

National Coal Transportation Association
Western Logistics and Planning Committee
February 13, 2007
BNSF Offices – Ft. Worth, Texas

Steve Bobb, VP Coal Operations, BNSF Railway kicked off the meeting by welcoming the group to the BNSF facilities and conducting the safety briefing. Next, Tom Canter thanked BNSF for sponsoring this meeting in Ft. Worth. Tom Canter gave the Antitrust Admonition stating that this is a gathering of competitors and that all meeting participants should be cautious not to discuss anything related to specific marketing plans or market share during the meeting or during the breaks. If an individual has concerns regarding the content or direction discussions are proceeding, he or she should speak up and the meeting will be re-vectored. If still uncomfortable, the attendee can leave the meeting and the minutes will reflect such action. The meeting kickoff concluded with Tom requesting that all attendees introduce themselves.

All speaker presentations are available on the NCTA web site.

Railroad Updates:

UPRR

Andy Schroder's presentation gave an update on joint line performance for 2006 with comparisons to previous years and an update on Colorado/Utah performance. He stated that the UP had loaded an average of 36.2 trains per day on the joint line in 2006 and 35.2 trains per day through February 10, 2007. Loadings in 2007 have been impacted by winter weather and two derailments.

Andy shared with the group that the 2007 producer forecast for the joint line is 383 million tons. It was noted that the forecast exceeded CANAC's latest capacity study which put capacity on the joint line at 370-375 million tons. Andy Cebula (CANAC) addressed this concern by stating that the capacity projects being implemented in 2007 will allow the railroads to meet the 383 million ton forecast.

Andy Schroder reported that UP set a record of 160 unit train loadings for Colorado in May, 2006. In January, 2007 UP loaded 137 trains in Colorado. January loadings were impacted by weather and disruptions in mine production.

Andy noted that the UP's current set count is between 365 and 370 units, of which approximately 85 are running in CO/UT service.

BNSF

Will Cunningham presented BNSF 2006 performance update. BNSF loaded 457.5 million tons in 2006 a 10.2% increase over 2005. Growth during the 1999-2006 period was 4.2%. Joint line 10%, Campbell Sub 18%, and Montana 6.5 %. The 2007 forecast

for the Campbell Sub is 77.2 million tons and Montana 32.7 million tons. Please see Will's presentation on the NCTA web site for details.

Will noted that the BNSF currently has 470 unit trains in service with approximately 270 in joint line service.

Update on Coal Forecasting Tool - Dan Gray

Dan summarized the team's activities since its inception in February 2005. He then gave a brief review on the team's newly proposed forecasting process noting that the most significant change is the time table for completing the process, by the third working day of the month. Additionally, the team's process is requesting that the user provide a forward two month forecast. Both western railroads will look into modifying their web sites to more easily accommodate summary type numbers, not origin and destination specific, for the two additional forecast months. The western railroads also agreed to post the new forecasting process on their web sites. The new forecasting tool will be distributed in time for the April nominations.

During discussions on the new process it was noted that some additional work needs to be done to further improve upon the forecasting of third party coal movements. A new sub-committee will be formed to address forecasting third party trains.

Railroad Updates on Major Rail Maintenance and Capacity Projects

UPRR

UPRR maintenance and capital project plan for 2007 will be focused on adding six new tracks at Bill Yard over a 3 year period, a third main track at North Platte, grade separation at Winter Park and miscellaneous yard projects. See the UPRR presentation for more details.

BNSF

Steve Behns presentation summarized projects completed in 2006 and provides some detail on 2007 scheduled projects. Most notable, BNSF will add triple track from the south switch at Caballo to Donkey Creek. This track should be in service in May, 2007. The fourth main track will be constructed at Logan Hill. Permitting requirements may delay full utilization of this track. BNSF is adding 222 locomotives for coal in 2007. See Steve's presentation for more details.

BNSF VESA Team – General Overview of Processes Used by the Team

CJ Renegar spoke of the development and mission of the BNSF's VESA team. The VESA team is an 18 person process improvement team made up of individuals from a variety of job classifications within the railroad. Their challenge is to address areas with variance defects or sub par performance to develop solutions that will support increase revenue, increase customer loyalty, reduce defects, increase productivity, reduce

operational cost, with predictable outcomes. This process is defined as value engineering (process focused). CJ stated that the teams charge is to define problems, validate measurement systems, analyze data, develop solutions, and monitor results.

Ameren and Midwest Energy Resources Co. - Coal Handling Process Improvements

Ameren - Bob Neff

In Bob's presentation he freely discussed modifications made at Ameren's power plants to accommodate larger unit trains (in most cases 150 car unit trains), handle trains more efficiently within the plant, and speed up the unloading process. Projects included installation of loop tracks, track extensions, installing turnouts, and utilizing a remote control module connected to a lead locomotive to operate the train during the unloading process.

Midwest Energy Resources Co. - Bob Sarvela

In this presentation Bob discussed improvements made to the Superior Midwest Energy Terminal's train unloading system to decrease the railcar dump cycle from 112 seconds to 88 seconds. This time reduction allowed the terminal to increase their throughput capacity from 12 million tons per year to 25.5 million tons per year. You can find Bob's presentation on the NCTA web site.

Rail Link - Overview of Their Role in the Powder River Basin

Jeff Downey's presentation gives a brief history for the Genesee and Wyoming Railroad. By 1996 the GWR had grown to 14 railroads covering the Rocky Mountain, Oregon and Illinois regions. Also in 1996 they acquired Rail Link.

By 2006 Rail Link was handling trains at most of the Powder River Basin mines. In an effort to improve communications with the BNSF and UP, Rail Link moved part of their dispatching operations to the NOC at BNSF's Ft. Worth offices. They found that by being on site at the NOC they could provide more support for researching problems related to coal loadings. They work closely with the BNSF, UPRR, and the PRB mines on monitoring and developing contingency plans for unplanned outages, disruptions in coal production and disruptions to railroad service. They also provide information to the mines on train flows, train dwell times, unplanned delays, and crew availability and transportation.

Update on Ballast Fouling Mitigation Initiative

Tom Canter provided the group with an update on the ballast fouling mitigation initiative. See Tom's presentation for the goals of the initiative, factors that contribute to ballast fouling, potential ways to control the fouling and a timeline for future activity. Tom will give an update at the spring meeting in Williamsburg.

Update on Eastern L&P Committee Activities - Larry Rose

Larry gave a brief overview on the activities of the Eastern L&P group. Please see Larry's presentation for more details on the activities of the Eastern L&P Committee.

New Business

A Western L&P sub-committee will be formed to work on improving the process for handling Third Party trains in the monthly forecasting process.

The NCTA Spring meeting will be held at Kingsmill Resort & Spa, Williamsburg, VA in April 2007.

Next Western L&P meeting will be scheduled for late June.

Bob