to site	$566,000.00
Erect new crane and demo existing	$1,825,000.00
Gangplank	$50,000.00
NEMA Starters	$5,000.00
Schneider Modicon	$30,000.00
Addendum 1 Structural Clarification	-$200,000.00
Total	**$7,781,000.00**

Exceptions:
1. Any schedule changes may require price adjustments.
2. Significant reductions in LD's proposed.
3. Proposes reducing warranty from 2 years to one year.
4. Exchange rate on Euros applicable to $3,500,000.

E-Crane International-USA

Crane Complete	$3,975,708.00
33yd Grab Bucket	$93,900.00
Hopper,Towbar, Feeder System	$732,167.00
Installation of new and demo old crane	$369,000.00
Spare parts and special tools	$56,385.00
Hopper Feeder Elect. Controls	$43,860.00
Addendum 1 Structural Clarification	$217,800.00
Controls Integration Estimate	$50,000.00
Total	**$5,538,820.00**

Exceptions;
1. Will not provide OEM part numbers
2. After crane 50% fabricated will be paid in full for crane value if contract is terminated.

BMH Marine

Siwertell Continuous Screw Unloader	
Supply equipment/Erect and Startup Supv	$6,187,600.00
Spare Parts	$278,650.00
	$6,466,250.00

Exceptions:
1. Will not include offloading, erection of new equipment,or demo of existing unloader. Proposal is considered non-responsive to specification requirements
2. Price to be adjusted to Swedish exchange rate

Crystal River Barge Unloader Commercial Proposals

Additional Project Costs	
Actual cost 2005	$100,000.00
Project/Implementation Mgmt 2006	$75,000.00
Engineering/documentation	$50,000.00
Environmental Abatement for Demo	$100,000.00
New rails and attachments	$150,000.00
Total	**$475,000.00**

E-Crane is the recommended supplier. Total capital cost estimate will be

E-Crane Contract	$5,538,820.00
Additional Project Cost	$475,000.00
Total Capital Estimate	**$6,013,820.00**

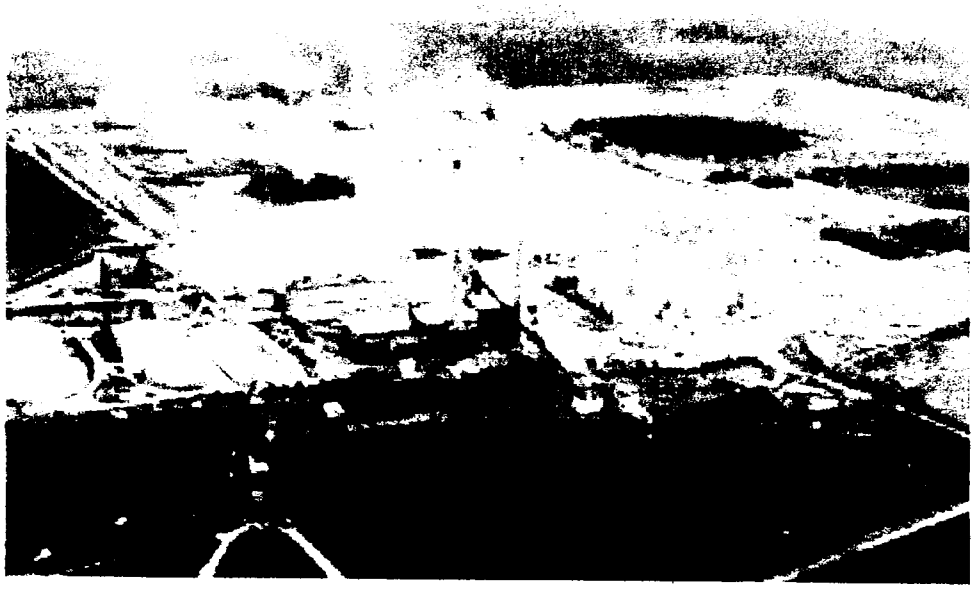
PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 6

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HAS BEEN
DESIGNATED AS
CONFIDENTIAL

New Barge Unloader Project

South Region Update

December 13, 2005



Progress Energy

PEF-CC-001135

Major Strategic Points

- Historic inability to increase inventory
- Projected consumption trends will likely exceed current supply availability for the following reasons:
  - Average BTU content of import coal has been trending downwards and is expected to continue.
  - Strategic migration to lower BTU Illinois Basin coal following the installation of scrubbers only exacerbate current volume limitations.
  - Historic underperformance by CSX is expected to continue.
- New barge unloader expected to decrease unloading times therefore should decrease cycle times and associated demurrage.
- New barge unloader should reduce O&M expenses associated with installed unloader maintenance and upkeep.

Assumptions

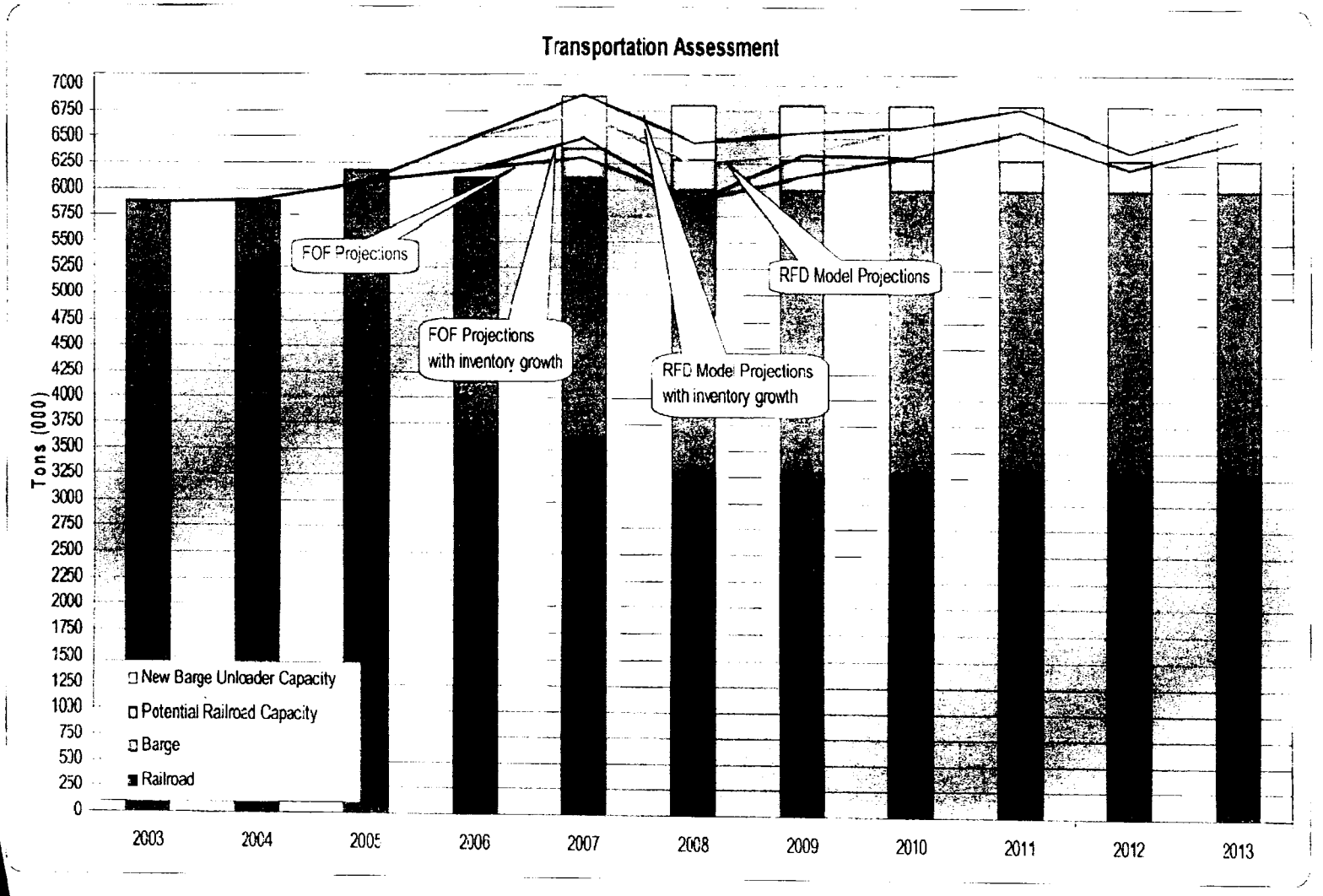
Transportation:

- Current barge unloading capacity limited to 2.7 million TPY.
- Current expected rail capacity capped at current contract maximum:
  - 3.9 million TPY through 2007
  - 3.6 million TPY beyond 2007
- New barge unloader capacity assumed to be 3.2 million TPY.
- Model assumes railroad contract minimums will be attained.
- Model then maximizes barge deliveries prior to shifting to additional rail capacities.

Financial:

- Rail rates assume current 2005 contract rail rates with an inflationary escalator of 2.5%
- Barge rates are consistent with the current DFL contract and assume a delivery mix of 50% domestic and 50% import.
- Barge rates for Express Marine were assumed to be equal to the Dixie Fuels rate.
- Higher rate for volumes greater than 2.5 MTPY were not utilized.
- Barge rates remain flat through 2007. Beginning March 2008 a 15% increase is assumed and escalated for inflation by 2.5%.
- Expected cost of new barge unloader is $5.5 to $6.0 million.

Transportation Logistics Analysis



Progress Energy

New Barge Unloader Project

South Region Update

December 13, 2005



Progress Energy

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Progress Energy

Assumptions

Transportation:

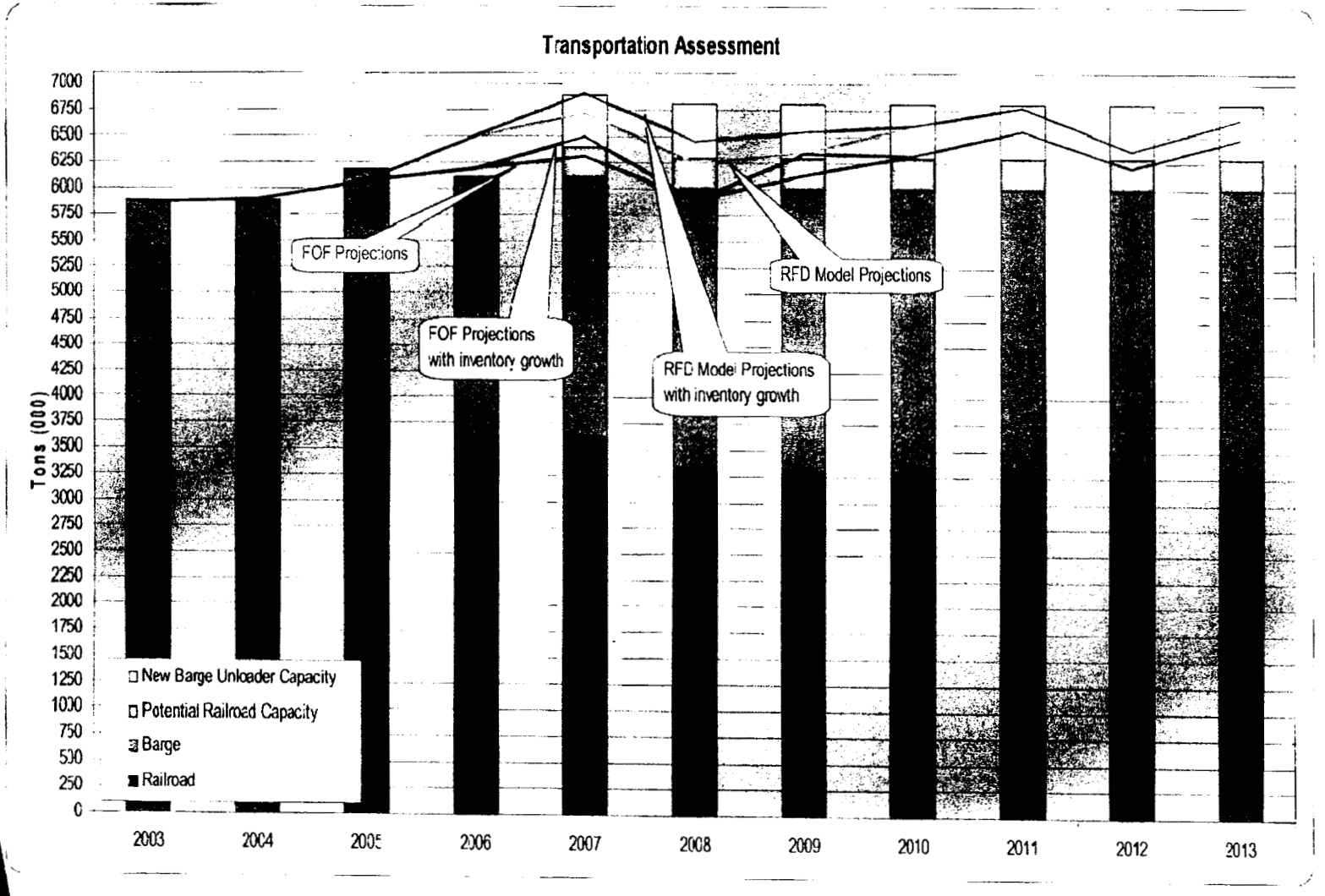
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Progress Energy

Transportation Logistics Analysis



Progress Energy

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 6

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HAVE BEEN
DESIGNATED AS
CONFIDENTIAL

Financing Options

- Contribution In Aid of Construction (CIAC)
  - DFL capital contribution of total project cost
  - Fuel surcharge adder for term of current contract (April 2006 through March 2008)
    - Estimate capital recovery adder of $1.37/ton to $1.49/ton
    - Volumetric risk & return estimated to add an additional $0.20 - $0.30/ton
    - Total fuel surcharge adder estimated between $1.57 and $1.79/ton delivered depending on total project cost.
- Self finance - Crystal River Capital Budget



Progress Energy

OPC
1st POD

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DOCUMENT NUMBER-DATE
00960 FEB-7 8
FPSC-COMMISSION CLERK

XC: AWP
RFP
FML
CAL
THM
VHM
DHD
ABF
VICKY HICKS
SANDRA HASKINS
CF - FUEL TRANSP.

ORIG. TO EXEC. DOC.

AFFREIGHTMENT CONTRACT
BETWEEN
PROGRESS FUELS CORPORATION
AND
EMI-PA, INC.

THIS AFFREIGHMENT CONTRACT ("Contract") is entered into by and between PROGRESS FUELS CORPORATION, a Florida corporation, ("Shipper") and EMI-PA, INC., a Pennsylvania corporation, ("Operator") on this 1st day of April, 2005.

WHEREAS, Shipper has purchased and will continue to purchase dry bulk fuel ("DBF") for use in an electric generating plant owned and operated by PROGRESS ENERGY FLORIDA, INC. near Red Level, Citrus County, Florida, known as the Crystal River Plant, and Shipper is in need of transportation services to move that DBF from a bulk cargo terminal(s) designated by Shipper in the New Orleans, Louisiana and Mobile, Alabama areas to the Crystal River Plant; and

WHEREAS, Operator owns one seagoing barge along with an adequate tug to move such barge, empty or laden, and is willing to move DBF from the designated terminals to the Crystal River Plant:

WITNESSETH:

For and in consideration of mutual covenants, provisions and benefits and agreements hereinafter made and contained and other good and valuable consideration flowing between the parties hereto, Shipper and Operator hereby agree as follows:

1. **Transportation Services:** Operator will provide marine transportation services to the Shipper for DBF from the Terminals, as hereinafter defined, in the quantities described herein to the Crystal River Plant on an annual, ratable basis.

2. **Equipment:** The equipment to be employed by Operator hereunder will be an ABS-classed, seagoing, covered hopper barge and tug of suitable horsepower (hereinafter referred to together as the "Tow"). Operator shall operate and maintain the seagoing equipment at an ABS +1 Rating. Operator shall operate seagoing equipment in a manner considered safe by prudent operators of seagoing equipment. Further, Operator agrees that its equipment will have cutouts between holds to facilitate cleaning. Subcontracting of outside equipment shall be done only upon mutual agreement.

3. **Term:** The term of this Contract shall be for three (3) years, commencing on the date of the first loading and ending 36 months later.

   No later than Eighteen (18) months prior to the expiration of the contract term, Operator and Shipper will have the obligation to inform the other party whether they desire a contract extension of up to two (2) consecutive years following the expiration of the original contract

term. The parties will then meet to mutually resolve the terms and conditions of such an extension. However, neither party is obligated to agree to such contract extension.

Notwithstanding the foregoing, either party may terminate this Contract as provided below, upon the happening of any of the following events:

a. A material breach of this Contract, in which event the complaining party may terminate this Contract after giving the breaching party thirty (30) days advance written notice, or fifteen (15) days in the case of default for failure to pay invoices or other amounts due hereunder, specifying the reason for such termination becoming effective at the end of such fifteen (15) or thirty (30) day period (unless the breach has been rectified by that time).

b. The filing by a party for bankruptcy, liquidation, reorganization, or suspension of payment proceeding, in which event this Contract may be terminated forthwith by the non-filing party by giving written notice to the filing party.

4. **Load Ports:** Unless otherwise hereafter directed by Shipper as provided in this Section, the load ports for all cargoes of DBF transported under this Contract shall be the International Marine Terminals dry bulk handling terminal located at about Mile 57 Above Head of Passes on the Right Descending Bank of the Lower Mississippi River and the McDuffie Island Coal Terminal and the Three Mile Creek Bulk Handing Facility dry bulk handling terminals located at Alabama State Docks, Mobile, Alabama (each hereinafter the "Terminal"). Shipper shall designate to Operator in writing its representative ("Shipper's Representative") for the purpose of receiving Notices of Readiness ("NORs") by the Operator's Tow at the Terminal. Any load port other than the Terminal which Shipper may designate must be located on the U.S. Gulf or East coast and the Tow must be able to safely navigate, as determined in the sole discretion of the Operator, to, within and from such load port.

5. **Discharge Port:** The discharge port for all cargoes of DBF transported under this Contract shall be the Crystal River Plant dock at Progress Energy Florida's generating station in Crystal River, Florida (hereinafter the "Crystal River Plant"). Shipper shall designate to Operator in writing its representative ("Shipper's Representative") for the purpose of receiving NORs by Operator's Tow at the Crystal River Plant.

6. **Cargo and Shipping Terms:** This Contract provides for the transportation of DBF, stowing at not more than approximately 40 cubic feet per short ton (ST), in annual and individual voyage quantities further defined herein. In the event that Shipper desires that Operator transport DBF stowing at greater than the cubic feet per ST limits set forth in this Section or other cargoes, such transportation shall be on such terms and conditions and at such rates as the parties may hereafter agree.

   All DBF cargoes transported hereunder shall be loaded and discharged by Shipper on a Free In and Free Out, Stowed and Trimmed basis, working continuously, Saturdays, Sundays and all holidays included, basis at both the load and discharge ports.

7. **Cargo Quantity:** The parties acknowledge and agree that the rates set forth herein are predicated on the tendering for shipment by Shipper of minimum quantities of DBF cargo which will employ and utilize Operator's Tow on a full time and continuous basis throughout the term of the contract, both with respect to quantity, in ST, shipped on each individual voyage and with respect to cumulative quantity shipped during each contract year during the

term hereof. Cargo shall be scheduled and transported on a ratable basis, i.e., evenly distributed, over the applicable contract year in single voyage increments of not less than 15,000 ST unless a specific voyage quantity of less than 15,000 ST is designated by Operator due to Crystal River Channel navigation constraints. In the event Shipper fails, whether or not as a result of a Force Majeure, to make available not less than 15,000 ST for any single voyage, or if a quantity of less than 15,000 ST must be carried on any specific voyage due to water depth constraints of less than 20 feet mean low water in the Crystal River Channel, Shipper shall pay Operator dead freight for each such voyage at the rate specified in Schedule A attached hereto. The fuel component of the Deadfreight Rates specified in Schedule A shall be adjusted during the contract in accordance with Section 10 of this contract.

8. **Freetime:** Shipper shall have freetime of fourteen (14) weather running hours within which to load each barge and twenty-five (25) weather running hours within which to discharge each barge. Freetime at the Terminal or other load port will commence (i) if berth is open, upon tying up, or (ii) if berth is not open, when NOR has been tendered by Operator while within reasonable proximity to such berth. Freetime at Crystal River will commence (i) if berth and navigation channel are open, upon tying up, or (ii) if berth is not open or the navigation channel is unavailable due to vessel traffic, when NOR has been tendered by Operator while within reasonable proximity to the channel entrance. Shifting from anchorage to berth shall not count as used freetime. For Freetime, demurrage and dispatch calculation purposes, completion of loading is deemed to be when the barge finishes loading and trimming and completion of discharging is deemed to be when the barge is discharged and finishes blade cleaning. Loading and Unloading Logs shall be maintained by Shipper at the Terminal and at the Crystal River Power Plant.

9. **Base Freight Rates and Freight Rate Adjustments:** Freight rates shall be composed of a fixed component and a fuel component. The fixed component must include all charges other than fuel. This component shall remain fixed for the duration of the contract (except as such component may be adjusted pursuant to Section 20). Such charges shall include, but not be limited to, all port charges, line handling charges, wharfage, dockage, taxes, and any other charges associated with the transportation of DBF existing and assessed at the time of entering this contract. Shipper warrants that it does not and shall not assess any such charges at the Discharge Port.

   The Base Freight Rate per ST or pro rata portion thereof is set forth in Schedule A hereto. Freight rates for load ports other than the Terminal will be calculated on an equivalent revenue per day basis net of fuel, port and voyage related expenses.

   The fuel component of the Base Freight Rate shall be adjusted as specified in Section 10 hereof.

   Shipper shall provide at its cost the services of an assist tug permanently stationed at the Crystal River Plant to provide docking, undocking and turning assistance to the Tow as it enters and leaves the Crystal River Plant turning basin and dock. Such tug shall be of sufficient horsepower and size to safely maneuver Tows without exception.

   Shipper shall pay Operator freight for the affreightment services provided hereunder at the rates set forth herein. Operator shall prepare and transmit to Shipper by telefax, on the 15th and last day of each month, an invoice for freight for all cargo delivered in the preceding half month and for any dead freight due pursuant to Sections 7 hereof. Shipper shall pay such

invoice within thirty (30) days of receipt of proper invoice. Interest shall accrue and be payable by Shipper on the amount of any freight payment not paid within thirty (30) days at a rate of 1.5% per month until such payment is received by Operator. Cargo weights shall be based on destination draft survey conducted by an independent surveyor consistent with the coal supply agreement held by Shipper.

10. **Fuel Price Adjustment:** For each one (1) percent increase or decrease in the weighted average price for all marine diesel fuel purchased by Operator for Tow in Shipper's service, during the term of this Contract, based on copies of actual invoices and taking into account all discounts or surcharges actually paid ("Fuel Price"), the fuel component of the Base Freight Rate as set forth in Schedule A attached hereto shall be adjusted by an identical percent increase or decrease. The fuel component of the rates shall be so adjusted on the first day of each calendar quarter, based on the Fuel Price calculated for the calendar quarter preceding the applicable adjustment date as compared to the Base Fuel Price, with the first such adjustment occurring upon tendering of Notice of Readiness for loading of cargo for the first voyage to Crystal River under this contract. The "Fuel Price" for purposes of the first adjustment shall be the actual price paid by the Operator for fuel used for the first voyage to Crystal River. The Operator shall accumulate fuel invoices for the remainder of the initial quarter of operations for purposes of calculating the adjustment of the fuel component to be effective July 1, 2005. For purposes of this Contract, the Base Fuel Price is $1.00.

11. **Transportation Services and Utilization:**

    a. Transportation Services. Shipper will employ and utilize Operator's tow on a full time and continuous basis throughout the term of this contract for the purpose of transporting 850,000 ST to 1,000,000 ST of DBF per year from the Terminal to Crystal River Plant. Shipper shall make the DBF cargo available and Operator shall transport such cargo on a ratable basis in single voyage increments of not less than 15,000 ST., subject to the provisions of Paragraph 7 herein. In the event that the quantity of DBF actually made available for loading by the Shipper fails to fully and continuously employ Operator's Tow at any time during the term of the contract, Operator's Tow shall be deemed underutilized and Operator shall be entitled to receive additional compensation in accordance with subparagraph 11(c).

    b. Other Employment. If Shipper notifies Operator in advance that the quantity of DBF to be actually made available for loading by the Shipper in any contract year, or any portion thereof, will fail to fully and continuously employ Operator's Tow in accordance with the Shipper's obligations under subparagraph (a) during the period, Operator shall have the right, but not the obligation, to seek alternative employment for its Tow in its sole discretion. In the event that Operator elects to engage in alternative employment, revenue earned by Operator in connection therewith shall be considered as revenue earned in other employment for the purposes of calculating Time Charter Equivalent within the meaning of subparagraph (c) below.

    c. Underutilization. In the event the amount of DBF cargo tonnage actually loaded by Shipper results in underutilization of Operator's Tow, as set forth in subparagraph (a), Shipper will pay Operator $13,920 per 24 hours, or pro rata portion thereof, for such time as Tow is underutilized due to lack of DBF cargo tonnage, less i) actual TCE (as defined below) earned by Operator's Tow during such period of underutilization and, ii) dead freight, if any, paid pursuant to Section 7 hereof. Time Charter Equivalent ("TCE") as

used herein shall mean gross revenue earned by Operator's Tow in other employment, less fuel and lube and voyage costs incurred by Operator's Tow in such other employment, divided by the number of days that Operator's Tow is employed in such other employment. In the event that actual TCE earned by Operator's Tow during such period of underutilization, together with dead freight paid pursuant to Section 7 hereof during such period, exceeds $13,920 per 24 hours for such period, Operator shall have no obligation to make any payment to Shipper with respect to such excess. Payment for underutilization shall be calculated on a quarterly basis. Within thirty (30) days after the end of each calendar quarter, Operator shall review the voyages completed during such quarter, determine the payment for underutilization due from Shipper hereunder, if any, and prepare and transmit to Shipper by telefax or electronic mail an invoice for such quarter reflecting the time that Tow was underutilized due to lack of DBF cargo tonnage and charging Shipper for any such time not offset by TCE and dead freight, as provided in this Section. Shipper shall pay such invoice to the account specified herein for payments within thirty (30) days of receipt of proper invoice.

12. **Demurrage and Dispatch**: In the event that loading and/or discharging the Tow is not completed within the freetime allowed herein through no fault of Operator or the Tow, demurrage shall accrue for all time used in excess of allowed freetime, and Shipper shall pay Operator for the Tow at the Demurrage Rate, per hour or portion thereof, as set forth in Schedule A. In the event that loading and/or discharging the Tow is completed within the freetime allowed herein, dispatch shall accrue for all allowed freetime not used, and Operator shall provide Shipper with a credit against demurrage accrued hereunder for such dispatch at the Demurrage Rate.

Demurrage and dispatch shall be calculated on a quarterly basis. Within thirty (30) days after the end of each contract quarter, Operator shall review the voyages completed during such contract quarter, determine the demurrage and dispatch accrued, and prepare and transmit to Shipper by telefax or electronic mail a cumulative demurrage invoice for such voyages reflecting the demurrage or dispatch accrued on each such voyage and charging Shipper for any demurrage not offset by dispatch at the Demurrage Rate. Shipper shall pay such invoice to the account specified herein for payments within thirty (30) days of receipt of proper invoice.

The Demurrage Rate set forth in Schedule A attached hereto shall remain fixed during the term of this Contract.

13. **Payments**. Payments required by Shipper hereunder shall be made by wire transfer to the account as styled below:

Sun National Bank
1701 Market St. Philadelphia, Pa. 19103
ABA Routing # **REDACTED**
Account #
EMI-PA, Inc.

14. **Notice of Readiness**: The master of the Tow shall provide Notice of Readiness (NOR) to Shipper's Representative upon (i) tying up, or if berth is unavailable, (ii) anchoring, as close thereto as the Tow can safely approach, at the Terminal for loading or at the Crystal River Plant for discharging, as applicable, in writing, by telefax, by radio or by telephone. NOR

may be provided from a designated anchorage or other safe navigating or waiting location as determined in the sole discretion of the master of the Tow.

15. **Cleaning:** Unless hereafter otherwise agreed by the parties, Operator shall present the cargo holds of its barge blade cleaned of its last cargo prior to loading of cargo hereunder. In the event the barge tendered by Operator shall have last contained cargoes other than DBF, Operator agrees to undertake such cleaning as may be necessary to ensure the removal of any residual material which would contaminate Shipper's cargoes. Operator shall, at its expense, blade clean the cargo holds of Operator's barge after the completion of cargo discharge operations.

    Operator will provide, at its cost, a front-end loader ('machine"), with a maximum weight of 30,000 pounds, for use within the holds during cargo discharge operations. The machine will be transported aboard the barge at Operator's risk. The machine will be operated only by Operator's designated employees who will be compensated by Operator for their services. Shipper will lower the machine into the cargo hold at Operators request and lift the machine from the hold after completion of cleaning.

16. **Vessel Position and ETA Reports:** Operator shall provide Shipper, via telephone, telefax or other mutually agreed method, with the daily location of the Tow in service under this Contract, and, as the Tow enters the Lower Mississippi River or Mobile Channel, Operator shall notify Shipper's Representative at the Terminal of the expected time of arrival (ETA) of the Tow alongside the Terminal dock. In addition, the master of the Tow shall notify Shipper's Representative at the Terminal, by telephone, telefax, or radio, twenty-four (24) hours and six (6) hours prior to the ETA of the Tow at the Terminal and shall notify Shipper's Representative at the Crystal River Plant, by telephone, telefax, or radio, twenty-four (24) hours and three (3) hours prior to the ETA of the Tow at the Crystal River Plant on each voyage.

17. **Safe Berth:** Shipper will provide a safe berth at the load port and discharge port and will provide cargo loading and discharging services day or night, Saturdays, Sundays and holidays not excepted. Cargoes to be transported hereunder will be loaded by Shipper or its subcontractors into Operator's barges at New Orleans or Mobile at no expense to Operator, subject, however, to Operator's instructions on trim and draft of the barges.

18. **Loading/Unloading Damages:**

    a. Loading/Unloading Operations. The parties acknowledge that loading at the Terminal, or such other load port as the parties may hereafter agree, and discharging at the Crystal River Plant will be performed by Shipper utilizing clamshell bucket or similar equipment. It is understood and agreed that Operator will have no responsibility or liability for any damages to persons or property arising from Shipper's (or its subcontractor's) operation of the clamshell bucket or the dockside operations of Shipper (or its subcontractors) except to the extent that any such damage is caused or contributed to by Operator's negligence or willful misconduct in connection with the operations of the Tow. Operator will provide Shipper with instructions which will set forth specific procedures to be followed in connection with the use of clam shell buckets by the Shipper's employees, agents or subcontractors at the loading and discharge berths. If the Shipper's employees, agents or subcontractors fail to comply with the procedures in the Operator's instructions during loading or discharge, Operator or its representatives shall have the right to notify the Shipper's supervisory personnel. The supervisory personnel shall

observe the bucket operator and counsel the operator regarding compliance with the procedures. If the bucket operator thereafter fails to comply with the procedures, Shipper's supervisory personnel shall replace the operator. The giving of such instructions or notice by Operator shall not in any way limit, waive or constitute a substitution of any obligations of the Shipper under this contract, nor shall such instructions impose any obligation on Operator.

b. Pre-Contract Survey. Prior to the commencement of the contract, a detailed joint condition survey ("Pre-contract Survey") of the barge and its equipment will be performed for the purpose of documenting the condition of the barge at the time of the commencement of the contract. Shipper and Operator shall jointly appoint a mutually agreeable surveyor to conduct a Pre-contract Survey. The Pre-contract Survey will fully document the physical condition of the barge, including internals, by written report and photographs. The cost of the Pre-contract Survey will be divided equally between Shipper and Operator.

c. Damage to Barge – Rights and Obligations. Shipper shall be liable to reimburse Operator for the costs of repair of damage to Operator's barge resulting from loading or discharge operations during the term of the contract as set forth herein.

1. Damage Requiring Immediate Repairs. If at any time during the term of the contract the Tow sustains damage during loading or discharge operations which in Operator's judgment impairs the watertight integrity or seaworthiness of the tug and/or the barge, Operator may remove the tug and/or barge from service and arrange for immediate repairs, in which case Shipper shall be obligated to reimburse Operator for the full cost of said repairs and time spent in effecting repairs, including deviation time to and from the repair berth or facility, will count as time on demurrage commencing immediately upon expiration of remaining unused freetime, if any, at the load port or discharge port where the damage and removal from service occurs. In the event that such immediate repairs are required, no allowance for wear and tear is to be applied in determining the amount of damage or calculating Shipper's obligation to reimburse Operator for repairs. If and in the event that damage during loading or unloading affects the watertight integrity or seaworthiness of the tug or barge in Operator's judgment, Operator shall give Shipper notice of such damage prior to the barge's departure from the Terminal, such other load port as the parties may hereafter agree, or the Crystal River Plant, as applicable, and Shipper shall have the right and be given the opportunity to retain a qualified marine surveyor to examine and prepare a report on the noted damage, particularly the extent and nature thereof, with time spent in waiting on and conducting such survey to count as used freetime or, if on demurrage, as time on demurrage.

2. Deferred Repairs. In addition to the foregoing, Shipper shall also be liable to Operator for the cost of repairing all damage to the barge caused by or during loading or discharge operations during the term of the contract which in Operator's judgment does not affect or impair the watertight integrity or seaworthiness of the barge, but repair of such damage shall be deferred until a convenient time determined by Operator or until the expiration or termination of the contract, in accordance with the provisions set forth below.

A. Intermediate Surveys and Repairs: Within 30 days of the expiration of the first and second contract years, an intermediate joint condition survey ("Intermediate

Survey") of the barge and its equipment will be performed for the purpose of documenting the condition of the barge and any damage which has occurred during the prior contract year. Shipper and Operator shall jointly appoint a mutually agreeable surveyor to conduct the Intermediate Survey and the surveyor shall be provided with a copy of the Pre-contract Survey. The Intermediate Survey will fully document any damage to the barge by written report and photographs. The cost of the Intermediate Survey will be divided equally between Shipper and Operator. If an Intermediate Survey reveals damage to the barge caused by or during loading or discharge operations, Operator shall have the right, but not the obligation, to remove the barge from service and arrange for repairs of such damage ("Intermediate Repairs"), and Shipper shall be obligated to reimburse Operator for the cost of such Intermediate Repairs. Time spent in effecting Intermediate Repairs, including deviation time to and from the repair berth or facility, will count as time on demurrage.

B. Post-Contract Survey and Repairs. Following the expiration of the contractual term, or if the contract is sooner terminated prior to expiration, a detailed joint condition survey ("Post-contract Survey") of the barge and its equipment will be performed for the purpose of documenting the condition of the barge at the time of expiration or termination of the contract. Shipper and Operator shall jointly appoint a mutually agreeable surveyor to perform the Post-contract Survey. The Post-contract Survey will fully document the physical condition of the barge by written report and photographs. The cost of the Post-contract Survey will be equally shared by Shipper and Operator. At the expiration of the contractual term, or if the contract is sooner terminated prior to expiration, Shipper shall be obligated to reimburse Operator for the cost of repairing all damage to the barge caused by or during loading or discharge operations during the term of the contract and to restore all effected areas to the same condition as documented by the Pre-contract Survey ("Final Repairs").

C. Wear and Tear. For the purpose of determining Shipper's obligations to reimburse Operator for the costs of Intermediate or Final Repairs under this subparagraph, it is understood and agreed that Shipper shall be liable for the full costs of repairing any and all damage to the barge or its components or appurtenances caused by clam shell buckets used for loading or discharge and Shipper agrees that it may not claim or attempt to claim any allowance for wear and tear with respect to such damage. Damage caused by clam shell buckets shall include, but is not limited to, deformation or gouging of hopper side slope or tank top plating or supporting members, deterioration of coatings and/or corrosion within adjoining ballast tanks due to reverse impact damage, deformation or gouging of hatch coaming plating or supporting members, deformation or gouging of hatch covers, deformation or gouging of transverse bulkhead plating or supporting members and crushing, lifting or breakage of the wooden tank top gratings.

3. Survival of Obligations. In the event of default by Shipper and defined in Paragraph 3, Operator shall be entitled to unilaterally conduct a survey and perform all repairs for which Shipper is responsible under this paragraph and Shipper shall be liable to Operator in full for all such costs incurred by Operator in connection therewith

notwithstanding such default. Shipper's obligations under this Paragraph shall survive the expiration or termination of the contract.

4. Shipper's Right to Conduct Surveys. In the event that Operator's Tow is employed in other employment under subparagraph 11(b) during the term of the contract, Operator shall provide Shipper with notice of all loadings and discharges and Shipper shall have the right to have a qualified marine surveyor attend to monitor and document any damage to the barge. If Shipper elects not to have a surveyor attend, Shipper shall be deemed to have conclusively waived any claim that damage to the barge occurred in such other employment.

19. **Channel Depth**: Shipper warrants that the Crystal River Plant navigation channel, beginning at navigation channel marker 2 and 3, and its approaches, including the Tow turning basin and the coal dock, (collectively the "Channel") is at least twenty (20) feet at mean low water. In the event that the Shipper or Operator learns that the depth of the channel or its approaches in any specific location is reduced to less than twenty (20) feet at mean low water, each undertakes to immediately notify the other of the depth limitation and its location. In the event that the depth of the Channel in any specific location is reduced to less than twenty (20) feet at mean low water, as determined by periodic surveys which shipper shall conduct at least once in every twenty-four (24) months during the term hereof, dredging will occur (either by Shipper or at Shipper's direction and, in either case, at Shipper's expense) to restore the entire Channel or location so affected to a depth of at least twenty (20) feet at mean low water, time being of the essence, but in any case within four (4) months after detection by such survey or after written notification by Operator of a deficiency in Channel depth. Similarly, all Channel markers and navigation aids, whether required by cognizant regulatory authority or which have been previously installed for the convenience of Shipper and its subcontractors, including Operator, shall be maintained by Shipper at Shipper's expense throughout the term of this Contract.

20. **New Regulations**: It is recognized by Shipper that during the term of this Contract that government regulations may be imposed which could result in material increases in the operating costs of the tugs and barges which were not contemplated by either Operator or Shipper at the time this Contract was executed. Should such a situation arise, Operator shall notify Shipper in writing, and thereafter Operator and Shipper shall negotiate in good faith a reasonable adjustment in the freight rate or other means of reimbursing Operator for a reasonable share of such unexpected costs. In the event Operator and Shipper do not reach agreement within sixty (60) days of Operator's notice, Operator shall have the option to terminate this Contract as provided in Section 3 by written notice to Shipper.

21. **Audit**: The Base Freight Rate in this contract contains a fixed component and a fuel component. Only the fuel component is subject to escalation. Therefore, Operator agrees to maintain books, records, documents and other evidences pertaining to the cost of this Contract (herein collectively called the "Records") to the extent and in such detail as will properly reflect all cost and expenses for which fuel escalation reimbursement is claimed under this Contract. Additionally, books and records will be maintained in sufficient detail to allow Shipper to verify any claims in accordance with Section 11 (c). The verification of claims in accordance with Section 11 (c) will be performed by an independent certified public accountant. *Upon request of Shipper, Operator shall make available at Operator's office any* and all such Records, pertaining to the fuel escalation, along with related correspondence, receipts, vouchers, memoranda pertaining to the Contract, for inspection, audit or reproduction by an authorized representative of Shipper.

Operator shall preserve all such Records for a period of two (2) years after final payment hereunder during which period Shipper may complete an audit thereof. Should discrepancies or questions arise, the records shall be preserved until agreement is reached.

22. **General Average:** In the event of accident, danger, damage, or disaster before or after commencement of a voyage hereunder resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequence of which, Operator is not responsible to Shipper or cargo owners by statute or contract or otherwise, the cargo, Shipper, consignee and other parties having an interest in the cargo shall, jointly and severally, contribute in general average to the payment of any sacrifices, losses or expense of a general average nature that may be made or incurred and shall pay salvage and special charges incurred in respect of the cargo. General average, if any, shall be settled according to York-Antwerp Rules, 1994, and as to matters not therein provided for, according to the usages and customs of the Port of New York.

23. **Both to Blame Collision:** If the Tow comes into collision with another vessel as a result of the negligence of the other vessel and any act, neglect or default of Operator or the master or the crew of the Tow, for which, or for the consequence of which, Operator is not responsible to Shipper or cargo owners by statute or contract or otherwise, Shipper and other parties having an interest in the cargo shall, jointly and severally, indemnify Operator against all liability to the other vessel or her owners or the owners of the cargo of the other vessel with respect to any payment which Shipper or such other parties have received or may be entitled to receive from the other vessel or her owners, or the owners of the cargo of the other vessel.

24. **Force Majeure:** The term "force majeure" means any event, whether foreseeable or not, which is beyond the control of and occurs without fault or negligence of the party asserting the force majeure and which wholly or partly prevents the performance of any of the duties and responsibilities of the party asserting the force majeure (other than obligations of such party to pay or expend monies for or in connection with the performance of such party's duties and responsibilities under this Contract), including, but not limited to, an act of God or an act of the public enemy; fire, flood, explosion or other serious casualty; unusually severe weather; war (whether declared or not); warlike circumstances; mobilization; revolution; riot or civil commotion; legal intervention; regulations or orders of governmental authority; strike, lockout or other labor disputes (all of which shall be settled solely at the discretion of the party having the difficulty); inability to obtain fuel (other than DBF) or power; breakdowns of or damage to plant, equipment or facilities.

    In the event of a breach of contract by a subcontractor of any party hereunder, that party shall not declare such a breach a force majeure event hereunder, and such party shall make all reasonable efforts to enforce its contract, including the commencement and diligent prosecution of legal proceedings, including any necessary appeals, to establish liability and to enforce any judgment which may be obtained.

    If, because of force majeure, either Shipper or Operator is unable to carry out its obligations to each other under this Contract (other than obligations of such party to pay or expend monies for or in connection with the performance of such party's duties and responsibilities under this Contract), and if such party promptly gives written notice of such force majeure to the other party, then the obligations of both parties under this Contract shall be totally

excused to the extent, but only to the extent, made necessary by such force majeure provided that the effect of such force majeure is eliminated insofar as possible with all reasonable dispatch. The party asserting force majeure shall promptly take all lawful steps at any reasonable cost to eliminate the force majeure.

25. **Insurance**: Operator shall carry at its expense hull insurance, limit to be for Operator's account, and P&I insurance in the amount of $50,000,000 (but not tower's liability covering cargo). Shipper hereby acknowledges that the freight rate specified herein does not contemplate or include liability for loss of or damage to the cargo or an allowance for liability insurance covering the cargo. As additional consideration supporting Operator's undertakings, except as provided in Section 22, Shipper shall and it does hereby agree to hold Operator, its Tow, masters, crews, agents and employees, harmless from claims for cargo loss, damage or contamination, whether arising or resulting from an act of neglect or default in the navigation or management of the Tow and/or care and custody of the cargo, including, but not limited to, explosion, fire, collision, stranding, salvage operations, equipment defects, or other peril, danger or accident of navigable waters or from any other cause of whatsoever kind arising. Without limiting the generality of the above, Operator, although not a common carrier, shall be entitled to the same limitation of liability as common carriers receive under the Carriage of Goods by Sea Act, 1936, (46 U.S.C.A. 1300, et seq.). Nothing in this Contract shall be construed to deprive Operator of, or limit Operator's rights to, any statutory protection or limitation of liability, which would otherwise be applicable.

26. **Indemnity**: Each party hereto expressly agrees to indemnify, hold harmless and defend the other against all claims, demands, cost or expense resulting from loss, damage or injury to third persons or third-party property which is caused by any act or omission of the indemnifying party or subcontractor of the indemnifying party done in performance of the obligations imposed upon it by this Contract; provided, however, that neither party hereby assumes responsibility for damage or injury to employees of the other party. In addition, each party agrees to indemnify, defend and hold the other party harmless from and against any and all suits, actions, causes of action and/or claims of whatever character which may be brought or made against the other party by third parties as a result of or on account of any deviation or breach by the indemnifying party of its obligations, responsibilities and/or warranties or guarantees as provided herein.

27. **Applicable Law**: This Contract shall be interpreted and enforced in accordance with the General Maritime Law of the United States, excluding any conflicts of laws principles that would direct the substantive law of another jurisdiction to apply, and, to the extent that such General Maritime Law is inapplicable, the laws of the State of Florida, excluding any conflicts of laws principles that would direct the substantive law of another jurisdiction to apply.

28. **No Waiver of Performance**: The failure of any party to insist in any one or more instances upon performance of any of the terms, covenants or conditions of this Contract shall be not construed as a waiver or relinquishment of such performance of any such term, covenant or condition, but each party's obligation with respect to future performance shall remain in full force and effect.

29. **Assignment**: Neither party shall assign this Contract or its rights hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed; provided, however, either party may, without the consent of the other party, (i) transfer, sell, pledge, encumber or assign this Contract or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii)

transfer or assign this Contract to an affiliate of such party which affiliate's creditworthiness is equal to or higher than that of such party, or (iii) transfer or assign this Contract to any person or entity succeeding to all or substantially all of the assets of such party or pursuant to any consolidation or amalgamation with, or merger with or into another entity or the reorganization, incorporation, reincorporation or reconstitution into or as another entity; In the case of an assignment or transfer of this Contract made in compliance with Clause (ii) or (iii) of this Section, any such assignee or transferee shall agree in writing to be bound by the terms and conditions hereof, the transferring party shall deliver such tax and enforceability assurance as the non-transferring party may reasonably request and such transfer or assignment shall constitute an acceptance and assumption of such obligations by the transferee, a novation of the transferee in place of the transferor with respect to such obligations (and any related interests so transferred), and a release and discharge by the non-transferring party of the assignor or transferor from any claim against the assignor or transferor with respect to obligations hereunder from and after the effective date of the transfer or assignment.

