

National Coal Transportation Association
Western Logistics and Planning Committee
July 31, 2007
Holiday Inn – Denver, Colorado

Tom Canter opened the meeting with 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 2007 year-to-date with comparisons to previous years and an update on Colorado/Utah performance. He stated that the Colorado shipments will be up 1 to 1.5 million tons for the year. Andy also discussed how the weather, derailments and reduced coal production have significantly impacted the 2007 loadings on the joint line. The year-to-date pace is 349.9 million tons. The revised 2007 producer forecast for the joint line is 367 million tons. Andy's presentation also showed a preliminary producer forecast for 2008 of 393 million tons.

Andy noted that the UP's current set count is approximately 278 units for the joint line and approximately 85 units in CO/UT service.

BNSF

Will Cunningham presented BNSF 2007 year-to-date performance update. Will stated that the joint line has averaged 63.7 trains per day year-to-date. This compares to 64.9 trains per day for the same time period in 2006. Please see Will's presentation for information on lost loadings. To reach the new producer forecast of 367 million tons, loadings on the joint line would need to increase by 10% or 69.5 trains per day. That would equate to a 384 million ton pace for the remainder of the year. The joint line set a record for a single day's loadings of 78 trains on July 29th.

Will noted that the BNSF currently has 430 active unit trains in service and 41 trains parked.

Railroad Updates on Major Rail Maintenance and Capacity Projects

BNSF

Will noted that the Donkey Creek to Caballo (MP-15.4) 3rd main was put in service July 17, 2007. The Caballo to Reno (MP 15.4 -39.9) 3rd Main from MP 26.9 to 39.9 is scheduled to go into service September 2007 and from MP 15.4 to 26.9 is scheduled to go into service October 2007. The 4th main from Logan Hill to Bill (MP 59.7 to 80.8) is scheduled for construction in late August to mid October with an in service date of November 2007. All crossovers will be complete in second quarter 2008. There will be no construction projects on the joint line in 2008. Will stated that the current additions to the joint line increased capacity to 450 million tons. Completion of the 4th main track will increase the joint line capacity to 500 million tons.

UPRR

See the UPRR presentation for information on capital projects and track work at major sub-divisions in 2007.

Update on Ballast Fouling Mitigation Initiative – Tom Canter, NCTA

Tom did not have a formal presentation but freely discussed the current activities related to the ballast fouling mitigation initiative. Tom also discussed the steering committee formation process. The 12-14 member committee will include representatives from producers, utilities and other NCTA members. The committee's role will be to review existing railroad studies on railcar coal losses and to develop a scope of work for an independent study that will support a better understanding of railcar coal losses and the feasibility of developing coal loss control measures and their economic impact on the industry.

The final report should recommend the most cost effective solution to reduce ballast fouling.

The first meeting of the steering committee will be held via conference call in early August with a follow-up meeting to be scheduled in St. Louis in mid-August. The BNSF will meet with the committee on August 24th. Tom will give a brief update on the steering committee's activities at the fall conference in Denver, Colorado.

John Cruikshank, from Ecofab Covers Int., gave a brief presentation on the new coal railcar cover developed by Ecofab. The presentation included a computer simulation of the fully automatic unloading of a railcar. John's contact information can be obtained from the meeting attendance listing.

Process Improvements – Jim Orchard, Rio Tinto Energy America

Jim gave an overview of Rio Tinto Energy America, including some information on RTEA's bid for Alcan Inc. and the potential impact to the company.

Jim discussed some major mine projects that have had a positive impact on the railcar loading process; installation of a batch load-out system, increased crusher capacity, and

new conveyor systems to reduce truck hauls. He also discussed what he sees as the industry's current challenges; weather, lack of skilled labor and the ballast fouling actions. See Jim's presentation for more details.

Update on Eastern L&P Committee Activities - Larry Rose, DTE

Larry gave a brief overview on the activities of the Eastern L&P group. Most interesting was the Eastern L&P's use of an interactive wireless audience response system. This system allowed the attendees to anonymously respond to questions related to a number of key industry issues. Results were instantly analyzed and displayed graphically through an overhead projector. Larry reported that the process works well in forming a basis for further discussion on key issues. The process was deemed a success, and will be used at future L&P meetings.

Please see Larry's presentation for more details on the activities of the Eastern L&P Committee.

What if PRB Transportation Costs Were Raised 20% - Lloyd Kelly, Greenmont Energy Consulting, LLC

Using results from a Coal/Electricity Model (GEM), developed by Greenmont, Lloyd presented his company's thoughts on what impact increased transportation cost in the west would have on PRB coal movements, coal production in different coal basins, and the impact on the allowance market and electricity pricing. Lloyd's presentation is very interesting and can be found on the NCTA web site.

The Great Global Warming Swindle

The group was given the opportunity to view segments of Al Gores' movie "An Inconvenient Truth" and the rebuttal to the change in climate issues discussed in these segments by members of the International Scientific Community.

New Business

The NCTA Fall meeting will be held at the Brown Palace, Denver Colorado September 10-13, 2007.

Next Western L&P meeting will be scheduled for January, 2008.

Bob