

Southern Powder River Coal Basin

BNSF/UP Joint Line

Towards Sustainable Operation of 500 MNT

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1-800-588-4387

Phased Approach:

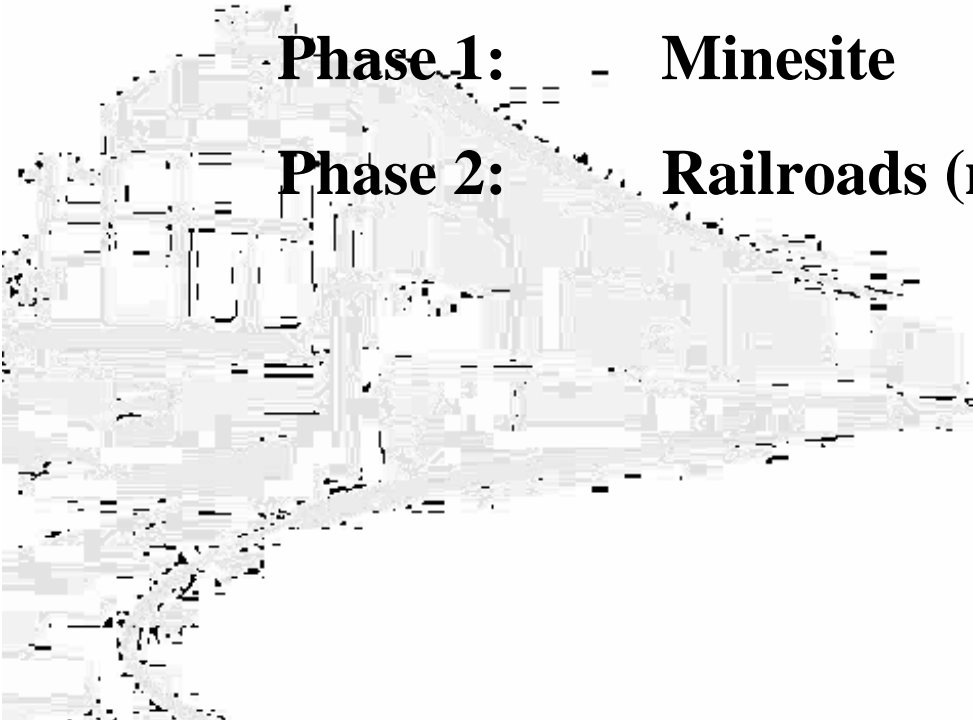


To evaluate the operational and infrastructure needs (railroad and minesite) for the next 5 to 7 years (to Year 2012)

Phased Approach:

Phase 1: - Minesite

Phase 2: Railroads (mainline)



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Phase 1: Minesite Evaluations

September/October 2005:

Initial series of meetings with the producers and railroad officers.

October/November 2005:

Mine evaluations

Further meetings with producers to develop 5-7 year projections

December/January/February:

Individual facility evaluations, including operational process simulations

Development of operational needs, based on tonnage projections



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Phase 2: Mainline Evaluation

December/January:

Develop incremental mainline operations/simulation process based on tonnages moved out of minesites.

January-March:

Mainline operational evaluation and simulation (including maintenance)

Develop & refine mainline infrastructure needs based on incremental tonnage projections (towards 500 MNT).

April:

Finalize mainline recommendations



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Joint Line Projections & Growth

Looking back at CANAC's 1999 study projections & actuals:

<u>Year</u>	<u>Projection</u> (MNT)	<u>Actual</u> (MNT)
1999	282.5	279
2004	359.0	322.1

The following are CANAC's 2006 study projections*:

2005		325.3
2006	373	-
2007	403	
2008	417	
2009	446	
2010	474	
2011	485	
2012	490	

-52% Growth over 7 years

**Projections based on producers meetings (under optimistic & ideal market conditions)*



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Today's Operation (Jan 2006):