30. **Severability:** If any provision of this Contract shall finally be determined to be unlawful or otherwise unenforceable, then such provision shall be deemed to be severed from this Contract and every other provision of this Contract shall remain in full force and effect.

31. **Corporate Authority:** Each party represents to the other that it has full corporate authority and the necessary approval to enter into and perform this Contract in accordance with its terms.

32. **Entire Agreement:** This instrument embodies the entire agreement and understanding between Shipper and Operator, and there are no agreements, understandings, conditions, warranties or representation, oral or written, express or implied, with reference to the subject matter hereof that are not merged herein or superseded hereby. This Contract may be modified only in writing signed by both parties.

33. **Notices:** All notices given under this Contract shall be made in writing, and if to Shipper shall be properly given if delivered in person to its Vice President or sent by certified mail addressed as follows:

Vice President
Coal Procurement
Progress Fuels Corporation
200 Central Avenue
St. Petersburg, Florida 33701

Notices, if to Operator, shall be properly given if delivered in person or sent by certified mail addressed as follows:

EMI-PA, Inc.
2081 Stewart Ave.,
Hatfield, PA 19440
Attention: President

Palmer Biezup & Henderson, LLP
Suite 956, Independence Mall West
620 Chestnut Street
Philadelphia, PA 19106
Attention: Mr. Frank P. DeGiulio

Either party may designate in writing to the other a different address for the delivery of notices hereunder.

34. **Environment, Health, and Safety:** During the term of this contract Operator will comply with applicable environmental, health and safety statutes and regulations.

IN WITNESS WHEREOF, the parties have executed this Affreightment Contract on the date first written above.

WITNESS:

E. Michael Selah

Roberta A. Ott

PROGRESS FUELS CORPORATION

BY: _____

Title: Vice President—Coal Procurement

Date Executed: 5/2/05

WITNESS:

_____

_____

EMI-PA, INC.

BY: _____

Title: VICE PRESIDENT

Date Executed: 5/4/05

Schedule A
Rates

Base Freight Rates ($/ST)	Fixed	Fuel	Total
New Orleans International Marine Terminals	[redacted]	[redacted]	[redacted]
Mobile	[redacted]	[redacted]	[redacted]
Demurrage Rate ($/Hour)	[redacted]		
Dead Freight Rates ($/ST)			
New Orleans	[redacted]	[redacted]	[redacted]
Mobile	[redacted]	[redacted]	[redacted]

REDACTED

Progress Energy

December 16, 2005

EMI-PA, Inc.
2081 Stewart Ave.
Hatfield, PA 19440
Attention: President

Re: Assignment and Assumption Agreement

Dear Sir or Madam:

Progress Fuels Corporation ("PFC") and EMI-PA, Inc. ("EMI") are parties to an Affreightment Contract ("Contract") whereby EMI will provide transportation services for PFC effective April 1, 2005 for 3 years. Pursuant to Section 29 of the Contract this letter is to serve as notice that PFC has assigned the Agreement to it's affiliate Progress Energy Florida, Inc. ("PEF") effective January 1, 2006. PEF is an investor-owned utility with an investment grade rating and is a wholly- owned subsidiary of Progress Energy, Inc.

For your convenience, a copy of the Assignment and Assumption Agreement is enclosed. If you have questions regarding this assignment, please contact me at 919.546.5205.

Yours truly,

Annah T. Michaux
Senior Contract Administrator

Progress Energy Service Company, LLC
P.O. Box 1551
Raleigh, NC 27602

Progress Energy

December 16, 2005

Palmer Biezup & Henderson LLP
Suite 956, Independence Mall West
620 Chestnut Street
Philadelphia, PA 19106
Attention: Mr. Frank P. DeGiulio

Re: Assignment and Assumption Agreement

Dear Mr. DeGiulio:

Progress Fuels Corporation ("PFC") and EMI-PA, Inc. ("EMI") are parties to an Affreightment Contract ("Contract") whereby EMI will provide transportation services for PFC effective April 1, 2005 for 3 years. Pursuant to Section 29 of the Contract this letter is to serve as notice that PFC has assigned the Agreement to it's affiliate Progress Energy Florida, Inc. ("PEF") effective January 1, 2006. PEF is an investor-owned utility with an investment grade rating and is a wholly- owned subsidiary of Progress Energy, Inc.

For your convenience, a copy of the Assignment and Assumption Agreement is enclosed. If you have questions regarding this assignment, please contact me at 919.546.5205.

Yours truly,

Annah T. Michaux
Senior Contract Administrator

Progress Energy Service Company, LLC
P.O. Box 1551
Raleigh, NC 27602

Assignment and Assumption Agreement

This **Assignment and Assumption Agreement** (this "**Assignment Agreement**") is made and entered into as of the **12th** day of **December, 2005**, by and among **Progress Fuels Corporation** ("**Assignor**"), and **Progress Energy Florida, Inc.** ("**Assignee**"). Each of Assignor and Assignee may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Assignor and **EMI-PA, Inc.** have entered into that certain **Affreightment Contract dated April 1, 2005** (the "**Contract**");

WHEREAS, Assignor desires to assign and delegate to Assignee all of its rights, title, interest, duties and obligations under the Contract and Assignee desires to accept such assignment and delegation and to assume such rights, duties and obligations, in accordance with the terms hereof;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises herein contained and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by each of the Parties, and intending to be legally bound hereby Assignor and Assignee hereby agree as follows:

1. Assignment, Assumption and Release. Effective as of the **1st day of January, 2006** (the "**Assignment Effective Date**"), Assignor hereby assigns and delegates to Assignee all of its rights, title, interest, duties and obligations under the Contract and Assignee hereby accepts such assignment and delegation and assumes such rights, title, interest duties and obligations. Assignor shall be released and forever discharged from any further liability or obligations under or with respect to the Contract and shall have no further duties, obligations and/or liabilities whatsoever thereunder, express or implied.

2. Representations. Each Party hereby represents and warrants to the other Party that the execution, delivery and performance of this Assignment Agreement by it are within its corporate powers and have been duly authorized by all necessary corporate or other action and that this Assignment Agreement constitutes its legal, valid and binding obligation.

3. Governing Law. This Assignment Agreement shall be governed by, interpreted and construed in accordance with the laws of the State of North Carolina, without regard to the application of such state's choice of laws provisions.

4. Successors and Assigns. This Assignment Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

5. Multiple Counterparts. This Assignment Agreement may be executed in multiple counterparts, including by facsimile signature, each of which when so executed shall constitute an original, but all of which when taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Assignment Agreement to be executed by their duly authorized representative as of the date first set forth above.

Progress Energy Florida, Inc.

By: Paula J. Sims

Its: Vice President

Progress Fuels Corporation

By: Alfred Verardi

Its: Senior Vice-President

CONTRACT AMENDMENT NO. 2
Amending
AFFREIGHTMENT CONTRACT
Between
PROGRESS ENERGY FLORIDA, INC.
and
EMI-PA, INC.
Dated April 1, 2005

This Contract Amendment No. 2 to the Affreightment Contract (this "Amendment") is made and entered into as of this 14th day of August, 2006 (the "Effective Date") by and between Progress Energy Florida, Inc. ("PEF" or "Shipper") and EMI-PA, Inc. ("Operator"). Each of Shipper and Operator may sometimes hereinafter be referred to individually as a "Party" and collectively as the "Parties".

WHEREAS, Progress Fuels Corporation ("PFC") and Operator entered into that certain Affreightment Contract dated April 1, 2005, (the "DBF Contract") for the transportation of dry bulk fuel ("DBF") from designated terminals in New Orleans, Louisiana, and Mobile, Alabama, to PEF's Crystal River Power Plant in Citrus County, Florida (the "Crystal River Plant");

WHEREAS, effective January 1, 2006, PFC assigned all of its rights, title, interest and obligations under the DBF Contract to PEF and PEF accepted the assignment and agreed to assume all rights, title, interest, duties and obligations of PFC under the DBF Contract, without limitation;

WHEREAS, on or about January 21, 2006, PEF and Operator entered a certain Contract Extension Agreement (the "Extension Agreement") to amend and extend the term of the DBF Contract until June 13, 2010, subject to the terms and conditions set forth in the Extension Agreement;

WHEREAS, the DBF Contract remains in full force and effect as amended by the Extension Agreement (the DBF Contract and any and all amendments and supplements thereto, together with the Extension Agreement, and any and all amendments and supplements thereto, may sometimes hereinafter be collectively referred to simply as the "Agreement");

WHEREAS, Operator proposes to contract with Holcim, U.S. ("Holcim") for the carriage of limestone from Holcim's Crystal River facility to Theodore, Alabama ("Limestone Service"), on return voyages of the Tow (as defined in the DBF Contract) and Shipper agrees that Operator may provide such Limestone Service to Holcim subject to the terms and conditions set forth in this Amendment;

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, and intending to be legally bound, PEF and Operator agree as follows:

1. Shipper hereby agrees that Operator may employ the Tow in Limestone Service during the original term or the Extended Term (as defined in the Extension Agreement) of the Agreement, subject to the terms and conditions specified in this Amendment.

2. The Parties mutually agree that Section 1 of the DBF Contract ("Transportation Services") is hereby amended to add the following language at the end of the existing paragraph, which shall apply henceforth for all purposes under the Agreement:

> "It is understood and agreed that Operator may, subject to the terms and conditions as set forth in this Contract, as may from time to time be modified, amended and/or supplemented, contract with Holcim, U.S. ("Holcim") for the carriage of limestone from Holcim's Crystal River facility (the "Holcim Plant") to Theodore, Alabama ("Limestone Service"). Notwithstanding the foregoing, Shipper shall have the right, at any time and from time to time, to notify Operator in advance that the Tow may not be employed in Limestone Service during any period of time and for the duration specified by Shipper, (i) required by Shipper in order to meet Shipper's tonnage requirements under this Contract or in effort to meet Shipper's tonnage requirements under this Contract and/or (ii) required by Shipper in order to mitigate any negative impact on Shipper's ability to receive DBF at the Crystal River Plant arising out of or relating to the Limestone Service, including without limitation any delays or hindrances on Shipper's ability to transport DBF to the Crystal River Plant, whether by Operator or otherwise, each as determined by Shipper in its sole discretion. Shipper shall make all reasonable efforts to provide such notice to Operator at least forty-eight (48) hours in advance; which notice may be given by facsimile, electronic mail or any other reasonable means; provided, however, Shipper reserves the right to give notice of a shorter period if Shipper determines it is necessary. Upon the effectiveness of such notice, Operator shall cease providing such Limestone Service to Holcim during the period specified in such notice, or if no period is specified in such notice, until further notification by Shipper that Operator may resume the Limestone Service. In no event shall Shipper be liable to Operator for any penalties, damages or other claims, if any, asserted by or awarded to Holcim against Operator arising out or related to the cessation and/or suspension of Limestone Service by Operator whether or not such cessation and/or suspension of Limestone Service is required by Shipper in accordance with the provisions of this paragraph. Furthermore, Operator agrees that in no event shall Shipper be liable under this Contract, whether pursuant to Section 18, under any indemnity provision or otherwise, or under any rule

of law, in equity or otherwise, howsoever arising, for any damages, costs of repair, claims, liabilities, losses, suits or other costs incurred by or inflicted to the Tow, arising out of or related to the Limestone Services. Operator hereby agrees to indemnify, defend and hold harmless Shipper and its parent, subsidiary and affiliate companies from and against any and all claims, suits, losses, costs and expense arising out of or in any way related to the Limestone Service.

Shipper acknowledges and agrees that Operator's employment of the Tow in the Limestone Service shall not effect, reduce or otherwise limit Shipper's obligations under this Contract, including but not limited to Shipper's obligations under Section 11(a), and shall not be considered "other employment" or "alternative employment" for the purpose of calculating Underutilization compensation payable under Section 11(c)."

3. The Parties mutually agree that the fourth full paragraph of Section 9 of the DBF Contract ("Base Freight Rates and Freight Rate Adjustments") is deleted in its entirety and shall be henceforth replaced by the following language:

> "Shipper shall provide at its cost the services of an assist tug permanently stationed at Crystal River to provide docking, undocking and turning assistance to the Tow for arrival to and exit from the Crystal River Plant turning basin and dock. To the extent that and for any period that any Limestone Services are being provided to Holcim when allowed in accordance with the terms and conditions of this Contract, Shipper shall also provide the services of such assist tug for shifting from the Crystal River Plant dock to the limestone dock at the Holcim Plant ("Limestone Dock") and for departure from the Limestone Dock. Such tug shall be of sufficient horsepower and size to safely maneuver the Tow without exception."

4. The Parties mutually agree that Section 9 of the DBF Contract ("Base Freight Rates and Freight Rate Adjustments") is hereby amended to include the following additional paragraph as the final paragraph of Section 9, which shall apply henceforth for all purposes under the Agreement:

> "The Parties mutually agree that for any period for which the Tow was actually employed in backhaul Limestone Service of any amount, the fixed component of the Base Freight Rates specified in Schedule A to this Contract, as the same may from time to time be modified, amended and/or supplemented, for the immediately preceding front haul voyage under this Contract shall be (i) reduced by $2.00 per short ton if the preceding voyage originated

in Mobile, Alabama, and (ii) reduced by $3.00 per short ton if the preceding voyage originated at International Marine Terminals. It is understood and agreed that these rate reductions shall apply on a voyage-by-voyage basis and apply if and only if the Tow is actually employed in Limestone Service on a return voyage from the Holcim Plant immediately after completing a voyage to the Crystal River Plant under this Contract. It is further understood and agreed that the foregoing reduction in Base Freight Rates shall be applicable without regard to the actual quantities of cargo transported by Operator during the performance of such Limestone Service for any particular backhaul voyage(s) except as otherwise provided in the immediately next sentence. Notwithstanding the foregoing, in the event that Operator is required or requested to leave the Holcim Plant and/or the Crystal River channel due to weather and/or at the request of Shipper, in either case prior to being fully loaded with limestone from the Holcim Plant, then Operator shall have the right to pro-rate the aforementioned reduction in Base Freight Rates for the front haul voyage under this Contract as set forth in (i) and (ii) of this paragraph based on the number of short tons of limestone actually loaded. The foregoing reduction amounts (as set forth in (i) and (ii) above) are premised upon the assumption that the contract price Holcim will be obligated to pay to Operator for the Limestone Services shall be $9.25 per short ton (the "Limestone Price"). In the event that the actual Limestone Price is below $9.25 per short ton then Operator shall have the option to (x) continue to provide the Limestone Service and reduce Shipper's Base Freight Rate as provided in (i) and (ii) of this paragraph, or (y) terminate the Limestone Service and aforementioned reductions in Shipper's Base Freight Rate.

5. All other Contract Terms and Conditions Incorporated and Applicable. With the exception of the amendments set forth in Paragraphs 2 through 4 of this Amendment, all other covenants, terms, conditions and warranties of the Agreement shall remain unchanged, shall apply with full force and effect during the original term or Extended Term, as applicable, and are incorporated by reference as if set forth at length herein.

6. Entire Agreement. This Amendment embodies the entire agreement and understanding between the Parties with respect to the subject matter hereof and there are no agreements, understandings, conditions, warranties or representations, oral or written, express or implied, with reference to the subject matter that are not merged herein or superseded hereby. This Amendment may be modified only in writing signed by both Parties.

7. Counterparts. This Amendment may be executed in any number of counterparts each of which shall constitute an original, but all of which, together, shall constitute one fully executed contract.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed to be effective as of the Effective Date by their duly authorized representatives.

Progress Energy Florida, Inc.

By: _____ V.P.

Attest: _____

EMI-PA, INC.

Kenneth W. James

By: _____ Vice President

Attest: _____

CONTRACT AMENDMENT NO. 3
Amending
AFFREIGHTMENT CONTRACT
Between
PROGRESS ENERGY FLORIDA, INC.
and
EMI-PA, INC.
Dated April 1, 2005

This **Contract Amendment No. 3 to the Affreightment Contract** (this "**Amendment**") is made and entered into as of this **12th** day of **July, 2007** (the "**Effective Date**") by and between **Progress Energy Florida, Inc.** ("**PEF**" or "**Shipper**") and **EMI-PA, Inc.** ("**Operator**"). Each of Shipper and Operator may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Progress Fuels Corporation ("**PFC**") and Operator entered into that certain **Affreightment Contract dated April 1, 2005,** as amended from time to time, (the "**DBF Contract**") for the transportation of dry bulk fuel ("**DBF**") from designated terminals in New Orleans, Louisiana, and Mobile, Alabama, to PEF's Crystal River Power Plant in Citrus County, Florida (the "**Crystal River Plant**");

WHEREAS, effective January 1, 2006, PFC assigned all of its rights, title, interest and obligations under the DBF Contract to PEF and PEF accepted the assignment and agreed to assume all rights, title, interest, duties and obligations of PFC under the DBF Contract, without limitation;

WHEREAS, on or about January 21, 2006, PEF and Operator entered a certain Contract Extension Agreement (the "**Extension Agreement**") to amend and extend the term of the DBF Contract until June 13, 2010, subject to the terms and conditions set forth in the Extension Agreement;

WHEREAS, on or about August 14, 2006, PEF and Operator entered a certain Contract Amendment No. 2, which amended the DBF Contract ("Contract Amendment No. 2);

WHEREAS, the Parties desire to further amend the DBF Contract in order to permit loading of the DBF out of an alternate load port as more specifically set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, and intending to be legally bound, PEF and Operator agree as follows:

1. Additional Load Port. Section 4 Load Ports of the DBF Contract is hereby amended to add and include the TECO Bulk Terminal dry bulk handling facility located near Davant, Mississippi, at approximately mile 55 above head passes ("**TECO**") as an agreed load

port. As such, all references to "load port" or "Terminal" included in the DBF Contract, the Extension Agreement and Contract Amendment No. 2 shall be deemed to include TECO in the meaning thereof.

2. Rates. The Parties agree that all rates and other charges to be paid by Shipper to Operator with respect to the loading and transportation of DBF from TECO or arising out of and/or relating to operations at TECO, whether Base Freight Rates, Dead Freight Rates, Demurrage, Dispatch or otherwise, shall be the same as the rates and other charges in effect for International Martine Terminals as specified in the DBF Contract, the Extension Agreement and Contract Amendment No. 2 and shall be subject to adjustment as provided for therein.

3. All other Contract Terms and Conditions Incorporated and Applicable. All other covenants, terms, conditions and warranties of the DBF Contract, the Extension Agreement and Contract Amendment No. 2 shall remain unchanged, shall apply with full force and effect during the term of the DBF Contract as amended, and are incorporated by reference as if set forth at length herein.

4. Entire Agreement. This Amendment embodies the entire agreement and understanding between the Parties with respect to the subject matter hereof and there are no agreements, understandings, conditions, warranties or representations, oral or written, express or implied, with reference to the subject matter that are not merged herein or superseded hereby. This Amendment may be modified only in writing signed by both Parties.

5. Counterparts. This Amendment may be executed in any number of counterparts each of which shall constitute an original, but all of which, together, shall constitute one fully executed contract.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed to be effective as of the Effective Date by their duly authorized representatives.

Progress Energy Florida, Inc.

By: Sandra S Wyckoff
SANDRA S WYCKOFF - DIRECTOR - COAL

Attest: _____

EMI-PA, INC.

By: _____
Kenneth W. James - Vice President

Attest: _____

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CONTRACT EXTENSION AGREEMENT
Amending and Extending
AFFREIGHTMENT CONTRACT
Between
PROGRESS FUELS CORPORATION
and
EMI-PA, INC.
Dated April 1, 2005

WHEREAS, PROGRESS FUELS CORPORATION ("Shipper") and EMI-PA, INC. ("Operator") entered into a certain Affreightment Contract on April 1, 2005 for the transportation of dry bulk fuel ("DBF") from designated terminals in New Orleans, Louisiana, and Mobile, Alabama, to the Crystal River Power Plant in Citrus County, Florida (the "Contract");

WHEREAS, the term of the Contract is three (3) years commencing on the date that DBF was first loaded for transportation;

WHEREAS, the first loading of DBF under the Contract occurred on June 13, 2005 and, therefore, the original three (3) year term of the Contract will expire on June 13, 2008;

WHEREAS, Paragraph 3 of the Contract provides that Shipper and Operator may agree to an extension of the Contract term for a period of up to two (2) additional consecutive years following expiration of the original three (3) year contract term on mutually agreed terms and conditions;

WHEREAS, on or about December 12, 2005, Shipper entered into a binding agreement to assign all of its rights, title, interest and obligations under the Contract to its Affiliate PROGRESS ENERGY FLORIDA, INC. ("PEF") pursuant to Paragraph 29 of the Contract and PEF accepted the assignment and agreed to assume all rights, title, interest, duties and obligations of the Shipper under the Contract, without limitation, effective January 1, 2006;

WHEREAS, PEF and Operator (collectively the "Parties") mutually desire to extend the Contract term for two (2) consecutive years pursuant to Paragraph 3 of the Contract on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, and intending to be legally bound, PEF and Operator agree as follows:

1. Extension of Contract Term. The Parties mutually agree that the Contract term shall be and is hereby extended for two (2) additional years following expiration of the original

Contract term with such extension beginning on June 13, 2008 and ending on June 13, 2010 (the "Extended Term"), subject to the terms and conditions set forth herein.

2. Base Freight Rates and Freight Rate Adjustments. For all purposes during the Extended Term the fixed component of the Base Freight Rates specified in Paragraph 9 and Schedule A of the Contract shall be amended to $6.52 for tonnage loaded at International Marine Terminal, New Orleans and $5.35 for tonnage loaded at Mobile, Alabama, subject to adjustment in accordance with Paragraph 20 of the Contract if applicable.

3. Dead Freight Rates. For all purposes during the Extended Term the fixed component of the Dead Freight Rates specified in Paragraph 7 and Schedule A of the Contract shall be amended to $6.52 for tonnage loaded at International Marine Terminal, New Orleans and $5.35 for tonnage loaded at Mobile, Alabama.

4. Transportation Services and Underutilization. For all purposes during the Extended Term the underutilization payment rate specified in Paragraph 11(c) of the Contract shall be amended to $16,200.00 per 24 hours.

5. Demurrage and Dispatch. For all purposes during the Extended Term the Demurrage Rate specified in Paragraph 12 and Schedule A of the Contract shall be amended to $675.00 per hour.

6. Post-Contract Survey and Final Repairs. The provisions governing the Post-Contract Survey and Final Repairs set forth in Subparagraph 18(c)(2) of the Contract shall apply at the expiration of the Extended Term or at the time of any prior termination of the Contract, whichever occurs first.

7. Schedule A - Amended. Attached hereto and incorporated by reference is "Schedule A - Amended" setting forth the Base Freight Rates, Demurrage and Dead Freight Rates which will apply during the Extended Term.

8. All other Contract Terms and Conditions Incorporated and Applicable. With the exception of the amendments set forth in Paragraphs 2 through 7 of this Agreement, all other covenants, terms, conditions and warranties of the Contract shall remain unchanged, shall apply with full force and effect during the Extended Term, and are incorporated by reference as if set forth at length herein.

9. Entire Agreement. This Agreement embodies the entire agreement and understanding between the Parties with respect to the subject matter hereof and there are no agreements, understandings, conditions, warranties or representations, oral or written, express or implied, with reference to the subject matter that are not merged herein or superseded hereby. This Agreement may be modified only in writing signed by both Parties.

Schedule A
Rates

	Fixed	Fuel	Total
Base Freight Rates ($/ST)			
New Orleans International Marine Terminals	[redacted]	[redacted]	[redacted]
Mobile	[redacted]	[redacted]	[redacted]
Demurrage Rate ($/Hour)	[redacted]		
Dead Freight Rates ($/ST)			
New Orleans	[redacted]	[redacted]	[redacted]
Mobile	[redacted]	[redacted]	[redacted]

PBH: 180762.1

REDACTED

PEF-CC-001173

10. Counterparts. This Agreement may be executed in any number of counterparts which, together, shall constitute one fully executed Contract.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on this ___ day of January, 2006 by their undersigned authorized representatives.

Progress Energy Florida, Inc.

By: _____

(Corporate Seal) Attest: _____

EMI-PA, INC.

By: _____

(Corporate Seal) Attest: _____

PBH: 180762.1

TIME CHARTER

THIS TIME CHARTER ("Charter") is made and entered into this 9th day of January, 2006 by and between Progress Energy Florida, Inc., 410 South Wilmington Street, PEB 10, Raleigh, North Carolina 27601 ("Charterer") and Dixie Fuels Limited, 55 Waugh Drive, Suite 1000, Houston, Texas 77007 ("Owner") with respect to the tug/barge unit consisting of the tug, M/V C. ANGELO and the dry cargo barge, GT BULKMASTER (collectively the "Vessel") of which Owner is the time chartered owner.

WITNESSETH:

Owner agrees to charter to Charterer, and Charterer agrees to charter from Owner, the Vessel on the following terms and conditions:

1. TERM: The term of this Charter shall commence upon delivery, on or about January 18, 2006, shall continue until March 31, 2006, and shall continue thereafter until terminated by either party upon not less than thirty (30) days written notice to the other party. Notwithstanding the foregoing, in the event that, during the term of this Charter, Charterer, in its sole discretion, determines that the Vessel has incurred unacceptable weather delays as a consequence of an inability of the tug to make up to the barge in pushing mode to enter a load or discharge port, Charterer may terminate this Charter upon not less than thirty (30) days written notice to Owner. Such termination for weather delays shall not adversely affect Owner's alternative charter of the Vessel to Holcim (US), Inc. as hereinafter described in Section 5.

2. FULLY FOUND CHARTER: Owner shall furnish skillful and qualified master and crew and shall carry out assignments for Charterer, promptly and with good seamanship, and said master and crew shall be furnished at Owner's own cost and expense. Owner shall also victual and supply the Vessel fully found to Charterer. Owner shall exercise due diligence to ensure that, upon delivery, the Vessel is in all respects seaworthy, properly manned, equipped and supplied and shall be so maintained at all times thereafter by Owner. While operating the Vessel under the Charter, Owner shall act solely as an independent contractor and, except as otherwise provided herein, shall have exclusive control in every particular method and manner of performing towing operations. This Charter shall not be construed as a demise of the Vessel.

3. NAVIGATIONAL LIMITS: The Vessel shall be operated between such points or ports along the U.S. Gulf Coast as may be directed by Charterer, or upon such other waterways as Owner may deem necessary for storm evasion, provided that such waterways are, in Owner's opinion, safe for navigation of the Vessel at the time.

4. DELIVERY/REDELIVERY: The Vessel shall be delivered by Owner to Charterer at the port of Wilmington, North Carolina or Mobile, Alabama at Charterer's option, on or about January 18, 2006, and shall, at the conclusion of the term hereof, be redelivered by Charterer to Owner at the port of Crystal River, Florida, or at such other port or place as the parties may hereafter agree. Costs for positioning the Vessel for delivery shall be for

352 - 302 - 2189

Charterer's account which costs are agreed to be a fixed cost payable on delivery of thirty five thousand dollars ($35,000) if delivered at Wilmington, North Carolina or one hundred two thousand dollars ($102,000) if delivered at Mobile, Alabama. Costs for positioning the Vessel for redelivery shall be for Charterer's account.

5. ON/OFF CHARTER: Charterer acknowledges and agrees that the Vessel will be chartered alternatively to Progress Energy Florida, Inc. ("PEF") and Holcim (US), Inc. ("Holcim") for the carriage of coal for PEF from PEF's designated loading terminal, expected to be in the Lower Mississippi River, to Crystal River, Florida, and for the carriage of aggregate rock for Holcim from Crystal River, Florida, to Theodore, Alabama. The Vessel shall be on charter to PEF until released by PEF's Crystal River, Florida, Terminal following completion of discharge of PEF's coal cargo at which time the Vessel shall be off charter to PEF and on charter to Holcim. The Vessel shall be off charter to Holcim and on charter to PEF at the midpoint (in time), as declared by Owner, from the time of release by Holcim's Theodore, Alabama, Terminal following completion of discharge of Holcim's aggregate rock cargo until the Vessel tenders Notice of Readiness to load for PEF at PEF's designated loading terminal. Notwithstanding the foregoing, Charterer's obligations under this Charter are solely with respect to the period for which the Vessel is actually on charter to Charterer as provided in this Section 5. In no event shall Charterer have any responsibility or liability to Owner and/or to any other entity for the obligations of Holcim.

6 CLEANING: Owner represents and warrants that the barge's prior cargo was steel beams. Owner shall deliver the barge to Charterer with the cargo holds fully cleaned of prior cargo and in a condition to load coal. Any additional cleaning required by Charterer shall be for Charterer's account. Charterer shall redeliver the barge to Owner with the cargo holds blade cleaned. Charterer shall, at its time and expense, blade clean the cargo holds of Owner's barge after the completion of each discharge of Charterer's cargo.

7. SAFE BERTH: Charterer shall furnish the Vessel with a safe berth, promptly upon arrival.

8. CHARTER HIRE: Charterer shall pay to Owner for the use of the Vessel at the rate of $11,200 per day or pro rata portion thereof.

9. FUEL AND LUBRICANTS: Each Charterer shall reimburse Owner, at Owner's actual cost, for fuel and lubricants consumed while the Vessel is on charter to such Charterer. Owner shall notify each Charterer in writing of the amount of fuel and lubricating oil on board at the time of delivery. Owner shall further notify each Charterer in writing, whenever the Vessel goes off charter to such Charterer, of the amount of fuel and lubricating oil consumed during the preceding on charter period. Charterer shall have the right to audit the amount of fuel on-board the Vessel, either before the Vessel goes on charter, or once the Vessel has gone off charter.

10. PAYMENTS: Subject to the provisions of Section 9, Charterer shall pay to Owner properly earned charter hire, and reimburse Owner for fuel and lubricants consumed, by electronic funds upon receipt of Owner's monthly invoice.

11. WHARFAGE, DOCKAGE AND PORT CHARGES: Charterer warrants that Owner's equipment shall be free of wharfage, dockage and port charges at all ports and places to which the Vessel may be directed by Charterer and all ports and places to which the Vessel may be directed by Owner for the purpose of storm evasion.

12. TAXES AND FEES: Charterer agrees to reimburse Owner, upon presentation of Owner's invoice, for all taxes, user fees, pilotage, tolls, wharfage and dockage fees, port fees, harbor fees, harbor service fees, tariffs, and all other charges and assessments which are levied against the Vessel, Owner, Charterer and/or Charterer's cargo with reference to the transportation, freight, stowage, transfer, and/or custody of the cargo, and which have been paid by Owner.

13. FORCE MAJEURE: Neither the Vessel, its master nor Owner, shall, unless otherwise expressly provided herein, be responsible or liable for any loss or damage or delay or failure in performing hereunder arising or resulting from: Act of God; perils of waters; act of war; act of public enemies, pirates or assailing thieves; arrest or restraint of princes, rulers or people, or seizure under legal process; strike or lockout or stoppage or restraint of labor from whatever cause, either partial or general; or riot or civil commotion, or compliance with any law, rule, order, regulation, restriction, recommendation or request of any government or agency thereof, or any person purporting to act under authority thereof; or any other cause, whether similar or dissimilar to the foregoing, which is beyond their control. The master of the Vessel, in his sole discretion, shall determine whether or not the waterway can be safely navigated.

14. USE OF VESSEL: Charterer agrees that Owner may use the Vessel, either directly or indirectly, to aid any other vessel in Owner's fleet which may be in distress without penalty; and that the Vessel may go to the assistance of vessels in distress for the purpose of saving life or property or call at any port of distress in an emergency for necessities or to land disabled seamen. All salvage shall be for the account of Owner.

15. INSURANCE: Owner shall carry at its expense P&I insurance (but not tower's liability covering cargo) with a minimum limit of $50,000,000. Charterer hereby acknowledges that the charter hire specified herein does not contemplate or include liability for loss of or damage to the cargo or an allowance for liability insurance covering the cargo. Charterer shall carry at its expense all risk cargo insurance covering cargo transported pursuant to this Charter. As additional consideration supporting Owner's undertakings, Charterer shall and it does hereby agree to hold Owner, the Vessel, and Owner's masters, crews, agents and employees, harmless from claims for cargo loss, damage or contamination, whether arising or resulting from an act of neglect or default in the navigation or management of the Vessel and/or care and custody of the cargo, including, but not limited to, explosion, fire, collision, stranding, salvage operations, equipment defects, or other peril, danger or accident of navigable waters or from any other cause of whatsoever kind arising.

16. BOTH-TO-BLAME COLLISION: If the Vessel comes into collision with another vessel as a result of the negligence of the other vessel and any act, neglect or default of Owner or the master or the crew of the Vessel, for which, or for the consequence of which, Owner is not responsible to Charterer or cargo owners by statute or contract or otherwise, Charterer and the other parties having an interest in the cargo shall, jointly and severally, indemnify Owner against all liability to the other vessel or her owners or the owners of the cargo of the other vessel with respect to any payment which Charterer or such other parties have received or may be entitled to receive from the other vessel or her owners, or the owners of the cargo of the other vessel.

17. CLAUSE PARAMOUNT: Notwithstanding any other provision hereof, Owner, although not a common carrier, shall be entitled to the same limitation of liability as common carriers receive under the Carriage of Goods by Sea Act, 1936 (46 U.S.C.A. 1300 et seq.). Nothing in this Charter shall be construed to deprive Owner of, or to limit Owner's rights to, any statutory protection or limitation of liability and any other limitations and defenses available in law which would otherwise be applicable.

18. LOADING/UNLOADING DAMAGES: The parties acknowledge that loading and discharging of the Vessel will be performed by Charterer utilizing clamshell bucket or similar equipment. It is understood and agreed that Owner will have no responsibility or liability for any damages arising from Charterer's (or its subcontractor's) operation of the clamshell bucket or the dockside operations of Charterer (or its subcontractors) except to the extent that any such damage is caused or contributed to by Owner's negligence or willful misconduct in connection with the operations of the damaged Vessel. It is agreed that any damage which, in Owner's judgment, impairs the watertight integrity or seaworthiness of the Vessel will be immediately repaired by Charterer or by Owner for the account of Charterer, and time spent in effecting repairs, including deviation time to and from the repair berth or facility, will count as time on charter. Repairs to damage which, in Owner's judgment, do not affect the watertight integrity or seaworthiness of the vessel will be for the account of Charterer, but will be deferred until such time as convenient to Owner (or its subcontractor), and time spent effecting such repairs will not count as time on charter. Notwithstanding the foregoing, Owner shall give Charterer notice of any loading or unloading damage prior to the barge's departure from the terminal at which such damage occurs, and, in the case of damage which in the Owner's judgment affects the watertight integrity or seaworthiness of the Vessel, Charterer shall have the right and be given the opportunity to retain a qualified marine surveyor to examine and prepare a report on the noted damage, particularly the extent and nature thereof, with time spent in waiting on and conducting such survey to count as time on charter. All claims for damage to the Vessel arising from Charterer's (or its subcontractor's) operation of the clamshell bucket or the dockside operations of Charterer which are not brought to Charterer's attention prior to the barge's departure from the terminal at which such damage occurs will be conclusively deemed to have been waived.

19. INDEMNITY:

General. Subject to the to the provisions of Section 15 with respect to the loss, damage or contamination of Charterer's cargo, each party ("Indemnifying Party") shall indemnify, hold harmless and defend the other party and such party's affiliates, directors, officers,

agents employees, contractors, subcontractors, successors and assigns (collectively "Indemnified Party") from and against any and all claims by any party for loss, liability damage, cost or expense, including damage and liability for bodily injury to or death of persons or damage to property (collectively "Liability") to the extent caused by the Indemnifying Party's violation of applicable law, breach of any of the Indemnifying Party's representations or warranties made herein, or the Indemnifying Party's failure to perform any of its obligations under this Charter or because of any negligence or wrongful acts or omissions of the Indemnifying Party, regardless whether arising under applicable law, rule or regulation or otherwise; provided, however, that neither party shall have any indemnification obligations under this Section 19 in respect of any Liability to the extent caused by the negligence, bad faith or willful misconduct of the other party or such other party's affiliates, directors, officers, agents, employees, contractors, subcontractors, successors, assigns or persons under such other party's control.

Environmental Indemnity. The Indemnifying Party shall protect, defend, indemnify and hold harmless the Indemnified Party from and against any and all claims by any third party (including without limitation any governmental authority) for any loss, liability damage, cost or expense (including reasonable expenses for consulting and professional expenses incurred in investigation, cleanup, response, removal or other remedial costs) (collectively "Environmental Liability") imposed upon, incurred by or asserted against the Indemnified Party (i) caused by the Indemnifying Party's violation of any environmental law, or (ii) any environmental damage caused by the Indemnifying Party's wrongful acts or omissions (including breach of any contractual duty), provided, however, that neither party shall have any indemnification obligations under this Section 19 in respect of any Environmental Liability to the extent caused by the negligence, bad faith or willful misconduct of the other party or such other party's affiliates, directors, officers, agents, employees, contractors, subcontractors, successors, assigns or persons under such other party's control.

This Section 19 shall survive the expiration or termination of this Charter.

20. AUDIT: Owner agrees to maintain its books, records and other documentation relating to this Charter, including without limitation, such books, records, correspondence, receipts, vouchers receipt and memoranda or other evidence relating to the fuel and lubricants consumed while the Vessel is on Charter to Charterer, (collectively the "Records"), to the extent and in such detail as will properly reflect all costs and expenses, claims or other charges claimed under this Charter. Upon request of Charterer, Owner will make available at Owner's office any and all such Records for inspection, audit or reproduction by an authorized representative by Charterer. Owner shall preserve such records for a period of two (2) years after the date it receives final payment from Charterer hereunder, during which period Charter may complete an audit thereof. Should discrepancies or questions arise, the records shall be preserved until agreement is reached.

21. ARBITRATION: Any and all differences and disputes of whatsoever nature arising out of this Charter shall be put to arbitration in the City of Tampa, Florida, pursuant to the

Maritime Law of the United States, The Federal Arbitration Act, and the Rules of the Society of Maritime Arbitrators, Inc., before a panel of three (3) persons, consisting of one arbitrator to be appointed by each of the parties hereto and third by the two so chosen. The decision or that of any two of the three on any point or points shall be final. Until such time as the arbitrators formally close the hearings, either party shall have the right by written notice served on the arbitrators and on the other party to specify further disputes or differences under this Charter for hearing and determination. The arbitrators may grant any relief, which they, or a majority of them, deem just and equitable and within the scope of the agreement of the parties, including, but not limited to, specific performance. Awards made pursuant to this Section may include costs and shall include a reasonable allowance for the prevailing party's attorney's fees. Judgment may be entered upon any award made hereunder in any court having jurisdiction in the premises. For disputes in which the total amount claimed by both parties does not exceed U.S. $20,000 the arbitration shall be conducted in accordance with the Shortened Procedures of the Society of Marine Arbitrators, Inc.

22. NOTICES: Any written notice required or authorized to be given hereunder by either party to the other may be given by first class mail, postage prepaid or by facsimile, or other similar means; provided, however, that such notice shall be effective upon receipt by the party to whom it was sent:

To Owner:
Dixie Fuels Limited
55 Waugh Drive, Suite 1000
Houston, Texas 77007
Attention: Mark R. Buese
Facsimile: 713-435-1011

To Charterer:
Progress Energy Florida, Inc.
410 South Wilmington Street, PEB 10
Raleigh, North Carolina 27601
Attention: Sasha Weintraub
Facsimile: 919 546-4721

23 LIMITATION OF LIABILITY: CHARTERER'S AND OWNER'S LIABILITY HEREUNDER IS EXPRESSLY LIMITED TO DIRECT ACTUAL DAMAGES ONLY. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY AND/OR TO ANY OTHER ENTITY, FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES, LOST PROFITS OR BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR IN CONTRACT, UNDER ANY APPLICABLE LAW, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

This Section 23 shall survive the expiration or termination of this Charter.

24. SEVERABILITY: If any provision of this Charter shall finally be determined to be unlawful or otherwise unenforceable, then such provision shall be deemed to be severed from this Charter and every other provision of this Charter shall remain in full force and effect.

25. ASSIGNMENT: This Charter may be assigned only with the written consent of the non-assigning party, which consent shall not be unreasonably withheld or delayed.

26. APPLICABLE LAW: This Charter shall be interpreted and enforced in accordance with the General Maritime Law of the United States, excluding any conflicts of laws principles that would direct the substantive law of another jurisdiction to apply, and, to the extent that such General Maritime Law is inapplicable, the laws of the State of Florida, excluding any conflicts of laws principles that would direct the substantive law of another jurisdiction to apply.

27. MODIFICATION: This Charter constitutes the full and complete understanding between the parties with respect to the charter of vessels contemplated and no statement, oral or written, made prior to or at the signing hereof, shall vary, modify or be used or interpret the written terms and conditions hereof. Any modification of the provisions hereof shall be by written agreement executed by authorized representatives of each of the parties.

IN WITNESS WHEREOF, the parties have caused this Charter to be executed on the date first written above.

DIXIE FUELS LIMITED

By: Mark R. Buese
Senior Vice President
Dixie Bulk Transport, Inc.
Managing Partner

PROGRESS ENERGY FLORIDA, INC.

By: Alexander Weems

Title: Director - Coal

Progress Energy

June 22, 2006

Dixie Fuels Limited
55 Waugh Drive
Suite 1000
Houston, Texas 77007
Attn: Mark Buese

Re: ***C.Angelo/GR Bulkmaster*** *Time Charter Termination*

Dear Mark,

Pursuant to Section 1 of the time charter agreement between Progress Energy Florida and Dixie Fuels dated January 9, 2006 we provide you with 30 day advanced notice to terminate the C. Angelo / GT Bulkmaster Time Charter Agreement effective July 22, 2006.

We sincerely appreciate your efforts to provide and manage the referenced tug/barge unit. It has played an important role in our efforts to rebuild inventory at Crystal River.

Sincerely,

Sasha Weintraub

SUPPLEMENTAL AFFREIGHTMENT CONTRACT
Between
PROGRESS ENERGY FLORIDA, INC.
and
EMI-PA, INC.

This Supplemental Affreightment Contract ("Contract") is entered into by and between PROGRESS ENERGY FLORIDA, INC., a Florida corporation (hereinafter "PEF" or "Shipper") and EMI-PA, INC., a Pennsylvania corporation (hereinafter "EMI" or "Operator") on this 25th day of February, 2006.

WHEREAS, Shipper is in need of transportation services to move certain quantities of dry bulk fuel ("DBF") from bulk cargo terminal(s) designated by Shipper at Mobile, Alabama, and New Orleans, Louisiana to the Crystal River Plant (as defined in Section 5 of this Contract); and

WHEREAS, Operator has time chartered one seagoing tug and barge to provide the transportation services required by Shipper to move such DBF from the designated terminals to the Crystal River Plant under this Contract:

WITNESSETH:

For and in consideration of mutual covenants, provisions and benefits and agreements hereinafter made and contained and other good and valuable consideration flowing between the parties hereto, Shipper and Operator hereby agree as follows:

1. **Transportation Services**:

Operator will provide marine transportation services to the Shipper for DBF from the Terminals, as hereinafter defined, in the quantities described herein, to the Crystal River Plant on an annual, ratable basis.

2. **Equipment**:

The equipment to be employed by Operator hereunder will be the JONATHON, a seagoing, covered hopper barge, and the tug HERON (hereinafter referred to together as the "Tow"). Operator shall operate and maintain the seagoing equipment at an ABS +1 Rating. Operator shall operate seagoing equipment in a manner considered safe by prudent operators of seagoing equipment. Subcontracting of other equipment shall be done only upon mutual agreement. Operator represents that the Tow is seaworthy and suitable for hauling Shipper's DBF.

3. Term:

The primary term of this Contract (the "Primary Term") shall be for six (6) months, commencing on the date of the first loading. Shipper shall have the right but not the obligation to extend the contract term for an additional six (6) months. Operator will use reasonable

efforts to accommodate a request by the Shipper to extend the term of this Contract on an alternative basis, i.e. month-to-month, but Operator shall have no obligation to agree to any such an extension except for an extension for a full six-month duration. (Any such extension of this Contract beyond the Primary Term, whether for six-months or on a month-to-month basis, is hereinafter referred to as the "Secondary Term". The Primary Term together with the Secondary Term may sometimes hereinafter be referred to collectively as simply the "Term".) Shipper must give written notice to Operator of its intention to extend the contract term beyond the Primary Term no later than 60 days after the first loading date. If written notice is not provided by that date, Shipper waives its right to extend the contract term.

It is understood and agreed that Operator intends to contract with a third-party for the backhaul of limestone from Crystal River to Theodore, Alabama, on return voyages of the Tow (the "Third Party Agreement"). Shipper understands and acknowledges that the freight rates agreed herein are predicated on the availability of a backhaul cargo and that the availability of limestone for backhaul is essential to Operator's ability to provide the services hereunder because the barge JONATHAN cannot safely navigate the Crystal River Plant Channel (as defined in Section 19) without cargo due to its inherent structural characteristics. In these circumstances Shipper acknowledges that Operator may terminate this Contract upon written notice to Shipper at any time in the event that the Third Party Agreement is terminated or breached by the contracting party. In the event that this Contract is terminated during the Primary Term or Secondary Term solely and exclusively as a result of the breach or termination of the Third Party Agreement, Shipper's obligations to pay freight, demurrage and/or dead freight shall be limited to shipments of DBF occurring prior to the effective date of such termination and Shipper shall have no obligation to pay Operator the Mobilization Recovery Amount under Section 9, provided, that Shipper's obligations to reimburse Operator for damage to the Tow under Section 18 shall survive such a termination in full.

Notwithstanding the foregoing, either party may terminate this Contract as provided below, upon the happening of any of the following events:

a. A material breach of this Contract, in which event the complaining party may terminate this Contract after giving the breaching party thirty (30) days advance written notice, or fifteen (15) days in the case of default for failure to pay invoices or other amounts due hereunder, specifying the reason for such termination becoming effective at the end of such fifteen (15) or thirty (30) day period (unless the breach has been rectified by that time).

b. The filing by a party for bankruptcy, liquidation, reorganization, or suspension of payment proceeding, in which event this Contract may be terminated forthwith by the non-filing party by giving written notice to the filing party.

