

National Coal Transportation Association  
Western Logistics and Planning Committee  
June 20, 2006  
Brown Palace – Downtown – Denver, Colorado

Tom Canter welcomed the group and thanked Rio Tinto Energy America for sponsoring this meeting in Denver. 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 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 37 trains per day on the joint line for the week of 6/12 and that the joint line loadings through June 19<sup>th</sup> are averaging 68 trains per day.

Andy reported that overall mine production in Colorado has improved over the last couple of months. The Colorado performance on the Northfork branch has improved from a 4.4 trains per day average in January 2006 to 5.16 trains per day in May 2006. UP expects this trend to continue.

Andy stated that a current issue impacting railroad cycle time performance is maintenance. Main areas of maintenance will be Kansas City to St. Louis, undercutting, and rail and tie replacement; Columbus Subdivision, rail grinding and tie replacement.

Andy noted that the UP's current set count is between 360 and 365 units, of which approximately 85 are running in CO/UT service. Set counts in CO/UT could grow to 95 units with improvements in mine production.

#### CANAC

Andy Cebula gave a brief update on the status of the joint line study CANAC is conducting for the western railroads. The study is evaluating operational infrastructure needs to support a projected growth level of 490 million tons per year by 2012. He stated that this year's study is taking longer than the study they conducted in 1998 due to the increased complexity in analyzing flows on the joint line. Andy stated that the study will

be complete this summer and that CANAC will present the results at the NCTA conference in September.

#### BNSF

Will Cunningham presented BNSF performance update covering both the joint line and Campbell sub. Please see Will's presentation on the NCTA web site for details.

Will also addressed several questions regarding maintenance and expansion projects. He noted that the BNSF plans to double track the line from Kansas City to the joint line. There are 11 sections of track that need to be installed. The BNSF plans to complete 3 sections per year. Donkey Creek yard expansion will be complete in two or three weeks with (6) new yard tracks in service to date. Installation of a third track at Bill yard is complete. Train inspections and fueling can be conducted at both yards. Nine miles of main 2 on the joint line has been shifted to 25 foot centers. Work on this project will continue throughout the summer.

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

Sam Sexhus gave the presentation on the joint line maintenance plan update for 2006. Most notable was that undercutting will stop July 11<sup>th</sup> for the summer, resuming on October 25<sup>th</sup> and continuing through freeze up. Sam also discussed BNSF's plans to add a 4<sup>th</sup> track at Logan hill. The site will be graded in 2006 with track installation planned for 2007. Sam noted that BNSF is also planning on installing triple track from the south switch at Caballo to Donkey Creek.

#### Ballast Fouling Sub-Committee Reports

Frank Visger gave an update on activities for the three sub-committees. He noted that the sub-committees were meeting the following day, June 21 in Denver. The main topics of discussion would be topper sprays and the problems associated with using these products, impact of load profiling, car standards and test results from the BNSF train tested at Caballo in April. Peabody and Arch Coal reported that they have completed improvements to their load out chutes, Rio Tinto has completed several installations and plans to have all their load outs converted by early fall. All mines are participating in this effort to improve load profiles.

Update on Eastern L&P Committee Activities – Larry Rose gave a brief overview on the activities of the Eastern L&P group. Most interesting were Larry's comments regarding the concern the Eastern railroads have in their ability to handle an increased use of Illinois Basin coal in the East. The railroads believe utilities will increase their use of Illinois coals as more scrubbers are brought on-line. There is concern that they will not have adequate time to build infrastructure to handle the new movements. See Larry's presentation for more details on the activities of the Eastern L&P Committee.

Update on 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 committee report is in the comment phase and is currently with the producers.

Norbridge Inc. – Lee Clair gave a presentation on what Norbridge is calling “The New Normal” in the transportation industry. Most interesting were his comments on the challenges the trucking industry is facing and the impact this is having on all other modes of transportation. See Lee’s presentation for more interesting insights on changes in the transportation industry.

New Business

The NCTA fall meeting will be held at the Western Tabor Center September 11-13, 2006.

Bob