Tonnage projection for Y2006: 370-373 MNT
67.5 to 69.0 trains per day

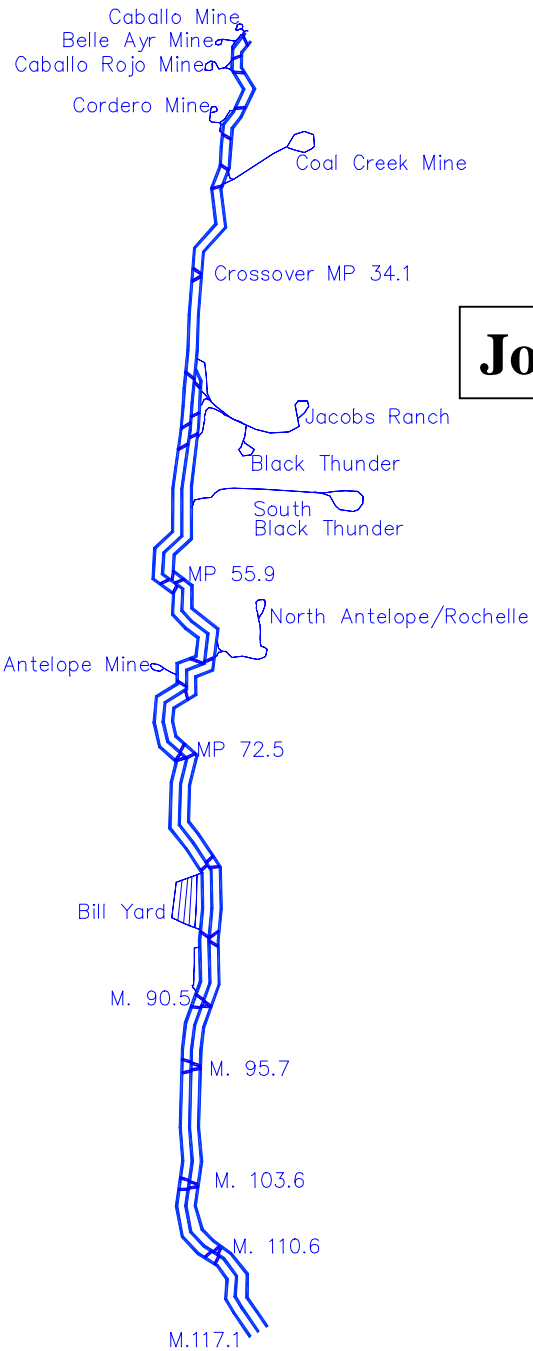
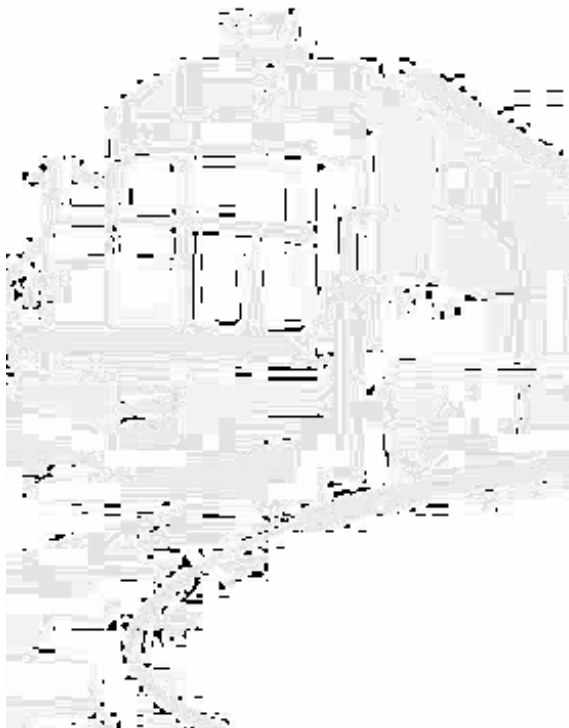
January 2006: 29.87 million tons (record for month)
65.5 trains/day
14,710 tons/train
351.7 MNT pace for year

Comparison with January 2005:

27.66 MNT
61.3 trains/day
14,555 Tons/train
325.7 MNT pace



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Jointline – 2006 Plant



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Mainline - Current

Current mainline capacity threshold will be increased when 3rd main south of Reno Jct is operational this year. Result will be a complete triple track operation between Reno Jct and Shawnee Jct.

Continued tonnage growth will require mainline additions at key locations with specific implementation strategy under development:

- 4th main across Logan Hill
- 3rd main at north end
- Other segments of triple track north of Reno Jct and segments of quadruple track south of Reno Jct

BNSF and UP network strategies concurrently being developed in step with tonnage growth



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Minesites - Current

Focus is on protection of train loadout (sufficient landing spots) at minesites from outages (buffer capability and recoverability).

- to accommodate typical variability in train flows and production rates at the minesites.

Facilities with train buffer capability, and built-in process redundancy will benefit by protecting loadout utilization

Since 1999, minesites have constructed train buffer capacity, providing operational recoverability and flexibility, with 18 of the 20 recommended additional landing spots in place, or under construction



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Minesites - Current

Approach:

1. Obtain producer tonnage forecasts by mine – Y2006 to 2012
2. Determine mine process sustainable capacity – current & future
 - crusher; silo recharge; loadout chute
3. Determine future mine average & peak trains/day
4. Simulate future operation to determine on-site standing capacity requirements, including impact of operating variability
5. Recommend minesite track layout improvements to provide required standing capacity, enhance operating flexibility, and facilitate handling of longer trains (up to 150 cars)

Minesites - Current

Summary of Results:

1. All producers forecasting growth – total 52% increase over 7 yrs
2. 73% of total growth from Reno Jct southward
3. Producers have, or are planning, the necessary process capacity improvements to achieve projected targets
4. 14 additional train landing spots recommended to achieve targets
5. Most minesites have full, or partial, ability to handle 150-car trains.

Minor track extensions or loop switch relocations can solve most site constraints



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BNSF - Campbell Sub.

Summary of Results:

1. Producers forecast 33% growth over next 7 yrs
 - 2005 Actual 61.1 MNT 11.6 trains/day
 - 2012 Forecast 81.3 MNT
2. Producers have, or are planning, the necessary process capacity improvements to achieve projected targets
3. 1 additional train landing spot recommended to achieve targets
4. Most minesites have partial ability to handle 150-car trains.
 - Minor track extensions or loop switch relocations can resolve most site constraints



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Minesites - Current

Q & A



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