4. <u>Load Ports</u>:

Unless otherwise hereafter directed by Shipper as provided in this Section, the load port for all cargoes of DBF transported under this Contract shall be the McDuffie Island Coal Terminal or the Three Mile Creek Terminal located in Mobile, Alabama, or the International Marine Terminals dry bulk handling facility located at about Mile 57 above Head of Passes on the right

descending bank of the Mississippi River (each a "Terminal" and collectively the "Terminals"). Shipper shall designate to Operator in writing its representative ("Shipper's Representative") for the purpose of receiving Notices of Readiness ("NORs") by the Operator's Tow at the Terminals. Any load port other than the Terminals which Shipper may designate must be located on the U.S. Gulf or East coast and the Tow must be able to safely navigate, as determined in the sole discretion of the Operator, to, within and from such load port.

5. **Discharge Port**:

The discharge port for all cargoes of DBF transported under this Contract shall be the Crystal River Plant dock at Progress Energy Florida's generating station in Crystal River, Florida (hereinafter the "Crystal River Plant"). Shipper shall designate to Operator in writing its Shipper's Representative for the purpose of receiving NORs by Operator's Tows at the Crystal River Plant.

6. **Cargo and Shipping Terms**:

This Contract provides for the transportation of DBF, stowing at not more than approximately 40 cubic feet per short ton ("ST"), in annual and individual voyage quantities further defined herein. In the event that Shipper desires that Operator transport DBF stowing at greater than the cubic feet per ST limits set forth in this Section or other cargoes, such transportation shall be on such terms and conditions and at such rates as the parties may hereafter agree in writing.

All DBF cargoes transported hereunder shall be loaded and discharged by Shipper on a Free In and Free Out, Stowed and Trimmed basis, working continuously, Saturdays, Sundays and all holidays included, at both the load and discharge ports.

7. **Cargo Quantity**:

The parties acknowledge and agree that the rates set forth herein are predicated on the tendering for shipment by Shipper of sufficient quantities of DBF cargo which will employ and utilize Operator's Tow on a full time and continuous basis throughout the Term of the Contract, both with respect to quantity, in ST, shipped on each individual voyage and with respect to cumulative quantity shipped during the Primary Term and the Secondary Term, if applicable. Cargo shall be scheduled and transported on a ratable basis, i.e., evenly distributed, over the Primary Term or the Secondary Term, if applicable, in single voyage increments of not less than 11,500 ST unless a specific voyage quantity of less than 11,500 ST is designated by Operator due to Crystal River Channel navigation constraints. In the event Shipper fails, whether or not as a result of a Force Majeure, to make available not less than 11,500 ST for any single voyage, or if a quantity of less than 11,500 ST must be carried on any specific voyage due to water depth constraints of less than 20 feet mean low water in the Crystal River Plant Channel, Shipper shall pay Operator dead freight for each such voyage at the rate specified in Schedule A attached hereto. The fuel component of the Deadfreight Rates specified in Schedule A shall be adjusted during the Term of this Contract in accordance with Section 10 of this Contract.

8. **Freetime**:

Shipper shall have freetime of fourteen (14) weather running hours within which to load each barge and forty-nine (49) weather running hours within which to discharge each barge. Freetime at the Terminal or other load port will commence (i) if berth is open, upon tying up, or (ii) if berth is not open, when NOR has been tendered by Operator while within reasonable proximity to such berth. Freetime at the Crystal River Plant will commence (i) if berth and navigation channel are open and accessible, upon tying up, or (ii) if berth is not open or the navigation channel is unavailable due to vessel traffic, inadequate water depth of less than 20 feet mean low water or the inability of the tug to make up to the barge in pushing gear for the transit of the channel as a result of adverse weather conditions, when NOR has been tendered by Operator while within reasonable proximity to the channel entrance (markers 3 and 4). Shipper understands that the tug must make up to the barge in pushing gear for safe transit of the Crystal River Plant channel and that seas must ordinarily be three feet or less for transition from towing to pushing to occur. Time engaged in shifting from anchorage to berth shall not count as used freetime. For freetime, demurrage and despatch calculation purposes, completion of loading is deemed to be when the barge finishes loading and trimming and completion of discharging is deemed to be when the barge is discharged and finishes blade cleaning. Loading and Unloading Logs shall be maintained by Shipper at the Terminal and at the Crystal River Plant.

9. **Base Freight Rates, Freight Rate Adjustments and Mobilization Costs**:

Freight rates shall be composed of a fixed component and a fuel component. The fixed component must include all charges other than fuel. This component shall remain fixed for the duration of the Contract (except as such component may be adjusted pursuant to Section 20). Such charges shall include, but not be limited to, all port charges, line handling charges, wharfage, dockage, taxes, and any other charges associated with the transportation of DBF existing and assessed at the time of entering this Contract. Shipper warrants that it does not and shall not assess any such charges at the discharge port.

The Base Freight Rate per ST or pro rata portion thereof is set forth in Schedule A hereto. Freight rates for load ports other than the Terminals will be calculated on an equivalent revenue per day basis net of fuel, port and voyage related expenses.

The fuel component of the Base Freight Rate shall be adjusted as specified in Section 10 hereof.

The parties agree to review actual operations and experience forty-five (45) days after the first loading date and to participate in a mutual good faith discussion regarding the correlation between projected and actual operating parameters and costs in order to allow each party to evaluate whether any adjustments to the Base Freight Rate and/or the Demurrage Rate are appropriate in their view. Neither party shall be obligated to agree to any change or adjustment in the Base Freight Rates and/or the Demurrage Rate, and any refusal by one party to agree to a change or adjustment in the Base Freight Rates and/or the Demurrage Rate shall not provide a basis for the other party to terminate, refuse to honor or otherwise alter the terms and conditions of the Contract. Any mutually agreed adjustments to the Base Freight Rates and/or the Demurrage Rate shall be set forth in a writing signed by each of Shipper and Owner.

Shipper shall provide at its cost the services of an assist tug permanently stationed at Crystal River to provide docking, undocking and turning assistance to the Tow for arrival at the Crystal River Plant turning basin and dock, for shifting from the Crystal River Plant dock to the Limestone Dock and for departure from the Limestone dock. Such tug shall be of sufficient horsepower and size to safely maneuver the Tow without exception.

Shipper shall pay Operator freight for the affreightment services provided hereunder at the rates set forth herein. Operator shall prepare and transmit to Shipper by telefax or by mutually agreed to electronic means, which shall be promptly followed up by telefax or hardcopy, on the 15th and last day of each month, an invoice for freight for all cargo delivered in the preceding half month and for any dead freight due pursuant to Section 7 hereof. Shipper shall pay such invoice within thirty (30) days of receipt of proper invoice. Interest shall accrue and be payable by Shipper on the amount of any freight payment not paid within thirty (30) days of receipt of proper invoice at a rate of 1.5% per month until such payment is received by Operator. Cargo weights shall be based on destination draft survey conducted by an independent surveyor consistent with the coal supply agreement held by Shipper.

It is understood and agreed that the Base Freight Rate for the transportation agreed herein is predicated on a twelve (12) month contract term and includes recovery of Operator's mobilization costs amortized over a full twelve month contract term. It is understood and agreed that Operator's total mobilization cost is $200,000.00 ("Total Mobilization Cost"). The Total Mobilization Cost shall be reduced by $16,667 for each thirty (30) day period that the Contract remains in force for purposes of calculating Shipper's obligation to compensate Operator for its unrecovered mobilization costs upon termination as set forth in this paragraph ("Mobilization Recovery Payment"). If the Contract is terminated by Operator during the Primary Term as a result of a material breach by Shipper or other circumstances set forth in Section 3(a) or 3(b), Shipper shall pay a Mobilization Recovery Payment to Operator equal to the Total Mobilization Cost reduced by $16,667 for each complete thirty (30) day period during which the Contract remained in force prior to the termination date. If the Primary Term is completed and Shipper does not exercise its right to extend the contract term for an additional six (6) months as set forth in Section 3, Shipper shall pay a Mobilization Recovery Payment of $100,000.00 to Operator. If the Contract is extended to a Secondary Term but is terminated sooner than twelve (12) months from the first date of loading, Shipper shall upon termination pay a Mobilization Recovery Amount to Operator equal to the Total Mobilization Cost reduced by $16,667 for each complete thirty (30) day period during which the Contract remained in force prior to the termination date.

10. **Fuel Price Adjustment**:

For each one (1) percent increase or decrease in the weighted average price for all marine diesel fuel purchased by Operator for the Tow in Shipper's service during the Term of this Contract (based on copies of actual invoices and taking into account all discounts or surcharges during the Term of this Contract actually paid ("Fuel Price")), the fuel component of the Base Freight Rate as set forth in Schedule A attached hereto shall be adjusted by an identical percent increase or decrease. The fuel component of the rates shall be so adjusted on the first day of each calendar quarter, based on the Fuel Price calculated for the calendar quarter preceding the

applicable adjustment date as compared to the Base Fuel Price, with the first such adjustment occurring upon tendering of NOR for loading of cargo for the first voyage to the Crystal River Plant under this Contract. The first adjustment shall be based on the fuel price adjustment set forth in Schedule A. The Operator shall accumulate fuel invoices for the remainder of the initial quarter of operations for purposes of calculating the adjustment of the fuel component to be effective April 1, 2006. For purposes of this Contract, the Base Fuel Price is $1.00.

11. **Transportation Services and Utilization**:

a. Transportation Services. Shipper will Fully Utilize Operator's Tow on a full time and continuous basis under this Contract for the purpose of transporting approximately 200,000 ST of DBF from the Terminals to Crystal River Plant during the Primary Term and approximately 33,000 ST per month for each monthly period of any Secondary Term. "Fully Utilize(d)" means that Shipper's obligations hereunder to load DBF as specified in Subsection 7, and to pay freight, dead freight and/or demurrage upon expiration of Freetime, shall be triggered on each and every occasion during the Contract when Operator tenders a NOR at a Terminal in accordance with Sections 8 and 14. Operator and Shipper acknowledge and agree that the quantities of DBF to be transported during the Primary Term and Secondary Term set forth in this Subsection 11(a) are approximations of total quantities to be transported if the Tow is in fact Fully Utilized and shall not be deemed to constitute a minimum total tonnage commitment by the Shipper. In the event that Shipper fails to Fully Utilize Operator's Tow for any period during the Contract, it is understood and agreed that Operator shall have no obligation to seek alternative employment for the Tow or to take any affirmative steps to reduce Shipper's payment obligations hereunder.

12. **Demurrage and Despatch**:

In the event that loading and/or discharging the Tow is not completed within the freetime allowed as set forth in Section 8 through no fault of Operator or the Tow, demurrage shall accrue for all time used in excess of allowed freetime, and Shipper shall pay Operator for the Tow at the Demurrage Rate, per hour or portion thereof, as set forth in Schedule A. In the event that loading and/or discharging the Tow is completed within the freetime allowed herein, despatch shall accrue for all allowed freetime not used, and Operator shall provide Shipper with a credit against demurrage accrued hereunder for such despatch at the Demurrage Rate.

Demurrage and despatch shall be calculated on a quarterly basis. Within thirty (30) days after the end of each contract quarter, Operator shall review the voyages completed during the quarter, determine the demurrage and despatch accrued, and prepare and transmit to Shipper by telefax or electronic mail a cumulative demurrage invoice for such voyages reflecting the demurrage or despatch accrued on each such voyage and charging Shipper for any demurrage not offset by despatch at the Demurrage Rate. Shipper shall pay such invoice to the account specified herein for payments within thirty (30) days of receipt of proper invoice.

The Demurrage Rate set forth in Schedule A attached hereto shall remain fixed during the Term of this Contract.

13. Payments:

Payments required by Shipper hereunder shall be made by electronic funds transfer or other mutually agreed upon means to the account as styled below:

Sun National Bank
1701 Market Street, Philadelphia, PA 19103
ABA Routing No. REDACTED
Account No.
Credit Account of EMI-PA, Inc.

14. Notice of Readiness:

The master of the Tow shall provide NOR in accordance with the provisions of Section 8 to Shipper's Representative in writing, by telefax, by radio or by telephone. NOR may be provided from a designated anchorage or other safe navigating or waiting location as determined in the sole discretion of the master of the Tow, subject to the provisions of Section 8 hereof.

15. Cleaning:

Unless hereafter otherwise agreed by the parties, Operator shall present the cargo holds of its barge blade cleaned of its last cargo prior to loading of cargo hereunder. In the event the barge tendered by Operator shall have last contained cargoes other than DBF and/or limestone, Operator agrees to undertake such cleaning as may be necessary to ensure the removal of any residual material which would contaminate Shipper's cargoes. Operator shall, at its expense, blade clean the cargo holds of Operator's barge after the completion of cargo discharge operations.

Operator will provide, at its cost, two front-end loaders ('machines"), with a maximum weight of 30,000 pounds each, for use within the holds during cargo discharge operations. The machines may be transported aboard the barge at Operator's risk or stored at Shipper's dock, free of charge to Operator. The machines will be operated only by Operator's designated employees who will be compensated by Operator for their services. Shipper will lower the machines into the cargo hold at the commencement of cleaning, move the machine between compartments as required, and lift the machines from the hold after completion of cleaning.

Shipper shall be responsible to arrange for cleaning of the barge's weather decks at the Crystal River Plant, at its expense, provided that the barge is equipped with handrails of the type customary and usual in the trade. If for any reason Shipper is unable to or does not arrange for cleaning of the weather decks at the Crystal River Plant as provided herein, Operator may arrange for such cleaning in which case Shipper shall reimburse Operator for all expenses incurred in connection therewith and all time incurred until completion of cleaning shall count as used Freetime or, if on demurrage, as time on demurrage.

16. Vessel Position and ETA Reports:

Operator shall provide Shipper, via telephone, telefax or other mutually agreed method, with the daily location of the Tow in service under this Contract, and, as the Tow enters the Lower Mississippi River or Mobile Channel (or other applicable destination), Operator shall notify Shipper's Representative at the Terminal (or load port, as applicable) of the expected time of arrival (ETA) of the Tow alongside the Terminal or load port dock. In addition, the master of the Tow shall notify Shipper's Representative at the Terminal or load port, by telephone, telefax, or radio, twenty-four (24) hours and six (6) hours prior to the ETA of the Tow at the Terminal or load port and shall notify Shipper's Representative at the Crystal River Plant, by telephone, telefax, or radio, twenty-four (24) hours and three (3) hours prior to the ETA of the Tow at the Crystal River Plant on each voyage.

17. Safe Berth:

Shipper will provide a safe berth at the load port and discharge port and will provide cargo loading and discharging services day or night, Saturdays, Sundays and holidays not excepted. Cargoes to be transported hereunder will be loaded by Shipper or its contractors into Operator's barges at the Terminal or load port designated by Shipper at no expense to Operator, subject, however, to Operator's instructions on trim and draft of the barges.

18. Loading/Unloading Damages:

a. Loading/Unloading Operations. The parties acknowledge that loading at the Terminal, or such other load port as the parties may hereafter agree, and discharging at the Crystal River Plant will be performed by Shipper or its contractors utilizing clamshell bucket or similar equipment. It is understood and agreed that Operator will have no responsibility or liability for any damages to persons or property arising from Shipper's (or its contractor's) operation of the clamshell bucket or the dockside operations of Shipper (or its contractors) except to the extent that any such damage is caused or contributed to by Operator's negligence or willful misconduct in connection with the operations of the Tow. Operator will provide Shipper with instructions which will set forth specific procedures to be followed in connection with the use of clam shell buckets by the Shipper's employees, agents or contractors at the loading and discharge berths. If the Shipper's employees, agents or contractors fail to comply with the procedures in the Operator's instructions during loading or discharge, Operator or its representatives shall have the right to notify the Shipper's supervisory personnel. The supervisory personnel shall observe the bucket operator and counsel the operator regarding compliance with the procedures. If the bucket operator thereafter fails to comply with the procedures, Shipper's supervisory personnel shall replace the operator. The giving of such instructions or notice by Operator shall not in any way limit, waive or constitute a substitution of any obligations of the Shipper under this contract, nor shall such instructions impose any obligation on Operator.

b. Pre-Contract Survey. Prior to the commencement of the Contract, a detailed joint condition survey ("Pre-contract Survey") of the Tow and its equipment will be performed for the purpose of documenting the condition of the Tow at the time of the commencement of the Contract. Shipper and Operator shall jointly appoint a mutually agreeable surveyor to conduct

a Pre-contract Survey. The Pre-contract Survey will fully document the physical condition of the Tow including internals, by written report and photographs. The cost of the Pre-contract Survey will be divided equally between Shipper and Operator.

c. Damage to Barge – Rights and Obligations. Shipper shall be liable to reimburse Operator for the costs of repair of damage to Operator's barge resulting from loading or discharge operations during the term of the Contract as set forth herein.

1. Damage Requiring Immediate Repairs. If at any time during the Term of the Contract the Tow sustains damage during loading or discharge operations which in Operator's judgment impairs the watertight integrity or seaworthiness of the tug and/or the barge, Operator may remove the tug and/or barge from service and arrange for immediate repairs, in which case Shipper shall be obligated to reimburse Operator for the full cost of said repairs and time spent in effecting repairs, including deviation time to and from the repair berth or facility, will count as time on demurrage commencing immediately upon expiration of remaining unused freetime, if any, at the load port or discharge port where the damage and removal from service occurs. In the event that such immediate repairs are required, no allowance for wear and tear is to be applied in determining the amount of damage or calculating Shipper's obligation to reimburse Operator for repairs. If and in the event that damage during loading or unloading affects the watertight integrity or seaworthiness of the tug or barge in Operator's judgment, Operator shall give Shipper notice of such damage prior to the barge's departure from the Terminal, such other load port as the parties may hereafter agree, or the Crystal River Plant, as applicable, and Shipper shall have the right and be given the opportunity to retain a qualified marine surveyor to examine and prepare a report on the noted damage, particularly the extent and nature thereof, with time spent in waiting on and conducting such survey to count as used freetime or, if on demurrage, as time on demurrage.

2. Deferred Repairs. In addition to the foregoing, Shipper shall also be liable to Operator for the cost of repairing all damage to the barge caused by or during loading or discharge operations during the term of the Contract which in Operator's judgment does not affect or impair the watertight integrity or seaworthiness of the barge, but repair of such damage shall be deferred until a convenient time determined by Operator or until the expiration or termination of the Contract, in accordance with the provisions set forth below; provided that Operator can demonstrate to Shipper's reasonable satisfaction that the need for such repairs arose out of or was related solely to Shipper's operations and not in any way to services performed by Owner in connection with the Third Party Agreement and/or any alternate employment.

d. Post-Contract Survey and Repairs. Following the expiration of the Term of this Contract, or if the Contract is sooner terminated prior to expiration, a detailed joint condition survey ("Post-contract Survey") of the Tow and its equipment will be performed for the purpose of documenting the condition of the Tow at the time of expiration or termination of the Contract. Shipper and Operator shall jointly appoint a mutually agreeable surveyor to perform the Post-contract Survey. The Post-contract Survey will fully document the physical condition of the barge by written report and photographs. The cost of the Post-contract Survey will be

equally shared by Shipper and Operator. At the expiration of the contractual Term, or if the Contract is sooner terminated prior to expiration, Shipper shall be obligated to reimburse Operator for the cost of repairing all damage to the barge caused by or during loading or discharge operations of Shipper during the Term of the Contract and to restore all effected areas to the same condition as documented by the Pre-contract Survey, ordinary wear and tear excepted, except as provided in Subsection 18(e) ("Final Repairs").

e. Wear and Tear. For the purpose of determining Shipper's obligations to reimburse Operator for the costs of Repairs under this subparagraph, it is understood and agreed that Shipper shall be liable for the full costs of repairing any and all damage to the barge or its components or appurtenances caused by clam shell buckets used for loading or discharge and Shipper agrees that it may not claim or attempt to claim any allowance for wear and tear with respect to such damage. Damage caused by clam shell buckets shall include, but is not limited to, deformation or gouging of hopper side slope or tank top plating or supporting members, deterioration of coatings and/or corrosion within adjoining ballast tanks due to reverse impact damage, deformation or gouging of hatch coaming plating or supporting members, deformation or gouging of hatch covers, deformation or gouging of transverse bulkhead plating or supporting members and crushing, lifting or breakage of the wooden tank top gratings.

f. Survival of Obligations. In the event of default by Shipper as defined in Paragraph 3, Operator shall be entitled to unilaterally conduct a survey and perform all repairs for which Shipper is responsible under this paragraph and Shipper shall be liable to Operator in full for all such costs incurred by Operator in connection therewith notwithstanding such default. Shipper's obligations under this Paragraph shall survive the expiration or termination of the Contract.

g. Shipper's Right to Conduct Surveys. Operator shall provide Shipper with notice of all limestone loadings and discharges pursuant to the Third Party Agreement, or any other loadings or discharges if the Tow is employed in alternative employment under Subparagraph 11(b), and Shipper shall have the right but not the obligation to have a qualified marine surveyor attend to monitor and document any damage to the Tow during such loadings and discharges. Operator shall document and photograph any damage to the Tow and/or its equipment at the time in which it occurs or is noticed and shall immediately notify Shipper of any such damage.

19. **Channel Depth**:

Shipper warrants that the Crystal River Plant navigation channel and its approaches, beginning at navigation channel markers 2 and 3, and its approaches, including the Tow turning basin and the coal dock (collectively the "Channel"), is at least twenty (20) feet at mean low water. In the event that the Shipper or Operator learns that the depth of the Channel or its approaches in any specific location is reduced to less than twenty (20) feet at mean low water, each undertakes to immediately notify the other of the depth limitation and its location. In the event that the depth of the Channel or its approaches in any specific location is reduced to less than twenty (20) feet at mean low water, as determined by periodic surveys which Shipper shall conduct, dredging will occur (either by Shipper or at Shipper's direction, and in either case, at Shipper's expense)

to restore the entire Channel or location so effected to a depth of at least twenty (20) feet at mean low water, time being of the essence, but in any case within four (4) months after detection by such survey or after written notification by Operator of a deficiency in Channel depth. Similarly, all Channel markers and navigation aids, whether required by cognizant regulatory authority or which have been previously installed for the convenience of Shipper and its subcontractors, including Operator, shall be maintained by Shipper at Shipper's expense throughout the term of this Contract. Operator acknowledges and agrees that the sole and exclusive remedies available to it for failure by Shipper to maintain the Channel to the depth specified in this Section 19 shall be (i) the recovery of Deadfreight for any underloaded shipments in accordance with the provisions of Section 7 hereof, (ii) the recovery of demurrage when freetime has expired due to such occurrence in accordance with the provisions of Section 8 hereof, and (iii) the recovery of any damage to the Tow for which Shipper is responsible in accordance with the provisions of this Contract due to insufficient water depth in the Channel; provided that Shipper did not furnish Operator with advance actual notice of the insufficient water depth before the damage occurred.

20. **New Regulations**:

It is recognized by Shipper that during the term of this Contract that government regulations may be imposed which could result in material increases in the operating costs of the tugs and barges which were not contemplated by either Operator or Shipper at the time this Contract was executed. Should such a situation arise, Operator shall notify Shipper in writing, and thereafter Operator and Shipper shall negotiate in good faith a reasonable adjustment in the freight rate or other means of reimbursing Operator for a reasonable share of such unexpected costs. In the event Operator and Shipper do not reach agreement within thirty (30) days of Operator's notice, Operator shall have the option to terminate this Contract as provided in Section 3 by written notice to Shipper.

21. **Other Contracts**:

In further consideration of the mutual covenants and consideration herein, Shipper agrees that it will not enter into any contract directly with Allied Transportation Company (or any of its related companies) for the transportation of DBF to Crystal River by water utilizing the Tug HERON and/or the Barge JONATHAN during the pendency of this Contract.

22. **Audit**:

The Base Freight Rate in this contract contains a fixed component and a fuel component. Only the fuel component is subject to escalation. Therefore, Operator agrees to maintain books, records, documents and other evidences pertaining to the cost of this Contract (herein collectively called the "Records") to the extent and in such detail as will properly reflect all cost and expenses for which fuel escalation reimbursement is claimed under this Contract. Upon request of Shipper, Operator shall make available at Operator's office any and all such Records, along with related correspondence, receipts, vouchers, memoranda pertaining to the Contract, for inspection audit or reproduction by an authorized representative of Shipper. Operator shall preserve all such Records for a period of two (2) years after final payment hereunder during

which period Shipper may complete an audit thereof. Should discrepancies or questions arise, the records shall be preserved until agreement is reached.

23. **General Average:**

In the event of accident, danger, damage, or disaster before or after commencement of a voyage hereunder resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequence of which, Operator is not responsible to Shipper or cargo owners by statute or contract or otherwise, the cargo, Shipper, consignee and other parties having an interest in the cargo shall, jointly and severally, contribute in general average to the payment of any sacrifices, losses or expense of a general average nature that may be made or incurred and shall pay salvage and special charges incurred in respect of the cargo. General average, if any, shall be settled according to York-Antwerp Rules, 1994, and as to matters not therein provided for, according to the usages and customs of the Port of New York.

24. **Both to Blame Collision:**

If the Tow comes into collision with another vessel as a result of the negligence of the other vessel and any act, neglect or default of Operator or the master or the crew of the Tow, for which, or for the consequence of which, Operator is not responsible to Shipper or cargo owners by statute or contract or otherwise, Shipper and other parties having an interest in the cargo shall, jointly and severally, indemnify Operator against all liability to the other vessel or her owners or the owners of the cargo of the other vessel with respect to any payment which Shipper or such other parties have received or may be entitled to receive from the other vessel or her owners, or the owners of the cargo of the other vessel.

25. **Force Majeure:**

The term "force majeure" means any event, whether foreseeable or not, which is beyond the control of and occurs without fault or negligence of the party asserting the force majeure and which wholly or partly prevents the performance of any of the duties and responsibilities of the party asserting the force majeure (other than obligations of such party to pay or expend monies for or in connection with the performance of such party's duties and responsibilities under this Contract), including, but not limited to, an act of God, an act of the public enemy or of terrorist, (whether threatened or actual); fire, flood, explosion or other serious casualty; severe weather; war (whether declared or not); warlike circumstances; mobilization; revolution; riot or civil commotion; legal intervention; regulations or orders of governmental authority; strike, lockout or other labor disputes (all of which shall be settled solely at the discretion of the party having the difficulty); inability to obtain fuel (other than DBF) or power; breakdowns of or damage to plant, equipment or facilities.

If, because of force majeure, either Shipper or Operator is unable to carry out its obligations to each other under this Contract (other than obligations of such party to pay or expend monies for or in connection with the performance of such party's duties and responsibilities under this Contract), and if such party promptly gives written notice of such force majeure to the other party, then the obligations of both parties under this Contract shall be totally excused to the extent, but only to the extent, made necessary by such force majeure provided that the effect of

such force majeure is eliminated insofar as possible with all reasonable dispatch. The party asserting force majeure shall promptly take all lawful steps at any reasonable cost to eliminate the force majeure.

26. **Insurance**:

Operator shall carry at its expense hull insurance, limit to be for Operator's account, and P&I insurance in the amount of $50,000,000 (but not tower's liability covering cargo). The P&I insurance (or separate insurance program) shall include coverage for, and Operator shall hold harmless Shipper against, any and all claims related worker's compensation, the Jones Act, and/or the U.S. Longshoreman's and Harbor Worker's Act, and vessel pollution liability. Shipper hereby acknowledges that the freight rate specified herein does not contemplate or include liability for loss of or damage to the cargo or an allowance for liability insurance covering the cargo. With respect to any claim involving the loss, damage or contamination of cargo (DBF) which arises out of or is related to the provision by Operator of the marine transportation services pursuant to this Contract, Shipper shall hold harmless Operator and its Tows, masters, crews, agents and employees against any such claim, and Operator and such other parties shall have no liability to Shipper therefore; provided that such claim did not result from or arise out of the negligence, bad faith, or willful misconduct of Operator or its Tows, masters, crews, agents and employees. In the event that any such claim does result from or arise out of the negligence, bad faith, or willful misconduct of Operator or its Tows, masters, crews, agents and employees, then in such case, Operator shall be fully liable to Shipper (or Shipper's insurer, as the case may be), for any loss, cost or expense related thereto. Without limiting the generality of the above, Operator, although not a common carrier, shall be entitled to the same limitation of liability as common carriers receive under the Carriage of Goods by Sea Act, 1936, (46 U.S.C.A. 1300, et seq.); provided, however, that the provisions thereof relating to limiting liability to $500 per package (or in the case of goods not shipped in packages, per customary freight unit), shall not apply.

27. **Indemnity**:

Each party hereto expressly agrees to indemnify, hold harmless and defend the other against all claims, demands, cost or expense resulting from loss, damage or injury to third persons or third-party property which is caused by any act or omission of the indemnifying party or subcontractor of the indemnifying party done in performance of the obligations imposed upon it by this Contract; provided, however, that neither party hereby assumes responsibility for damage or injury to employees of the other party. In addition, each party agrees to indemnify, defend and hold the other party harmless from and against any and all suits, actions, causes of action and/or claims of whatever character which may be brought or made against the other party by third parties as a result of or on account of any deviation or breach by the indemnifying party of its obligations, responsibilities and/or warranties or guarantees as provided herein.

28. **Applicable Law**:

This Contract shall be interpreted and enforced in accordance with the General Maritime Law of the United States, excluding any conflicts of laws principles that would direct the substantive

law of another jurisdiction to apply, and, to the extent that such General Maritime Law is inapplicable, the laws of the State of Florida, excluding any conflicts of laws principles that would direct the substantive law of another jurisdiction to apply.

29. **No Waiver of Performance**:

The failure of any party to insist in any one or more instances upon performance of any of the terms, covenants or conditions of this Contract shall be not construed as a waiver or relinquishment of such performance of any such term, covenant or condition, but each party's obligation with respect to future performance shall remain in full force and effect.

30. **Assignment**:

Neither party shall assign this Contract or its rights hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed; provided, however, either party may, without the consent of the other party, (i) transfer, sell, pledge, encumber or assign this Contract or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Contract to an affiliate of such party which affiliate's creditworthiness is equal to or higher than that of such party, or (iii) transfer or assign this Contract to any person or entity succeeding to all or substantially all of the assets of such party or pursuant to any consolidation or amalgamation with, or merger with or into another entity or the reorganization, incorporation, reincorporation or reconstitution into or as another entity. In the case of an assignment or transfer of this Contract made in compliance with Clause (ii) or (iii) of this Section, any such assignee shall agree in writing to be bound by the terms and conditions hereof, the transferring party shall deliver such tax and enforceability assurance as the non-transferring party may reasonably request and such transfer or assignment shall constitute an acceptance and assumption of such obligations by the transferee, a novation of the transferee in place of the transferor with respect to such obligations (and any related interests so transferred), and a release and discharge by the non-transferring party of the assignor or transferor from any claim against the assignor or transferor with respect to obligations hereunder from and after the effective date of the transfer or assignment.

31. **Severability**:

If any provision of this Contract shall finally be determined to be unlawful or otherwise unenforceable, then such provision shall be deemed to be severed from this Contract and every other provision of this Contract shall remain in full force and effect.

32. **Corporate Authority**:

Each party represents to the other that it has full corporate authority and the necessary approval to enter into and perform this Contract in accordance with its terms.

33. Entire Agreement:

This instrument embodies the entire agreement and understanding between Shipper and Operator, and there are no agreements, understandings, conditions, warranties or representation, oral or written, express or implied, with reference to the subject matter hereof that are not merged herein or superseded hereby. This Contract may be modified only in writing signed by both parties.

34. Notices:

All notices given under this Contract shall be made in writing, and if to Shipper shall be properly given if delivered in person to the person designated below or sent by certified mail addressed as follows or nationally recognized overnight courier:

Director-Coal, Regulated Fuels
Progress Energy Florida, Inc.
410 S. Wilmington Street, PEB 10
Raleigh, NC 27601

Notices of a default or termination must also be sent to:

Progress Energy Florida, Inc.
Attn: Pamela Leonard Larger, Esq.
410 S. Wilmington Street, PEB17B2
Raleigh, NC 27601

Notices, if to Operator, shall be properly given if delivered in person to its President or sent by certified mail addressed or by nationally recognized overnight courier as follows:

EMI-PA, Inc.
2081 Stewart Ave.,
Hatfield, PA 19440
Attn: President

And

Frank P. DeGiulio, Esq.
Palmer Biezup & Henderson, LLP
Suite 956, 620 Chestnut Street
Philadelphia, PA 19106

Either party may designate in writing to the other a different address for the delivery of notices hereunder.

Notices shall be effective upon receipt unless the receiving party refuses delivery of such notice in which case notice shall be deemed effective on the date its delivery was attempted.

35. **Environment, Health, and Safety:**

During the term of this contract Operator will comply with applicable environmental, health and safety statutes and regulations.

36. **Multiple Counterparts:**

This Contract may be executed in one or more counterparts, including by facsimile signature, each of which, when so executed, shall be deemed to be an original but all of which, when taken together, shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Supplemental Affreightment Contract on the date first written above.

PROGRESS ENERGY FLORIDA, INC.

BY: _____

EMI-PA, INC.

BY: _____
Roger D. Campbell
Vice President

Schedule A
Rates

Base Freight Rates ($/ST)	Fixed	Fuel	Total
International Marine Terminals (Mississippi River)	[redacted]	[redacted]	[redacted]
Mobile	[redacted]	[redacted]	[redacted]
Dead Freight Rates ($/ST) (Mobile)	[redacted]	[redacted]	[redacted]

Demurrage Rate ($/Hour)	[redacted]

Initial Fuel Price Adjustment	
International Marine Terminals (Mississippi River)	[redacted]
Mobile	[redacted]

REDACTED

COAL TRANSFER & STORAGE AGREEMENT

This **Coal Transfer & Storage Agreement** (this "**Agreement**") is made and entered into to be effective as of the **1st** day of **March, 2007** (the "**Effective Date**") by and between **Florida Power Corporation,** a Florida corporation doing business as **Progress Energy Florida, Inc.** and with its principal offices located at 410 S. Wilmington St., Raleigh, NC 27601 (hereinafter "**PEF**") and **TECO Bulk Terminal, LLC** (hereinafter "**TECO Bulk Terminal**") a Louisiana corporation with offices located at 14537 Hwy. 15, Davant, Louisiana 70040. Each of PEF and TECO Bulk Terminal may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, TECO Bulk Terminal operates a bulk transloading and storage facility on the Mississippi River near Davant, Louisiana at approximately mile 55 above head passes (the "**Terminal**") which is capable of receiving large quantities of dry bulk fuel ("**DBF**") from river barges and ocean-going import vessels, unloading such DBF and lightering such DBF directly to ocean-going barges and/or transferring the DBF to temporary ground storage, blending the DBF if requested by its customer and ultimately loading the DBF to ocean-going barges (collectively the "**Terminal Services**");

WHEREAS, PEF is an electric power generation company that takes delivery of DBF in the form of coal from one or more suppliers by river barges and by ocean-going import vessels and has the need for certain Terminal Services with respect to such coal from time to time;

NOW, THEREFORE, in consideration of the foregoing, for the mutual covenants and promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of PEF and TECO Bulk Terminal, and intending to be legally bound hereby, the Parties hereby agree as follows:

Article I: Definitions; Rules of Construction

Section 1.1. Definitions. Any capitalized term used but not defined in the Article or Section in which it appears shall have the meaning given to such term in this Section 1.1.

"**Agreement**" shall have the meaning set forth in the opening paragraph hereof.

"**ASTM**" means ASTM International, formerly the American Society for Testing and Materials.

"**Business Day**" means any day, except for any Saturday, Sunday, Holiday or any other day on which the Federal Reserve Member Banks of New York City, New York or in Louisiana or North Carolina are closed for business. A Business Day shall run from 8 a.m. to 5 p.m. eastern daylight time or eastern standard time, whichever is applicable for the then current period in time.

"**Calendar Year**" shall mean the period of time starting on January 1 and ending on the immediately following December 31, inclusive.

"**Contract Year**" shall mean the period of time starting on April 1 of each calendar year and ending on the March 31, inclusive, of the immediately following calendar year.

"**Conveyor Discharge Guarantee Rate**" shall have the meaning set forth in Section 5.2(iii) hereof.

"**Crystal River**" shall have the meaning set forth in Article VII hereof.

"**DBF**" shall have the meaning set forth in the first WHEREAS clause of this Agreement.

"**Delivery Term**" shall have the meaning set forth in Article II hereof.

"**Effective Date**" shall have the meaning set forth in the opening paragraph of this Agreement.

"**ETA**" shall have the meaning set forth in Section 5.1 hereof.

"**Force Majeure**" shall have the meaning set forth in Article VII hereof.

"**Guaranteed Annual Minimum**" shall have the meaning set forth in Section 3.1 hereof.

"**Gearless Discharge Guarantee Rate**" shall have the meaning set forth in Section 5.2(ii) hereof.

"**Grabbed Discharge Guarantee Rate**" shall have the meaning set forth in Section 5.2(iv) hereof.

"**Gulf Barges**" shall have the meaning set forth in Section 4.1(ii) hereof.

"**Maximum Volume Quantity**" shall have the meaning set forth in Article III hereof.

"**Metric Tonne**" means 1.1023 Tons.

"**Minimum Volume Guaranty**" shall have the meaning set forth in Article III hereof.

"**NOR**" shall have the meaning set forth in Section 5.1 hereof.

"**Party**" or "**Parties**" shall have the meaning set forth in the opening paragraph hereof.

"**PEF**" shall have the meaning set forth in the opening paragraph hereof.

"**PEF Damages Amount**" shall have the meaning set forth in Section 3.2 hereof.

"**PEF Shortfall Amount**" shall have the meaning set forth in Section 3.2 hereof.

"**Port of Davant**" shall mean Davant Anchorage (Mile 53.3-54.5 LDB), or the closest available anchorage to Davant, Louisiana.

"**River Barge Guarantee Rate**" shall have the meaning set forth in Section 5.2(v) hereof.

"**River Barges**" shall have the meaning set forth in Section 4.1(i) hereof.

"**Service Term**" shall mean collectively the Delivery Term and the Storage & Loading Term.

"**SHINC**" shall have the meaning set forth in Section 5.2(ii) hereof.

"**Storage & Loading Term**" shall have the meaning set forth in Article II hereof.

"**TECO Bulk Terminal**" shall have the meaning set forth in the opening paragraph hereof.

"**Terminal**" shall have the meaning set forth in the first WHEREAS clause of this Agreement.

"**Terminal Rules**" shall have the meaning set forth in Section 10.10 hereof.

"**Terminal Services**" shall have the meaning set forth in the second WHEREAS clause of this Agreement.

"**Ton**" means 2000 pounds of avoirdupois weight.

"**Vessel**" shall have the meaning set forth in Section 4.1 hereof.

Section 1.2. Rules of Construction. Unless the context of this Agreement otherwise requires:

(i) words of any gender include any other gender;
(ii) words using the singular or plural form also include the plural or singular form, respectively;
(iii) any reference to any entity in any capacity includes a reference to its successors and assigns in such capacity to the extent such succession or assignment is permitted or not prohibited hereunder and, in the case of any government authority, any entity succeeding to its functions and capacities;
(iv) the terms " hereof", "herein", "hereby", "hereto", "hereunder" and similar words refer to this entire Agreement and not to any particular Article, Section or other subdivision of this Agreement;

(v) the words "include" and "including" shall be deemed to be followed by "without limitation" or "but not limited to", whether or not they are followed by such phrases or words of similar nature;

(vi) references to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;

(vii) references to days shall refer to calendar days unless Business Days are expressly specified; references to weeks, months or years shall be to calendar weeks, months or years, respectively, unless expressly specified otherwise; and

(viii) the captions in this Agreement are for the convenience of reference only and shall not be construed so as to have any interpretive value.

Article II: Term

Section 2.1. Term.

Section 2.2. Extension.

Article III: Quantity

Section 3.1. Guaranteed Annual Minimum.

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 3

PAGES
PEF-CC-0001204
THROUGH
PEF-CC-0001219
HAVE BEEN
DESIGNATED AS
CONFIDENTIAL

Article X: Miscellaneous

Section 10.1. Notices. All notices or other written communications pursuant to this Agreement shall be in writing and shall be either delivered in person or sent by registered or certified mail, by nationally recognized expedited courier service, by facsimile or by electronic mail to the address or number, as applicable, for such Party as set forth below:

If to PEF:
Progress Energy Florida, Inc.
Attn: Jason Duttinger
410 S. Wilmington St. PEB 10
Raleigh, NC 27601
Fax: 919.546.2590
Email: Jason.duttinger@pgnmail.com

If to TECO Bulk Terminal:
TECO Bulk Terminal, LLC
Attn: Vice President
14537 Hwy 15
Davant, LA 70040
Fax: 704.369.8093
Email: rapalamer@tecoenergy.com

A courtesy copy of all notices of a legal or contractual nature sent to PEF must also be sent to:

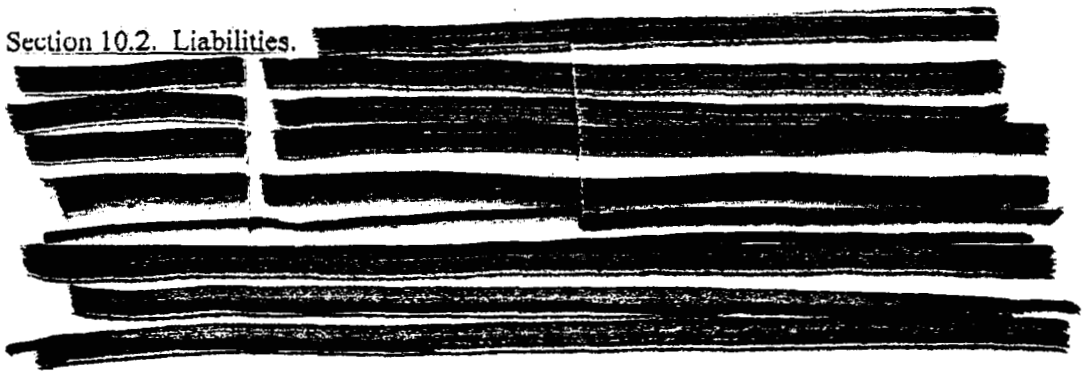
Attn: Progress Energy Florida, Inc.
Attn: Contract Administration
410 S. Wilmington St., PEB16CA
Raleigh, NC 27601
Fax: 919.546.2649

Notwithstanding the foregoing, notices with respect to scheduling and operational matters shall be sent, if to TECO Bulk Terminal, as follows:

TECO Bulk Terminal, LLC
Attn: Traffic Manager
14537 Hwy 15
Davant, LA 70040
Fax: 704.369.8093
Email: cpsmith@tecoenergy.com

Notices sent by facsimile or electronic mail shall be followed up with hard copy. Notices sent in hardcopy shall be sent via nationally recognized expedited courier service or by U.S. mail (registered or certified) with return receipt requested. Notices shall be deemed effective only upon actual receipt.

Section 10.2. Liabilities.



Section 10.3. Governing Law; Waiver of Jury Trial. This Agreement and the rights, duties and obligations of the Parties hereunder shall be interpreted and construed in accordance with the general maritime law of the United States and to the extent that it is not inconsistent or otherwise necessary, with the laws of the State of Florida. To the fullest extent permitted by applicable law, each Party hereby waives its respective right to a jury trial in connection with any litigation arising out of or relating to this Agreement.

Section 10.4. Severability. If any paragraph or provision of this Agreement shall be declared invalid by any court of competent jurisdiction, such decree shall not affect any other paragraph or provision of this Agreement and each shall remain in full force and effect, unless such construction is contrary to the clear intent hereof, in which case the

Parties shall negotiate in good faith so as to reform the affected provision as to give effect as closely as possible to the original intention of the Parties.

Section 10.5. Assignment. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns; provided, however, that this Agreement may not be assigned by either Party without the prior written consent of the other Party, whether by operation of law or otherwise, which consent shall not be unreasonably withheld, conditioned or delayed. Written consent to one or more assignments shall not be construed as waiving the necessity of obtaining written consent to other and/or additional assignments.

Section 10.6. Rules of Construction. The Parties acknowledge and agree that each of them and their respective counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be construed against the drafting Party shall not be used in the interpretation of any provision of this Agreement.

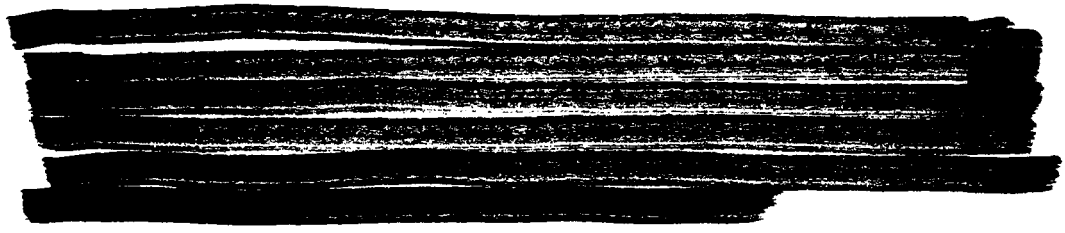
Section 10.7. Imaged Agreement. Any original Agreement or other related document may be photocopied and stored on computer tapes and disks (the "Imaged Agreement"). If an Imaged Agreement is introduced as evidence in any judicial, arbitration, mediation or administrative proceeding, then the Parties hereby agree that it may be admissible evidence; provided that such Imaged Agreement bears the signature of the Party against whom enforcement is sought, whether in original or in copy; and further provided that there is no evidence that such Imaged Agreement has been manipulated or otherwise altered in any way. Neither Party shall object to the admissibility of the Imaged Agreement on the basis that such was not originated or maintained in documentary form under either the hearsay rule, the best evidence rule or other rule of evidence.

