

National Coal Transportation Association  
Western Logistics and Planning Committee  
February 22, 2006  
Hampton Inn-Downtown – St. Louis, Missouri

Bob Sarvela welcomed the group and thanked Ameren, Arch Coal and Peabody Coal for sponsoring this meeting in St. Louis. Larry Parker of BNSF Railway provided a safety briefing. Following this 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 of 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 a short overview on the growth on the joint line for 2005 and forecast numbers for 2006. High points were the 8% growth year-to-date for 2006 and the anticipated record demand from the joint line of 373 million tons. Andy also discussed Colorado and Utah loadings. Currently, Colorado loadings year-to-date for 2006 are down 36% due to mine production problems. It is anticipated that the Colorado producers will be back to full production in March. Andy stated that the UP's current set count is in the mid 300's including CO/UT.

BNSF

Will Cunningham gave a recap of growth on the BNSF for 2005 over 2004. Will also presented data on year-over-year growth for 1999 through 2005. The BNSF increased their set count from approximately 393 sets in 2005 to 425 sets in January 2006. BNSF's plan is to run as many sets as the system can handle.

Will also reported that the joint line month-to-date for February is running at 62.6 trains per day. Loadings were averaging 67.6 trains per day prior to the cold snap over the Presidents day weekend. During the cold weather the BNSF had 120 trains parked. It was noted that for safety reasons the taxi service BNSF employees could not get crews to the trains during the cold spell.

Will also discussed the problems the BNSF experienced in January when they cut the joint line into the new dispatching software they are currently implementing. The result was to switch back to the original software until required modifications could be made to the new software. The BNSF estimates the software enhancements will be completed in March.

### BNSF – Joint Line Maintenance & Track Expansion Projects

Larry Parker gave the presentation on the joint line maintenance plan for 2006. Most notable was that the time schedule for undercutting will run from March 23<sup>rd</sup> through June. All work will be done on triple track leaving two tracks available for train movements. Undercutting will restart in November through freeze up on main 1 from Reno to Nacco Jct. Larry stated that they are continuously evaluated the time frame in which under cutting is required. Their current plan is every 10 years. This would result in undercutting 27 to 30 miles per year. He also stated that excessive fouling could reduce the undercutting requirement to a 5 year cycle.

Larry noted that phase II of the joint line capacity expansion will be complete by September and the Rozet Staging Yard track expansion should be complete by July both key enhancements. Additionally, to improve on track availability the BNSF has added two quick responder crews to the maintenance department. This is new for 2006.

### Ballast Fouling Sub-Committee Reports

Tom Canter gave a brief background on the purpose for forming the Mitigation Committee. Reports from the three sub-committees were given. Final reports/recommendations will be given at the NCTA spring meeting.

Load Profile – Larry Parker discussed what the railroads consider to be the optimum load profile for coal cars and gave a thorough overview of the work the Powder River basin mines are doing to improve their load out chutes in an effort to load the coal cars more uniformly. All mines are participating.

Car Spraying – Terry Howell gave a brief description of the testing efforts being conducted on designated trains on the joint line. Extensive testing using laser technology and weighing of cars is being conducted to determine how much coal is lost per car over the joint line. Additionally, car topping sprays and coatings are being tested for effectiveness in reducing fugitive coal. In regards to car spraying one of the main initiatives is to reduce the amount of water required from 30 gallons per car to approximately 15 gallons per car. Terry noted that Southern Company laboratories will begin testing the impact the chemistry makeup of the additives will have on plant equipment. Lab test are being conducted now and the results will be shared with NCTA members.

Car Quality – Dennis Buda presentation outlined the team's efforts to identify the reasons for coal loss over the various car types. Some key reasons discussed were tub end closures, door gaps, exceeding car capacity and uneven loading. He also presented some corrective actions the team determined could be implemented by car shops, owners, mines and railroads. See Dennis' presentation for more details.

### CANAC

Andy Cebula reviewed the status of the current Joint Line study CANAC is conducting for the western railroads. The study will evaluate operational infrastructure needs to

support a projected growth on the joint line of 52% over the next 7 years (490 million tons). They have completed the first phase of the project which consisted of mine site evaluations and coal tonnage projections. Phases 2 will consist of evaluating the railroad mainline to formulate recommended mainline infrastructure needs to meet the projections for increased shipments stated above. An update on this study will be presented at the spring NCTA conference.

Pace Global Energy – Ted Breton gave a presentation on gas market outlook for 1<sup>st</sup> quarter 2006. Key issues discussed that are impacting 1<sup>st</sup> quarter 2006 pricing were the effect the hurricanes had on Gulf capacity (3% of the Gulf capacity is still out of service), gas in storage, weather/price correlation, gas futures activities and the impact of gas flow disruptions. See Ted's presentation for more detailed information. He also discussed the gas supply outlook for the remainder of 2006 noting that cheap North American gas is gone and that North American gas will not meet demand. The US will be dependent on continued drilling, new technology such as horizontal drilling and LNG imports. He stated that LNG terminal capacity is not the limiting factor for LNG imports but that spot gas is not available due to limited liquefaction capacity world wide.

Update of Coal Forecasting Sub-Team's Activities – Dan Gray gave a brief overview on the progress the team is making on developing a process change that will improve coal forecasting. The goal is to improve on communications, accuracy, and consistency throughout the process. The team will prepare a recommendation that will be presented to the L&P committee at the July meeting.

#### New Business

The next L&P meeting will be scheduled in July, 2006. A host and location has yet to be determined.

Bob