

JOINT LINE - SOUTHERN POWDER RIVER BASIN COAL FORECASTING PROCESS
Effective April 1, 2007

GOAL

To provide a mechanism to forecast monthly Southern Powder River Basin coal demand for use in allocating BNSF Railway Company (BNSF) and Union Pacific Railroad (UP) Joint Line mine slots, determining variances in mine forecast and production capabilities, and planning resources that are reasonably expected to be available to meet that demand.

VOLUNTARY, CONFIDENTIAL AND NON-BINDING

Participation in this process (1) is voluntary except to the extent agreed on in bilateral agreements between the Parties, and (2) constitutes agreement by, between and among the participating Shippers, Producers and Railroads (herein to as Party or Parties as the case may be) that all information exchanged in this process is (a) given in good faith from the best available information, (b) is proprietary and confidential and shall not be used by any Party except in connection with this process and (c) shall not constitute a binding commitment (except as provided in bilateral agreements between the Parties) or supersede or otherwise interfere in any way with bilateral agreements between any of the Parties or their legal rights associated therewith.

DEFINITIONS

Broker: A party buying or selling coal other than the Producer or Shipper of that tonnage.

CTA: Coal Trade Association – An organization set up to facilitate the trading of coal.
Website is www.coaltrade.org.

Contract: Bilateral agreement reached through arms-length negotiations, typically herein referring to such agreements between Shippers and Producers or Shippers and Railroads.

Daisy Chain: The chain of purchasers and sellers between the Producer and Shipper of OTC coal.

Forecast Month: The calendar month for which the forecast is submitted.

Holiday: Those days occurring during a calendar year which are recognized by the United States government (i.e. Federal Holidays).

Over-The-Counter (OTC) and Broker Tons: Tons shipped under contracts other than bilateral agreements between Shipper(s) and Producer(s).

Prior Month: The calendar month prior to the Forecast Month.

Producer: Coal Producer and/or Mine Operator.

Railroad: UP and/or BNSF unless otherwise specified.

Shipper: Utility or other party arranging transportation for a utility.

UID: Unique Identifier – An alpha-numeric designator representing the agreement to which the Producer will charge the tons loaded for the Shipper (i.e. the agreement number).

Working Day: Working Day shall mean Monday through Friday, excluding Holidays.

TIMELINE:

By the 20th of the Prior Month (or the following Working Day if the 20th falls on a weekend or Holiday):

SHIPPERS AND RAILROADS designated representatives will communicate to identify demand, transportation resources (e.g., trainsets) and performance criteria (e.g., cycle times) to the extent that they may influence coal tonnage forecasts and shipping schedules for the Forecast Month and the two following months.

By the 25th of the Prior Month (or the following Working Day if the 25th falls on a weekend or Holiday):

SHIPPERS, PRODUCERS, and BROKERS communicate the Daisy Chains and UIDs associated with any OTC and Broker tonnage to be shipped in the Forecast Month to allow Shippers and Producers to include this tonnage in their respective Railroad's coal forecasting webpages.

By the last Working Day of the Prior Month:

SHIPPERS AND PRODUCERS communicate to match the Producers' coal production plans with the Shippers' coal delivery schedules in accordance with their respective bilateral coal supply agreements. The agreed coal shipments under each agreement will form the basis for the Producers' and Shippers' respective forecasts of transportation service requirements for the Forecast Month, and their estimated total tonnage for the two following months, in the respective Railroad coal forecasting webpages.

1st Working Day of the Forecast Month

SHIPPERS will enter their (1) FORECAST TONNAGE by mine and destination for the Forecast Month, and (2) ESTIMATED TOTAL TONNAGE for the two following months in the respective Railroad coal forecast webpages by not later than 5:00 p.m. Central Time.

Forecast tonnage should be based on the following:

- **Coal production/delivery schedules agreed on between the coal Producers and Shippers, such schedules to consider scheduled mine outages, dumper outages and other factors which may affect loading and unloading performance during the Forecast Month.**
- **Number of days in the Forecast Month.**
- **Reasonably expected transportation resources (e.g., trainsets), and performance criteria (e.g., cycle times) as agreed on between the Railroads and Shippers.**

Estimated total tonnage for the two following months is to be entered in a location to be developed for that purpose by the Railroads in their respective coal forecast webpages.¹

¹ During the interim period while Railroads are revising their coal forecast webpages, Shippers may voluntarily enter their estimated total tonnage for following two months under a single origin-destination pair for each respective month.

2nd Working day of Forecast Month

Producers will enter their initial inputs into the respective Railroad websites in the same general manner described for Shippers (above) by not later than 5:00 p.m. Central Time.

Input Monitoring and Reconciliation

Shippers, Producers and Railroads will monitor the respective inputs for any variances between the Shipper and Producer forecasts for the corresponding origin-destination pairs. If any variances are noted, the Shipper(s) and Producer(s) will reconcile those differences by not later than the close of the 3rd Working Day of the Forecast Month. The Railroads will provide notice to the Producers and Shippers of any variances between their respective numbers beginning on the 1st Working Day of the Forecast Month.

3rd Working Day of the Forecast Month

Shippers and Producers will complete reconciling any differences between their respective inputs, and the RAILROADS will close their forecast webpage at 5:00 p.m. Central Time.

After 3rd Working Day of Forecast Month:

Railroads will promptly notify Producers and Shippers of any variances between Producer and Shipper forecasts that remain when forecasts websites are closed. If reconciliation of such variances results in a change in the Producer's or Shipper's forecast, the Railroad will notify the Parties and allow the impacted Parties to work with other Producers or Shippers to adjust forecast to compensate for the change.

Railroads will evaluate Shippers' forecasts against available transportation resources and expected performance. If a Shipper's forecast substantially differs (either over or under) from available transportation resources or expected performance, Railroad will

contact that Shipper to reconcile the forecast with related resources. If any changes occur in the Shipper's forecast as a result of such reconciliation, Railroad will notify Producer and allow adjustments as described in preceding paragraph.

Railroads will provide transportation services and mine line-ups consistent with Shipper and Producer forecasts.

Railroads will monitor the Producers' shipments against their respective forecast tonnage and reforecast according to the guidelines set forth in the following section.

REFORECASTS

If during the Forecast Month any Producer's shipments vary more than five (5) percent from that Producer's forecasted tonnage due to reasons not related to the Railroad, the following will apply:

- The affected Producer(s) will promptly communicate to the Railroad(s) and all affected Shippers the expected change in the forecast for each mine and Shipper so affected.**
 - That Producer's forecast will be adjusted by the Railroad(s) based on the amount(s) agreed on with the Producer.**
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