Section 10.8. No Waiver. The failure of either Party to insist in any one or more instances upon strict performance of any of the terms, covenants or conditions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver or relinquishment of such performance of any such term, covenant or condition or of such rights and/or of any future rights, but each Party's obligation with respect to such performance shall remain in full force and effect. Any waiver shall be in writing and shall be limited to the specific instance and for the specific purpose for which it was given.

Section 10.9 Default. [redacted]

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 7

PAGE
PEF-CC-0001223
HAS BEEN
DESIGNATED AS
CONFIDENTIAL



Section 10.13. Multiple Counterparts. This Agreement may be executed in two (2) or more counterparts and on separate pages hereto, each of which shall be deemed an original and both of which when taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each of PEF and TECO Bulk Terminal have caused this Agreement to be executed in their corporate names by their respective duly authorized officers representative as of the Effective Date.

Progress Energy Florida, Inc.	**TECO Bulk Terminal, LLC**
By: Robert R Barmore, Jr.	By:
Its: V.P.	Its: VICE-PRESIDENT

REDACTED

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 7

PAGE
PEF-CC-0001225
THROUGH
PEF-CC-0001232
HAVE BEEN
DESIGNATED AS
CONFIDENTIAL

DRY BULK FUEL

TRANSPORTATION AND DELIVERY AGREEMENT

BETWEEN

Progress Energy Florida, Inc.

AND

Ingram Barge Company

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 7

PAGE
PEF-CC-0001234
THROUGH
PEF-CC-0001255
HAVE BEEN
DESIGNATED AS
CONFIDENTIAL

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in duplicate, effective as of the date first above written.

Progress Energy Florida, Inc.

EJB

By _____

Name: Alexander Weintraub

Title: Executive Director - Regulated Fuels

Ingram Barge Company

By _____

Name: Thomas R. Vorholt

Title: Vice President, Dry Cargo Sales

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 7

PAGE
PEF-CC-0001257
THROUGH
PEF-CC-0001261
HAVE BEEN
DESIGNATED AS
CONFIDENTIAL

AMENDMENT FIVE
to

AFFREIGHTMENT CONTRACT

This **Amendment Five to Affreightment Contract** (this "**Fifth Amendment**") is made and entered into to be effective as of the **28th** day of **September, 2007** (the "**Effective Date**") by and between **Progress Energy Florida, Inc.** ("**PEF**" or "**Shipper**") and **Dixie Offshore Transportation Company** ("**DOTC**" or "**Operator**"). Each of PEF and DOTC may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Progress Fuels Corporation ("**PFC**") and **Dixie Fuels Limited** ("**DFL**") previously entered into that certain **Affreightment Contract dated April 1, 2005, as amended** (the "**Contract**") pursuant to which DFL agreed to make available and provide and PFC agreed to accept and pay for certain services with respect to the transportation of DBF (as defined in the Contract) under the terms and conditions set forth therein;

WHEREAS, effective January 1, 2006 PFC assigned to PEF all of its rights, title, interest, duties and obligations under the Contract and PEF accepted such assignment;

WHEREAS, effective March 1, 2006 DFL assigned to DOTC all of its rights, title, interest, duties and obligations under the Contract and DOTC accepted such assignment;

WHEREAS, Shipper and Operator desire to amend the Contract in certain respects as more specifically set forth below herein;

NOW, THEREFORE, in consideration of the foregoing, for the mutual covenants and promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of Shipper and Operator, the Contract is hereby amended as follows:

1. "Notwithstanding the provisions of **Amendment Three to Affreightment Contract** dated **August 7th, 2006** (the "**Third Amendment**"), the Transportation Surcharge Period shall terminate effective **August 29, 2007** (the "**Surcharge Termination Date**") and the Transportation Surcharge is hereby reduced to zero ($0) as of the Surcharge Termination Date. For the avoidance of doubt, the Transportation Surcharge shall not be applicable to any DBF that is actually delivered to the Crystal River Plant by DOTC on or after the Surcharge Termination Date. Shipper shall be liable for the payment of any Transportation Surcharge amounts applicable to DBF delivered to the Crystal River Plant by DOTC prior to the Surcharge Termination Date."

Capitalized terms that are used but not defined herein shall have the meaning given to them in the Contract.

Each Party acknowledges and agrees that it and its counsel have reviewed and revised this Amendment and that the normal rule of construction to the effect that any ambiguities are to be construed against the drafting Party shall not be used in the interpretation of this Amendment.

This Amendment shall supersede and replace in entirety all previous amendments, agreements and understandings, if any, between the Parties, written or oral, with respect to and/or in any way relating to the Transportation Surcharge. In the event of any conflict or inconsistencies between the Contract and this Amendment, the terms and conditions of this Amendment shall prevail.

This Amendment may be executed in multiple counterparts, including by facsimile signature, each of which, when so executed, shall be deemed to be an original, but all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have each caused this Amendment to be executed by their respective duly authorized representative to be effective as of the Effective Date.

Progress Energy Florida, Inc.

By: ROBERT F. CALDWELL
Its: VICE PRES - REGL CNTL OPS

Dixie Offshore Transportation Company

By: Mark R. Buese
Its: Senior Vice President

AMENDMENT
to

CONTRIBUTION AGREEMENT

This **Amendment to the Contribution Agreement** (this "**Amendment**") is made and entered into to be effective as of the **28th** day of **September, 2007** (the "**Effective Date**") by and between **Progress Energy Florida, Inc.** ("**PEF**") and **Dixie Offshore Transportation Company** ("**DOTC**"). Each of PEF and DOTC may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, PEF and DOTC previously entered into that certain **Contribution Agreement** dated **August 7, 2006** (the "**Contribution Agreement**");

WHEREAS, pursuant to the Contribution Agreement DOTC agreed to contribute the Contribution Amount to assist with the E-Crane Project;

WHEREAS, PEF agreed to amend the Affreightment Contract as specified in the Contribution Agreement;

WHEREAS, DOTC provided the Contribution Amount as set forth therein;

WHEREAS, PEF desires to further amend the Affreightment Contract and the Contribution Agreement in certain respects as more specifically set forth below herein;

NOW, THEREFORE, in consideration of the foregoing, for the mutual covenants and promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of PEF and DOTC, the Contribution Agreement is hereby amended as follows:

1. The Parties agree to amend the Affreightment Contract such that the Transportation Surcharge Period will terminate on **August 29, 2007** (the "**Surcharge Termination Date**"). As a result, of such amendment, the Transportation Surcharge will be reduced to zero ($0) and shall no longer be applicable for any DBF that is actually delivered to the Crystal River Plant by DOTC on or after the Surcharge Termination Date. PEF shall remain liable for the payment of any and all Transportation Surcharge amounts applicable to DBF that was actually delivered to the Crystal River Plant by DOTC prior to the Surcharge Termination Date, as more specifically provided in paragraph 2 below.

2. The Parties agree that as of the Effective Date PEF has paid or will pay to DOTC Transportation Surcharge amounts totaling [redacted] In consideration for the amendment of the Affreightment Contract as provided herein and the early termination of the Transportation Surcharge Period as provided thereby, PEF

REDACTED

agrees to pay DOTC a termination fee of [redacted]

(the "**Surcharge Termination Fee**"). The Surcharge Termination Fee shall be due and payable by no later than close of business on October 5, 2007 (the "**Payment Date**") by electronic funds transfer to the account set forth below:

Bank: JPMorgan Chase Bank
ABA: REDACTED
Account:
Beneficiary: Dixie Offshore Transportation Company

3. Upon payment in full by PEF to the account set forth above of the Surcharge Termination Fee, PEF shall have no further liability whatsoever to DOTC under this Contribution Agreement. In the event that the Surcharge Termination Fee or any portion thereof is not paid by PEF to the account set forth above on or before the Payment Date, and/or after having paid such amount such funds must be refunded by DOTC as a result of the bankruptcy or insolvency or similar event with respect to PEF, then this Amendment and the **Fifth Amendment to the Affreightment Contract** of even date herewith (the "**Fifth Amendment**") shall become immediately null and void and this Contribution Agreement and the Affreightment Contract shall each be immediately reinstated to their original state without giving effect to this Amendment or the Fifth Amendment, respectively.

Capitalized terms that are used but not defined herein shall have the meaning given to them in the Contribution Agreement or the Affreightment Contract, as applicable.

Each Party acknowledges and agrees that it and its counsel have reviewed and revised this Amendment and that the normal rule of construction to the effect that any ambiguities are to be construed against the drafting Party shall not be used in the interpretation of this Amendment.

This Amendment shall supersede and replace in entirety all previous amendments, agreements and understandings, if any, between the Parties, written or oral, with respect to and/or in any way relating to the Contribution Amount. In the event of any conflict or inconsistencies between the Contribution Agreement and this Amendment, the terms and conditions of this Amendment shall prevail.

This Amendment may be executed in multiple counterparts, including by facsimile signature, each of which, when so executed, shall be deemed to be an original, but all of which shall constitute but one and the same instrument.

REDACTED

IN WITNESS WHEREOF, the Parties hereto have each caused this Amendment to be executed by their respective duly authorized representative to be effective as of the Effective Date.

Progress Energy Florida, Inc.	**Dixie Offshore Transportation Company**
By: ROBERT F. CALDWELL	By: Mark R. Buese
Its: VP - REG. COMM. AFS	Its: Senior Vice President

OPC
1st POD

#8

070703

DOCUMENT NUMBER-DATE
00960 FEB-7 08
FPSC-COMMISSION CLERK

From: Duttinger, Jason
To: Scott Becnel (scott_becnel@kindermorgan.com); Allen Newman (allen_newman@kindermorgan.com); Dennis Pillow (dennis.pillow@sgs.com); IMT - T2 (Business Fax); IMT - Traffic (Business Fax); Robert Stephens (bob.stephens@sgs.com); Sheppard, Sheila; Boyd, Jerry; Chesser, Jay; Haynes, Debra; Mcroberts, Tina (PFC); Muehlendyck, Virginia (PFC);
Subject: Loading Instructions : MICKIE B. / IMT / ETA 05-15-2006 06:00 (PRB TEST BARGE)
Date: Sunday, May 14, 2006 9:31:51 PM

Allen - Here is the loadplan for the LOUISE MICKIE B. ETA IMT 05/15/2006 @ 06:00.

PLEASE NOTE BARGE IS A TEST BARGE. DO NOT DEVIATE FROM THIS PLAN...
ANY QUESTIONS, PLEASE DO NOT HESITATE TO CALL. PROGRESS ENERGY'S MIKE HOOD TO BE PRESENT FOR
LOADING.

Thanks, Jason 919-812-5379

Barge Name	ETA IMT	Projected Coal Type	
MICKIE B.	5/15/06 6:00	PRB TEST BARGE	16,500 st

Blend Ratio :

		Estimates		
% Blend	Coal Type	Tons (ST)	BTU	SO2
20%	PRB RIVER BARGES : H9268, PEN210	3300	8580	0.97
80%	"D" North Yard	13200	12300	1.13
100%		16500	11556	1.10
		Gulf Barge / Wgt Avg.		

Comments: PLEASE NOTE BARGE IS A TEST BARGE. DO NOT DEVIATE FROM THIS PLAN... ANY QUESTIONS, PLEASE DO NOT HESITATE TO CALL. PROGRESS ENERGY'S MIKE HOOD TO BE PRESENT FOR LOADING. ANY QUESTIONS, PLEASE CALL. JASON 919-812-5379...

From: Duttinger, Jason
To: Scott Becnel (scott_becnel@kindermorgan.com); Allen Newman (allen_newman@kindermorgan.com); Dennis Pillow (dennis.pillow@sgs.com); IMT - T2 (Business Fax); IMT - Traffic (Business Fax); Robert Stephens (bob.stephens@sgs.com); Sheppard, Sheila; Boyd, Jerry; Chesser, Jay; Haynes, Debra; Mcroberts, Tina (PFC); Muehlendyck, Virginia (PFC);
Subject: Loading Instructions : MICKIE B. / IMT / ETA 05-15-2006 06:00 (PRB TEST BARGE)
Date: Sunday, May 14, 2006 10:19:41 PM

Allen - Here is the loadplan for the LOUISE MICKIE B. ETA IMT 05/15/2006 @ 06:00.

PLEASE NOTE BARGE IS A TEST BARGE: DO NOT DEVIATE FROM THIS PLAN...
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From:	Duttinger, Jason
To:	Reynolds, Rob (RFD); Chesser, Jay; Donochod, Daniel;
cc:	Boyd, Jerry; Grannan, Daniel P.; Robert Stephens (bob.stephens@sgs.com); Dennis Pillow (dennis.pillow@sgs.com); Scott Becnel (scott_becnel@kindermorgan.com); "Newman, Allen"; Hood, Michael; Phipps, Brett;
Subject:	PRB Test Barge
Date:	Friday, May 12, 2006 1:09:33 PM

Rob,

IMT advised that the MICKIE B will likely have a 12 hour delay before it starts to load. This changes the ETA Crystal River to Thursday 05/18 (all going well weather permitting). In order to ensure an early to mid week Crystal River arrival on the PRB test cargo we are going to switch gulf barges. The Louise will now carry the 80% "D" /20% PRB blend.

Our current schedule is as follows:

ETC Theodore / 24:00
ETA IMT 05/13 @ 23:00
ETC IMT 05/14 @ 14:00
ETA Crystal River 05/16 @ 13:00

Do to this last minute change, we will not have Progress Energy representation at IMT during this loading. In our absence we've arranged to have Dennis Pillow, SGS's Terminal Manager oversee the sampling and act as our onsite representative for this loading.

Some additional steps taken to ensure we know what was loaded onto this barge:

1) Two sublots from each cargo hold, 8 sublots total.
2) Will provide quantity of each product in each sublot.
3) Scales at the barge unloader and the north yard will be calibrated prior to the loading of this test cargo.
4) Mechanical sampler will be fully operational.
5) SGS/IMT performed a joint inspection of the sampling system on Thursday in preparation of this loading.
6) SGS will run an ultimate analysis on this cargo.

From: Duttinger, Jason
To: Donochod, Daniel;
Subject: FW: Cook Terminal Barge Analysis 5/4/06
Date: Monday, May 08, 2006 12:59:42 PM
Attachments: CTE87.pdf

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

From: David P. Byer [mailto:DByer@PeabodyEnergy.com]

Sent: Monday, May 08, 2006 9:00 AM

To: Vinson, Eddie

Cc: Ross Shelledy; William K. McNew

Subject: Fw: Cook Terminal Barge Analysis 5/4/06

Eddie,

Attached below is the quality for the two barges. I will forward the drafts in a separate e mail. Let me know if you have any questions.

Dave

David P. Byer
Sr. Manager
Quality Control and Contract Labs
Peabody Energy
314-342-7604 (Office)
618-210-5414 (Mobile)
dbyer@peabodyenergy.com

(See attached file: CTE87.pdf)

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PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 8

PAGE
PEF-CC-0001272
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PEF-CC-0001283
HAVE BEEN
DESIGNATED AS
CONFIDENTIAL

ATTACHMENT I

TERMINAL MANUAL

{To be provided by Terminal}



INTERNATIONAL
MARINE TERMINALS
Myrtle Grove, Louisiana

TERMINAL MANUAL

18559 Hwy. 23
Port Sulphur, LA 70083
Phone: (504) 656-7341
Fax: (504) 656-2071

TERMINAL MANUAL PREFACE

This Terminal Manual provides information concerning the general conditions, facilities and services associated with International Marine Terminals, hereinafter called IMT. The manual is addressed to all users, shippers, river transportation operators, masters, owners and agents of vessels (hereinafter "all other parties") that call IMT for the purpose of loading or discharging cargo and explains the rules and procedures to follow and which rules and procedures are deemed to be acceptable to and agreed upon by "all other parties" which make use of IMT's facilities and docks.

This manual does not supersede or replace contracts between IMT and Shippers but is intended to supplement said contracts and assist in the performance of such contracts and written or verbal agreements. Requirements of this manual shall and is to be considered binding between IMT and "all other parties" except where a conflict exists with the terms and provisions of an applicable contract between IMT and Shipper and other Agents, Receivers and Brokers. If there is a conflict between this manual and a contract, then the terms and provisions of the contract shall prevail.

It is IMT's intent that information in this manual be as accurate as we could reasonably make it, however, we do not warrant or guarantee its accuracy.

This manual, when given to users of IMT, provides a basis for use and indicates user's full agreement to be bound by the terms and conditions unless otherwise agreed to in writing.

It shall be the obligation of all users, shippers, river transportation operators, masters, owners and agents of vessels utilizing IMT to make known and provide a copy of IMT Manual to each of the operators, masters, owners, and agents of vessels utilizing the services herein and confirm same to IMT before arrival of the ship at IMT's facilities and docks.

INTERNATIONAL MARINE TERMINALS
Revised November 18, 2004

TABLE OF CONTENTS

Section 1 - General Information

A. Location
B. Time Belt
C. Hours of Operation
D. Pollution of the River
E. River Stages and Currents
F. Winds
G. Communications
H. Official Address

Section 2 - Operating Procedures

A. Vessels
(1) Estimated Time of Arrival (ETA) Requirements
(2) Berthing and Mooring
(3) Pre-Transfer Conference
(4) Deposit
(5) 'Tween Deckers
(6) Dimensions
(7) Air Draft
(8) Dockage Fees
(9) Mooring Lines
(10) Tug Service
(11) Additional Charges to Vessel
(12) Temperature Surveys
(13) Sampling

B. Barges
(1) General
(2) Scheduling
(3) Acceptable Equipment
(4) Handling of Leakers
(5) Mooring of Barges
(6) Services

C. Storage of Product
   (1) Ground Storage
   (2) Base Material and Inspection
   (3) Due Diligence
   (4) Contamination
   (5) Difference in Weights

Section 3 - Services Available at Dock

A. Bunkers, Diesel, Lubricating Oils, Potable Water, Provisions and Stores
B. Tractor Leveling and Compacting
C. Repairs
D. Transportation to Vessels

Section 4 - Description of Bulk Material Transfer Wharves

A. IHI Dock
B. SHI Dock
C. Ship Mooring Buoys
   (1) Crane Transfers

Section 5 – Safety and Security

A. Principle
B. Minimum Number of Ship's Crew
C. Safety Regulations
D. Security

Section 6 - Force Majeure

Section 7 - Invoices

Section 8 - Rights of Terminal

Aerial View - Dock Plan

Section 1 - General Information

A. Location

International Marine Terminals (IMT), Myrtle Grove facility, is located on the right descending bank of the Lower Mississippi River, 57 miles Above Head of Passes (AHP). IMT midstream ship mooring buoys are located on the right descending bank of the Lower Mississippi River, 55 miles AHP.

B. Time Belt

Local Time: Central Standard Time (minus 6 hours Greenwich Mean Time [GMT]).

Note: From 0200 hrs. the first Sunday in April to 0200 hrs. the last Saturday in October, this is modified by use of Daylight Time to minus 5 hours GMT.

ALL COMMUNICATIONS SHOULD REFER TO LOCAL TIME AND ARRIVING VESSELS SHALL TAKE THIS FACTOR INTO CONSIDERATION WHEN ADVISING OF ESTIMATED TIME OF ARRIVAL (ETA).

C. Hours of Operation

IMT operates twenty-four (24) hours a day, seven (7) days a week throughout the year with the exception of the scheduled holidays noted below. With prior written permission from IMT, arrangements may be made to work during these holidays also.

New Year's Day
Mardi Gras
Easter Sunday
Independence Day
Thanksgiving Day
Christmas Day

D. Pollution of the River

All agents, charterers, vessel owners and masters shall be knowledgeable of and accepts responsible for any environmental rules and regulations applying to United States rivers and coastal waters. In compliance with the Federal Water Pollution

Control Act and Annex V of the Protocol of 1978 to the International Convention for the Prevention of Pollution by Ships (MARPOL 73/78), the discharge of certain matters, including buy not limited to oil, oily waste, or oily ballast and plastics is prohibited by any vessel moored at our dock or midstream ship buoys. Any vessel found violating this Act while at any IMT facility will relinquish any berthing rights and be escorted away from the dock. The U.S. Coast Guard will be immediately notified of the transgressing vessel.

E. River Stages & Currents

The mean high river stage for the Myrtle Grove facility is approximately 8.4 feet above National Geodetic Vertical Datum, previously called Mean Sea Level. (+4.3 NGVD.) High water periods generally run from mid-March through mid-June. River current during this high water period can reach 3.2 knots. You are free to contact the U.S. Army Corps. of Engineers if you deem it necessary.

F. Winds

Winds of varying strength may come from any quarter. The prevailing wind direction is generally from the Southeast from March through approximately June and December. Generally Northeast winds can be expected in February, September, and October; North winds in January and November; West winds in July; and East winds in August.

Hurricane season begins June 1 and normally ends November 30.

STRONG WINDS AND TORNADO ALERTS OR HURRICANE WARNINGS WILL NECESSITATE THE INTERRUPTION OF TRANSFER OPERATIONS AND MAY REQUIRE MOVING A SHIP FROM THE MOORING TO ANCHOR.

You can contact various U.S. Government Agencies for further or more specific information, if you deem it necessary.

G. Communications

The official language of IMT is English. Therefore, all vessels must have personnel on duty at all times that can communicate in English with IMT personnel.

IMT is equipped with VHF radio. Channel 7 (156.350 MHz) USA is the operating frequency. While at anchor, any vessel wishing to verify berthing information, air draft requirements, etc., should contact IMT Base by using VHF Channel 7. Contacts at IMT's facility are: T-2 Tower, M/V *Tammy T.*, M/V *Darlene M.* and M/V *Laurielynn*.

H. Official Address

INTERNATIONAL MARINE TERMINALS

Mailing: International Marine Terminals
18559 Hwy 23
Port Sulphur, Louisiana 70083-9722

Shipping: International Marine Terminals
18559 Hwy 23
Myrtle Grove, Louisiana 70083

Telephone: (504) 656-7341

Fax Number: (504) 656-2071 (Administration)
(504) 656-2347 (Operations)

Section 2 - Operating Procedures

A. Vessels

(1) Estimated Time of Arrival (ETA) Requirements

(a) Vessels will be accepted at IMT or midstream locations subject to an approved four (4) day terminal ETA schedule. Registration for ETA schedules is requested at the earliest date known. The customer and/or agent of a vessel bound for our facilities is required to advise IMT of the vessel ETA no later than twenty-eight (28) days and will update such ETA seven (7) days before arrival. Additionally, you are required to notify IMT 72 hours and 24 hours before arrival at anchorage. Your seven (7) day ETA message should include:

1. Estimated time of arrival at pier or anchorage (local time)
2. Last port of call
3. Master's estimated lift
4. Tonnage by hold
5. Hold loading/unloading sequence geared towards maximum efficiency (maximum of two passes per hold)
6. Estimated time required to deballast after berthing (loading only)
7. Previous cargo (loading only)
8. Fresh water draft (arrival and completion)
9. Air draft of vessel upon arrival at anchorage or dock
10. Plans regarding bunkers or stores
11. Number of tugs required for docking/undocking
12. Cargo destination
13. Customs required inbound/outbound

(b) Vessels arriving and providing a Notice of Readiness without an approved four (4) day ETA schedule, arriving *prior to* the scheduled ETA, or arriving *after* the scheduled ETA, will be worked at the discretion of IMT on a best efforts basis as determined by the Operations Supervisor. Any contractual performance or loading guarantee will not be applicable unless a revised schedule is approved by IMT, in writing, prior to vessel arrival.

(c) Each approved four (4) day ETA schedule will begin at 07:00 hours on the first day of the ETA and end at 06:59 hours on the last day of the ETA.

(2) Berthing and Mooring

At least twenty-four (24) hours prior to vessel arrival at Southwest Pass, IMT will estimate a berthing time, which shall be confirmed as soon as possible prior to arrival. Changes by IMT will be communicated to the Vessel's Agent.

The vessel's master or pilot is responsible for the docking, undocking, safe trim, stress and stability of vessels delivered to IMT for transfer operations. IMT shall not be responsible for the docking, undocking or shifting of any vessel or delay for same unless such delay is directly caused or requested by IMT or its personnel.

Unless instructed by the Operations Supervisor on duty to proceed directly to the dock, the vessel will be required to prove itself *in all respects ready to load*, obtain a Certificate of Readiness/Hold Cleanliness and perform a draft survey at a suitable available anchorage before docking at IMT's Myrtle Grove facility, or the designated ship mooring buoys.

Berths are assigned according to:

1. Contractual commitments and scheduled ETA.
2. Time of *Notice of Readiness* with the vessel being ready to load or discharge *In All Respects*.
3. Product to be transferred.
4. Size of vessel.
5. Weather conditions.
6. All barges are placed in IMT's fleet (if required by operations)

A *Notice of Readiness* will not be accepted until the vessel is *In All Respects*, ready to load/unload its cargo.

During berthing maneuvers, the vessel's approach speed to the dock must not exceed .35 feet per second (.10 m/sec). Steep angle approaches must be avoided. It is the obligation and responsibility of the master of the vessel to dock in a safe manner. VHF radio communications must be maintained between the vessel's bridge and IMT dock personnel before berthing maneuvers commence.

After being secured alongside the dock and Customs and Immigration has inspected the vessel, the Captain and/or Chief Officer will be required to discuss the Pre-Transfer Conference and sign IMT's *Notice of Readiness* (N.O.R.). This Terminal *Notice of Readiness* states the earliest time the vessel loading/discharge can commence with the following prerequisites being met:

1. Vessel all secure.
2. *Notice of Readiness*/Hold Cleanliness tendered.
3. Completion of Draft Survey.
4. Gas Free Certificate (if applicable).
5. Holds opened.
6. Vessel ready to commence loading *In All Respects*.
7. Written authorization from Shipper instructing IMT to load/unload vessel.
8. All cargo or barges are fleeted at terminal. Any variance will be subject to IMT's discretion with prior written notice.

If the berth is occupied, N.O.R. will be accepted after the above #2, #3, #4, #7 and #8 are completed. Travel time from anchorage will be deducted for laytime calculations.

Should vessel be unable to work cargo due to rain or other inclement weather or any reason beyond control of IMT, IMT may require the vessel to vacate the berth in order that cargo not affected by weather may be worked. All expenses required to vacate the berth, including, but not limited to, pilotage charges, towing charges, and line handling, shall be for the account of the vessel, its owner(s) and/or charterer(s).

IMT may decline the berthing of a vessel or may order it to vacate its berth if, in the judgment of IMT, the cargo to be unloaded or loaded to or from the vessel is unsuitable for grab bucket discharge in bulk or otherwise materially fails to meet the description, characteristics or specifications furnished to IMT in respect to cargo. Failure to vacate berth as required will subject the vessel to a terminal detention charge of $2,500 per hour for each hour or fraction thereof. This charge shall not affect the right of IMT to effect the removal of the vessel.

(3) Pre-Transfer Conference

Before the cargo transfer begins, IMT Operations Supervisor will board your vessel. He will discuss with you and your officers the safe transfer of your cargo. He will also expect to receive from the master the following:

1. *Certificate of Readiness* or *Hold Cleanliness* for all holds, issued by a representative nominated by the vessel's agent.
2. Loading/Discharge plan based on the maximum air draft available at the dock. (IMT reserves the right to modify the loading/discharge plan to insure an efficient and safe operation. Any modification to the original plan will be discussed in detail with the vessel's officers.)
3. If the vessel's previous cargo was a petroleum cargo, a gas-free certificate will be required before loading.

IMT representatives retain the right to be onboard the ship during cargo transfer to ensure that safe working practices are being observed.

(4) Deposit

Before the vessel is docked, the vessel's agent will be required to deposit with IMT an amount sufficient to cover all estimated charges due, including dockage, tug assistance, line handling, crewboat services, facility user fees and any other supplemental fees levied by governmental bodies.

Operations cannot commence until the full deposit is received. Additional deposits may be required during the loading in the event actual charges incurred exceed the existing deposit(s). Cessation of operations will occur if actual charges incurred exceed total deposit(s).

Any delays resulting from inadequate vessel deposit(s) will not be counted against performance guarantees.

(5) 'Tween Deckers

Ocean going vessels to be loaded/discharged at IMT shall be gearless, single deck, self-trimming carriers.

'Tween deckers will not be loaded/discharged without prior approval of the Operations Supervisor. If approval is given, these vessels will be assessed additional charges to properly carry out transfer operations. Prior notice must be given to IMT if a vessel coming to be discharged at one of its facilities is a 'Tween decker. This type of vessel may be subject to additional charges to properly discharge.

(6) Dimensions

Vessels longer than 750 feet (228.60m) LOA and 105.5 feet (32.16m) beam will not be accepted for *unloading* without the prior written consent of the Terminal Manager. Vessels longer than 950 feet (289.56m) LOA and 150 feet (45.72m) beam will not be accepted for *loading* without the prior written approval of the Terminal Manager.

(7) Air Draft

A vessel being *unloaded* must maintain ballast and trim so that the maximum vessel air draft at the hatch being unloaded (normally the hatch coaming) is at or below +72 NGVD (approximately 63 feet (19.2m) at mean high river).

A vessel being *loaded* by way of the shoreside facility must maintain ballast and trim so that the maximum vessel elevation in way of the hatch being loaded (normally the hatch coaming or opened side-rolling hatch cover) is at or below 65 feet (19.81m) at zero river stage. River stage typically can fluctuate from zero to eleven feet.

A vessel being loaded or unloaded by way of floating cranes must maintain ballast and trim so that the maximum vessel elevation in way of the hatch being loaded or discharged (normally the hatch coaming or open side-rolling hatch cover) is at or below 70 feet (21.34m).

All dock surfaces are at +15 NGVD.

(8) Dockage Fees

A dockage fee based on the vessel's gross registered tons shall be assessed for each twenty-four (24) hour period and prorated on twelve (12) hour periods thereafter. Time commences when the vessel is arrives the dock and ends when the vessel departs the dock, even if the loading or unloading is complete.

In the case of the buoys at Myrtle Grove, the time commences when the vessel arrives the buoy system and ends when the vessel departs the buoy system.

Any vessel in berth that refuses to work twenty-four (24) hours/day shall vacate the berth on order from IMT. Should the vessel fail to vacate the berth when so ordered or otherwise fails or refuses to follow the instructions of the Operations Supervisor, it shall be assessed a terminal detention charge of $2,500 per hour for each hour or fraction thereof. This charge shall not affect the right of IMT to effect the removal of the vessel.

(9) Mooring Lines

IMT will provide linesmen to handle mooring lines during arrival and departure. Arrangements should be made with IMT regarding the charges. A (1) hour waiting period from the call-out time is allowed. Any additional time will be invoiced at the current standby rate. If called out and not used, the current reporting fee will apply.

(10) Tug Service

IMT will provide tugboat(s) to maneuver, dock, and undock vessels berthing and mooring at its facilities. Charges for the services will be assessed against and paid by the vessel. A (1) hour waiting period from the call-out time is allowed. Any additional time will be invoiced at the current standby rate. If called out and not used, the current reporting fee will apply.

(11) Additional Charges to Vessel

The call of last cargo by the Chief Officer will be considered as final. Any cargo loaded after the formal survey has begun will be subject to additional charges. Any time in re-establishing the loading will be counted against the vessel rather than against the loading time for laytime calculations. The vessel will also be assessed additional charges for delays due to, but not limited to, the following:

1. Deballasting
2. Opening, closing, or moving hatch covers
3. Bunkering
4. Taking on water
5. Failure to tend lines
6. Arrival with improper air draft
7. Failure to accept cargo / allow discharge operations
8. Refusal to depart immediately upon request

There will be a fee assessed against the vessel for any delay during one or more of the following:

1. Draft checks
2. Draft surveys
3. Departure
4. Cargo trimming

Vessels discharging do not have permission to remain at berth for cleaning holds beyond the level that IMT has been contracted by its customer. The vessel may request to remain or request a quotation from IMT to perform the necessary cleaning. IMT reserves the right to decline both. A special dockage rate may apply if the vessel is authorized to remain at the dock and exercises that option.

(12) Temperature Surveys

Cargo temperature monitoring can be conducted at the transfer tower (T-10), at the upstream end of the IHI dock. Customarily, the temperatures are taken with a stationary infrared thermometer that reads and records the average surface temperature of a 2.5 feet (.76m) diameter area of coal on the respective conveyor belt. The surface temperature of approximately every 0.30 short ton is measured and continuously recorded on a chart as it leaves T-10 to the ship.

The infrared thermometer is calibrated and operated by an independent laboratory.

If any coal with temperatures elevated above the established maximum are measured, the conveyor belt will automatically stop and the coal will be discharged from the belt by the shiploader to a river barge on the landside of the dock. Cargo rehandled due to excessive temperatures will be subject to rehandling charges, not to exceed the rates as specified in Shipper's individual contract. If a shipper has elected not to use IMT's temperature monitoring equipment and cargo is found above the recommended temperatures, shipper will be required to hire this service for the balance of the loading.

No other temperature monitoring service will be allowed to attend an IMT loading unless it is in conjunction with the use of IMT's equipment and financial arrangements have been made with the independent surveyor.

(13) Sampling

Automatic mechanical sampling service is available at IMT for outbound coal or petroleum coke and the parties recognize that such sampling service is provided by an independent third party contractor and should CUSTOMER elect to obtain said services, they will pay the contractor directly for sampling.

B. Barges

(1) General

Once each barge is properly moored/berthed at IMT's fleet, it will thereafter be fleeted in accordance with all U.S. Coast Guard regulations. IMT shall provide and operate a fleet and harbor towboat for the shifting of loaded and empty barges to and from the dock and the mooring area, and the pickup and delivery of loaded and empty barges at the mooring area from the barge carrier's tow. IMT reserves the right to require barge carriers to use IMT's fleet and harbor towboat in order to ensure an orderly and safe operation.

(2) Scheduling

IMT will accept barges based on customers' monthly forecast which shall be provided to IMT in advance of barge loadings. Customer shall have the responsibility to provide, in writing:

1. That the barge(s) being presented to IMT are seaworthy.
2. The loading date.
3. The carrier.
4. The individual barge number(s) and applicable tonnage(s).
5. Designation of storage pad or type of coal.
6. The ETA of barge(s), updated as necessary until arrival.

(3) Acceptable Equipment / Cargo

IMT reserves the *right of refusal* on any cargo or product judged not suitable for handling at our facility for reasons including, but not limited to, product size, hot cargo, or wet cargo unable to transit the system, or any barge noted to be unseaworthy or questionable for service due to damage, distribution of load, draft or lack of freeboard, excessive listing, etc. The owner and/or operator of barges delivered to IMT will, at all times remain responsible for the seaworthiness of the barges. By delivery, the owner/operator warrants that the barges are seaworthy and there are no latent defects in the barge or the barge equipment, and that it is capable of either being loaded with cargo by IMT, or unloaded by IMT, using the normal stevedoring equipment ordinarily in service. IMT is not responsible for the maintenance or service of barges, which includes the pumping of water from the barge or the cargo, while at the IMT facility.

(4) Handling of Leakers

Should the barge be delivered with or develop any leaks, cracks or other conditions which, in IMT's view, may result in damage to the barge and/or cargo, then IMT will notify the owner and/or operator and/or their agents of the condition of the barge, and said barge owner agrees to take whatever steps are necessary to protect the barge and/or its cargo. *Leakers* may remain in the fleet only by the river carrier's, barge owner and/or cargo owner's prior agreement to tend to the leaking barge full time and providing to IMT an executed release by the barge owner, river carriers and cargo owner, of any liability on the part of IMT operator with a special standby harbor boat for the duration of the barge's stay at IMT. The release shall state that IMT is to be defended, protected and indemnifed, even for its sole or concurrent negligence. The sole judge of the seaworthiness and condition of the barge is the Operations Supervisor.

(5) Mooring of Barges

Any vessel delivering barges to IMT will be responsible for safely and adequately *mooring barges or tows in accordance with IMT, Plaquemines Parish, and U.S.* Coast Guard Regulations.

Plaquemines Port, Harbor and Terminal District's Tariff No. 1 specifies the following regulations for mooring of barges on the Mississippi River between mile 81.2 AHP and the Head of the Passes:

Mooring (Tariff Item 126, Paragraph 15)

Barge-to-Barge, Barge-to-Vessel, Barge-to-Wharf or Pier:

A barge moored to another barge, a mooring or spar barge, a vessel, a wharf, or a pier, will be safely secured, as near as practicable, to each abutting corner of the barge being moored by:

1. Three parts of wire rope of at least 7/8" diameter with an eye at each end of the rope passed around the timberhead, cavel or button.

2. A mooring of natural or synthetic fiber that has at least 75 percent of the breaking strength of three parts of 7/8" diameter wire rope; or

3. Fixed rigging that is at least equivalent to three parts of 7/8" diameter wire rope.

4. Any other mooring ropes, wires or equipment that is necessary for safe mooring.

Any barges arriving at IMT's fleet without the proper lines, wires or stationary rigging will not be accepted in our fleets until proper equipment is furnished. All vessels will be required to contact IMT's harbor boats on arrivals or departures. IMT's Person in Charge (Boat Operator on duty), reserves the right to question if barges are properly secured, should such person in charge notice a factor that would indicate the barge to be improperly secured.

(6) Barge Services

IMT provides the following services in regards to barges: Tow making/breaking, barge cleaning, dry-docking, top side repairs, cover handling and barge pumping. Arrangements can be made with terminal management to satisfy each customers, or bargelines needs.

C. Storage of Product

(1) Ground Storage

IMT will provide ground storage for product as deemed necessary by Terminal or as reflected per individual agreement with Shipper(s). Additional storage is subject to IMT's approval.

IMT reserves the right to move cargo, which in its judgment, is likely to damage other property, to another location, at the risk and expense of the owner.

(2) Base Material and Inspection

IMT shall not be required to provide or place a base material on the ground storage area prior to receipt of Shipper's product. Shipper will have the opportunity, at Shipper's expense, subject to Terminal approval, to place a base material, on the ground storage area prior to receipt of product. The storage area will be inspected by Shipper prior to the receipt of product on the storage area. Should Shipper fail to inspect the area, the shipment of product on the area will be presumed to have been accepted by the Shipper for such storage.

(3) Due Diligence

IMT shall exercise due diligence to receive, unload, store (when required), and load product for Shipper, this constituting IMT's only warranty hereunder. Performance by IMT shall be subject to reasonable delays caused by periodic shut-downs for repair, maintenance and adverse weather conditions. Preventive maintenance will be scheduled so as to minimize interference with transfer operations.

(4) Contamination

IMT shall not have liability or responsibility for contamination or co-mingling of Shipper's product with the base material or storage pad, or for loss or damage to, or destruction of any product through the operations of IMT, unless IMT fails to exercise due diligence.

(5) Difference in Weights

(a) Shipper takes cognizance that the inherent nature of transfer operations and the inherent nature of products can result in an adverse effect on quality and quantity of the product. IMT and Shipper agree that in the measurement of the quantity of product shipped, normal variances in weight will occur and are recognized and accepted by industry as existing. As a result, IMT shall not be responsible for variances in the weight of

products when such weights are furnished to IMT by Shipper's rail or barge carriers, vessel draft surveyors or other representatives and/or means of weight determination, even though such weights may be used for the basis of invoices to Shipper.

(b) IMT shall keep a record of the quantity of product shipped through the transfer process and the quantity of such product in storage. Shipper recognizes and agrees that such records are based on weights that are subject to variance due to the diverse methods of determination as referenced in (a) above and agrees that such records of quantities and weights shall be for book inventory only, and IMT shall not be responsible for any differences in weights or quantity, unless IMT fails to use due diligence.

Section 3 - Services Available at Dock

A. Bunkers, Diesel, Lubricating Oils, Potable Water, Provisions and Stores

With prior approval of the Terminal Manager and payment of a facility user fee, bunkers, diesel, lubrication oils, potable water, provisions and stores will be allowed to be taken on board vessels docked at IMT. No personnel, equipment, stores, provisions, baggage, etc... are allowed to transit IMT's dock to gain access to the vessel unless arrangements are made with the Terminal Facility Security Officer.

The vessel agent must schedule the taking of the above with IMT facility to ensure that no conflict exists with other terminal activities.

B. Tractor Leveling, Compacting and Trimming of Vessel Holds

IMT provides leveling, compacting, and trimming of vessel holds after completion of loading for some cargoes. This service is available to the vessel and is to be paid on an hourly basis if it is not provided for in the Shipper's contract.

C. Repairs

Repairs at terminal or midstream buoys are not normally permitted, unless the repairs are absolutely necessary to facilitate moving the vessel. Any repair work that would necessitate *hot work* must have a gas free certificate and prior written approval from the Operations Supervisor on duty. No repairs will be allowed that will delay cargo transfer or lengthen the transfer time.

D. Transportation To Vessels

1. IMT owns and operates a Launch Boat to provide transportation of vessels personnel, agents, pilots, surveyors and/or inspectors. IMT charges each vessel a flat rate per day pro rated to ½ days for transportation of personnel regardless of which launch service is used by vessel personnel. This launch boat is also available for barge surveyors and/or inspectors billed on a per trip basis.

Section 4 - Bulk Material Transfer Wharves

There are three berths that accommodate the transfer of bulk materials. They are the (A) IHI dock, (B) SHI/Coal dock (see the Berth Diagram in the Appendix) and (C) ship mooring buoys at the Myrtle Grove facility.

A. IHI Dock

The overall length of the dock is 1,044 feet (318.21m). It consists of concrete on steel piles and a truss to support the elevated dock conveyor. Deck level is 15 feet (4.57m) above sea level. The overall length incorporates 14 buckling type fenders 72 feet (21.95m) apart.

The traveling shiploader has 794 feet (242.01m) of total travel and it has the capability to boom and slew. It can reach a maximum of 103 feet (31.39m) riverside of the fender ace. Proper positioning during berthing will eliminate delays due to shifting the vessel during loading and the unnecessary expense to the vessel of assist tugs for shifting. Water depth is maintained to accommodate vessel transit at Southwest Pass.

B. SHI Dock

The overall length of the dock is 1,271 feet (387.4m). It consists of concrete on steel piles and a steel truss connected to shore 400 feet (121.92m) away. Deck level is 15 feet (4.57m) above sea level. Water depth is maintained to accommodate vessel transit at Southwest Pass. The overall length incorporates 8 breasting dolphins 16 feet (4.88m) wide and two platforms. The crane is 400 feet (121.92m) downriver of the uppermost dolphin, on a concrete platform. Because the SHI crane is mounted on a fixed platform, the vessel must shift alongside the berth to accommodate an efficient discharge. The Terminal, at its cost, will provide a qualified dockmaster and up to three fleet tugs to assist the vessel in shifting alongside the berth. The vessel has the option to request a pilot and harbor tugs to shift the vessel but the cost for these services will be the responsibility of the vessel.

C. Ship Mooring Buoys

The overall length of the Myrtle Grove ship mooring buoys is 1,400 feet (426.72m). They consist of five buoys. Three buoys are used to hold the head. These buoys are 70 feet (21.34m) apart. There are two buoys used to secure the stern. These buoys are 150 feet (45.72m) apart.

Any vessel using the Myrtle Grove buoy system must use the vessel anchors in conjunction with the buoys.

(1) Crane Transfer

IMT has the ability to direct transfer cargo from barge-to-ship or ship-to-barge. Floating crane(s) are the primary pieces equipment used to perform this operation.

IMT has five (5) floating cranes available, to meet required load or discharge rates as prescribed in Shippers' specific contracts. Any vessels being discharged/loaded by floating cranes are required to have midship bollards or other means of safely securing cables for two floating cranes on either side of the vessel.

Section 5 – Safety and Security

A. Principle

When a ship is berthing at the dock or buoy systems, the Master is expected to give top priority to safety and efficiency and to follow all regulations generally followed in the marine transport industry as well as those of IMT. All cargo handling operations on the ship are the Master's responsibility, and the loading or unloading of the cargo shall be under the continuous direction and responsibility of the Master or authorized representative.

B. Minimum Number of Ship's Crew

Any vessel in berth shall at all times maintain appropriate officers and crew aboard the vessel in order to vacate the berth, if necessary, and to permit uninterrupted cargo transfer at any time of the day or night, including Saturdays, Sundays, and holidays. The loading/unloading plan should be such that the vessel is maintained in trim and the engine is in a condition that it could leave the dock on short notice (30 minutes or less).

C. Safety Regulations

1. Vessels shall not "blow out their tubes" in the vicinity of IMT dock.

2. The engineering plant and vessel trim must be maintained in a state of readiness to get underway at the request of IMT.

3. Guards must be installed to deflect deballasted water from the dock, equipment, and personnel.

4. It is understood that IMT does not give, formally, informally, or otherwise, consent to any users, shippers, river transportation operators, masters, owners, charterers, operators or agents of vessels consent to the use of IMT's terminal facilities or docks while any ship is in use of or moored at the IMT facility or dock. It is the responsibility of the ship and its crewmembers as well as all users, shippers, river transportation operators, masters, owners, charterers, operators and agents of vessels and all of the ship's crewmembers to assist in the prevention of damage to any property or to any personnel. Therefore, other than required United States Governmental agencies, any ship moored at or in use of IMT's facilities or docks must obtain prior written approval from the Terminal Representative for any ship's representative, agent, or any third party to board, make a delivery or gain access to the ship by use of IMT's docks or facilities.

5. In accordance with IMT's facility and dock rules and procedures, including those set out in section 4 above, terminal safety rules require that all personnel wear life jackets, hard hats and all generally accepted safety equipment or gear on docks at all times. Vessel crew members shall adhere to this requirement when on the dock and when transiting the conveyor walkway system to and from the docks.

6. Hazardous materials, substances or wastes, and cargoes which are of a highly inflammable, radioactive, explosive, noxious or dangerous nature, or reactive to personnel, will not be provided with any service of any kind except under *advance arrangement with IMT accompanied by full disclosure of* the hazardous characteristics, risks and special handling requirements of such cargo and in such case negotiated rates and charges shall be applied. It is the responsibility of the shipper or other person tendering cargo to the Terminal (1) to fully disclose in writing and in advance all of the cargo's characteristics, risks and special requirements applicable to its safe loading, unloading, handling and storage in bulk and (2) to obtain all necessary special permits or permissions required by the Captain of the Port, U.S.C.G., and/or

other state or federal authorities in connection with the loading, unloading, handling and/or storage at IMT.

In the event of non-compliance, IMT may, without liability to any party, refuse service and/or access to its facilities; may order vessels or other conveyances containing such cargo to immediately vacate IMT and/or berth; may arrange for removal and storage of the cargo off IMT premises; and, may take any other action reasonably necessary for the safety of persons and property and/or to comply with lawful orders of any governmental authority. All such action shall be at the risk and expense of the cargo, its owner and the shipper or any party who tendered the cargo.

7. Users of Terminal facilities are required to provide IMT with Material Safety Data Sheets on all commodities handled for their account.

8. IMT operates a closed fleet. All outside boats are required to obtain prior approval from IMT before entering IMT's fleet or having access to IMT's berth/docks. Such approval requires 24 hours advance notice given to IMT's Traffic Manager. If such approval is granted, all outside boats, personnel, and passengers are required to comply with IMT's prescribed safety rules and personal protective equipment requirements and follow IMT's Facility Security Plan. IMT reserves the right to levy a user fee and/or a signed liability indemnification agreement for such access, which fee and/or indemnification agreement must be given before entering IMT's fleet or berth/docks.

D. Security

In compliance with United States Coast Guard, Department of Homeland Security directives, 33 CFR 105, International Marine Terminals has developed a Facility Security Plan (FSP). According to IMT's FSP, certain areas of the Terminal's landside facilities and all of IMT's berths and fleets are considered restricted areas. Any unauthorized entry into restricted areas is considered "Breeches of Security" and the proper authorities will be notified. Anyone or anything entering into the Terminal is subject to screening, inspection and/or search according to the Terminal's FSP. Failure to consent will result in denial or revocation of authorization to enter.

Section 6 - Force Majeure

Neither party shall be under any liability of any kind or nature whatsoever (other than obligations of such party to pay or expend money) for any loss, damage, delay or failure in performance, including, but not limited to, demurrage, delay, damages, deterioration of quality, shrinkage in quantity and/or loss of product, in the event that

it should fail or delay to perform its obligations hereunder where such failure is directly or indirectly, wholly or partly, caused by *Force Majeure* event.

The term *Force Majeure* includes the following regardless of whether foreseeable or not: war, civil commotion, government order, labor trouble, labor shortage, strike or lockout; flood, river freeze up, inability to obtain fuel or power; fire; act of God; resolution or order of government authority; or any other cause whatsoever beyond the reasonable control of the party affected thereby, whether or not of the same or similar nature.

A *Force Majeure* event shall not excuse a party from performing unless such party shall give written notice to the other party promptly upon learning of such *Force Majeure*, but in no event later than thirty (30) days subsequent to such event. Information as to the cause of inability to perform, and probable extent thereof, shall be included in such notice and shall be updated periodically during the continuance of the *Force Majeure* event. Failure to give such notice and furnish such information promptly shall be deemed a waiver of all rights for such period of time during which notice was not given. Upon removal of the cause, shipment shall resume at the specified rate.

Section 7 - Invoices

IMT shall issue invoices for services rendered, subject to any applicable operating contract, to all users, shippers, river transportation operators, masters, owners and agents of vessels. Invoices will be due within thirty (30) days from the date of invoices. Outstanding invoice balances more than 30 days past the date of invoice will be assessed at 1½% interest charge per month or the maximum legal rate allowed in the State of Louisiana. Interest is not to be applied to any accumulated interest charges.

If an invoice is in dispute, the disputing party shall pay to the other party eighty percent (80%) of the invoice amount within the time period specified above, subject to debit or credit when the dispute is resolved without interest or penalty on the balance due. Performance shall continue during and despite any dispute.

IMT shall, for the amount of any unpaid invoice (not including the 20% of a disputed invoice mentioned above) as well as attorney fees and costs, have the option to assert a lien against Shipper's product in compliance with governing laws. Such lien will allow IMT to take possession of and/or relocate product within Terminal property. Shipper warrants that all product delivered to IMT shall be owned by Shipper or by a third party on whose behalf Shipper has authority to act.

Section 7(a) - Attorney Fees and Costs

IMT is entitled to recover any reasonable attorney fees and costs incurred to collect and any invoice or to avail itself of any of its rights under the agreement, whether or not any other party is considered in breach of this agreement.

Section 8 - Rights of Terminal

IMT will endeavor to handle barges, vessels and product on a first come first serve basis subject to IMT Manual and specific agreements, contracted heretofore. IMT reserves its right to interpret the rules and regulations stated herein as they would apply to operating procedures and the interpretation of same, for the benefit of all users of the facility.

IMT will assume no responsibility for damage to vessel parts or cargo arising by reason of concealed or inadequately protected fastening, attachments, covers, and parts of the vessel projecting into bulk cargo, and no liability will be assumed by IMT for damages incurred as a result of vessel configuration.

Additionally, IMT assumes no liability for damage to vessels gear, equipment or structures due to the commodity being discharged, other than what might be proximately caused by the negligent operations on the part of IMT.

Notes

Notes

Index

Acceptable Equipment/Cargo, 15
Additional Charges, 13
Address, 7
Air Draft, 11, 12
Attorney Fees and Costs, 24
Barges, 14
Barge General, 14
Barge Mooring, 15, 16
Barge Scheduling, 14,15
Barge Services, 16
Base Material, 17
Berthing, 8, 9, 10
Bulk Material Transfer Wharves, 19
Bunkers, 18
Certificate of Readiness, 10
Communications
    Channels, Contacts, 6, 7
Contamination, 17
Crane Transfer, 20
Deposit, 10,11
Difference in Weights, 17, 18
Dimensions
    Loading, Unloading, 11
Dockage Fees, 12
Due Diligence, 17
ETA Requirements, 7, 8
Force Majeure, 22, 23
General Information, 5
Ground Storage, 16, 17
Hours of Operation, 5
IHI Dock, 19
Invoices, 23
Leakers, 15
Location, 5
Minimum Number of Ship's Crew, 20
Mooring, 16
Mooring Lines, 12
Notice of Readiness, 9
Operating Procedures, 7

Pollution, 5, 6
Potable Water, 18
Pre-Transfer Conference, 10
Repairs, 18
Rights of Terminal, 24
River Stages & Currents, 6
Safety, 20
Safety Principle, 20
Safety Regulations, 21, 22
Sampling, 14
Security, 22
Services Available at Dock, 18
SHI Dock, 19
Ship Mooring Buoys, 20
Standby rate, 12
Storage of Product, 16, 17
Table of Contents, 3, 4
Telephone Number, 7
Temperature Surveys, 13,14
Terminal Manual Preface, 2
Time Belt, 5
Tractor Trimming, 18
Transportation to Vessels, 19
Tug Service, 12
Tween Deckers, 11
Vessels, 7
Winds, 6

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 8

PAGE
PEF-CC-0001313
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HAVE BEEN
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CONFIDENTIAL

DRY BULK FUEL

TRANSPORTATION AND DELIVERY AGREEMENT

BETWEEN

PROGRESS FUELS CORPORATION

AND

AEP MEMCO LLC

TABLE OF CONTENTS

ARTICLE I. Definitions ..... - 1 -

ARTICLE II. Term ..... - 2 -

ARTICLE III. Quantity ..... - 2 -

ARTICLE IV. Tender and Delivery ..... - 3 -

ARTICLE V. Freight Rates ..... - 5 -

ARTICLE VI. Governmental Impositions ..... - 7 -

ARTICLE VII. Free Time and Demurrage ..... - 9 -

ARTICLE VIII. Dead Freight ..... - 10 -

ARTICLE IX. Payment ..... - 10 -

ARTICLE X. Vessel Position Reports/ETA ..... - 11 -

ARTICLE XI. Insurance ..... - 11 -

ARTICLE XII. Event of Default and Damages ..... - 12 -

ARTICLE XIII. Arbitration ..... - 13 -

ARTICLE XIV. Force Majeure ..... - 13 -

ARTICLE XV. Attorneys' Fees; Notices ..... - 15 -

ARTICLE XVI. Savings Clause ..... - 16 -

ARTICLE XVII. Corporate Authority ..... - 16 -

ARTICLE XVIII. Indemnity ..... - 16 -

ARTICLE XIX. Assignment ..... - 17 -

ARTICLE XX. Captions ..... - 17 -

ARTICLE XXI. Confidentiality ..... - 17 -

ARTICLE XXII. Applicable Law ..... - 18 -

ARTICLE XXIII. Entire Agreement ..... - 18 -

ARTICLE XXIV. No Waiver of Performance ..... - 19 -

ARTICLE XXV. Environment, Health, and Safety ..... - 19 -

ARTICLE XXVI. Counterparts ..... - 20 -

ATTACHMENT A Loading Requirements by Origin River

ATTACHMENT B Big Sandy Ratable Placement Schedule

PROGRESS ENERGY RESPONSE TO
OPC FIRST INTERROGATORIES NO. 8

PAGE
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AFFREIGHTMENT CONTRACT
BETWEEN
PROGRESS FUELS CORPORATION
AND
DIXIE FUELS LIMITED

THIS AFFREIGHMENT CONTRACT ("Contract") is entered into by and between PROGRESS FUELS CORPORATION, a Florida corporation, ("Shipper") and DIXIE FUELS LIMITED, a Texas general partnership, ("Operator") on this 1st day of April, 2005.

WHEREAS, Shipper has purchased and will continue to purchase dry bulk fuel ("DBF") for use in an electric generating plant owned and operated by PROGRESS ENERGY FLORIDA, INC. near Red Level, Citrus County, Florida, known as the Crystal River Plant, and Shipper is in need of transportation services to move that DBF from a bulk cargo terminal(s) designated by Shipper in the New Orleans, Louisiana and Mobile, Alabama areas to the Crystal River Plant; and

WHEREAS, Operator owns four (4) seagoing barges along with adequate tugs to move such barges, empty or laden, and is willing to move DBF from the designated terminals to the Crystal River Plant:

WITNESSETH:

For and in consideration of mutual covenants, provisions and benefits and agreements hereinafter made and contained and other good and valuable consideration flowing between the parties hereto, Shipper and Operator hereby agree as follows:

1. **Transportation Services:** Operator will provide marine transportation services to the Shipper for DBF from the Terminals, as hereinafter defined, in the quantities described herein to the Crystal River Plant on an annual, generally ratable basis.

2. **Equipment:** The equipment to be employed by Operator hereunder will be ABS-classed, seagoing, covered hopper barges and tugs of suitable horsepower (hereinafter referred to together as the "Tow" or "Tows"). Operator shall operate and maintain the seagoing equipment in such condition as will entitle it to the highest classification and rating by the ABS for seagoing equipment of the same age, type and use. Operator shall operate *seagoing equipment in a manner considered safe by prudent operators of seagoing* equipment.

3. **Term:** The term of this Contract shall commence on April 1, 2005, and end May 31, 2008.

   Notwithstanding the foregoing, either party may terminate this Contract as provided below, upon the happening of any of the following events:

a. A material breach of this Contract, in which event the complaining party may terminate this Contract after giving the breaching party thirty (30) days advance written notice specifying the reason for such termination becoming effective at the end of such thirty (30) day period (unless the breach has been rectified by that time).

b. The filing by a party for bankruptcy, liquidation, reorganization, or suspension of payment proceeding, in which event this Contract may be terminated forthwith by the non-filing party by giving written notice to the filing party.

4. **Load Ports:** Unless otherwise hereafter directed by Shipper as provided in this Section, the load ports for all cargoes of DBF transported under this Contract shall be the International Marine Terminals dry bulk handling terminal located at about Mile 57 Above Head of Passes on the Right Descending Bank of the Lower Mississippi River and the McDuffie Island Coal Terminal and Bulk Material Handling Plant dry bulk handling terminals located at Alabama State Docks, Mobile, Alabama (each hereinafter the "Terminal"). Shipper shall designate to Operator in writing its representative ("Shipper's Representative") for the purpose of receiving Notices of Readiness ("NORs") by the Operator's Tows at the Terminal. Any load port other than the Terminal which Shipper may designate must be located on the U.S. Gulf or East coast and the Tow must be able to safely navigate, as determined in the sole discretion of the Operator, to, within and from such load port.

5. **Discharge Port:** The discharge port for all cargoes of DBF transported under this Contract shall be the Crystal River Plant dock at Progress Energy Florida's generating station in Crystal River, Florida (hereinafter the "Crystal River Plant"). Shipper shall designate to Operator in writing its representative ("Shipper's Representative") for the purpose of receiving NORs by Operator's Tows at the Crystal River Plant.

6. **Cargo and Shipping Terms:** This Contract provides for the transportation of DBF, stowing at not more than approximately 40 cubic feet per ST, in annual and individual voyage quantities further defined herein. In the event that Shipper desires that Operator transport DBF stowing at greater than the cubic feet per ST limits set forth in this Section or other cargoes, such transportation shall be on such terms and conditions and at such rates as the parties may hereafter agree.

   All DBF cargoes transported hereunder shall be loaded and discharged by Shipper on a Free In and Free Out, Stowed and Trimmed basis, working continuously, Saturdays, Sundays and all holidays included, basis at both the load and discharge ports.

7. **Cargo Quantity:** The parties acknowledge and agree that the rates set forth herein are predicated on the tendering for shipment by Shipper of minimum quantities of DBF cargo, both with respect to quantity, in ST, shipped on each individual voyage and with respect to cumulative quantity shipped during each contract year during the term hereof. At least ninety (90) days prior to the beginning of each contract year (with the exception of the first contract year which is addressed in Section 11(b)), Shipper shall declare in writing to Operator the quantity of DBF cargo, in ST, to be tendered during that contract year. Each such declared quantity of cargo shall be scheduled and transported on a generally ratable basis, i.e., evenly distributed, over the applicable contract year in single voyage increments of not less than 15,500 ST unless a specific voyage quantity of less than 15,500ST is designated by Operator, in its sole discretion, due to Crystal River Channel navigation constraints. In the event Shipper fails to make available not less than 15,500 ST for any single voyage, Shipper shall pay Operator dead freight for each such voyage.

8. **Freetime**: Shipper shall have freetime of fourteen (14) weather working hours within which to load each barge and twenty-five (25) weather working hours within which to discharge each barge. Freetime will commence (i) if berth is open, upon tying up, or (ii) if berth is not open, when NOR has been tendered by Operator while within reasonable proximity to such berth. Shifting from anchorage to berth shall not count as used freetime. For demurrage calculation purposes, completion of loading is deemed to be when the barge finishes loading and trimming, or if not released by the dock within fifteen (15) minutes thereafter, when the barge is released by the dock, and completion of discharging is deemed to be when the barge is discharged, finishes blade cleaning, or if not released by the dock within fifteen (15) minutes thereafter, when the barge is released by the dock. Loading and Unloading Logs shall be maintained by Shipper at the Crystal River Power Plant and at the Terminal.

9. **Base Freight Rates and Freight Rate Adjustments**: Freight rates shall be composed of a fixed component and a fuel component. The fixed component must include all charges other than fuel. This component shall remain fixed for the duration of the contract (except as such component may be adjusted pursuant to Section 20). Such charges shall include, but not be limited to, all port charges, line handling charges, wharfage, dockage, existing taxes, and any other charges associated with the transportation of DBF.

   The Base Freight Rate, per ST or pro rata portion thereof, is set forth in Schedule A hereto. Freight rates for load ports other than the Terminal will be calculated on an equivalent revenue per day basis net of fuel, port and voyage related expenses.

   The fuel component of the Base Freight Rate shall be adjusted as specified in Section10 hereof.

   The Base Freight Rate includes the services of an assist tug permanently stationed at the Crystal River Plant to provide docking, undocking and turning assistance to the Tows as they enter and leave the Crystal River Plant turning basin and dock. Such tug shall be of sufficient horsepower and size to safely maneuver Tows without exception.

   Shipper shall pay Operator freight for the affreightment services provided hereunder at the rates set forth herein. Operator shall prepare and transmit to Shipper by telefax, on the 15th and last day of each month, an invoice for freight for all cargo delivered in the preceding half month and for any dead freight due pursuant to Section 7 hereof. Shipper shall pay such invoice within thirty (30) days of receipt. Cargo weights shall be based on destination draft survey conducted by an independent surveyor consistent with the coal supply agreement held by Shipper.

10. **Fuel Price Adjustment**: For each one (1) percent increase or decrease in the weighted average price for all marine diesel fuel purchased by Operator for Tows in Shipper's service, during the term of this Contract, based on copies of actual invoices and taking into account all discounts or surcharges actually paid ("Fuel Price"), the fuel component of the Base Freight Rate shall be adjusted by an identical percent increase or decrease. The fuel component of the rates shall be so adjusted on the first day of each calendar quarter, based on the Fuel Price calculated for the calendar quarter preceding the applicable adjustment date as compared to the Base Fuel Price, with the first such adjustment occurring on April 1, 2005. For purposes of this Contract, the Base Fuel Price is $1.05.

11. **Transportation Services; Declaring Tonnage; Payment for Quality Declared:**

a. Transportation Services. The parties contemplate that Shipper will need to transport approximately 2,300,000 to 2,500,000 ST of DBF per year from the Terminal to Crystal River Plant under this Contract, although actual needs and tonnage will vary, depending on operating and market conditions or other factors and that such DBF cargo tonnage will fully utilize the available capacity of Operator's Tows. During the term hereof, Shipper shall tender to Operator, on a generally ratable basis, requirements for marine transportation of DBF cargo from the Terminal to Crystal River Plant, and Operator shall transport such cargo, subject to productivity limitations beyond the control of Operator, including, but not limited to, loading or discharging time and weather.

b. Declaring Tonnage. Shipper will declare its planned tonnage requirements for the initial contract year upon execution of this Contract and thereafter at least 90 days prior to the start of a contact year in accordance with Section 7 hereof.

c. Payment for Quantity Declared. Shipper will pay freight at the applicable rate on the greater of (i) one hundred percent (100%) of all DBF cargo declared for each contract year whether said DBF cargo is tendered to Operator for transportation hereunder or not (but subject to Section 7 hereof), or (ii) all DBF cargo actually tendered in such contract year. Any amounts owed by Shipper for cargoes declared but not tendered for shipment in any contract year will be paid not later than the 20th day following the end of each such contract year.

d. Underutilization: In the event the amount of DBF cargo tonnage actually tendered by Shipper in any contract year results in underutilization of Operator's Tows, Shipper will pay Operator $20,000 per 24 hours, or pro rata portion thereof, per Tow for such time as Tows are underutilized due to lack of DBF cargo tonnage, less i) actual TCE (as defined below) earned by Operator's Tows during such period of underutilization and, ii) dead freight, if any, paid pursuant to Section 7 hereof. Time Charter Equivalent ("TCE") as used herein shall mean gross revenue earned by Operator's Tows in other employment, less fuel and lube and voyage costs incurred by Operator's Tows in such other employment, divided by the number of days that Operator's Tows are employed in such other employment. In the event that actual TCE earned by Operator's Tows during such period of underutilization, together with dead freight paid pursuant to Section 7 hereof during such period, exceeds $20,000 per 24 hours per Tow for such period, Operator shall have no obligation to make any payment to Shipper with respect to such excess. Payment for underutilization shall be calculated on a quarterly basis. Within thirty (30) days after the end of each calendar quarter, Operator shall review the voyages completed during such quarter, determine the payment for underutilization due from Shipper hereunder, if any, and prepare and transmit to Shipper by telefax or electronic mail an invoice for such quarter reflecting the time that Tows are underutilized due to lack of DBF cargo tonnage and charging Shipper for any such time not offset by TCE and dead freight, as provided in this Section. Shipper shall pay such invoice to the account specified herein for payments within thirty (30) days of receipt of proper invoice.

12. **Demurrage and Despatch:** In the event that loading and/or discharging the Tow is not completed within the freetime allowed herein through no fault of Operator or the Tow, demurrage shall accrue for all time used in excess of allowed freetime, and Shipper shall pay Operator for the Tow at the Demurrage Rate, per hour or portion thereof, as set forth in Schedule A. In the event that loading and/or discharging the Tow is completed within the

freetime allowed herein, despatch shall accrue for all allowed freetime not used, and Operator shall provide Shipper with a credit against demurrage accrued hereunder for such despatch at the Demurrage Rate.

Demurrage and despatch shall be calculated on a quarterly basis. Within thirty (30) days after the end of each calendar quarter, Operator shall review the voyages completed during such quarter, determine the demurrage and despatch accrued, and prepare and transmit to Shipper by telefax or electronic mail a cumulative demurrage invoice for such voyages reflecting the demurrage or despatch accrued on each such voyage and charging Shipper for any demurrage not offset by despatch at the Demurrage Rate. Shipper shall pay such invoice to the account specified herein for payments within thirty (30) days of receipt of proper invoice.

The Demurrage Rate shall be fixed during the term of this Contract.

13. **Payments.** Payments required by Shipper hereunder shall be made by wire transfer to the account as styled below:

JPMorgan Chase Bank, Houston, Texas
ABA No.
Credit Account No. **REDACTED**
For further credit to Dixie Fuels Limited

14. **Notice of Readiness:** The master of the Tow shall provide Notice of Readiness (NOR) to Shipper's Representative upon (i) tying up, or if berth is unavailable, (ii) anchoring, as close thereto as the Tow can safely approach, at the Terminal for loading or at the Crystal River Plant for discharging, as applicable, in writing, by telefax, by radio or by telephone. NOR may be provided from a designated anchorage or other safe navigating or waiting location as determined in the sole discretion of the master of the Tow.

15. **Cleaning:** Unless hereafter otherwise agreed by the parties, Operator shall present the cargo holds of its barge blade cleaned of its last cargo prior to loading of cargo hereunder. In the event the barges tendered by Operator shall have last contained cargoes other than DBF or rock, Operator agrees to undertake such cleaning as may be necessary to ensure the removal of any residual material which would contaminate Shipper's cargoes. Shipper shall, at its time and expense, blade clean the cargo holds of Operator's barge after the completion of cargo discharge operations.

16. **Vessel Position and ETA Reports:** Operator shall provide Shipper, via telephone, telefax or other mutually agreed method, with the daily location of Tows in service under this Contract, and, as a Tow enters the Lower Mississippi River or Mobile Channel, Operator shall notify Shipper's Representative at the Terminal of the expected time of arrival (ETA) of the Tow alongside the Terminal dock. In addition, the master of the Tow shall notify Shipper's Representative at the Terminal, by telephone, telefax, or radio, twenty-four (24) hours and six (6) hours prior to the ETA of the Tow at the Terminal and shall notify Shipper's Representative at the Crystal River Plant, by telephone, telefax, or radio, twenty-four (24) hours and three (3) hours prior to the ETA of the Tow at the Crystal River Plant on each voyage.

17. **Safe Berth:** Shipper will provide a safe berth at the load port and discharge port and will provide cargo loading and discharging services day or night, Saturdays, Sundays and

holidays not excepted. Cargoes to be transported hereunder will be loaded by Shipper or its subcontractors into Operator's barges at New Orleans or Mobile at no expense to Operator, subject, however, to Operator's instructions on trim and draft of the barges.

18. **Loading/Unloading Damages:** The parties acknowledge that loading at the Terminal, or such other load port as the parties may hereafter agree, and discharging at the Crystal River Plant will be performed by Shipper utilizing clamshell bucket or similar equipment. It is understood and agreed that Operator will have no responsibility or liability for any damages arising from Shipper's (or its subcontractor's) operation of the clamshell bucket or the dockside operations of Shipper (or its subcontractors) except to the extent that any such damage is caused or contributed to by Operator's negligence or willful misconduct in connection with the operations of the damaged Tow. It is agreed that any damage which, in Operator's judgment, impairs the watertight integrity or seaworthiness of the Tow will be immediately repaired by Shipper or by Operator for the account of Shipper, and time spent in effecting repairs, including deviation time to and from the repair berth or facility, will count as used freetime or, if on demurrage, as time on demurrage. Repairs to damage which, in Operator's judgment, do not affect the watertight integrity or seaworthiness of the vessel will be for the account Shipper, but will be deferred until such time as convenient to Operator (or its subcontractor), and time spent effecting such repairs will not count as used freetime or, if on demurrage, as time on demurrage. Notwithstanding the foregoing, Operator shall give Shipper notice of any loading or unloading damage prior to the barge's departure from the Terminal, such other load port as the parties may hereafter agree, or the Crystal River Plant, as applicable, and in the case of damage which in the Operator's judgment affects the watertight integrity or seaworthiness of the Tow, Shipper shall have the right and be given the opportunity to retain a qualified marine surveyor to examine and prepare a report on the noted damage, particularly the extent and nature thereof, with time spent in waiting on and conducting such survey to count as used freetime or, if on demurrage, as time on demurrage. All claims for unloading damage not brought to Shipper's attention prior to the barge's departure from the Terminal, such other load port as the parties may hereafter agree, or the Crystal River Plant, as applicable, will be conclusively deemed to have been waived.

19. **Channel Depth:** Shipper warrants the Crystal River Plant navigation channel, beginning at navigation channel marker 2 and 3, including the Tow turning basin and the coal dock, (collectively the "Channel") is at least twenty (20) feet at mean low water. In the event that the depth of the Channel in any specific location is reduced to less than twenty (20) feet at mean low water, as determined by periodic surveys which Shipper shall conduct at least once in every twenty-four (24) months during the term hereof, dredging will occur (either by Shipper or at Shipper's direction and, in either case, at Shipper's expense) to restore the entire Channel or location so affected to a depth of at least twenty (20) feet at mean low water, time being of the essence, but in any case within four (4) months after detection by such survey or after written notification by Operator of a deficiency in Channel depth. Similarly, all Channel markers and navigation aids, whether required by cognizant regulatory authority or which have been previously installed for the convenience of Shipper and its subcontractors, including Operator shall be maintained by Shipper at Shipper's expense throughout the term of this Contract.

20. **New Regulations:** It is recognized by Shipper that during the term of this Contract that government regulations may be imposed which could result in material increases in the operating costs of the tugs and barges which were not contemplated by either Operator or Shipper at the time this Contract was executed. Should such a situation arise, Operator shall

notify Shipper in writing, and thereafter Operator and Shipper shall negotiate in good faith a reasonable adjustment in the freight rate or other means of reimbursing Operator for a reasonable share of such unexpected costs. In the event Operator and Shipper do not reach agreement within sixty (60) days of Operator's notice, Operator shall have the option to terminate this Contract by written notice to Shipper.

21. **Audit:** Operator agrees to maintain books, records, documents and other evidences pertaining to the cost of this Contract (herein collectively called the "Records") to the extent and in such detail as will properly reflect all cost and expenses of whatever nature for which reimbursement is claimed under this Contract. Upon request of Shipper, Operator shall make available at Operator's office any and all such Records, along with related correspondence, receipts, vouchers, memoranda pertaining to the Contract, for inspection audit or reproduction by any authorized representative of Shipper. Operator shall preserve all such Records for a period of five (5) years after final payment hereunder during which period Shipper may complete an audit thereof. Should discrepancies or questions arise, the records shall be preserved until agreement is reached.

22. **Default:** No default of either party to this Contract in the performance of any of its covenants or obligations hereunder, which, except for this provision, would be the legal basis for rescissions or termination of this Contract by the other party hereto, shall give or result in such a right unless and until the party committing such default shall fail to correct the default within thirty (30) days after written notice of claim of such default is given to such defaulting party by other party hereto.

23. **General Average:** In the event of accident, danger, damage, or disaster before or after commencement of a voyage hereunder resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequence of which, Operator is not responsible to Shipper or cargo owners by statute or contract or otherwise, the cargo, Shipper, consignee and other parties having an interest in the cargo shall, jointly and severally, contribute in general average to the payment of any sacrifices, losses or expense of a general average nature that may be made or incurred and shall pay salvage and special charges incurred in respect of the cargo. General average, if any, shall be settled according to York-Antwerp Rules, 1994, and as to matters not therein provided for, according to the usages and customs of the Port of New York.

24. **Both to Blame Collision:** If the Tow comes into collision with another vessel as a result of the negligence of the other vessel and any act, neglect or default of Operator or the master or the crew of the Tow, for which, or for the consequence of which, Operator is not responsible to Shipper or cargo owners by statute or contract or otherwise, Shipper and other parties having an interest in the cargo shall, jointly and severally, indemnify Operator against all liability to the other vessel or her owners or the owners of the cargo of the other vessel with respect to any payment which Shipper or such other parties have received or may be entitled to receive from the other vessel or her owners, or the owners of the cargo of the other vessel.

25. **Force Majeure:** The term "force majeure" means any event, whether foreseeable or not, which is beyond the control of and occurs without fault or negligence of the party asserting the force majeure and which wholly or partly prevents the performance of any of the duties and responsibilities of the party asserting the force majeure (other than obligations of such party to pay or expend monies for or in connection with the performance of such party's duties and responsibilities under this Contract), including, but not limited to, an act of God or

an act of the public enemy; fire, flood, explosion or other serious casualty; unusually severe weather; war (whether declared or not); warlike circumstances; mobilization; revolution; riot or civil commotion; legal intervention; regulations or orders of governmental authority; strike, lockout or other labor disputes (all of which shall be settled solely at the discretion of the party having the difficulty).

Failure as a result of force majeure, of any supplier of Shipper to deliver coal to it pursuant to contracts or commitments between the supplier and Shipper shall constitute an event of force majeure assertable by Shipper against Operator. The failure, as a result of force majeure, of Progress Energy Florida to use or accept coal to be supplied by Shipper and delivered by Operator under this Contract shall constitute an event of force majeure asserted by Shipper against Operator.

In the event of a breach of contract by a subcontractor of any party hereunder, that party shall not declare such a breach a force majeure event hereunder, and such party shall make all reasonable efforts to enforce its contract, including the commencement and diligent prosecution of legal proceedings, including any necessary appeals, to establish liability and to enforce any judgment which may be obtained.

If, because of force majeure, either Shipper or Operator is unable to carry out its obligations to each other under this Contract (other than obligations of such party to pay or expend monies for or in connection with the performance of such party's duties and responsibilities under this Contract), and if such party promptly gives written notice of such force majeure to the other party, then the obligations of both parties under this Contract shall be totally excused to the extent, but only to the extent, made necessary by such force majeure provided that the effect of such force majeure is eliminated insofar as possible with all reasonable dispatch. The party asserting force majeure shall promptly take all lawful steps at any reasonable cost to eliminate the force majeure.

26. **Insurance:** Operator shall carry at its expense P&I insurance (but not tower's liability covering cargo) with a minimum limit of $50,000,000. Shipper hereby acknowledges that the freight rate specified herein does not contemplate or include liability for loss of or damage to the cargo or an allowance for liability insurance covering the cargo. Shipper shall carry at its expense all risk cargo insurance covering DBF transported pursuant to this Contract. As additional consideration supporting Operator's undertakings, except as provided in Section 23, Shipper shall and it does hereby agree to hold Operator, its Tows, masters, crews, agents and employees, harmless from claims for cargo loss, damage or contamination, whether arising or resulting from an act of neglect or default in the navigation or management of the Tow and/or care and custody of the cargo, including, but not limited to, explosion, fire, collision, stranding, salvage operations, equipment defects, or other peril, danger or accident of navigable waters or from any other cause of whatsoever kind arising. Without limiting the generality of the above, Operator, although not a common carrier, shall be entitled to the same limitation of liability as common carriers receive under the Carriage of Goods by Sea Act, 1936, (46 U.S.C.A. 1300, et seq.). Nothing in this Contract shall be construed to deprive Operator of, or limit Operator's rights to, any statutory protection or limitation of liability, which would otherwise be applicable.

27. **Indemnity:** Definitions: For the purposes of this Section 27, the following terms shall have the following meanings:

"Environment" means soil, surface waters, ground waters, land, stream sediments, surface or subsurface strata, ambient air and any and all other environmental media.

"Environmental Condition" means any condition involving or resulting from the presence of DBF in the Environment which is reasonably likely to or does result in any damage, loss, claim, demand, order or liability to or against Shipper or Operator (including, without limitation, claims by any third party or any Governmental Authority).

"Environmental Law" means any law, regulation, rule, ordinance, guideline, criterion, mandate, order or by-law at the federal, state or local level, relating to pollution or protection of the Environment.

"Governmental Authority" means any federal, state, local or municipal governmental body; any governmental, regulatory or administrative agency, commission, body or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or jurisdictional power; and any court or governmental tribunal.

"Person" means any individual, corporation, limited liability company, partnership, limited partnership, joint venture, trust, unincorporated organization, association, Governmental Authority or other entity.

a. General. Subject to the provisions of Section 26 with respect to DBF loss, damage or contamination, each party ("Indemnifying Party") shall indemnify, hold harmless and defend the other party and such other party's affiliates, directors, officers, agents, employees, contractors, subcontractors, successors and assigns (collectively, "Indemnified Party") from and against any and all claims by any party for loss, liability, damage, cost or expense, including damage and liability for bodily injury to or death of Persons or damage to property of Persons (collectively "Liability") to the extent caused by the Indemnifying Party's violation of applicable law, breach of any of the Indemnifying Party's representations or warranties made herein, or the Indemnifying Party's failure to perform any of its obligations under this Contract or because of any negligence or wrongful acts or omissions, regardless whether arising under applicable law, rule or regulation or otherwise; provided, however, that neither party shall have any indemnification obligations under this Section 27 in respect of any Liability to the extent caused by the negligence, bad faith or willful misconduct of the other party or such other party's affiliates, directors, officers, agents, employees, contractors, subcontractors, successors, assigns or Persons under such other party's control.

b. Environmental Indemnity. The Indemnifying Party shall protect, defend, indemnify and hold harmless the Indemnified Party from and against any and all claims by any third party (including without limitation a Governmental Authority) for any loss, liability, damage, cost or expense (including reasonable expenses for consulting and professional expenses incurred in investigation, cleanup, response, removal or other remedial costs) (collectively "Environmental Liability") imposed upon, incurred by or asserted against the Indemnified Party i) caused by the Indemnifying Party's violation of any Environmental Law, or ii) any Environmental Condition caused by the Indemnifying Party's wrongful acts or omissions(including breach of any contractual duty), provided, however, that neither party shall have any indemnification obligations under this Section 27 in respect of any Environmental Liability to the extent caused by the negligence, bad faith or willful misconduct of the other party or such other party's affiliates, directors,

officers, agents, employees, contractors, subcontractors, successors, assigns or Persons under such other party's control.

c. Procedure.

i) Promptly after receipt by the Indemnified Party of any claim or notice of the commencement of any legal proceeding or investigation as to which it is or may be entitled to Indemnification under this Section 27, such party shall notify the Indemnifying Party of such fact. The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Party; provided, however, that if the defendants in any such action include both the Indemnified Party and the Indemnifying Party and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such Indemnified Party; provided, further, if the claim is one that cannot by its nature be defended solely by the Indemnifying Party, the Indemnified Party shall make available all information and assistance as the Indemnifying Party may reasonably request at the expense of the Indemnifying Party. The Indemnified Party shall be entitled, at its expense, to participate in any action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. The Indemnified Party shall be prohibited from settling a claim without the Indemnifying Party's consent as long as the Indemnifying Party is defending the claim without any reservation of rights, unless the Indemnified Party releases the Indemnifying Party from its obligations under this Section 27 with respect to the claim being settled. Notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Party or a conflict of interest between the Indemnified Party and the Indemnifying Party, and in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party in such defense.

ii) Should any Indemnified Party be entitled to indemnification under this Section 27 and should the Indemnifying Party fail to assume the defense of such claim, such Indemnified Party may, at the expense of the Indemnifying Party, contest, settle or pay such claim as it may reasonable and in good faith determine to be appropriate.

iii) In the event that an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Section 27, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual Liability or Environmental Liability.

28. **Arbitration:** Any and all differences and disputes of whatsoever nature arising out of this Contract shall be put to arbitration in the City of Tampa, Florida, pursuant to the Maritime Law of the United States, The Federal Arbitration Act, and the Rules of the Society of Maritime Arbitrators, Inc., before a panel of three (3) persons, consisting of one arbitrator to be appointed by each of the parties hereto and third by the two so chosen. The decision or that of any two of the three on any point or points shall be final. Until such time as the arbitrators formally close the hearings, either party shall have the right by written notice

served on the arbitrators and on the other party to specify further disputes or differences under this Contract for hearing and determination. The arbitrators may grant any relief, which they, or a majority of them, deem just and equitable and within the scope of the agreement of the parties, including, but not limited to, specific performance. Awards made pursuant to this Section may include costs and shall include a reasonable allowance for the prevailing party's attorneys fees. Judgment may be entered upon any award made hereunder in any court having jurisdiction in the premises.

For disputes in which the total amount claimed by both parties does not exceed U.S. $20,000 the arbitration shall be conducted in accordance with the Shortened Procedures of the Society of Maritime Arbitrators, Inc.

29. **Applicable Law:** This Contract shall be interpreted and enforced in accordance with the General Maritime Law of the United States, excluding any conflicts of laws principles that would direct the substantive law of another jurisdiction to apply, and, to the extent that such General Maritime Law is inapplicable, the laws of the State of Florida, excluding any conflicts of laws principles that would direct the substantive law of another jurisdiction to apply.

30. **No Waiver of Performance:** The failure of any party to insist in any one or more instances upon performance of any of the terms, covenants or conditions of this Contract shall be not construed as a waiver or relinquishment of such performance of any such term, covenant or condition, but each party's obligation with respect to future performance shall remain in full force and effect.

31. **Assignment:** Neither party shall assign this Contract or its rights hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed; provided, however, either party may without the consent of the other party, i) transfer, sell, pledge, encumber or assign this Contract or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, ii) transfer or assign this Contract to an affiliate of such party which affiliate's creditworthiness is equal to or higher than that of such party, or iii) transfer or assign this Contract to any person or entity succeeding to all or substantially all of the assets of such party or pursuant to any consolidation or amalgamation with, merger with or into another entity or the reorganization, incorporation, reincorporation or reconstitution into or as another entity; provided, however, that in each such case, any such assignee shall have a creditworthiness equal to or higher than that of such party and any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring party delivers such tax and enforceability assurance as the non-transferring party may reasonably request. Any transfer or assignment of this Contract made in compliance with Clause ii) or iii) of this Section 31 shall constitute an acceptance and assumption of such obligations by the transferee, a novation of the transferee in place of the transferor with respect to such obligations (and any related interests so transferred), and a release and discharge by the non-transferring party of the transferor from, and an agreement by the non-transferring party not to make any claim for payment, liability, or otherwise against the transferor with respect to such obligations from and after the effective date of the transfer or assignmen.

32. **Severability:** If any provision of this Contract shall finally be determined to be unlawful or otherwise unenforceable, then such provision shall be deemed to be severed from this Contract and every other provision of this Contract shall remain in full force and effect.

33. **Corporate Authority:** Each party represents to the other that it has full corporate authority and the necessary approval to enter into and perform this Contract in accordance with its terms.

34. **Entire Agreement:** This instrument embodies the entire agreement and understanding between Shipper and Operator, and there are no agreements, understandings, conditions, warranties or representation, oral or written, express or implied, with reference to the subject matter hereof that are not merged herein or superseded hereby. This Contract may be modified only in writing signed by both parties.

35. **Notices:** All notices given under this Contract shall be made in writing, and if to Shipper shall be properly given if delivered in person to its Vice President or sent by certified mail addressed as follows:

Vice President
Fuel Transportation
Progress Fuels Corporation
200 Central Avenue
St. Petersburg, Florida 33701

Notices, if to Operator, shall be properly given if delivered in person to its President or sent by certified mail addressed as follows:

Dixie Fuels Limited
55 Waugh Drive, Suite 1000
Houston, Texas 77007

Either party may designate in writing to the other a different address for the delivery of notices hereunder.

36. **Environment, Health, and Safety:**

a. Definitions (as used in this Section).

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

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

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

b. Compliance. Operator shall comply with all applicable EHS Laws.

c. Audits. Shipper may audit Operator's EHS compliance. Within thirty (30) days of Shipper's request, Operator shall deliver to Shipper (1) all records regarding (a) Operator's actual or alleged violations of EHS laws and (b) EHS claims asserted against

Operator, in each case in the five year period preceding Shipper's request and (2) any executed consent form(s) necessary for Shipper to obtain from regulatory agencies and other third parties information regarding Operator's EHS compliance.

IN WITNESS WHEREOF, the parties have executed this Affreightment Contract on the date first written above.

WITNESS:

Roberta A. Ott

F. Michael Schab

PROGRESS FUELS CORPORATION

BY: _____
Vice President—Coal Procurement

Date Executed: 5/24/05

WITNESS:

Denise J. Welch

DIXIE FUELS LIMITED, a Partnership
by Dixie Bulk Transport, Inc., its General Partner

BY: _____
J.H. Pyne, President

Date Executed: 5-19-05

Schedule A
Rates

Base Freight Rates ($/ST)

	Fixed	Fuel	Total
New Orleans			
International Marine Terminals			
≤ 2.5mm tons per contract year	[redacted]	[redacted]	[redacted]
> 2.5mm tons per contract year	[redacted]	[redacted]	[redacted]
Mobile			
≤ 2.5mm tons per contract year	[redacted]	[redacted]	[redacted]
> 2.5mm tons per contract year	[redacted]	[redacted]	[redacted]

Demurrage Rate ($/hour)

	[redacted]	[redacted]	[redacted]

Dead Freight Rates ($/ST)

≤ 2.5mm tons per contract year			[redacted]
> 2.5mm tons per contract year			[redacted]

REDACTED

AMENDMENT ONE

AFFREIGHMENT CONTRACT BETWEEN PROGRESS FUELS CORPORATION AND DIXIE FUELS LIMITED

WHEREAS, Hurricane Katrina has caused Shipper to designate additional load ports identified below pursuant to Section 4 of the Contract; and

WHEREAS, Operator has calculated the Base Freight Rate for such additional load ports.

THEREFORE, effective September 1, 2005 the following changes are made to the Contract and all other terms and conditions remain unchanged:

1. Schedule A is amended by adding the following load ports and rates:

Load Port	Fixed	Fuel	Total
IC Rail (LMR 160)	[redacted]	[redacted]	[redacted]
Globalplex (LMR 140)	[redacted]	[redacted]	[redacted]
Tampaplex	[redacted]	[redacted]	[redacted]

2. The above rates are incremental to IMT with respect to IC Rail and Globalplex, and Mobile with respect to Tampaplex.

3. The Fuel component of the above incremental rates is based on [redacted] per gallon fuel.

4. The Fixed component of the above incremental rates does not include any port charges in excess of IMT or Mobile, as the case may be.

PROGRESS FUELS CORPORATION

BY: _____

DATE: 10/20/05

DIXIE FUELS LIMITED

BY: Kenneth C Burk

DATE: 10/24/05

PEF-CC-001370

REDACTED

Assignment and Assumption Agreement

This **Assignment and Assumption Agreement** (this "**Assignment Agreement**") is made and entered into as of the **12th** day of **December, 2005,** by and among **Progress Fuels Corporation** ("**Assignor**"), and **Progress Energy Florida, Inc.** ("**Assignee**"). Each of Assignor and Assignee may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Assignor and **Dixie Fuels Limited** have entered into that certain **Affreightment Contract dated April 1, 2005** (the "**Contract**");

WHEREAS, Assignor desires to assign and delegate to Assignee all of its rights, title, interest, duties and obligations under the Contract and Assignee desires to accept such assignment and delegation and to assume such rights, duties and obligations, in accordance with the terms hereof;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises herein contained and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by each of the Parties, and intending to be legally bound hereby Assignor and Assignee hereby agree as follows:

1. Assignment, Assumption and Release. Effective as of the **1st day of January, 2006** (the "**Assignment Effective Date**"), Assignor hereby assigns and delegates to Assignee all of its rights, title, interest, duties and obligations under the Contract and Assignee hereby accepts such assignment and delegation and assumes such rights, title, interest duties and obligations. Assignor shall be released and forever discharged from any further liability or obligations under or with respect to the Contract and shall have no further duties, obligations and/or liabilities whatsoever thereunder, express or implied.

2. Representations. Each Party hereby represents and warrants to the other Party that the execution, delivery and performance of this Assignment Agreement by it are within its corporate powers and have been duly authorized by all necessary corporate or other action and that this Assignment Agreement constitutes its legal, valid and binding obligation.

3. Governing Law. This Assignment Agreement shall be governed by, interpreted and construed in accordance with the laws of the State of North Carolina, without regard to the application of such state's choice of laws provisions.

4. Successors and Assigns. This Assignment Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

5. Multiple Counterparts. This Assignment Agreement may be executed in multiple counterparts, including by facsimile signature, each of which when so executed shall constitute an original, but all of which when taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Assignment Agreement to be executed by their duly authorized representative as of the date first set forth above.

Progress Energy Florida, Inc.

By: Paula J. Sims

Its: Vice President

Progress Fuels Corporation

By: Alfred Verrecchi

Its: Senior Vice President

AMENDMENT TWO
to
AFFREIGHTMENT CONTRACT

This **Amendment Two to Affreightment Contract** (this "**Amendment**") is made and entered into to be effective as of the **28th** day of **February, 2006** (the "**Effective Date**") by and between **Progress Energy Florida, Inc.** ("**PEF**" or "**Shipper**") and **Dixie Fuels Limited** ("**DFL**" or "**Operator**"). Each of PEF and DFL may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Progress Fuels Corporation ("**PFC**") and DFL previously entered into that certain **Affreightment Contract dated April 1, 2005** (the "**Contract**") pursuant to which DFL agreed to make available and provide and PFC agreed to accept and pay for certain services with respect to the transportation of DBF (as defined in the Contract) under the terms and conditions set forth therein;

WHEREAS, effective January 1, 2006 PFC assigned to PEF all of its rights, title, interest, duties and obligations under the Contract and PEF accepted such assignment;

WHEREAS, Shipper and Operator desire to amend the Contract in certain respects as more specifically set forth below herein;

NOW, THEREFORE, in consideration of the foregoing, for the mutual covenants and promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of Shipper and Operator, the Contract is hereby amended as follows:

1. Section 3, Term, is hereby amended by deleting "May 31, 2008" and replacing the deletion with "May 31, 2010".

2. Section 9, Base Freight Rates and Freight Rate Adjustments, is hereby amended as follows:

a. by deleting the second sentence of the first paragraph thereof and replacing it with the following sentence:

"This component shall remain fixed for the duration of the Contract except as otherwise provided below (and except as such component may be adjusted pursuant to Section 20)."

b. by adding a new second paragraph as follows:

"Notwithstanding the provisions of the first paragraph of this Section 9, the fixed component of the Base Freight Rate shall be adjusted on May 31, 2008 and again on May 31, 2009 (each May 31 sometimes hereinafter may be referred to individually as an "Adjustment Date") as follows:

For each one percent (1%) increase or decrease in the Producers Price Index for Major Commodity Groups, Industrial Commodities Less Fuels and Related Products and Power (Table 3) unadjusted, published by the U.S. Department of Labor, Bureau of Labor Statistics ("PPI"), when compared to the Base PPI set forth below in this paragraph, as determined on the February 28th immediately prior to the applicable Adjustment Date, the fixed component of the Base Freight Rate shall be adjusted up or down, as applicable, by one percent (1.0%). The "Base PPI" shall mean the PPI Index as of the end of October, 2006."

3. Section 11 (d) Underutilization, shall be amended as follows:

a. by deleting "$20,000" from the third line and twelfth lines thereof and replacing the deletions with "the Underutilization Fee (as defined below)"; and

b. by adding the following at the end of the paragraph:

"For the purposes of this Section 11(d) "Underutilization Fee" shall mean $20,000.00. Notwithstanding the foregoing, on each Adjustment Date, for each one percent (1%) increase or decrease in the PPI, as applicable, when compared to the Base PPI as determined as of the February 28th immediately prior to the applicable Adjustment Date, the Underutilization Fee shall be increased or decreased, as applicable, by one percent (1.0%)."

4. Section 12, Demurrage and Despatch, is hereby amended by deleting "The Demurrage Rate shall be fixed during the term of this Contract" and replacing it with "The Demurrage Rate shall be fixed during the term of this Contract except as otherwise provided in the immediately next sentence. Notwithstanding the foregoing, on each Adjustment Date the Demurrage Rate shall be increased or decreased, as applicable, by one percent (1.0%) for each one percent (1%) increase or decrease in the PPI, as applicable, when compared to the Base PPI as determined as of the February 28th immediately prior to the applicable Adjustment Date."

5. Section 15, Cleaning is hereby amended by adding the following at the end of the provision:

"Notwithstanding the foregoing, at the request of Shipper, Operator shall, at Shipper's time and expense, blade clean the cargo holds of Operator's barges after the completion of cargo discharge operations. Operator shall rebill Shipper at a price mutually agreed between Shipper and Operator and set forth in writing, but otherwise in accordance with the provisions of this Contract. Shipper shall provide Operator with sixty (60) days prior notice (or less time if mutually agreed) of Shipper's desire to have Operator commence the cleaning of the cargo holds as provided in the immediately preceding sentence upon which Shipper and Operator shall work together in effort to reach an agreement on the price to be paid by Shipper to Operator for such cleaning services as soon as practicable. Failing such an agreement on the price to be paid by Shipper, Shipper shall continue to be responsible for cleaning the cargo holds. In the event that Operator commences cleaning

the cargo holds as provided, herein, Shipper may, in its sole discretion, elect to resume cleaning the cargo holds in which case Shipper shall provide Operator with thirty (30) days (or less time if mutually agreed) prior notice of the date on which Shipper intends to resume such responsibility.

6. Section 35, Notices, is hereby amended as follows:

a. by deleting in the second line of the first paragraph "its Vice President" and replacing with "the person set forth below (or such other person as may be designated in writing from time to time)".

b. by deleting "Vice President
Fuel Transportation
Progress Fuels Corporation
200 Central Avenue
St. Petersburg, Florida 33701"

c. by replacing the deletion above with the following:
"Director-Coal
Regulated Fuels
Progress Energy Florida, Inc.
410 S. Wilmington Street, PEB 10
Raleigh, NC 27601".

All other terms and conditions of the Contract remain unchanged and in full force and effect.

Capitalized terms that are used but not defined herein shall have the meaning given to them in the Contract.

This Amendment shall supersede and replace in entirety all previous amendments, agreements and understandings between the Parties, written or oral, with respect to the subject matter hereof. In the event of any conflict or inconsistencies between the Contract and this Amendment, the terms and conditions of this Amendment shall prevail.

This Amendment may be executed in multiple counterparts, including by facsimile signature, each of which, when so executed, shall be deemed to be an original, but all of which shall constitute but one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have each caused this Amendment to be executed by their respective duly authorized representative to be effective as of the Effective Date.

PROGRESS ENERGY FLORIDA, INC.

BY: Joel T Kaminski

ITS: Vice President

DATE: 03/01/2006

DIXIE FUELS LIMITED, a Partnership
by Dixie Offshore Transportation Company, its General Partner

BY: _____
Mark R. Buese
Senior Vice President

DATE: March 1, 2006

AMENDMENT THREE
to

AFFREIGHTMENT CONTRACT

This **Amendment Three to Affreightment Contract** (this "**Amendment**") is made and entered into to be effective as of the **7th** day of **August, 2006** (the "**Effective Date**") by and between **Progress Energy Florida, Inc.** ("**PEF**" or "**Shipper**") and **Dixie Offshore Transportation Company** ("**DOTC**" or "**Operator**"). Each of PEF and DOTC may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Progress Fuels Corporation ("**PFC**") and **Dixie Fuels Limited** ("**DFL**") previously entered into that certain **Affreightment Contract dated April 1, 2005, as amended** (the "**Contract**") pursuant to which DFL agreed to make available and provide and PFC agreed to accept and pay for certain services with respect to the transportation of DBF (as defined in the Contract) under the terms and conditions set forth therein;

WHEREAS, effective January 1, 2006 PFC assigned to PEF all of its rights, title, interest, duties and obligations under the Contract and PEF accepted such assignment;

WHEREAS, effective March 1, 2006 DFL assigned to DOTC all of its rights, title, interest, duties and obligations under the Contract and DOTC accepted such assignment;

WHEREAS, Shipper and Operator desire to amend the Contract in certain respects as more specifically set forth below herein;

NOW, THEREFORE, in consideration of the foregoing, for the mutual covenants and promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of Shipper and Operator, the Contract is hereby amended as follows:

1. Section 9, Base Freight Rates and Freight Rate Adjustments, is hereby amended by adding the following new provision at the end of Section 9:

"In addition to the Freight Rates applicable to the DBF set forth in this Section 9, during the Transportation Surcharge Period (as defined below), Shipper shall pay to Operator a Transportation Surcharge on each ton of DBF not to exceed the Transportation Surcharge Tonnage (as defined below) actually delivered to Shipper at the Crystal River Plant during such Transportation Surcharge Period. The Transportation Surcharge shall remain fixed during the term of the Transportation Surcharge Period and shall be reduced to zero ($0) upon expiration of the Transportation Surcharge Period. In no event shall the Transportation Surcharge be utilized as a factor in the calculation of any increase or decrease in the Base Freight Rate and/or any other costs or rates hereunder. Furthermore, in no

event shall the Transportation Surcharge be applicable to any Underutilization Fee, Demurrage, Despatch and/or any other fees except solely for the actual transportation and delivery of the DBF to Shipper during such Transportation Surcharge Period as provided herein. For purposes of this Contract, the **"Transportation Surcharge Period"** shall mean the period of time commencing with the first delivery of DBF to Shipper by Operator on or after August 1, 2006 (the **"Transportation Surcharge Commencement Date"**) and ending immediately on the earlier of (a) when Operator has actually transported and delivered 3,750,000 tons of DBF (the **"Transportation Surcharge Tonnage"**) to Shipper pursuant to this Contract after the Transportation Surcharge Commencement Date or (b) May 31, 2010. The **"Transportation Surcharge"** shall mean $2.32 per ton."

All other terms and conditions of the Contract remain unchanged and in full force and effect.

Capitalized terms that are used but not defined herein shall have the meaning given to them in the Contract.

Each Party acknowledges and agrees that it and its counsel have reviewed and revised this Amendment and that the normal rule of construction to the effect that any ambiguities are to be construed against the drafting Party shall not be used in the interpretation of this Amendment.

This Amendment shall supersede and replace in entirety all previous amendments, agreements and understandings, if any, between the Parties, written or oral, with respect to and/or in any way relating to the Transportation Surcharge. In the event of any conflict or inconsistencies between the Contract and this Amendment, the terms and conditions of this Amendment shall prevail.

This Amendment may be executed in multiple counterparts, including by facsimile signature, each of which, when so executed, shall be deemed to be an original, but all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have each caused this Amendment to be executed by their respective duly authorized representative to be effective as of the Effective Date.

Progress Energy Florida, Inc.

By: Robert B. Bazemore, Jr. pkl
Its: Vice President

Dixie Offshore Transportation Company

By: Mark R. Buese
Its: Senior Vice President

Dixie Offshore Transportation Company *a Kirby Company*

WHERE QUALITY MAKES THE DIFFERENCE

May 16, 2007

Sasha Weintraub
Director-Coal
Regulated Fuels
Progress Energy Florida, Inc.
410 S. Wilmington Street, PEB 10
Raleigh, NC 27601

Re: Affreightment Contract between Progress Energy Florida, Inc. ("PEF") and Dixie Offshore Transportation Company ("DOTC") dated April 1, 2005, as amended (the "Contract")

Dear Sir:

Pursuant to the provisions of Section 15 of the Contract, PEF has provided DOTC with PEF's notice of request that DOTC blade clean the cargo holds and sweep the decks and hatch covers of DOTC's barges (the "Cleaning Services") after the cargo has been discharged from such barges at PEF's Crystal River Plant (as defined in the Contract). Furthermore, pursuant to the provisions of Section 15 of the Contract, PEF and DOTC have mutually agreed that DOTC shall bill PEF for such Cleaning Services at the rate of One Thousand, Two Hundred Dollars ($1,200.00) per barge cleaned.

Please indicate PEF's acceptance and agreement to the foregoing by signing in the place provided below and returning this letter to me.

Sincerely,

Kenneth C Bush

Kenneth C. Bush
Executive Vice President

ACCEPTED AND AGREED, this 21 day of May, 2007,
PROGRESS ENERGY FLORIDA, INC.

By: Robert H. Bakemore, Jr.

Title: VP-Regulated Fuels

333 W.P.A. Road • Belle Chasse, LA 70037 • P.O. Box 880, Harvey, LA 70059-0880
504/392-7800 • Toll Free: 800/762-4716 • Facsimile: 504/391-2295

AMENDMENT FOUR
to
AFFREIGHTMENT CONTRACT

AGW KCO

This **Amendment Four to Affreightment Contract** (this **"Amendment"**) is made and entered into to be effective as of the AUGUST 1 day of ~~May~~, 2007 (the **"Effective Date"**) by and between **Progress Energy Florida, Inc.** (**"PEF"** or **"Shipper"**) and **Dixie Offshore Transportation Company** (**"DOTC"** or **"Operator"**).

WHEREAS, Progress Fuels Corporation (**"PFC"**) and **Dixie Fuels Limited** (**"DFL"**) previously entered into that certain **Affreightment Contract dated April 1, 2005, as amended** (the **"Contract"**);

WHEREAS, effective January 1, 2006 PFC assigned to PEF all of its rights, title, interest, duties and obligations under the Contract and PEF accepted such assignment;

WHEREAS, effective March 1, 2006 DFL assigned to DOTC all of its rights, title, interest, duties and obligations under the Contract and DOTC accepted such assignment;

WHEREAS, Shipper and Operator desire to amend the Contract in certain respects as more specifically set forth below herein;

NOW, THEREFORE, in consideration of the foregoing, for the mutual covenants and promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of Shipper and Operator, the Contract is hereby amended as follows:

1. **Schedule A** of the Contract is amended by:

   a. adding the following New Orleans load port:

   TECO Bulk Terminal

   b. reducing the Fixed and Total rates applicable to International Marine Terminals by $0.0645 each and such revised rates shall apply for TECO Bulk Terminal as well.

2. Notwithstanding the provisions of Section 9 of the Contract regarding the Base Freight Rates including all port charges, line handling charges, wharfage, dockage or assist tug charges, the Base Freight Rates for the New Orleans load ports of International Marine Terminals and TECO Bulk Terminal do not include such charges and PEF is solely responsible for all such charges at those load ports.

All other terms of the Contract remain unchanged and in full force and effect.

Capitalized terms that are used but not defined herein shall have the meaning given them in the Contract.

This Amendment may be executed in multiple counterparts, including by facsimile signature, each of which, when so executed, shall be deemed and original, but all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have each caused this Amendment to be executed by their duly authorized representatives to be effective as of the Effective Date.

PROGRESS ENERGY FLORIDA, INC.

BY: _____

ITS: Executive Director - Regulated Fuels

DATE: 7/19/2007

JB

DIXIE OFFSHORE TRANSPORTATION COMPANY

BY: Kenneth C Boyd

ITS: EXECUTIVE VP - DIXIE OFFSHORE

DATE: 7/24/07

AMENDMENT FIVE
to

AFFREIGHTMENT CONTRACT

This **Amendment Five to Affreightment Contract** (this "**Fifth Amendment**") is made and entered into to be effective as of the **28th** day of **September, 2007** (the "**Effective Date**") by and between **Progress Energy Florida, Inc.** ("**PEF**" or "**Shipper**") and **Dixie Offshore Transportation Company** ("**DOTC**" or "**Operator**"). Each of PEF and DOTC may sometimes hereinafter be referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Progress Fuels Corporation ("**PFC**") and **Dixie Fuels Limited** ("**DFL**") previously entered into that certain **Affreightment Contract dated April 1, 2005, as amended** (the "**Contract**") pursuant to which DFL agreed to make available and provide and PFC agreed to accept and pay for certain services with respect to the transportation of DBF (as defined in the Contract) under the terms and conditions set forth therein;

WHEREAS, effective January 1, 2006 PFC assigned to PEF all of its rights, title, interest, duties and obligations under the Contract and PEF accepted such assignment;

WHEREAS, effective March 1, 2006 DFL assigned to DOTC all of its rights, title, interest, duties and obligations under the Contract and DOTC accepted such assignment;

WHEREAS, Shipper and Operator desire to amend the Contract in certain respects as more specifically set forth below herein;

NOW, THEREFORE, in consideration of the foregoing, for the mutual covenants and promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of Shipper and Operator, the Contract is hereby amended as follows:

1. "Notwithstanding the provisions of **Amendment Three to Affreightment Contract** dated **August 7th, 2006** (the "**Third Amendment**"), the Transportation Surcharge Period shall terminate effective **August 29, 2007** (the "**Surcharge Termination Date**") and the Transportation Surcharge is hereby reduced to zero ($0) as of the Surcharge Termination Date. For the avoidance of doubt, the Transportation Surcharge shall not be applicable to any DBF that is actually delivered to the Crystal River Plant by DOTC on or after the Surcharge Termination Date. Shipper shall be liable for the payment of any Transportation Surcharge amounts applicable to DBF delivered to the Crystal River Plant by DOTC prior to the Surcharge Termination Date."

Capitalized terms that are used but not defined herein shall have the meaning given to them in the Contract.

Each Party acknowledges and agrees that it and its counsel have reviewed and revised this Amendment and that the normal rule of construction to the effect that any ambiguities are to be construed against the drafting Party shall not be used in the interpretation of this Amendment.

This Amendment shall supersede and replace in entirety all previous amendments, agreements and understandings, if any, between the Parties, written or oral, with respect to and/or in any way relating to the Transportation Surcharge. In the event of any conflict or inconsistencies between the Contract and this Amendment, the terms and conditions of this Amendment shall prevail.

This Amendment may be executed in multiple counterparts, including by facsimile signature, each of which, when so executed, shall be deemed to be an original, but all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have each caused this Amendment to be executed by their respective duly authorized representative to be effective as of the Effective Date.

Progress Energy Florida, Inc.

By: ROBERT F. CALDWELL
Its: VICE PRES - REGL COMM. OPS

Dixie Offshore Transportation Company

By: Mark R. Buese
Its: Senior Vice President

OPC
1st POD

#9

070703

DOCUMENT NUMBER-DATE
00960 FEB-7 08
FPSC-COMMISSION CLERK

Location	Post Date	Ship ID	Transporter Id	Counterparty	Inv Cost Class	Quantity	Amount	$/Ton
Gulf Barge Mickie 5/18/06	5/18/2006	2031	PRBD0518H9268	International Marine Terminals Partnership	Coal Transport - Gulf Terminal	[redacted]	[redacted]	[redacted]
Gulf Barge Mickie 5/18/06	5/18/2006	2029	PRBD0518PEN210	International Marine Terminals Partnership	Coal Transport - Gulf Terminal			
IMT D S/W	5/18/2006			International Marine Terminals Partnership	Coal Transport - Gulf Terminal			
IMT D Direct	5/18/2006			International Marine Terminals Partnership	Coal Transport - Gulf Terminal			
Colombian	5/18/2006			International Marine Terminals Partnership	Coal Transport - Gulf Terminal			

REDACTED

OPC
1st POD

#10

070703

DOCUMENT NUMBER-DATE
00960 FEB-7 08
FPSC-COMMISSION CLERK

From:	Smitty Thorne
To:	Duttinger, Jason;
cc:	Raymond Dearmon; Michael Burgess; David Bray; Boyd, Jerry;
Subject:	RE: Coal handling at the Bulk Material Handling Plant (BMHP) at Mobile, AL 9/28/06
Date:	Thursday, September 28, 2006 7:30:04 PM

Jason:

I'm going to answer your questions below after each one. I hope I clarify all the points, but if you need further information, please don't hesitate to contact Raymond Dearmon as I'll be on vacation, returning October 9th. Again, we very much appreciate this opportunity and hope we can be of service to you at the Bulk Plant in coming years. Best regards, Smitty

---

From: Duttinger, Jason [mailto:Jason.Duttinger@pgnmail.com]
Sent: Wednesday, September 27, 2006 10:19 AM
To: Smitty Thorne
Cc: Raymond Dearmon; Michael Burgess; David Bray; Boyd, Jerry
Subject: RE: Coal handling at the Bulk Material Handling Plant (BMHP) at Mobile, AL

Thank you Smitty.

In regards to the below, I have the following questions.

1) At the rate of [redacted] cents per ton through the bulk plant include vessel discharge to storage and reclaim to gulf barge?
The [redacted] per short ton is for handling through the system from vessel to storage to gulf barge. It does not include stevedoring, however.
2) Is the ASDD guaranteeing a discharge rate on import vessels?
The Alabama State Port Authority does not guarantee the discharge rate. We have seen improvements recently from 14,000 tons per day to 19,000 tons per day due to some of the changes we've made that I discussed with you.
3) Is the ASDD guaranteeing a load rate on gulf barges? If so, does ASDD get a turn time apply?
The ASPA does not guarantee the load rate on the gulf barges. We are amenable to limiting the barge dockage to one day, however.
4) Port Charges -

Is ASDD requiring our barge carriers and import vessel owens to pay "Dockage" @ $[redacted] per GRT day + $[redacted] per ton "Bulk Capacity Supplemental Dockage Surcharge?
In your case, the dockage would apply to both the ship and the barge, but the "Bulk Supplemental Dockage Surcharge" is only applied once and that

REDACTED

is done we'll be looking at improvements to the transfer points and hoppers to improve productivity. As discussed, the plant was set up for iron ore and throughput capacity can be improved as funding is available.

We are pleased to offer a significant discount in our tariff rate of $[redacted] per short ton. In exchange for a minimum 750,000 short tons up to 1,500,000 short tons, we offer a handling rate of $[redacted] per short ton. This rate covers overtime (except holidays) and Wharfage. A security surcharge of $.0[redacted] per short ton also applies. Storage after 30 days free time is billed at $.03 per short ton per day.

Please note that we do have a new charge (billed to the vessel) as a dockage surcharge which is effective October 1 as follows:

> 1. Bulk Capacity Supplemental Dockage Surcharge: A surcharge, subject to change, not to exceed $[redacted] per short ton will be assessed against all tons handled for the vessel and billed to the vessel.

While this charge is against the vessel, since it's new I wanted to point it out so there's no surprise. These funds are being used to underwrite additional capital improvements at the bulk facilities. All of our charges are in our Bulk Tariff which can be viewed or downloaded at www.asdd.com .

We do feel the BMHP can continue to serve your needs and would appreciate your consideration of continuing your shipments and increasing them. We'd be happy to discuss additional tonnage if the future capacity can accommodate them. If you have any questions at all, please let me know. If you wish to take advantage of the discounted rate I'll prepare a contract on that basis and send it to you for execution.

Best regards,

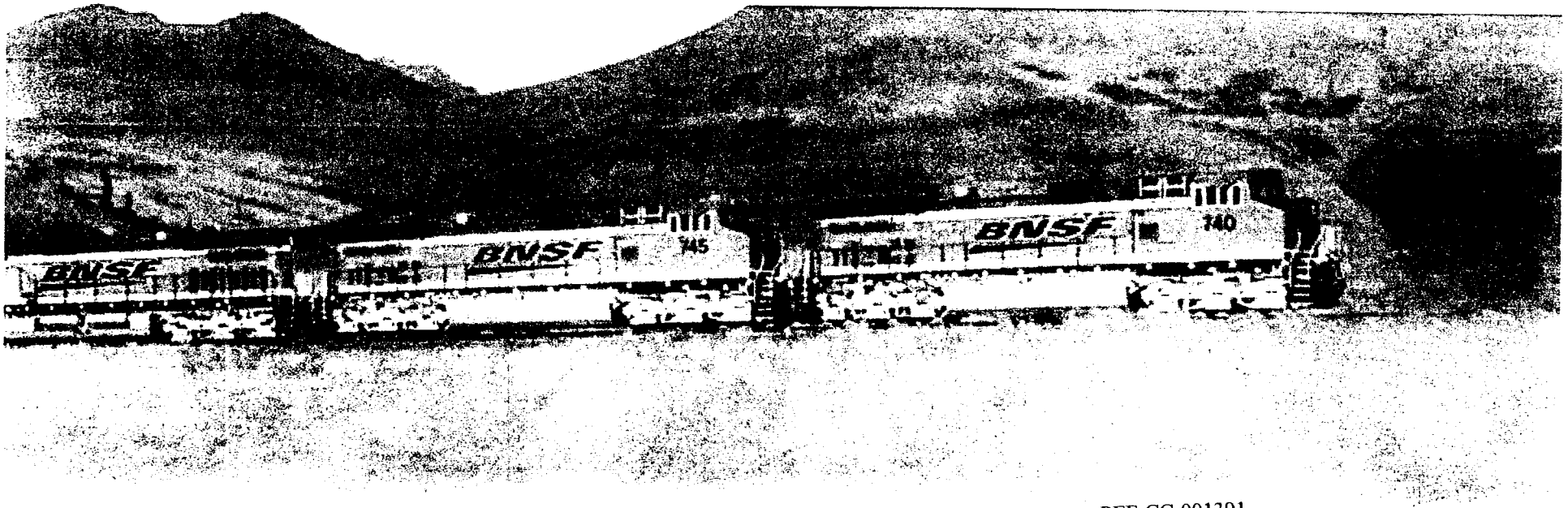
Smitty Thorne
Vice President, Operations
Alabama State Port Authority
www.asdd.com

REDACTED

BNSF Railway

Progress Energy
Raleigh, NC
November 29, 2006

BNSF RAILWAY

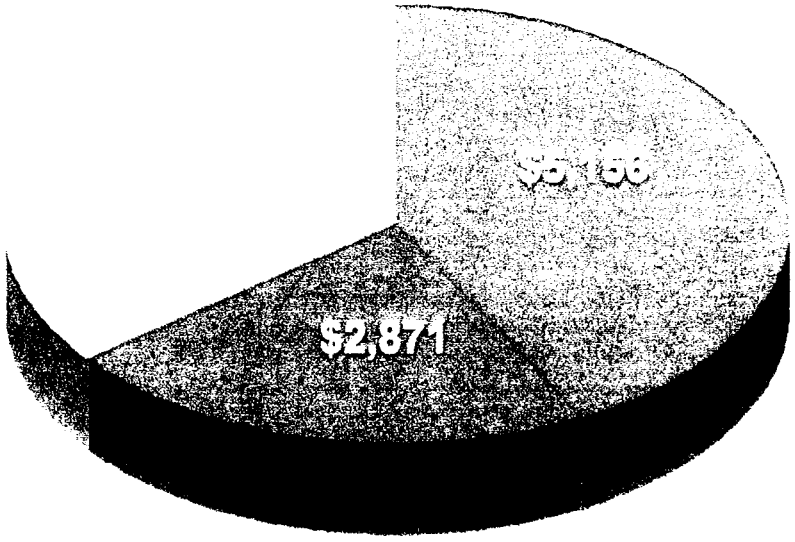


PEF-CC-001391

BNSF 2005 Freight Revenues

Agricultural Products: 20.3%
17% of Total

Consumer Products: 21.5%
41% of Total



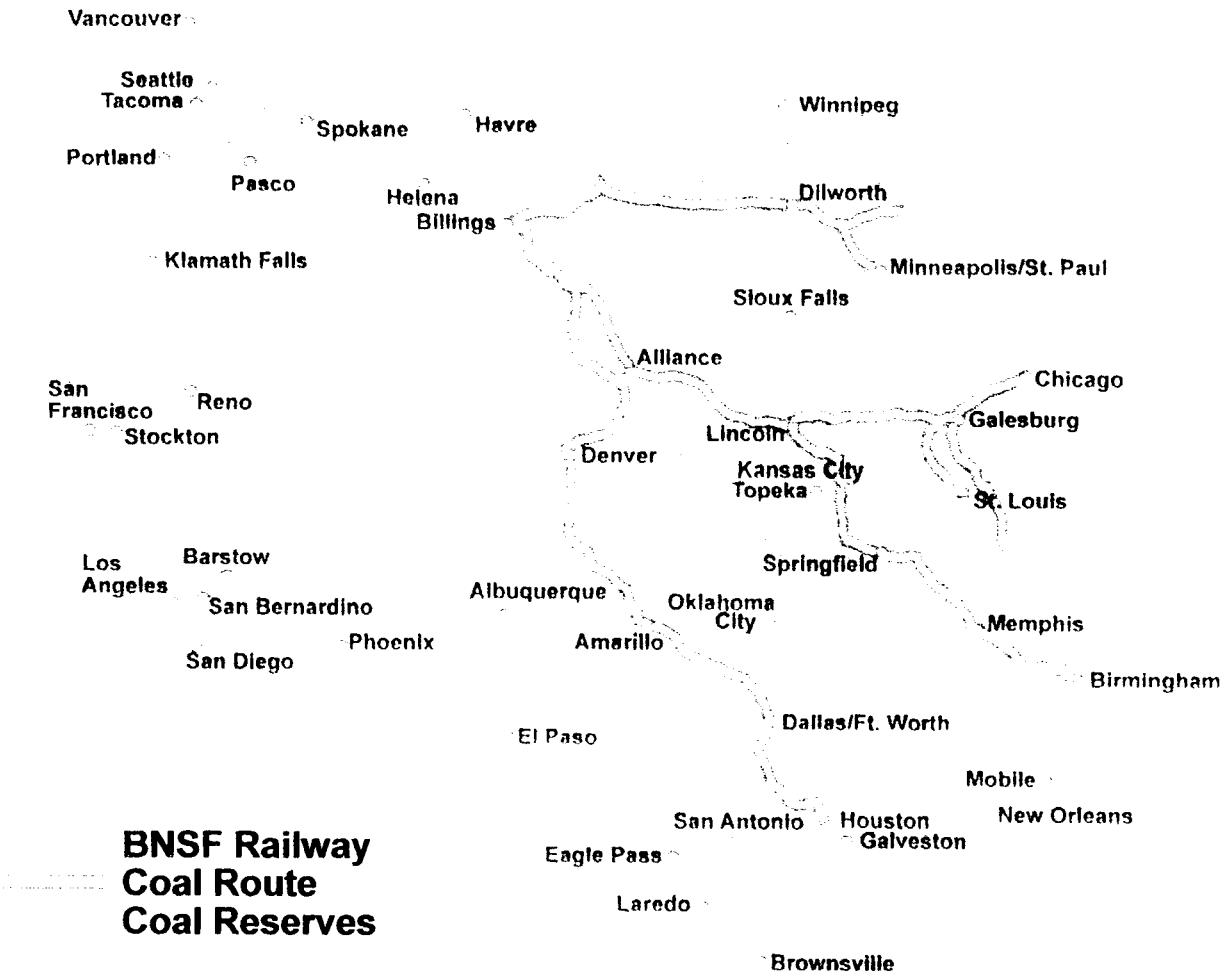
Coal: 7.5%
19% of Total

2006 20M tons inc. from 2005

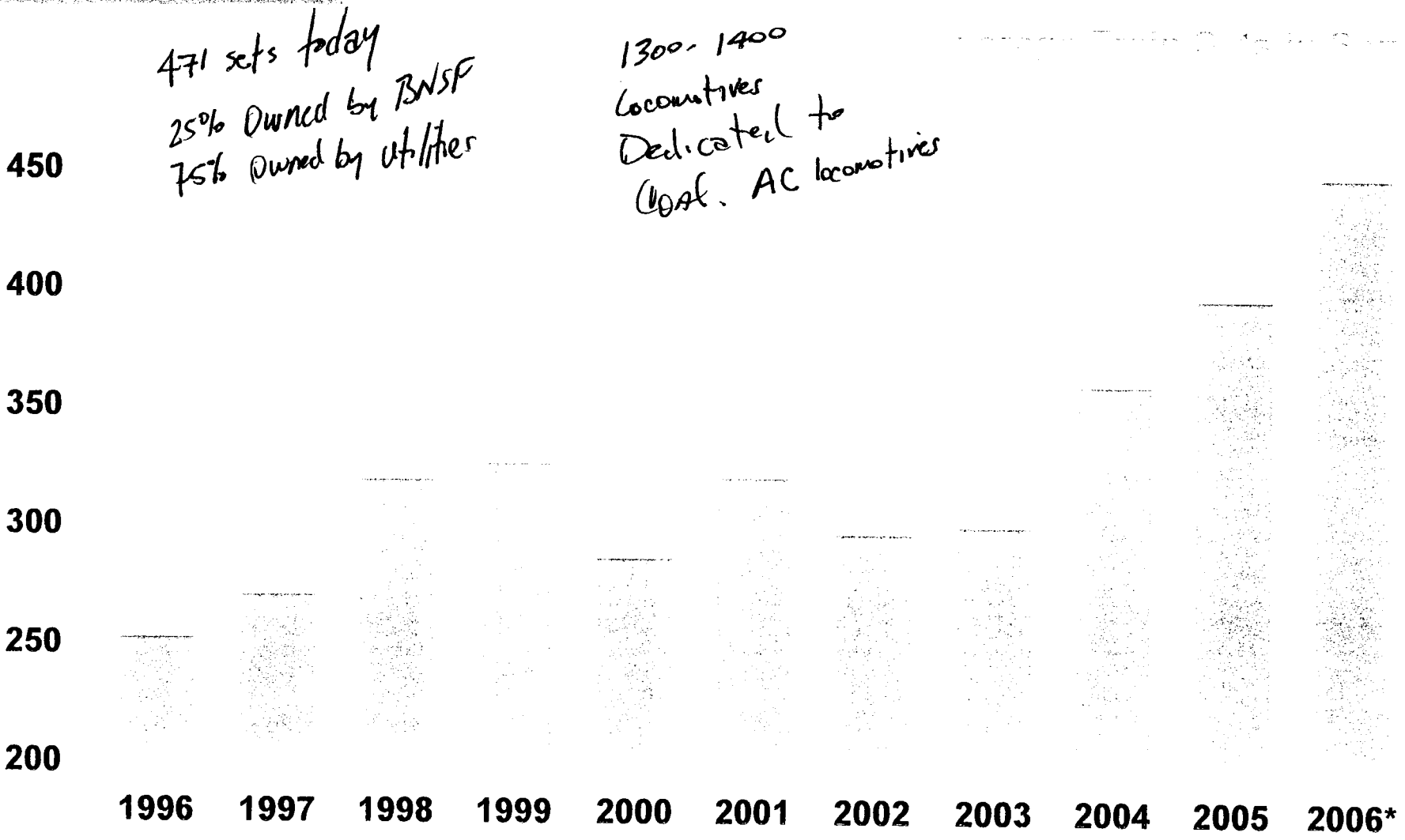
Industrial Products: 17.3%
23% of Total

Total Freight Revenues: $12,606 + $1,864 or 17.4%

BNSF Network and Coal Reserves



Average Coal Train Sets in Service



* Current sets in service as of Sept. 29, 2006

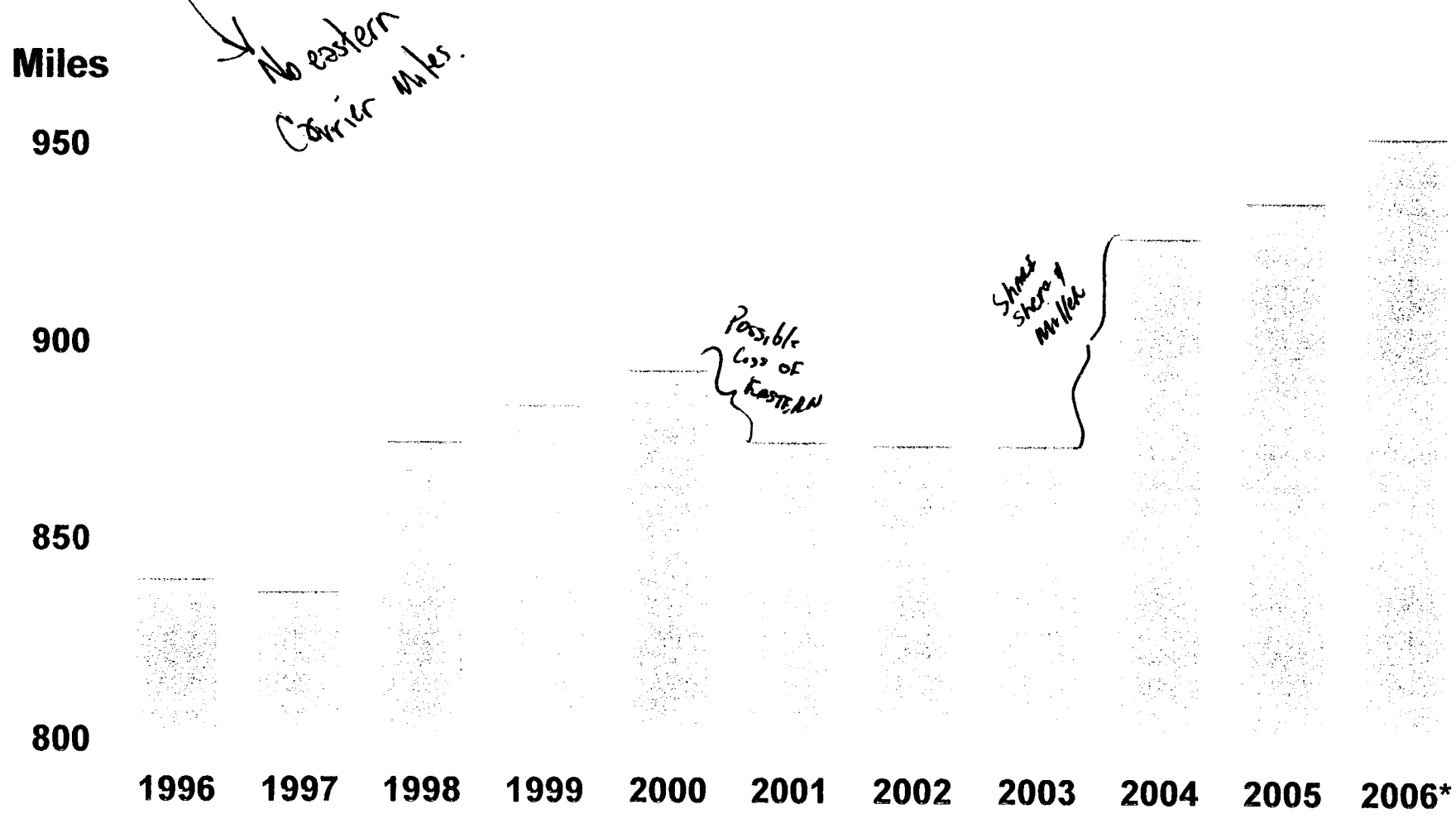

120
115
110
105
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006*

* Forecast


14,000
13,500
13,000
12,500
12,000
11,500
1997
1998
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* Forecast

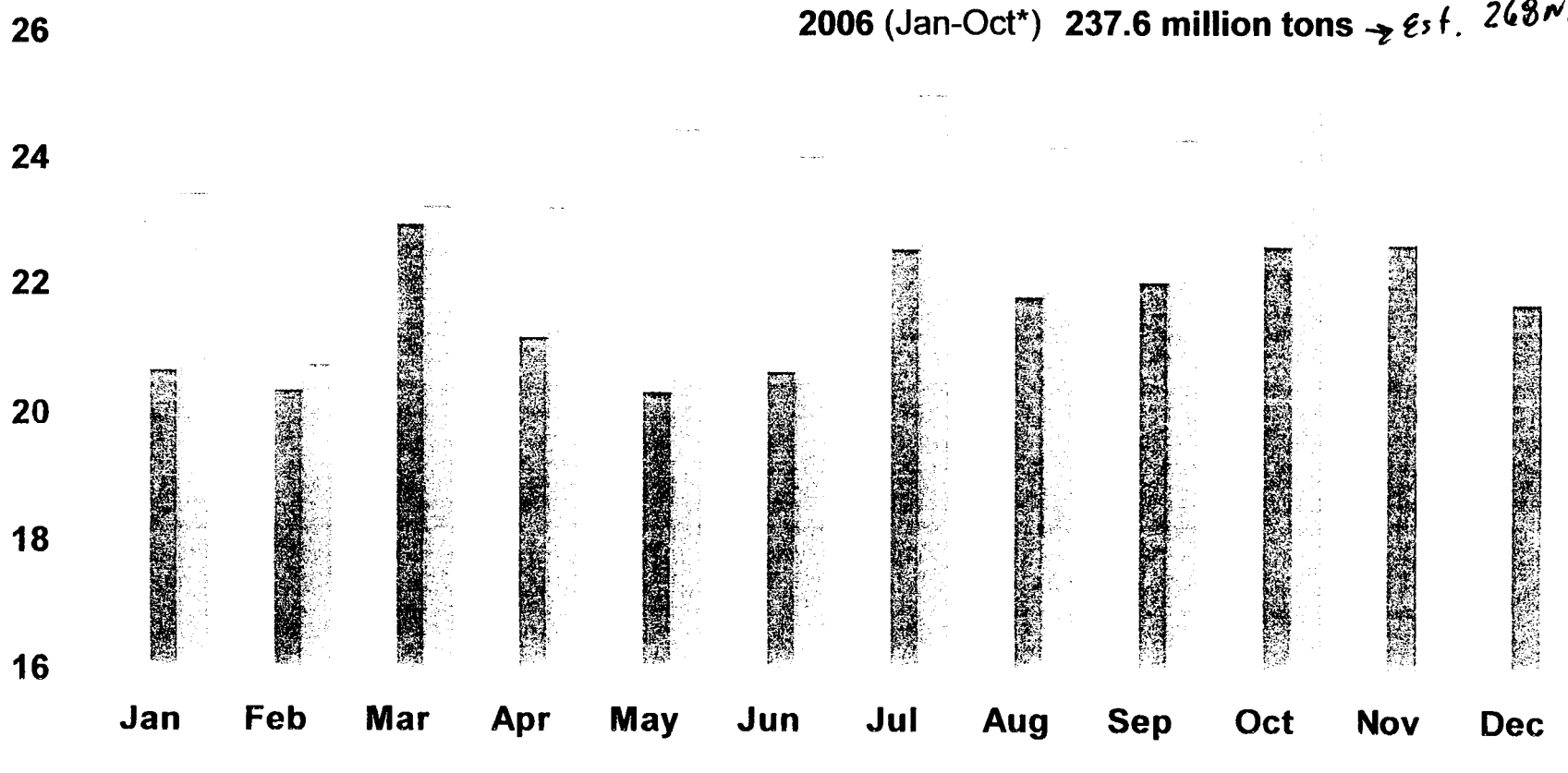
[illegible]


Miles
950
900
850
800
1996
1997
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2006*
No eastern Carrier miles.
Possible Loss of Eastern
Short stera 9 miles

* Forecast

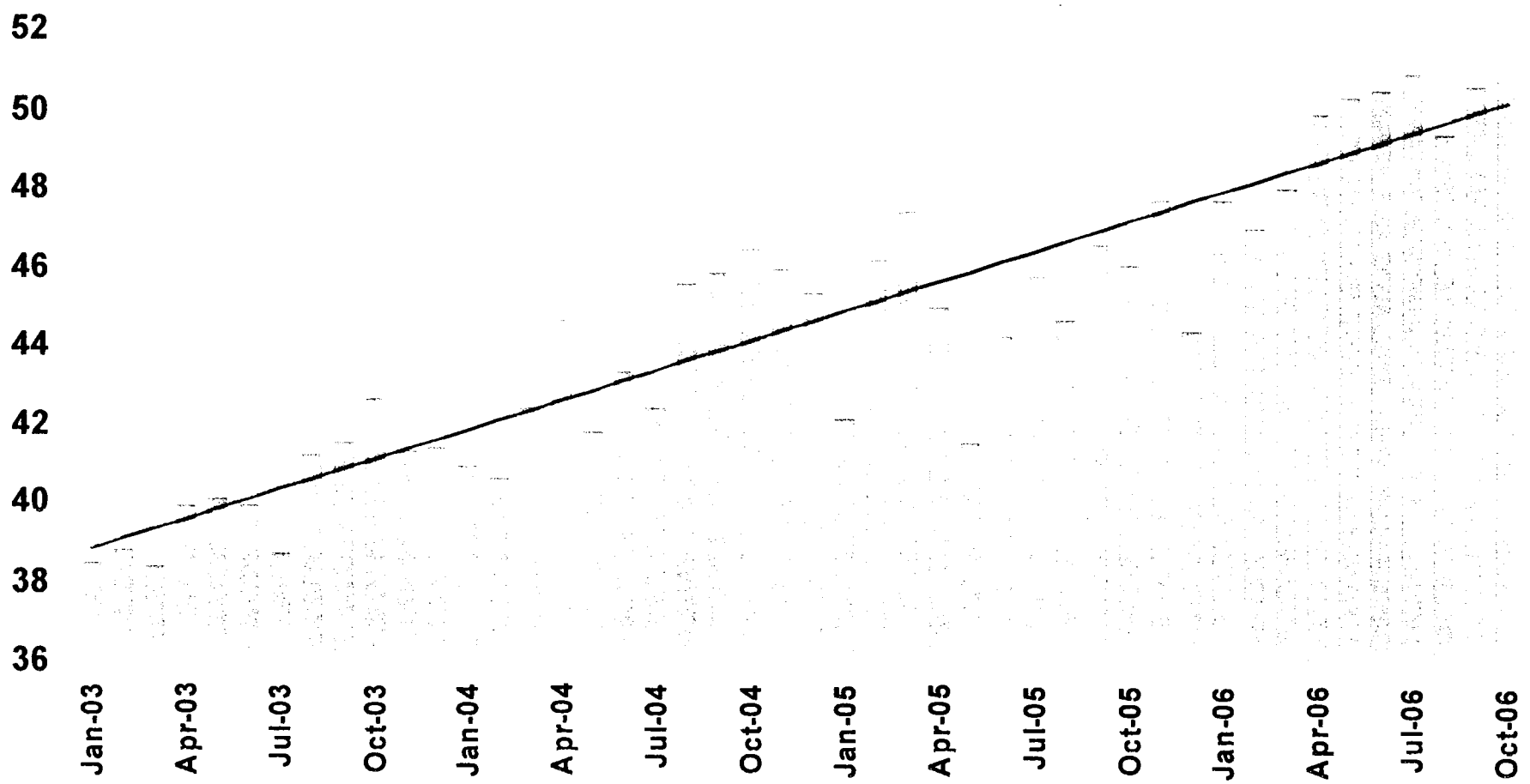
BASF Monthly Coal Tons Delivered

2003 (Jan-Oct) **195.0 million tons**
2004 (Jan-Oct) **211.6 million tons**
2005 (Jan-Oct) **214.9 million tons**
2006 (Jan-Oct*) **237.6 million tons** → est. 268M



* Pace as of October 23rd

Duke Average PRB Coal Trains per Day



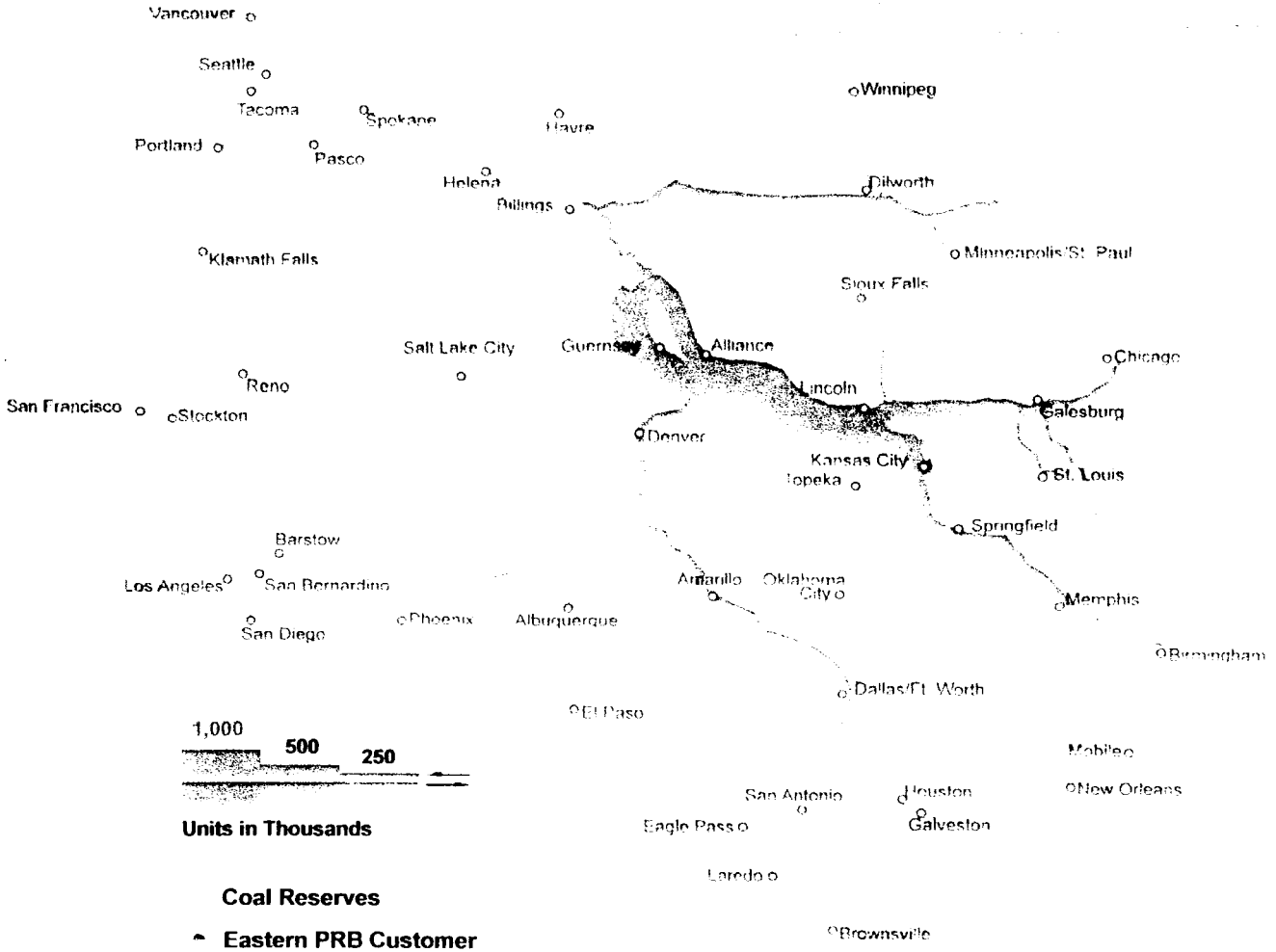
* Pace as of October 23rd

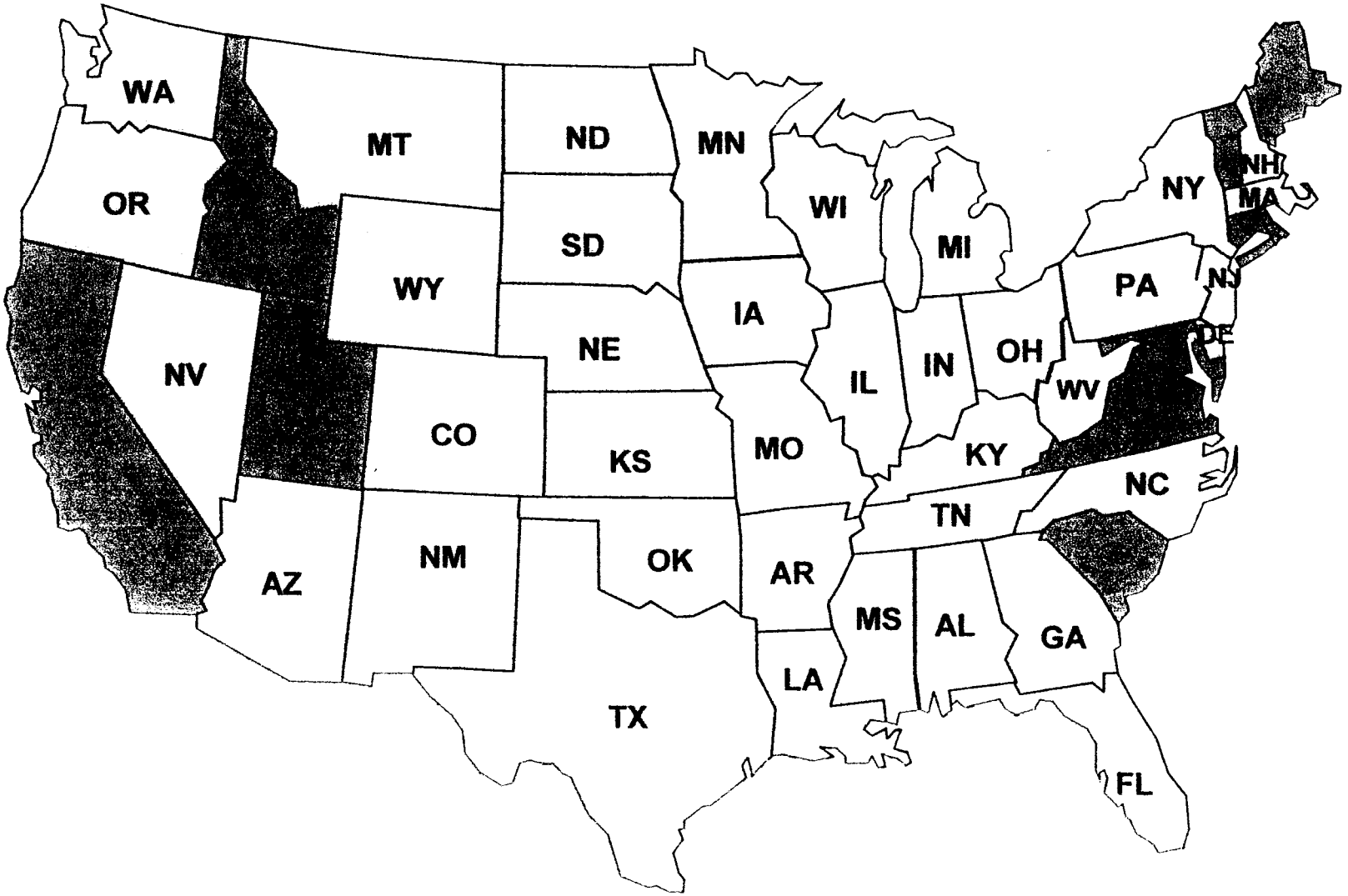
2006 ANNUAL RECORDS

- All time highest BNSF/UP joint line tonnage (354.8mm tons)
- All time highest BNSF SPRB, PRB and total system tons
- All time highest BNSF PRB average coal trains loaded per day (49.7 tpd)
- All time highest BNSF system average coal trains loaded per day (55.29 tpd)

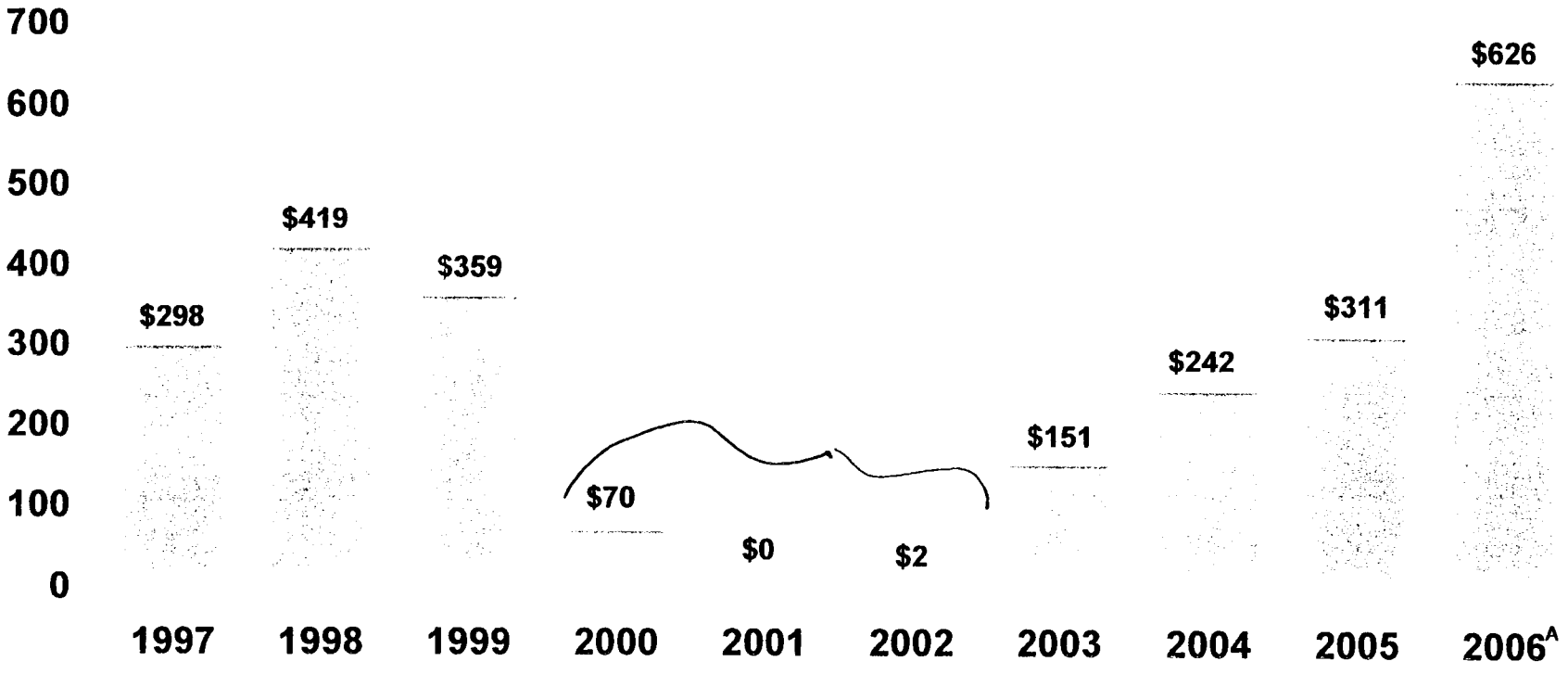
2006 MONTHLY RECORDS

- All time highest monthly BNSF/UP joint line tonnage (31.1mm tons in Dec.)
- Top five highest BNSF/UP joint line tonnage months set in 2006
- All time highest monthly BNSF joint line tonnage (14.2mm tons in Oct.)
- All time highest monthly BNSF system tonnage (25.3mm tons in Dec.)
- Top five highest BNSF system tonnage months set in 2006
- All time highest BNSF monthly average coal trains loaded per day (56.8 tpd in July)
- Top five highest BNSF loaded trains per day months set in 2006


Vancouver
Seattle
Tacoma
Spokane
Portland
Pasco
Helena
Billings
Havre
Winnipeg
Dilworth
Minneapolis/St. Paul
Sioux Falls
Klamath Falls
Salt Lake City
Guernsey
Alliance
Lincoln
Chicago
Galesburg
Reno
San Francisco
Stockton
Denver
Kansas City
Topeka
St. Louis
Springfield
Barstow
Los Angeles
San Bernardino
Amarillo
Oklahoma City
Memphis
San Diego
Phoenix
Albuquerque
Birmingham
Dallas/Ft. Worth
El Paso
1,000
500
250
Mobile
New Orleans
San Antonio
Houston
Galveston
Eagle Pass
Laredo
Brownsville
Units in Thousands
Coal Reserves
Eastern PRB Customer

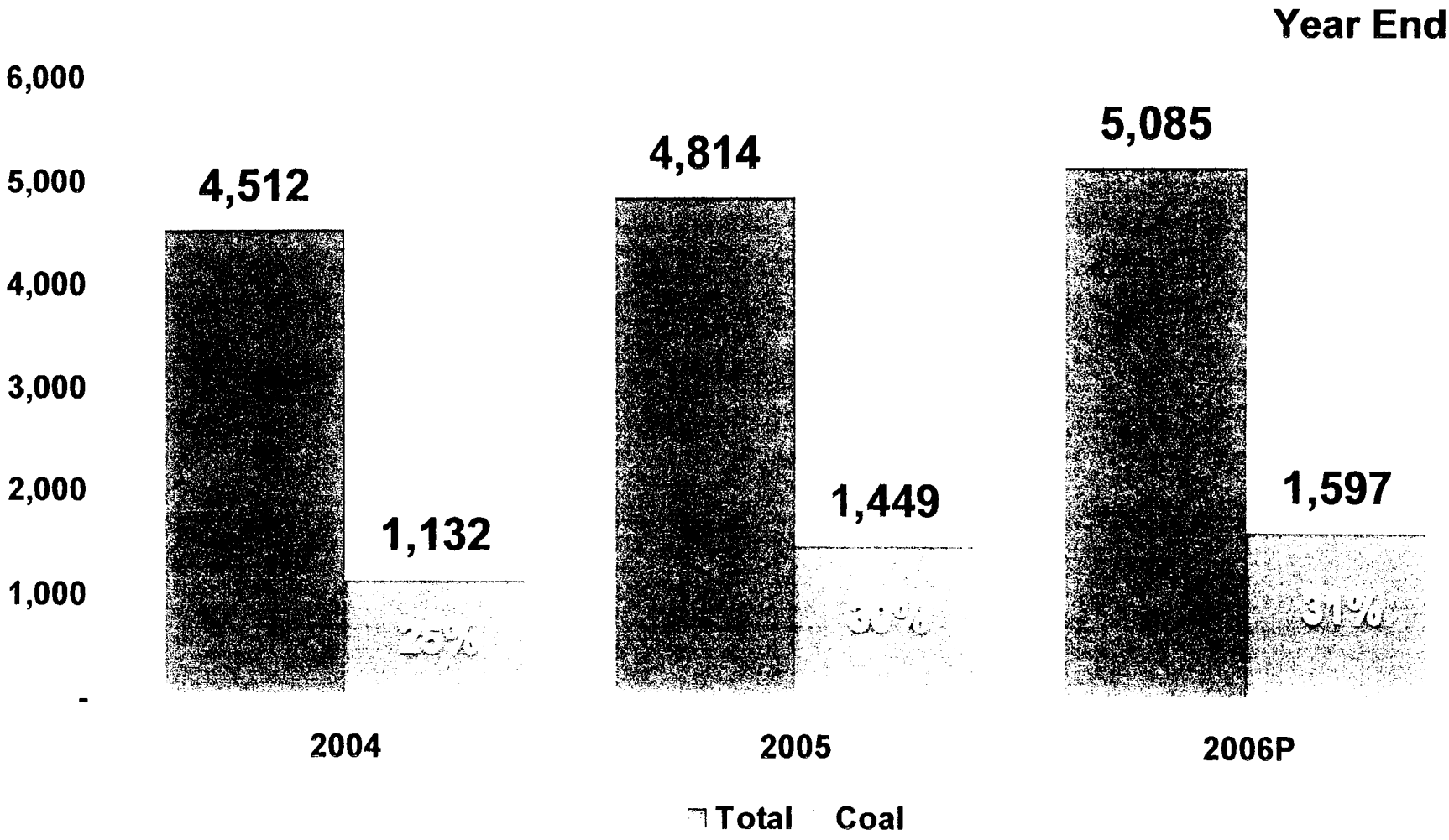

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[illegible] Capacity Investments



A 2006 Forecast

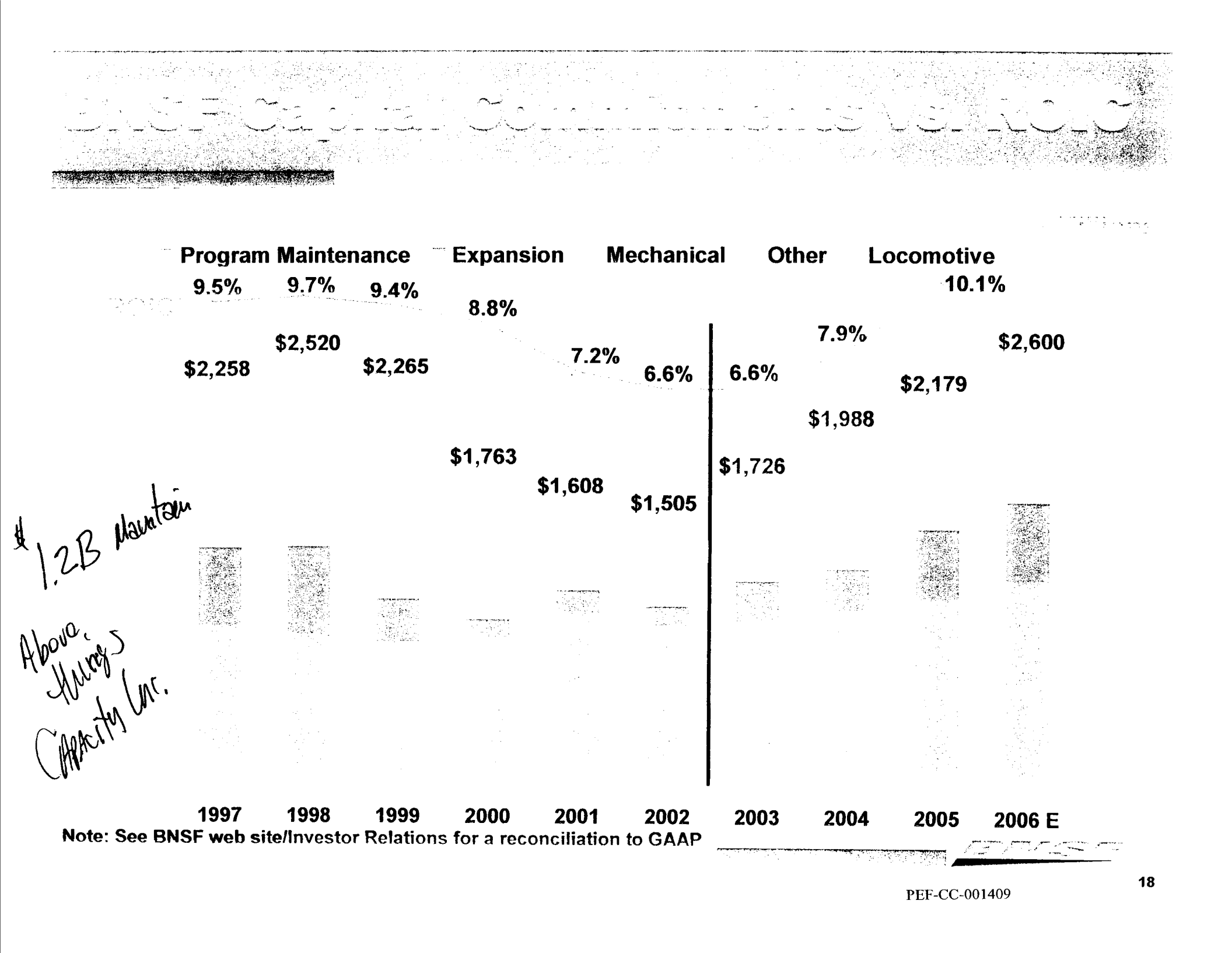
BNSF Road Locomotives



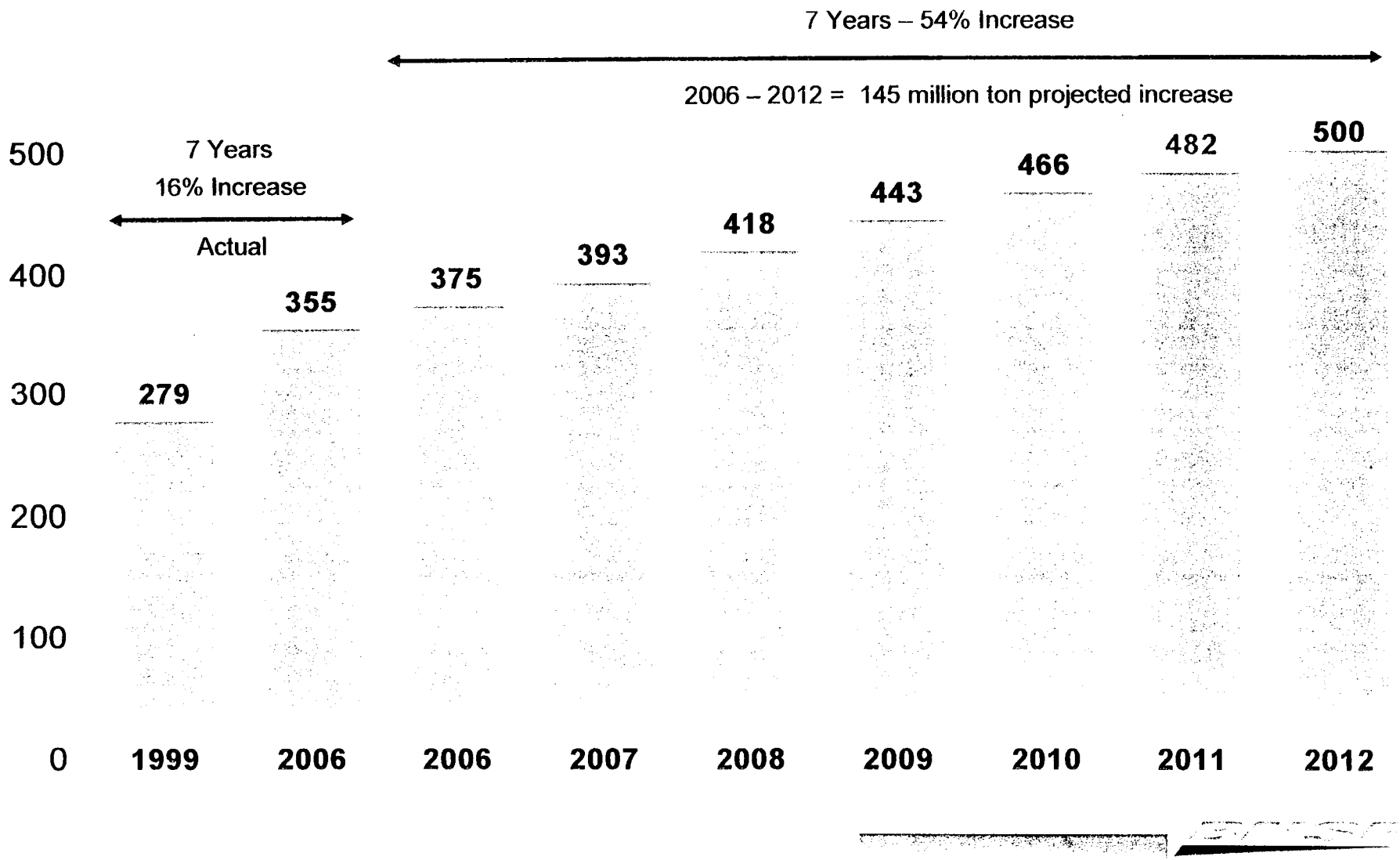
	2002	2003	2004	2005	2006
Salaried New Hires	**111**	**106**	**150**	**200**	**261**
Management Trainees	**53**	**54**	**43**	**72**	**117**
Mechanical	**182**	**156**	**683**	**641**	**700**
Engineering	**283**	**339**	**404**	**1,146**	**1,152**
Transportation	**1,181**	**1,164**	**2,288**	**2,336**	**2,333**
Dispatchers	**21**	**16**	**14**	**54**	**79**
Other	**29**	**32**	**21**	**40**	**181**
Total Hires	1,880	1,867	3,803	4,488	4,823

***Total Hires as of November 20, 2006**

30k total



Note: See BNSF web site/Investor Relations for a reconciliation to GAAP


7 Years – 54% Increase
2006 – 2012 = 145 million ton projected increase
500
400
300
200
100
0
7 Years
16% Increase
Actual
279
355
375
393
418
443
466
482
500
1999
2006
2006
2007
2008
2009
2010
2011
2012

2006 Highlights

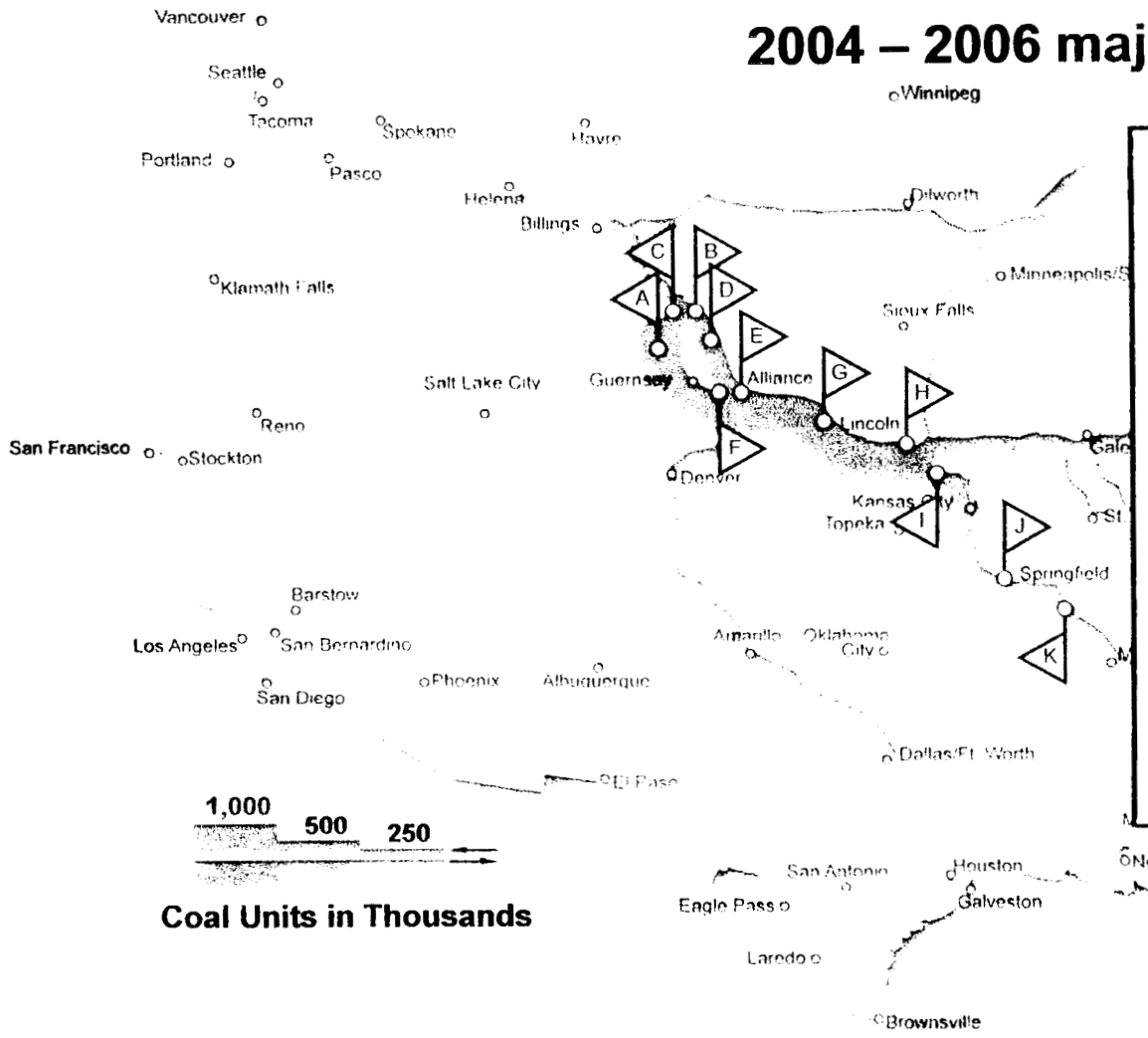
- 31.8 miles of double track
- 18 miles of triple track on Orin subdivision
- Complete yard at Rozet (Donkey Creek)
- Complete Memphis crossing work
- Complete Lincoln yard – track and signal
- 100 AC GE locomotives
- 14 train sets – 8 gondolas and 6 rapids
- 2006 Total $626 million

2007-2009 Highlights

- Over 160 miles of double track in the Powder River, Nebraska, and Springfield divisions
- Bypass tracks in the Texas and Powder River divisions
- Additional locomotive acquisitions
- Additional train set acquisitions

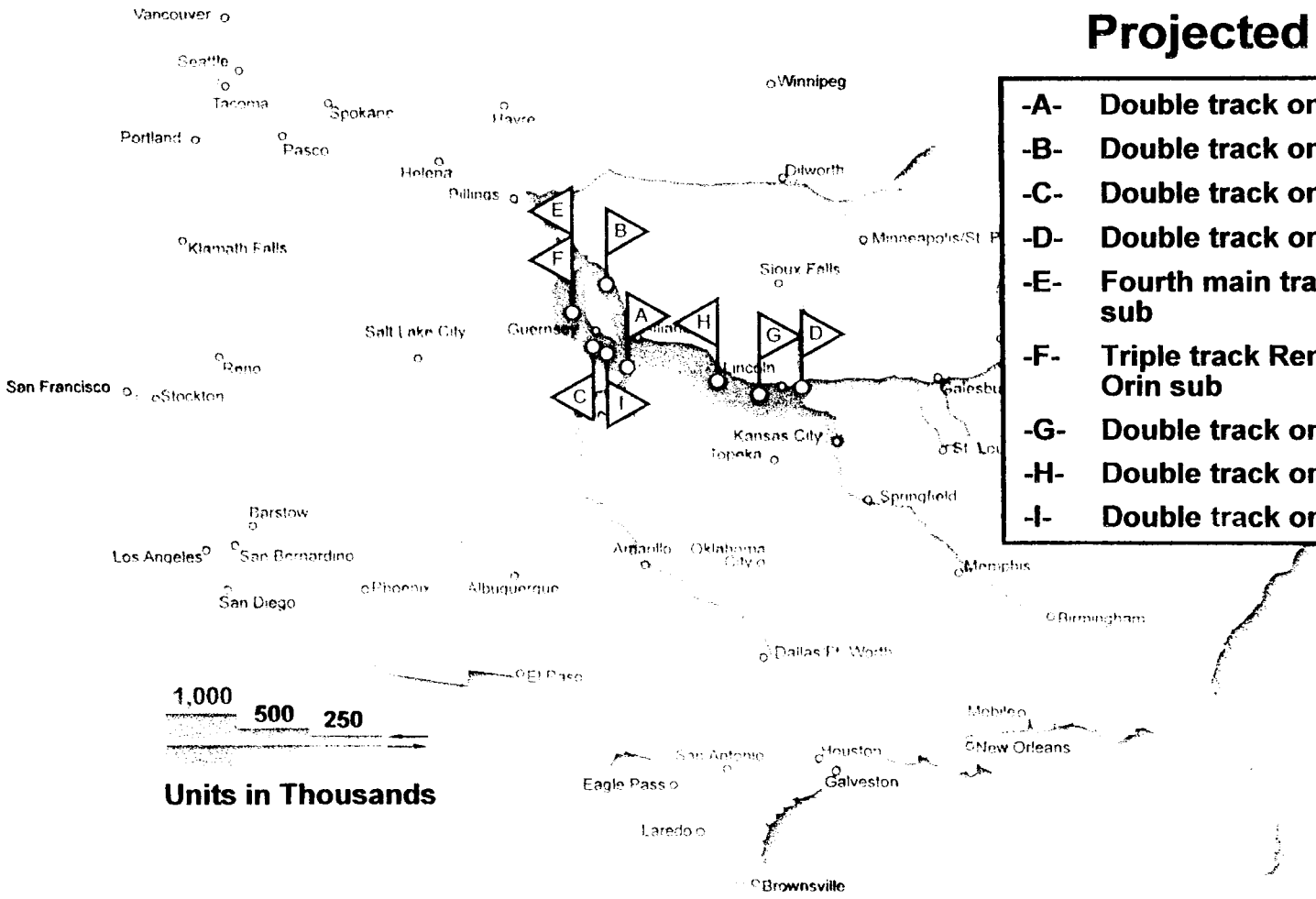
BNSF Coal Expansion 2004 – 2006 Track and Terminals

2004 – 2006 major coal expansion projects



- **-A-** **Triple track on the joint line**
- **-B-** **New coal support tracks at Rozet, WY**
- **-C-** **Double track connection to the Campbell Sub**
- **-D-** Edgemont, SD **yard rehab**
- **-E-** Alliance, **NE yard expansion**
- **-F-** **Double track on the Alliance – Guernsey segment**
- **-G-** **Double track on the Alliance – Lincoln segment**
- **-H-** **Lincoln, NE yard expansion**
- **-I-** Double track on **the Lincoln – Kansas City segment**
- **-J-** **Springfield, MO yard expansion**
- **-K-** **Double track and one new siding on the** Springfield – **Memphis segment**

BNSF Coal Expansion
2007 Estimated



Projected 2007 Projects

-A-	Double track on Angora sub
-B-	Double track on Black Hills sub
-C-	Double track on Canyon sub
-D-	Double track on Creston sub
-E-	Fourth main track over Logan Hill on Orin sub
-F-	Triple track Reno Jct-Donkey Creek on Orin sub
-G-	Double track on Ravenna sub
-H-	Double track on Sand Hills sub
-I-	Double track on Valley sub

Joint Line Capacity Expansion

Phase III:

3rd Main Reno to MP 0; 39 Miles

4th Main Logan Hill; 15 Miles

In Service 2007

Phase II:

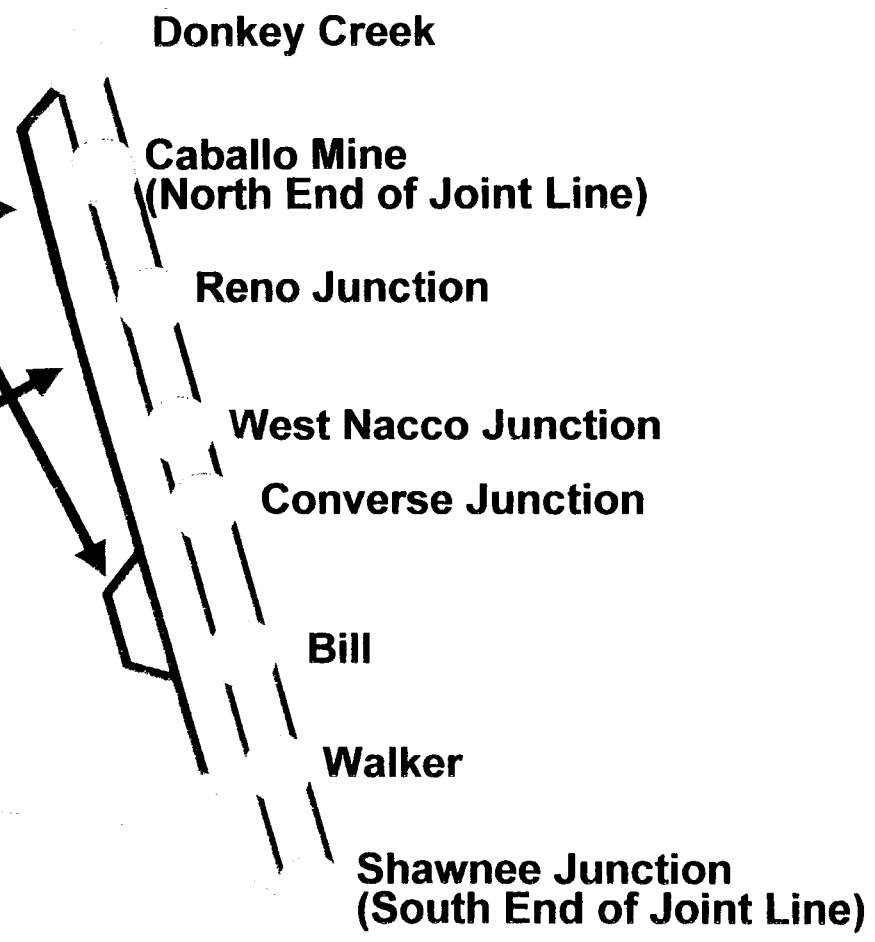
3rd Main 19 Miles

In Service September '06

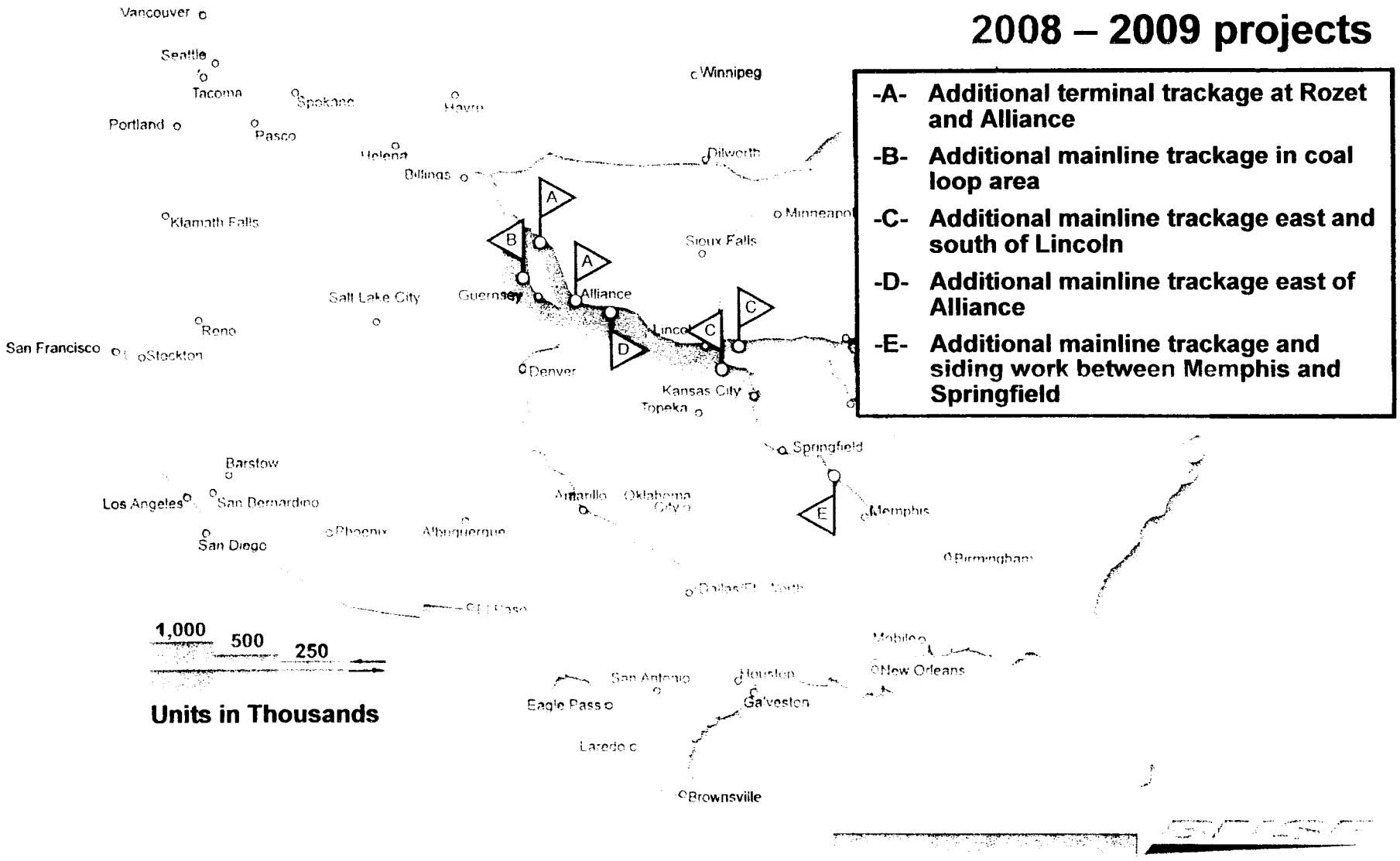
Phase I:

3rd Main 14 Miles

In Service June '05



[illegible] Expansion [illegible]
[illegible]



2008 – 2009 projects

- **-A- Additional terminal trackage at Rozet and Alliance**
- **-B- Additional mainline trackage in coal loop area**
- **-C- Additional mainline trackage east and south of Lincoln**
- **-D- Additional mainline trackage east of Alliance**
- **-E- Additional mainline trackage and siding work between Memphis and Springfield**

CSX Challenges

- **Future challenges**

  Substantial capital investment required for coal transportation infrastructure

  Regulatory policy must facilitate investment and expansion

  Rail re-regulation initiatives will inhibit future investments

  Environmental regulations must keep coal option open

The End



PEF-CC-001418

OPC
1st POD

#11

070703

none –
no bleeding
done

DOCUMENT NUMBER-DATE
00960 FEB-7 08
FPSC-COMMISSION CLERK

OPC
1st POD

#12

070703

DOCUMENT NUMBER-DATE
00960 FEB-7 08
FPSC-COMMISSION CLERK

no additional document

OPC
1st POD

#13

070703

DOCUMENT NUMBER-DATE
00960 FEB-7 08
FPSC-COMMISSION CLERK

Activity Date	Post Date	Last Edit Date/Time	Process	Explanation	Quantity	Inventory Cost Class	Amount
6/30/2006	6/30/2006	7/3/2006 10:28:20 AM	Inventory Adjustment	Miscellaneous Railcar		Coal Other	200.00
6/30/2006	6/30/2006	7/3/2006 10:47:42 AM	Inventory Adjustment	Railcar Lease Expense		Coal Other	94,878.23
6/30/2006	6/30/2006	7/3/2006 10:47:42 AM	Inventory Adjustment	Railcar Depreciation		Coal Other	74,750.66
6/5/2006	6/5/2006	6/5/2006 4:28:45 PM	Miscellaneous Payment	Railcar Lease Expense		Coal Other	20,528.87
6/6/2006	6/6/2006	6/6/2006 3:28:17 PM	Miscellaneous Payment	Railcar Maintenance		Coal Other	5,752.47
6/6/2006	6/6/2006	6/6/2006 3:29:31 PM	Miscellaneous Payment	Railcar Maintenance		Coal Other	20,861.50
6/6/2006	6/6/2006	6/6/2006 3:30:33 PM	Miscellaneous Payment	Railcar Maintenance		Coal Other	171.33
6/6/2006	6/6/2006	6/6/2006 3:31:37 PM	Miscellaneous Payment	Railcar Maintenance		Coal Other	13,391.47
6/6/2006	6/6/2006	6/6/2006 3:32:55 PM	Miscellaneous Payment	Railcar Maintenance		Coal Other	(5,752.47)
6/6/2006	6/6/2006	6/6/2006 3:33:29 PM	Miscellaneous Payment	Railcar Maintenance		Coal Other	5,752.47
6/7/2006	6/7/2006	6/7/2006 3:22:25 PM	Miscellaneous Payment	Railcar Maintenance		Coal Other	66,144.00
6/20/2006	6/20/2006	6/20/2006 10:44:20 AM	Miscellaneous Payment	Railcar Maintenance		Coal Other	3,485.63
6/20/2006	6/20/2006	6/20/2006 11:05:36 AM	Miscellaneous Payment	Railcar Maintenance		Coal Other	1,457.92
6/20/2006	6/20/2006	6/20/2006 11:09:13 AM	Miscellaneous Payment	Railcar Maintenance		Coal Other	66,201.40
6/21/2006	6/21/2006	6/21/2006 9:59:40 AM	Miscellaneous Payment	Railcar Lease Expense		Coal Other	350.01
6/23/2006	6/23/2006	6/23/2006 1:34:56 PM	Miscellaneous Payment	Railcar Maintenance		Coal Other	64,639.92
6/27/2006	6/27/2006	6/27/2006 8:43:48 AM	Miscellaneous Payment	Railcar Maintenance		Coal Other	442.00
6/27/2006	6/27/2006	6/27/2006 8:48:19 AM	Miscellaneous Payment	Railcar Maintenance		Coal Other	309.88
6/27/2006	6/27/2006	6/27/2006 8:52:22 AM	Miscellaneous Payment	Railcar Lease Expense		Coal Other	64,615.00
6/29/2006	6/29/2006	6/29/2006 12:34:51 PM	Miscellaneous Payment	Railcar Maintenance		Coal Other	998.89
6/29/2006	6/29/2006	6/29/2006 12:36:22 PM	Miscellaneous Payment	Railcar Maintenance		Coal Other	62,384.10
6/29/2006	6/29/2006	6/29/2006 1:51:52 PM	Miscellaneous Payment	Railcar Lease Expense		Coal Other	341.04
6/30/2006	6/30/2006	7/3/2006 2:26:15 PM	Miscellaneous Payment	Railcar Maintenance		Coal Other	20,810.00
6/30/2006	6/30/2006	7/3/2006 2:27:18 PM	Miscellaneous Payment	Railcar Property Tax		Coal Other	2,374.35
							585,088.67
						CR 4&5 Total Rail Tons	155,945.00
						Other Cost per Rail Ton	3.75
6/27/2006	6/27/2006	6/27/2006 11:02:05 AM	Miscellaneous Payment	Miscellaneous Barge		Coal Transport - Gulf Barge	0.01
6/21/2006	6/21/2006	6/21/2006 11:10:12 AM	Miscellaneous Payment	Barge Return Charge		Coal Other	154,121.94
6/30/2006	6/30/2006	7/3/2006 2:27:18 PM	Miscellaneous Payment	Misc Invoice W/O		Coal Other	(28,025.96)
6/30/2006	6/30/2006	7/3/2006 10:23:07 AM	Inventory Adjustment	Demurrage Reimbursement		Coal Other	(4,400.00)
6/30/2006	6/30/2006	7/3/2006 2:27:18 PM	Miscellaneous Payment	Demurrage		Coal Other	479,260.30
6/30/2006	6/30/2006	7/3/2006 2:27:18 PM	Miscellaneous Payment	Barge Freight Accrual		Coal Other	221.77
6/27/2006	6/27/2006	6/27/2006 11:11:23 AM	Miscellaneous Payment	Demurrage		Coal Other	23,608.50
6/30/2006	6/30/2006	7/4/2006 11:30:45 AM	Miscellaneous Payment	Demurrage		Coal Other	1,150,000.00
6/30/2006	6/30/2006	7/4/2006 11:31:09 AM	Miscellaneous Payment	Demurrage		Coal Other	50,000.00
6/30/2006	6/30/2006	7/4/2006 11:31:33 AM	Miscellaneous Payment	Demurrage		Coal Other	50,000.00
6/30/2006	6/30/2006	7/4/2006 12:47:55 PM	Miscellaneous Payment	Demurrage		Coal Other	(1,150,000.00)
6/30/2006	6/30/2006	7/4/2006 12:48:33 PM	Miscellaneous Payment	Demurrage		Coal Other	115,000.00
							839,786.56
						CR 4&5 Total Water Tons	224,191.00
						Other Cost per Water Ton	3.75

Dixie Offshore Transportation Company *a Kirby Company*

WHERE QUALITY MAKES THE DIFFERENCE

700762

PROGRESS FUELS CORPORATION(Florida)
Attention: Regulated Back Office
410 South Wilmington St.
Mail Stop PEB 10A
Raleigh, NC. 27601
Fax: 919-546-3258

Invoice # 00406-12
Date 26-Apr-06
Customer # 2714

As agreed between Frankie Wiseman and Jason Duttinger

To bill your account for the Louise Howland returning to IMT to discharge off-spec coal.

Voyage Recap			
04/16/06-1210 to 04/22/06-0830	5.85 days @ 20,000.00		$117,000.00
Fuel Recap			
Fuel Reading at first Start Load	130,683		
Fuel Reading at second Start Load	112,964		
	17,719	gallons used @ 2.0681	$36,644.66
Lube Recap			
Lube Reading at first Start Load	1,647		
Lube Reading at second Start Load	1,495		
	152.00	gallons used @ 3.14	$477.28

PLEASE REFERENCE INVOICE NUMBER AND DF1
AND REMIT AS FOLLOWS:
P.O. BOX 200468
HOUSTON, TX. 77216-1044

WIRE TRANSFER INSTRUCTIONS:
CHASE OF TEXAS
ACCOUNT: REDACTED
ABA: #

PLEASE REMIT $154,121.94

OK to pay
5/22/2007
OK JBoyd

333 W.P.A. Road • Belle Chasse, LA 70037 • P.O. Box 880, Harvey, LA 70059-0880
504/392-7800 • Toll Free: 800/762-4716 • Facsimile: 504/391-2295

From: 4/16/2006
To: 4/25/2006

Dixie Carriers
Vessel Tracking System
Traffic Analysis

Printed On: 4/26/2006 12:21

Time	Description	Event	Duration	Event Analysis	Cargo	Quantity	Voyage Number
4/16/2006	VIGILANT HOWLAND	(Barge)					
3:00	Change Water Body	CR		CR to CR			HO060018
	N SW 21 BELL BOUY 1				ARRIVE SWP SEA BUOY		
3:00	Other Delay Start	OD B		OD B to OD E			HO060018
	N SW 21 BELL BOUY 1				WAITING ON SHIP TRAFFIC TO CLEAR PASS		
3:40	Other Delay End	OD E	.67 hr	End OD B to OD E			HO060018
	N SW 21 BELL BOUY 1				TRAFFIC CLEARED INBOUND SWP		
5:40	Notes and Remarks	NO					HO060018
	N LM 0				HEAD OF PASSES		
6:00	Position	PO					HO060018
	N LM 4				ETA FOR IMT @ 1130 TODAY		
6:30	Off Howser End	HS E					HO060018
	N LM 6				pushing		
11:20	Tug Service - Begin	TS B		TS B to TS E			HO060018
	N LM 6				LAURIE LYNN		
11:55	Voyage Begin Fuel Reading	RO		RO to RO	4/16		HO060018
	N LM 57 IMT- MYRTLE GROVE					130683 Fuel	
11:55	Tug Service - End	TS E	.58 hr	End TS B to TS E			HO060018
	N LM 57 IMT- MYRTLE GROVE				RELEASE LAURIE LYNN		
11:55	Docked Barge	DK		DK to TD L Or TD D			HO060018
	N LM 57 IMT- MYRTLE GROVE				ALL SECURE @ IMT		
11:55	Tendered Notice of Readiness to Load	TD L	.00 hr	TD L to BR L / End DK to TD L			HO060018
	N LM 57 IMT- MYRTLE GROVE						
12:00	Position	PO					HO060018
	N LM 57 IMT- MYRTLE GROVE				STBY TO START LOADING		
12:10	Start Loading Cargo	SL		SL to FL			HO060018
	N LM 57 IMT- MYRTLE GROVE				COAL COAL		
18:00	Position	PO					HO060018
	N LM 57 IMT- MYRTLE GROVE				LOADING AS BEFORE		
21:05	Finished Loading	FL	8.92 hr	End SL to FL			HO060018
	N LM 57 IMT- MYRTLE GROVE				FRESHWATER DRAFTS 21FT 03IN ALL COAL		
21:15	Barge Release after Loading	BR L	9.33 hr	BR L to DP / End TD L to BR L			HO060018
	N LM 57 IMT- MYRTLE GROVE				PAPERWORK COMPLETE		
21:35	Tug Service - Begin	TS B		TS B to TS E			HO060018
	N LM 57 IMT- MYRTLE GROVE						
21:55	Tug Service - End	TS E	.33 hr	End TS B to TS E			HO060018
	S LM 57 IMT- MYRTLE GROVE						

Time	Description	Event	Duration	Event Analysis	Cargo	Quantity	Voyage Number
21:55	Depart Dock	DP	.67 hr	End BR L to DP			HO060018
	S LM 57 IMT- MYRTLE GROVE				DEPART IMT		
23:59	Fuel Reading	FR					HO060018
	S LM 26					130096	
23:59	Position	PO					HO060018
	S LM 26						
4/17/2006	VIGILANT	HOWLAND (Barge)					
2:05	Notes and Remarks	NO					HO060018
	S SW 0 JCT. LOWER MISS. RIVER				HEAD OF PASSES		
3:40	Change Water Body	CR	24.67 hr	CR to CR / End CR to CR			HO060018
	E GM 0				DEPART SWP SEA BUOY		
6:00	Position	PO					HO060018
	E GM 0				PUSHING WIND SW 15 SEAS 3-4FT ETA FOR COAL DOCK @ 1600 TOMORROW		
12:00	Position	PO					HO060018
	E GM 0						
18:00	Position	PO					HO060018
	E GM 0						
23:59	Fuel Reading	FR					HO060018
	E GM 0					125579	
23:59	Position	PO					HO060018
	E GM 0						
4/18/2006	VIGILANT	HOWLAND (Barge)					
6:00	Position	PO					HO060018
	E GM 0				PUSHING WIND AND SEAS CALM ETA FOR COAL DOCK @ 1600 TODAY		
9:40	Notes and Remarks	NO					HO060018
	E GM 0				RE-DIRECTED BACK TO IMT BY PROGRESS FUELS TO OFF LOAD, DUE TO COAL BEING OFF SPEC		
12:00	Position	PO					HO060018
	E GM 0						
18:00	Position	PO					HO060018
	E GM 0						
23:59	Fuel Reading	FR					HO060018
	E GM 0					119802	
23:59	Position	PO					HO060018
	E GM 0						
4/19/2006	VIGILANT	HOWLAND (Barge)					

MAY 26 06 03:34 PM DIXIE OFFSHORE TRANSP FAX NO. 504 391 2795 P. 4

Time	Description	Event	Duration	Event Analysis	Cargo	Quantity	Voyage Number
6:00	Position	PO					HO060018
	E GM 0				PUSHING WIND AND SEAS CALM ETA FOR IMT @ 0500 TOMORROW APR 20TH		
12:00	Position	PO					HO060018
	E GM 0						
17:40	Change Water Body	CR	62.00 hr	CR to CR / End CR to CR			HO060018
	N SW 21 BELL BOUY 1				INBOUND SWP SEA BUOY		
18:00	Position	PO					HO060018
	N SW 17						
19:50	Notes and Remarks	NO					HO060018
	N LM 0				HEAD OF PASSES		
23:59	Fuel Reading	FR					HO060018
	N LM 40					113959	
23:59	Position	PO					HO060018
	N LM 40						
4/20/2006	VIGILANT	HOWLAND (Barge)					
1:15	Other Delay Start	OD B		OD B to OD E			HO060018
	N LM 51 POINT CELESTE ANCHORAGE				WAITING OPEN BERTH @ DOCK		
1:15	Anchor Begin	AN B		AN B to AN E			HO060018
	N LM 51 POINT CELESTE ANCHORAGE				ANCHORED @ PT CELESTE		
1:15	Tendered Notice of Readiness to Discharg	TD D		TD D to BR D			HO060018
	N LM 51 POINT CELESTE ANCHORAGE						
6:00	Position	PO					HO060018
	N LM 51 POINT CELESTE ANCHORAGE				ANCHORED @ PT. CELESTE ETA FOR IMT @ 0700 TODAY		
6:25	Other Delay End	OD E	5.17 hr	End OD B to OD E			HO060018
	N LM 51 POINT CELESTE ANCHORAGE				SHIP LEAVING DOCK AT I.M.T.		
6:25	Anchor End	AN E	5.17 hr	End AN B to AN E			HO060018
	N LM 51 POINT CELESTE ANCHORAGE						
7:00	Tug Service - Begin	TS B		TS B to TS E			HO060018
	N LM 56 ELECTRO COAL FLEET				CECELIA SLATTEN		
7:40	Other Delay Start	OD B		OD B to OD E			HO060018
	N LM 57 IMT- MYRTLE GROVE				WAITING FOR DOCK TO START DISCHG		
7:40	Tug Service - End	TS E	.67 hr	End TS B to TS E			HO060018
	N LM 57 IMT- MYRTLE GROVE				RELEASE CECELIA SLATTEN		
7:40	Docked Barge	DK		DK to TD L Or TD D			HO060018
	N LM 57 IMT- MYRTLE GROVE				SECURED AT I.M.T.		

MAY-25-06 THU 5:33 PM DIXIE OFFSHORE TRANSP FAX NO. 504 391 2295 P. 5

Time	Description	Event	Duration	Event Analysis	Cargo	Quantity	Voyage Number
9:40	Other Delay End	OD E	2.00 hr	End OD B to OD E			HO060018
	N LM 57 IMT- MYRTLE GROVE						
9:40	Start Discharge of Cargo	SD		SD to FD			HO060018
	N LM 57 IMT- MYRTLE GROVE				COAL		
12:00	Position	PO					HO060018
	N LM 57 IMT- MYRTLE GROVE				CONT. DISCHG		
18:00	Position	PO					HO060018
	LM 57 IMT- MYRTLE GROVE				CONT DISCHG COAL		
23:59	Fuel Reading	FR					HO060018
	LM 57 IMT- MYRTLE GROVE				113489		
23:59	Position	PO					HO060018
	LM 57 IMT- MYRTLE GROVE				CONT DISCHG COAL		
4/21/2006	**VIGILANT** HOWLAND (Barge)						
6:00	Position	PO					HO060018
	N LM 57 IMT- MYRTLE GROVE				CONT DISCHG COAL		
12:00	Position	PO					HO060018
	N LM 57 IMT- MYRTLE GROVE				CONT DISC		
14:30	Stop Transfer but Billable Begin	SB B		SB B to SB E			HO060018
	N LM 57 IMT- MYRTLE GROVE				DOCK STOP DISC		
16:45	Stop Transfer but Billalbe End	SB E	2.25 hr	End SB B to SB E			HO060018
	N LM 57 IMT- MYRTLE GROVE				RESUME DISC		
18:00	Position	PO					HO060018
	N LM 57 IMT- MYRTLE GROVE				DISC AS BEFORE		
23:59	Fuel Reading	FR					HO060018
	N LM 57 IMT- MYRTLE GROVE				113239		
23:59	Position	PO					HO060018
	N LM 57 IMT- MYRTLE GROVE				DISC AS BEFORE		
4/22/2006	**VIGILANT** HOWLAND (Barge)						
0:50	Finished Discharging	FD	39.17 hr	End SD to FD			HO060018
	N LM 57 IMT- MYRTLE GROVE				COMPLETE DISC COAL		
1:25	Other Delay Start	OD B		OD B to OD E			HO060018
	N LM 57 IMT- MYRTLE GROVE				STBY WAITING OPEN BERTH TO LOAD @ LOWER DOCK - COURAGEOUS @ DOCK		
1:25	Tendered Notice of Readiness to Load	TD L	41.75 hr	TD L to BR L / End DK to TD L			HO060018
	N LM 57 IMT- MYRTLE GROVE				NOTICE OF READINESS TO LOAD		
1:25	Barge Release after Discharge	BR D	48.17 hr	BR D to DP / End TD D to BR D			HO060018
	N LM 57 IMT- MYRTLE GROVE				PAPERWORK COMPLETE		

MAY-25-06 THU 3:35 PM DIXIE OFFSHORE TRANSP FAX NO. 504 391 2295 P.

Time	Description	Event	Duration	Event Analysis	Cargo	Quantity	Voyage Number
5:35	Other Delay End	OD E	4.17 hr	End OD B to OD E			HO060018
	N LM 57 IMT- MYRTLE GROVE				DOCK CLEAR COURAGEOUS OFF		
5:40	Tug Service - Begin	TS B		TS B to TS E			HO060018
	N LM 57 IMT- MYRTLE GROVE				CECILIA SLATTEN		
6:00	Position	PO					HO060018
	N LM 57 IMT- MYRTLE GROVE				PREPARING TO DEPART OFF OF NORTH DOCK HEADING TO SOUTH DOCK TO LOAD		
6:05	Depart Dock	DP	4.67 hr	End BR D to DP			HO060018
	N LM 57 IMT- MYRTLE GROVE				DEPART IMT NORTH BERTH		
6:30	Voyage Begin Fuel Reading	RO	No RO / 138.58 hr	RO to RO / End RO to RO	Fuel		HO060018
	N LM 57 IMT- MYRTLE GROVE				LUBE OIL ONBOARD 1495 GAL 112964		
6:30	Tug Service - End	TS E	.83 hr	End TS B to TS E 4/22			HO060018
	N LM 57 IMT- MYRTLE GROVE						
6:30	Other Delay Start	OD B		OD B to OD E			HO060018
	N LM 57 IMT- MYRTLE GROVE				STBY TO SL		
6:30	Docked Barge	DK		DK to TD L Or TD D			HO060018
	N LM 57 IMT- MYRTLE GROVE				ALL SECURE IMT SOUTH BERTH		
8:30	Other Delay End	OD E	2.00 hr	End OD B to OD E			HO060018
	N LM 57 IMT- MYRTLE GROVE						
8:30	Start Loading Cargo	SL		SL to FL			HO060018
	N LM 57 IMT- MYRTLE GROVE				START LOADING COAL		
12:00	Position	PO					HO060018
	N LM 57 IMT- MYRTLE GROVE				CONT LOADING		
16:30	Finished Loading	FL	8.00 hr	End SL to FL			HO060018
	N LM 57 IMT- MYRTLE GROVE				FRESH WATER DRAFTS PF 19FT 11IN PM 21FT 04IN PA 21FT 04IN SF 19FT 11IN SM 21FT 04IN SA 21FT 04IN COAL		
17:30	Barge Release after Loading	BR L	16.08 hr	BR L to DP / End TD L to BR L			HO060018
	N LM 57 IMT- MYRTLE GROVE				PAPERWORK COMPLETE		
17:35	Tug Service - Begin	TS B		TS B to TS E			HO060018
	N LM 57 IMT- MYRTLE GROVE				BILL S		
17:45	Tug Service - End	TS E	.17 hr	End TS B to TS E			HO060018
	N LM 57 IMT- MYRTLE GROVE				RELEASE BILL S		
17:45	Depart Dock	DP	.25 hr	End BR L to DP			HO060018
	S LM 57 IMT- MYRTLE GROVE				DEPART IMT		
18:00	Position	PO					HO060018
	S LM 56 ELECTRO COAL FLEET						
22:00	Notes and Remarks	NO					HO060018
	S SW 0 JCT. LOWER MISS. RIVER				HEAD OF PASSES		

Edie Freeney - Fwd: Louise Howland

From: Frank Wiseman
To: Freeney, Edie
Date: 4/18/2006 11:07:10 AM
Subject: Fwd: Louise Howland

FYI

>>> Frank Wiseman 04/18/06 9:01 AM >>>
Jason,

The cost for the Louise Howland to return to IMT to discharge off spec. coal will be $20,000 per day, plus fuel and lube consumed during the voyage.

The trip will begin at the time of start loading of the off spec. coal at IMT "1210 (CDT) hours 4/16/06" and will end when the reloading of coal starts.

Dixie will issue an invoice to Progress Fuels for the above rate upon completion of the voyage to IMT. The invoice will be due upon receipt.

Best Regards,
Frankie Wiseman
Operations Manager
Dixie Offshore Transportation Company
a Division of Kirby Corporation

Office: (800) 762-4716
Mobile: (504) 874-7247
Fax: (504) 391-2295
E-Mail: frank.wiseman@kirbycorp.com

Donna Thompson - logs

From: Frank Wiseman
To: Vigilant
Date: 4/18/2006 10:35:51 AM
Subject: logs
CC: Thames, Gary; Thompson, Donna

Spike,
put a NO in the traffic noting the Vessel was re-directed to IMT by Progress Fuels to off load, due to coal being off spec.
log the dschg and load as normal, we will also need to have the lube onboard reading at the time of the original TD L at 1210 hrs on 4/16 and again when you tendered to reload.

Donna Thompson - Update

From: Frank Wiseman
To: Traffic Update
Date: 4/18/2006 10:00:04 AM
Subject: Update
CC: wise5003@bellsouth.net

The Vigilant/Louise Howland has been re-directed to IMT to dschg and reload coal, ETA IMT 0100 4/20

INVOICE NO. [redacted]

RADCLIFF/ECONOMY MARINE SERVICES, INC.
115 COCHRAN CAUSEWAY
P.O. BOX 3064 ■ MOBILE, AL 36652
(251) 433-0066 ■ FAX: (251) 434-4239
BILLING INQUIRIES: (251) 433-0066

MOCAR OIL CO.
Division of Radcliff/Economy Marine Services, Inc.
3100 BARRANCAS AVE.
PENSACOLA, FL 32507
(850) 456-6669 ■ FAX: (850) 456-3984

REMIT TO:

RADCLIFF/ECONOMY
MARINE SERVICES, INC.
P.O. BOX 404090
ATLANTA, GA 30384-4090

y to
ma + Debie

delivery date
4-14-06

SOLD TO:
DIXIE OFFSHORE TRANSPORTATION
DIXIE FUELS LIMITED
P.O. BOX 880
HARVEY LA 70059

SHIP TO:
REMS DOCK
VIGILANT

CUST NO	SALESMAN ID	PURCHASE ORDER NO.	SHIP VIA	TERMS	INVOICE DATE	PAGE
5	SWG		BARGE	Net 10 Days	[redacted]	1

QTY ORDERED	QTY SHIPPED	QTY BACK ORDERED	ITEM NO.	DESCRIPTION	UNIT OF MEASURE	UNIT PRICE	EXTENDED PRICE
999	49,999	0	690106	DIESEL,3,NA1993,PGIII,DYED	GL	2.0681	$103,402.93
				DYED DIESEL FUEL,NONTAXABLE USE ONLY/PENALTY FOR TAXABLE USE			
				AL BOAT INSP $.00025		12.50	
				FED LUST DSL $.001		50.00	
				FED OIL SPIL DS.0012		60.00	

[redacted] No. 1
Approval [redacted]
APP 24 2006
Expenditure Sub No.
Accounting Period APR 2006

Acct. / M & R Code	Unit / Dept.	Project No. / Activity Code
62100-1	VIG	
01		
699001-01	VIG	

103,402.93
122.50

APR 25 2006
DRG

quent balances subject to 1½% per mo.

COMMENTS: 26533

NCE CHARGE 18% ANNUAL PERCENTAGE RATE

SALE AMOUNT	$103,402.93
ADJUSTMENT	$.00
OTHER	$122.50
	$.00
TOTAL	[redacted]

Thank You

ORIGINAL

PEF-CC-001428

ExxonMobil
Marine Lubricants

DIXIE OFFSHORE TRANSPORTATION CO
C/O KIRBY INLAND MARINE
P.O. Box 880
HARVEY LA 70059

Customer No: 4806887
Vessel No: 1014778

Ship To:
MOBILE AL DOM BB RADCLIFFE
RADCLIFF ECONOMY BB
VARIOUS
MOBILE AL 36601

Sold To:
M/V VIGILANT AND OWNERS
C/O KIRBY INLAND MARINE
HOUSTON

3405.50 622001 Vig

Order No.	Purchase Order	Release No.	Shipping Origin	P.O. Date
224297748	500501		PORT ALLEN BUYBACK PLANT	Delivered

2347.50 659001-12 LHAW

Material	Packages Billed	Packages Open	UOM	Description	Quantity	Price	Amount
98736M	1000		GA	MOBILGARD 450 NC,BULK. 622001-01	1,000.00	3.14	3,140.00
98514E	7		DR	MOBILGEAR 632,400LB. 659001-12	2,800.00	0.87	2,436.00
				AL Inspection Fee	1,000.00	0.15	150.00
				AL Lube Oil Tax	2,800.00	0.0025	7.00
				AL Lube Oil Tax	1,000.00	0.02	20.00

ExxonMobil's economic interest in your payment may have been sold to another affiliate, but seller retains title to your payment and collection rights.

PROCESSED BY JUDY GORDON 1.800.662.4524

ExxonMobil's Terms and Conditions of Sale shall apply to this order unless otherwise documented by both parties. Details are available on the web at www.exxonmobil.com/lube_sales_terms. Call Customer Service (1-800-662-4524 for Marine) (1-888-299-2883 for Aviation) or your ExxonMobil Territory Manager if you have questions about this invoice or need other assistance.

Payment Terms	Due Date	Amount Due	Amt. Subject To Discount	Discount Allowed
NET 30	05/03/2006	5,753.00		

INVOICE TOTAL [redacted]

OK per Frankie 4/25/06 - Stan Todd V - called to correct in sept

Please show Invoice No 414935122 dated 04/03/2006 on remittance.

We hereby certify that these goods were produced in compliance with the Fair Labor Standards Act of 1938, as amended.

PEF-CC-001429

ELECTRIC FUELS CORPORATION
ACCOUNTS PAYABLE ANALYSIS
MAY 2006

Prepared by: ABF
06/29/06
02:58 PM

S:\Amy Futrell\EXCEL\Monthly Reconciliations\[2006 BS rec backup.xls]AR

***ACCRUED OTHER LIABILITIES *** 2600-165

MISCELLANEOUS INVOICES DUE IN 2006

12/05	28,025.96	Marigold services	(28,025.96)
		ROUNDING	$0.00
			($28,025.96)

(2)

KANAWHA RIVER TERMINALS
PO BOX 1241
RALEIGH, NC 27602

Check Date: May 30,2006 Check No.: 91069482

Invoice Date	Voucher Number	Invoice Number	Description	Amount
Apr 11,2006	613623	041106	Q1 2006 RIVER BARGE DEMURRAGE	4,400.00
			Total:	4,400.00

THIS IS WATERMARKED PAPER - DO NOT ACCEPT WITHOUT NOTING WATERMARK - HOLD TO LIGHT TO VERIFY WATERMARK

SUNTRUST BANK
SUNTRUST BANK OF NORTHWEST 64-679/0611

KANAWHA RIVER TERMINALS
PO BOX 1241
RALEIGH, NC 27602

Check Date: May 30,2006

Check No: 91069482

Pay *Four Thousand Four Hundred DOLLARS and Zero CENTS* ----------
xactly

Check Amount
$**********4,400.00

Pay to the Order of
PROGRESS ENERGY FLORIDA, INC.
P.O. BOX 33199
ST.PETERSBURG, FL 33733-8199

Sandra S Wyckoff
Authorized Signature

Authorized Signature

⑈91069482⑈ ⑆061100790⑆ 66566569301 07⑈

(3)

2005 DEMURRAGE EXPENSES/ACCRUAL

MEMCO		*DIXIE FUELS*		*EXPRESS MARINE*	
2005 Demurrage Accrued	$ 388,025.00	2005 Demurrage Accrue	$ 1,670,905.87	2005 Demurrage Accrue	$ 561,562.67
Rebill Reimbursements	$ 96,014.66	Rebill Reimbursements	$ 505,710.83	Rebill Reimbursements	$ -
Demurrage Expense	$ (651,250.00)	Demurrage Expense	$ (2,504,632.99)	Demurrage Expense	$ (545,596.34)
Over/(Under) Accrual	**$ (167,210.34)**	Over/(Under) Accrual	**$ (328,016.29)**	Over/(Under) Accrual	**$ 15,966.33**

TOTAL FOR 2005	
2005 Demurrage Accrue	$ 2,620,493.54
Rebill Reimbursements	$ 601,725.49
Demurrage Expense	$ (3,701,479.33)
Over/(Under) Accrual	$ (479,260.30)

PROGRESS FUELS CORPORATION
ACCOUNTS PAYABLE ANALYSIS
MAY 2006

Prepared by: ABF
7/3/2006 13:33

):\PFC Regulated Files\EXCEL\Monthly Reconciliations\2006 PFC Recons\[06AP.xls]MAY06 PFC

IEMCO 'D' on REG (FPC)

2/05	(23.03)	@	$9.63	PAID MIN TONS NOT LOADED BUT NOT ACCRUED	$	221.78
					$	-
					$	-
				ROUNDING	$	(0.01)
					$	221.77

DIXIE FUELS LIMITED | Progress Fuels | Demurrage(Despatch) | 2006 | 06/22/06 | 2:06 PM

V:\Gulf Operations\IMT\[Blend Calculator xls]June

Load Rate	14.00 Hours	SHINC	Reversible laytime		1/1/05 - 3/31/05	4/1/05 - 12/31/05
Dsch Rate	25.00 Hours	SHINC		Demurrage:	N/A per hour	$650.00
				Despatch:	N/A per hour	$0.00

Dixie Trip #	Load I or M	Boat/Barge		Tons	Time Allowed Load	Load Port	New Orleans or Mobile: Original NOR	FL or Barge Released	Load Credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Stacking	Ships	Time Used	Load Dem/ (Desp)	Time Allowed Dsch	Original NOR	FD or Barge Released	Discharge credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Trains	Stacking	Time Used	Discharge Dem/ (Desp)	Net Dem(Desp) Hours
January,2006	2006																													
01-06	01-06	Resolute/Thompson	IMT	15,152.68	14.00		01/05 10:40	01/06 18:15				0.00	21.16			31.58	17.58	25.00	01/08 11:25	01/10 01:40			(0.42)	(0.42)	9.75		6.92	37.83	12.83	30.41
02-06	02-06	Courageous/Birdsall	IMT	15,626.04	14.00		01/06 17:00	01/07 09:45			(0.33)	(0.33)	0.17	2.17		16.42	2.42	25.00	01/09 00:15	01/11 05:30		(5.33)	(4.33)	(9.66)			22.58	43.58	18.59	21.01
03-06	03-06	Vigilant/Dotto	IMT	15,669.77	14.00		01/07 20:00	01/08 06:25				0.00	1.00			10.42	(3.58)	25.00	01/09 20:00	01/12 08:45		(2.00)	(3.91)	(5.91)			30.92	54.84	29.84	26.26
04-06	04-06	Resolute/Thompson	IMT	15,210.32	14.00		01/14 08:00	01/15 10:50				0.00	4.75			26.83	12.83	25.00	01/17 04:30	01/18 08:10				0.00				25.67	0.67	13.50
05-06	05-06	Courageous/Birdsall	IMT	15,528.89	14.00		01/15 14:00	01/16 09:40				0.00	0.25			19.67	5.67	25.00	01/19 18:30	01/21 12:45			(3.33)	(3.33)			14.50	37.92	12.92	18.59
06-06	06-06	Vigilant/Dotto	BP	14,755.19	14.00		01/16 07:10	01/17 04:15				0.00				21.08	7.08	25.00	01/19 16:35	01/20 12:00				0.00				19.42	(5.58)	1.50
07-06	07-06	Resolute/Thompson	IMT	15,203.15	14.00		01/22 13:15	01/23 20:10		(8.33)	(1.33)	(9.66)	12.50			21.26	7.26	25.00	01/25 23:20	01/27 08:05				0.00	5.08			32.75	7.75	15.01
08-06	08-06	Courageous/Birdsall	IMT	15,549.21	14.00		01/25 19:00	01/26 12:30				0.00	2.67			17.50	3.50	25.00	01/28 15:30	01/29 14:25				0.00				22.92	(2.08)	1.42
09-06	09-06	Vigilant/Howland	IMT	15,655.84	14.00		01/27 01:30	01/27 16:40				0.00	2.83		1.92	15.17	1.17	25.00	02/01 02:25	02/02 18:40			(0.42)	(0.42)			13.00	39.83	14.83	16.00
January, 2006 - Totals for Month				138,351.09					0.00	(8.33)	(1.66)	(9.99)	45.33	2.17	1.92	179.93	53.93				0.00	(7.33)	(12.41)	(19.74)	14.83	0.00	87.92	314.76	89.76	143.69
January, 2006 - YTD Totals				138,351.09					0.00	(8.33)	(1.66)	(9.99)	45.33	2.17	1.92	179.93	53.93				0.00	(7.33)	(12.41)	(19.74)	14.83	0.00	118.84	314.76	89.76	143.69
																	35,052.33												58,344.00	80,396.33
																	$0.25												$0.42	$0.68

Demurrage Due

Demurrage Per Ton

Dixie Trip #	Load I or M	Boat/Barge		Tons	Time Allowed Load	Load Port	New Orleans or Mobile: Original NOR	FL or Barge Released	Load Credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Stacking	Ships	Time Used	Load Dem/ (Desp)	Time Allowed Dsch	Original NOR	FD or Barge Released	Discharge credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Trains	Stacking	Time Used	Discharge Dem/ (Desp)	Net Dem(Desp) Hours
06-06	06-06	Vigilant/Dotto	BP	14,755.19	14.00		01/16 07:10	01/17 04:15				0.00				21.08	7.08	25.00	01/19 16:35	01/20 12:00				0.00				19.42	(5.58)	1.50
																	4,604.17												(3,629.17)	975.00
																	$0.31												($0.25)	$0.07

Dixie Trip #	Load I or M	Boat/Barge		Tons	Time Allowed Load	Load Port	New Orleans or Mobile: Original NOR	FL or Barge Released	Load Credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Stacking	Ships	Time Used	Load Dem/ (Desp)	Time Allowed Dsch	Original NOR	FD or Barge Released	Discharge credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Trains	Stacking	Time Used	Discharge Dem/ (Desp)	Net Dem(Desp) Hours
01-06	01-06	Resolute/Thompson	IMT	15,152.68	14.00		01/05 10:40	01/06 18:15				0.00	21.16			31.58	17.58	25.00	01/08 11:25	01/10 01:40			(0.42)	(0.42)	9.75		6.92	37.83	12.83	30.41
02-06	02-06	Courageous/Birdsall	IMT	15,626.04	14.00		01/06 17:00	01/07 09:45			(0.33)	(0.33)	0.17	2.17		16.42	2.42	25.00	01/09 00:15	01/11 05:30		(5.33)	(4.33)	(9.66)			22.58	43.58	18.59	21.01
03-06	03-06	Vigilant/Dotto	IMT	15,669.77	14.00		01/07 20:00	01/08 06:25				0.00	1.00			10.42	(3.58)	25.00	01/09 20:00	01/12 08:45		(2.00)	(3.91)	(5.91)			30.92	54.84	29.84	26.26
04-06	04-06	Resolute/Thompson	IMT	15,210.32	14.00		01/14 08:00	01/15 10:50				0.00	4.75			26.83	12.83	25.00	01/17 04:30	01/18 08:10				0.00				25.67	0.67	13.50
05-06	05-06	Courageous/Birdsall	IMT	15,528.89	14.00		01/15 14:00	01/16 09:40				0.00	0.25			19.67	5.67	25.00	01/19 18:30	01/21 12:45			(3.33)	(3.33)			14.50	37.92	12.92	18.59
07-06	07-06	Resolute/Thompson	IMT	15,203.15	14.00		01/22 13:15	01/23 20:10		(8.33)	(1.33)	(9.66)	12.50			21.26	7.26	25.00	01/25 23:20	01/27 08:05				0.00	5.08			32.75	7.75	15.01
08-06	08-06	Courageous/Birdsall	IMT	15,549.21	14.00		01/25 19:00	01/26 12:30				0.00	2.67			17.50	3.50	25.00	01/28 15:30	01/29 14:25				0.00				22.92	(2.08)	1.42
09-06	09-06	Vigilant/Howland	IMT	15,655.84	14.00		01/27 01:30	01/27 16:40				0.00	2.83		1.92	15.17	1.17	25.00	02/01 02:25	02/02 18:40			(0.42)	(0.42)			13.00	39.83	14.83	16.00
				123,595.90													30,448.17												8,839.50	10,397.83
																	$0.25												$0.08	$0.08

DIXIE FUELS LIMITED | Progress Fuels | Demurrage(Despatch) | 2006 | 06/22/06 | 2:06 PM

V:\Gulf Operations\IMT\[Blend Calculator xls]June

Load Rate: 14.00 Hours SHINC Reversible laytime

Dsch Rate: 25.00 Hours SHINC

	1/1/05 - 3/31/05		4/1/05 - 12/31/05
Demurrage	N/A	per hour	$650.00
Despatch:	N/A	per hour	$0.00

Dmie Trip #	Load I or M	Boat/Barge	Tons	Time Allowed Load	Load Port	New Orleans or Mobile: Original NOR	FL or Barge Released	Load Credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Stacking	Ships	Time Used	Load Dem/ (Desp)	Time Allowed Dsch	Original NOR	FD or Barge Released	Discharge credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Trains	Stacking	Time Used	Discharge Dem/ (Desp)	Net Dem(Desp) Hours
February, 2006																													
10-06	10-06	Resolute/Thompson	15,202.62	14.00	IMT	01/31 11:05	02/01 02:15				0.00	1.33			15.17	1.17	25.00	02/02 23:50	02/06 08:20			(4.84)	(4.84)	0.83		53.25	75.66	50.66	51.83
11-06	11-06	Courageous/Birdsall	15,373.24	14.00	IMT	02/02 21:30	02/03 06:00				0.00				8.50	(5.50)	25.00	02/06 16:35	02/07 14:45				0.00				22.17	(2.83)	(8.33)
12-06	12-06	Vigilant/Howland	15,690.02	14.00	IMT	02/08 09:55	02/08 19:50				0.00	1.08			9.92	(4.08)	25.00	02/10 15:40	02/11 15:40				0.00				24.00	(1.00)	(5.08)
13-06	13-06	Resolute/Thompson	15,324.01	14.00	IMT	02/10 13:20	02/13 17:50			(1.33)	(1.33)	3.92		[redacted]	10.50	25.00	02/15 08:45	02/17 13:05				(3.33)	(3.33)			26.17	49.00	24.00	34.50
14-06	14-06	Courageous/Birdsall	15,550.91	14.00	IMT	02/13 16:30	02/14 10:55			(0.50)	(0.50)	0.75	2.00		17.92	3.92	25.00	02/16 11:15	02/19 12:40		(8.25)	(2.92)	(11.17)			40.50	62.25	37.25	41.16
15-06	15-06	Vigilant/Howland	15,418.97	14.00	IMT	02/16 05:50	02/16 18:15				0.00	0.67			12.42	(1.58)	25.00	02/18 23:20	02/21 10:05			(2.67)	(2.67)	22.08		13.17	56.08	31.08	29.50
16-06	16-06	Resolute/Thompson	15,179.53	14.00	IMT	02/21 02:50	02/21 19:10				0.00	1.42			16.33	2.33	25.00	02/24 12:15	02/25 12:15				0.00	3.67			24.00	(1.00)	1.33
17-06	17-06	Courageous/Birdsall	15,627.73	14.00	IMT	02/25 09:35	02/26 01:00				0.00	0.25			15.42	1.42	25.00	02/28 01:15	03/01 15:00			(1.58)	(1.58)	2.58		13.92	36.17	11.17	12.59
18-06	18-06	Vigilant/Howland	15,483.09	14.00	IMT	02/27 11:20	02/28 02:35				0.00	0.50			15.25	1.25	25.00	03/01 17:00	03/03 09:15			(3.33)	(3.33)	0.67		17.50	36.92	11.92	13.17
February, 2006 - Totals for month			138,850.12					0.00	0.00	(1.83)	(1.83)	9.92	2.00	50.67	135.42	9.42				0.00	(8.25)	(18.67)	(26.92)	29.83	0.00	164.51	386.25	161.25	170.66
																6,120.83												104,810.33	110,931.17
																$0.04												$0.75	$0.80

DIXIE FUELS LIMITED | Progress Fuels | Demurrage(Despatch) | 2006 | 06/22/06 2:06 PM | V:\Gulf Operations\IMT\[Blend Calculator xls]June

Load Rate 14.00 Hours SHINC | Reversible laytime | 1/1/05 - 3/31/05 | 4/1/05 - 12/31/05

Dsch Rate 25.00 Hours SHINC | Demurrage: N/A per hour | $650.00

Despatch: N/A per hour | $0.00

Dixie Trip #	Load I or M	Boat/Barge	Tons	Time Allowed Load	Load Port	New Orleans or Mobile: Original NOR	FL or Barge Released	Load Credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Stacking	Ships	Time Used	Load Dem/ (Desp)	Time Allowed Dsch	Original NOR	FD or Barge Released	Discharge credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Trains	Stacking	Time Used	Discharge Dem/ (Desp)	Net Dem(Desp) Hours
March, 2006																													
19-06	19-06	Resolute/Thompson	15,391.44	14.00	IMT	03/01 14:45	03/01 23:30				0.00	2.08			8.75	(5.25)	25.00	03/04 03:30	03/04 23:25				0.00				19.92	(5.08)	(10.33)
20-06	20-06	Courageous/Birdsall	15,561.57	14.00	BP	03/03 03:45	03/04 05:00				0.00				25.25	11.25	25.00	03/05 18:30	03/06 23:00				0.00	4.66			28.50	3.50	14.75
21-06	21-06	Vigilant/Howland	16,066.05	14.00	IMT	03/09 05:30	03/10 03:15				0.00	3.33			21.75	7.75	25.00	03/13 10:10	03/16 22:20			(4.92)	(4.92)	13.50		35.25	79.25	54.25	62.00
22-06	22-06	Resolute/Thompson	16,303.78	14.00	IMT	03/12 08:00	03/13 09:10				0.00				25.17	11.17	25.00	03/16 02:15	03/18 10:45			(4.66)	(4.66)	5.75		16.92	51.84	26.84	38.01
23-06	23-06	Courageous/Birdsall	16,669.41	14.00	IMT	03/12 07:30	03/13 22:00			(1.17)	(1.17)	2.07	25.50		37.33	23.33	25.00	03/16 02:40	03/20 23:40		(6.42)	(5.17)	(11.59)			75.24	105.41	80.41	103.74
24-06	24-06	Vigilant/Howland	16,215.14	14.00	IMT	03/20 15:05	03/21 11:40				0.00	11.42			20.58	6.58	25.00	03/23 09:15	03/24 19:15			(3.25)	(3.25)			6.25	30.75	5.75	12.33
25-06	25-06	Resolute/Thompson	16,312.89	14.00	IMT	03/22 05:50	03/22 17:35				0.00	0.75			11.75	(2.25)	25.00	03/24 22:30	03/27 19:05		(7.08)	(5.58)	(12.66)	6.92		23.16	55.92	30.92	28.67
26-06	26-06	Courageous/Birdsall	16,586.99	14.00	IMT	03/25 14:45	03/26 06:40			(1.17)	(1.17)			3.25	14.75	0.75	25.00	03/27 23:25	03/28 23:35				0.00	3.17			24.17	(0.83)	(0.09)
27-06	27-06	Vigilant/Howland	16,617.29	14.00	IMT	03/28 11:15	03/29 04:05			(0.67)	(0.67)	1.83		6.75	16.16	2.16	25.00	03/31 01:50	04/01 04:20				0.00	1.08			26.50	1.50	3.66
March, 2006 - Totals for month			145,724.56					0.00	0.00	(3.01)	(3.01)	21.48	25.50	10.00	181.49	55.49				0.00	(13.50)	(23.58)	(37.08)	35.08	0.00	156.82	422.25	197.25	252.74
																36,068.50												128,214.67	164,283.17
																$0.25												$0.88	$1.13

Dixie Trip #	Load I or M	Boat/Barge	Tons	Time Allowed Load	Load Port	New Orleans or Mobile: Original NOR	FL or Barge Released	Load Credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Stacking	Ships	Time Used	Load Dem/ (Desp)	Time Allowed Dsch	Original NOR	FD or Barge Released	Discharge credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Trains	Stacking	Time Used	Discharge Dem/ (Desp)	Net Dem(Desp) Hours
19-06	19-06	Resolute/Thompson	15,391.44	14.00	IMT	03/01 14:45	03/01 23:30				0.00	2.08			8.75	(5.25)	25.00	03/04 03:30	03/04 23:25				0.00				19.92	(5.08)	(10.33)
21-06	21-06	Vigilant/Howland	16,066.05	14.00	IMT	03/09 05:30	03/10 03:15				0.00	3.33			21.75	7.75	25.00	03/13 10:10	03/16 22:20			(4.92)	(4.92)	13.50		35.25	79.25	54.25	62.00
22-06	22-06	Resolute/Thompson	16,303.78	14.00	IMT	03/12 08:00	03/13 09:10				0.00				25.17	11.17	25.00	03/16 02:15	03/18 10:45			(4.66)	(4.66)	5.75		16.92	51.84	26.84	38.01
23-06	23-06	Courageous/Birdsall	16,669.41	14.00	IMT	03/12 07:30	03/13 22:00			(1.17)	(1.17)	2.07	25.50		37.33	23.33	25.00	03/16 02:40	03/20 23:40		(6.42)	(5.17)	(11.59)			75.24	105.41	80.41	103.74
24-06	24-06	Vigilant/Howland	16,215.14	14.00	IMT	03/20 15:05	03/21 11:40				0.00	11.42			20.58	6.58	25.00	03/23 09:15	03/24 19:15			(3.25)	(3.25)			6.25	30.75	5.75	12.33
25-06	25-06	Resolute/Thompson	16,312.89	14.00	IMT	03/22 05:50	03/22 17:35				0.00	0.75			11.75	(2.25)	25.00	03/24 22:30	03/27 19:05		(7.08)	(5.58)	(12.66)	6.92		23.16	55.92	30.92	28.67
26-06	26-06	Courageous/Birdsall	16,586.99	14.00	IMT	03/25 14:45	03/26 06:40			(1.17)	(1.17)			3.25	14.75	0.75	25.00	03/27 23:25	03/28 23:35				0.00	3.17			24.17	(0.83)	(0.09)
27-06	27-06	Vigilant/Howland	16,617.29	14.00	IMT	03/28 11:15	03/29 04:05			(0.67)	(0.67)	1.83		6.75	16.16	2.16	25.00	03/31 01:50	04/01 04:20				0.00	1.08			26.50	1.50	3.66
			130,162.99													44.24												193.75	237.99

Dixie Trip #	Load I or M	Boat/Barge	Tons	Time Allowed Load	Load Port	New Orleans or Mobile: Original NOR	FL or Barge Released	Load Credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Stacking	Ships	Time Used	Load Dem/ (Desp)	Time Allowed Dsch	Original NOR	FD or Barge Released	Discharge credits: DXE Delay	Weather	Shift	Net Credits	Dock Delays	Trains	Stacking	Time Used	Discharge Dem/ (Desp)	Net Dem(Desp) Hours
20-06	20-06	Courageous/Birdsall	15,561.57	14.00	BP	03/03 03:45	03/04 05:00				0.00				25.25	11.25	25.00	03/05 18:30	03/06 23:00				0.00	4.66			28.50	3.50	14.75
			15,561.57													11.25												3.50	14.75
																7,312.50												2,275.00	9,587.50
																$0.47												$0.15	$0.62

#VALUE!

Dixie Offshore Transportation Company *a Kirby Company*

WHERE QUALITY MAKES THE DIFFERENCE

PROGRESS FUELS CORPORATION(Florida)
Attention: Regulated Back Office
410 South Wilmington St.
Mail Stop PEB 10A
Raleigh, NC. 27601
Fax: 919-546-3258

00508-01
08-May-06
2714

L 70763

To Invoice you for First Quarter 2006 Demurrage

~~347.76 hours~~ @ $650.00
567.09 hrs @ $650.00

~~$401,544.00~~
$368,608.50

412101-01-C1 MBIR BR06-000000 - 100,386.00
LHOW H006-00000 -
ATHO TH06 -
MDOT D006 -

Did not pay 50.67 hrs for last time @ IMT on Feb 2006 trip # 13-06.

617.76 - 50.67 = 567.09

PLEASE REFERENCE INVOICE NUMBER AND DCO\
AND REMIT AS FOLLOWS:
P.O. BOX 200468
HOUSTON, TX. 77216-1044

WIRE TRANSFER INSTRUCTIONS:
CHASE OF TEXAS
ACCOUNT: REDACTED
ABA: #

OK to pay, Q1 2006 Demurrage
21-June

$368,608.50
~~$401,544.00~~

PLEASE REMIT

Send $345,000.00

Some additional [redacted]

OK JBoyd

333 W.P.A. Road • Belle Chasse, LA 70037 • P.O. Box 880, Harvey, LA 70059-0880
504/392-7800 • Toll Free: 800/762-4718 • Facsimile: 504/391-2295

From: Duttinger, Jason
To: Futrell, Amy;
Subject: RE: Demurrage accruals for June
Date: Sunday, July 16, 2006 10:53:12 PM

Looks good

-----Original Message-----
From: Futrell, Amy
Sent: Tuesday, July 04, 2006 11:33 AM
To: Duttinger, Jason
Cc: Putnam, Jon
Subject: Demurrage accruals for June

We accrued the following for the month of June for demurrage. Please let us know if we need to make any adjustments in July for these amounts.

EMI $50,000
Dixie $115,000
Memco $50,000

Amy Futrell
Regulated Back Office
(919)546-2678
amy.futrell@pgnmail.com