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INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

between

THE KENTUCKY TRUST COMPANY, as Trustee

and

P-1 LEASING COMPANY

Dated as of June 22, 1972

EQUIPMENT LEASE

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EQUIPMENT LEASE

This EQUIPMENT LEASE, made as of the 22nd day of June, 1972, between THE KENTUCKY TRUST COMPANY, a Kentucky corporation with its principal place of business at Fifth and Court Place, Louisville, Kentucky, as trustee under a certain trust agreement of even date herewith between First National Bank of Louisville, a national banking association with its principal place of business at 216 South Fifth Street, Louisville, Kentucky, as trustor ("Bank"), and said The Kentucky Trust Company, as trustee ("Lessor"), and P-1 LEASING COMPANY, a Kentucky corporation with its principal place of business at Pevler Mine No. 1, Martin County, Kentucky ("Lessee"), a wholly owned subsidiary of Island Creek Coal Company, a Delaware corporation with an office address at 1501 Euclid Avenue, Cleveland, Ohio ("Island Creek");

W I T N E S S E T H :

1. Lease. On and subject to the terms and conditions set forth herein, Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to lease from Lessor, the machinery, equipment and other personal property described in Exhibit A to a certain purchase agreement of even date herewith between Lessor, as purchaser, and Island Creek, as seller, Exhibit A to a certain assignment of purchase orders

of even date herewith between Island Creek, as assignor, and Lessor, as assignee, and Exhibit A to a certain agency agreement of even date herewith between Lessor, as principal, and Island Creek, as agent, as such exhibits may be from time to time amended by schedules signed by the parties hereto (the "Equipment"). The Equipment shall be listed on such schedules to be certified by Island Creek and subsequently executed by the parties hereto and annexed to this Lease. Each such schedule ("Schedule" and collectively the "Schedules") shall be substantially in the form of Schedule I annexed hereto, with such changes therein as the parties may agree to, and, when executed, shall constitute a part of this Equipment Lease for all purposes hereof to the same extent as if set forth in full herein. Schedules shall be completed, executed and delivered by the parties hereto and attached hereto as follows: On the First Closing Date as to all Equipment accepted by Lessee during the period commencing as of the date hereof and expiring July 31, 1972; on the Second Closing Date as to all Equipment accepted by Lessee during the period commencing August 1, 1972 and expiring October 31, 1972; and on the Third Closing Date as to all Equipment accepted by Lessee during the period commencing November 1, 1972 and expiring on the date such Schedule is executed (as such Closing Dates are defined in Section 2 of a certain participation agreement of even date herewith among Lessor, Lessee, the Bank, Island

Creek, Occidental Petroleum Corporation, Floyd County Mine Development Corporation, and Aetna Life Insurance Company ("Participation Agreement")).

2. Term. The "Original Term" of the lease of each item of Equipment included in each Schedule shall commence on the date such item is accepted by Lessee pursuant to Section 5 hereof and shall continue for the period specified in said Schedule. If the term of the lease of any item of Equipment shall be extended, as provided in Section 19.1 hereof, the words "Subsequent Term," as used in this Lease, shall be deemed to refer to such renewed or extended term, and all provisions of this Lease shall apply during and until the expiration of such Subsequent Term, except as may be otherwise specifically provided in this Lease.

3. Rent. Lessee agrees to pay to Lessor as the aggregate base rent for the items of Equipment described in each Schedule, throughout the Original Term such items are leased hereunder, the amount or amounts determined in conformity with the provisions of Section 20 hereof and Section 5(a) of the Participation Agreement, and to set forth such amount or amounts or an appropriate formula for determining such amount or amounts in such Schedule, together with interest at the rate of 9% per annum for the period commencing on the date any payment of such rent is due to be paid and ending

on any later date on which such payment is actually made. Such rent shall be payable in funds immediately available in Louisville, Kentucky to Lessor in the amounts and on the dates specified in such Schedule, shall be payable to Lessor or its designee and at such addresses as Lessor may from time to time designate in writing to Lessee and shall be payable in arrears. Lessee also agrees to pay to Lessor or others, as additional rent (i) all fees and other compensation receivable by Lessor in its capacity as trustee under a certain trust agreement referred to in the preamble of this Equipment Lease, except such fees as shall be payable to Lessor in its capacity as trustee, as aforesaid, by Lessee or Island Creek pursuant to the Participation Agreement, and (ii) any and all further amounts, liabilities or obligations as the same shall become due and owing which Lessee assumes or agrees to pay hereunder to Lessor or others.

4. Use. Lessee will cause the Equipment to be operated in accordance with any applicable manufacturer's manuals or instructions by competent and duly qualified personnel only and will not permit the Equipment or any part thereof to be maintained, used or operated in violation of any law, rule, regulation or order of any government or governmental authority having jurisdiction, or in violation of any license relating to the Equipment or any part thereof issued by any such authority; provided however that failure

to strictly comply with the foregoing will not constitute a breach hereof, unless such failure may result in material interference with any operations of Lessee or of Island Creek or may involve a substantial danger of the sale, forfeiture or loss of such Equipment or any part thereof or interest therein. It is agreed however that Lessee shall indemnify, hold harmless and reimburse Lessor with respect to any liability, damages or expenses resulting from any failure to so comply. In case any Equipment or any part thereof shall be required to be modified, or in case any additional or other parts or appliances are required to be installed on any Equipment in order to comply with such laws, regulations, requirements and rules, Lessee agrees to make such changes and additions at Lessee's sole cost and expense. Lessee will use the Equipment for business purposes only and will not change the location of any Equipment from Pevler Mine No. 1, Martin County, Kentucky without the prior written consent of Lessor. Any request by Lessee for such consent of Lessor shall be accompanied by a written opinion of counsel to Lessee stating what action, if any, is necessary to continue or preserve Lessor's title to and interest in such Equipment. Notwithstanding the foregoing, Lessee may, upon written notice to Lessor, transfer any or all of the Equipment for use at any one or more coal mining facilities within the State of Kentucky which may from time to time

be owned or operated by Island Creek or its Restricted Subsidiaries, as defined in the Participation Agreement, provided that notice of any such transfer shall be accompanied by a written opinion of counsel to Lessee, satisfactory in form and substance to Lessor, stating that such Equipment shall remain personal property and shall not be considered to become fixtures or a part of the realty at the new location and that all actions have been taken prior to any such transfer which are necessary to continue or preserve Lessor's title to or interest in such Equipment.

5. Acceptance.

5.1 Lessee agrees that, promptly upon the delivery to it of any item of Equipment, it will make, at its own expense, all necessary inspections and tests of each such item of Equipment in order to determine if such item is in compliance with the provisions of the applicable purchase agreement or order and is in good and merchantable condition. If such item is in compliance with such purchase agreement or order and is in good and merchantable condition, or if Lessee accepts such item notwithstanding the fact that such item is not in such compliance or condition (in which case Lessee shall immediately remedy any defect so that such item shall be in the condition required by Section 9.1 hereof), Lessee shall (and is hereby authorized by Lessor to) accept such item on

behalf of Lessor by executing and delivering to Lessor a Certificate of Acceptance in the form attached hereto as Exhibit A ("Certificate") with respect to such item.

5.2 All items of "Delivered Equipment" (as defined in a certain purchase agreement of even date herewith between Island Creek, as seller, and Lessor, as purchaser), shall be deemed to have been accepted by Lessee for the purposes of Section 5.1 hereof upon the execution and delivery of the Purchase Agreement and the Warranty Bill of Sale provided for therein, which execution and delivery shall occur as of the date hereof.

5.3 Notwithstanding the provisions of Sections 5.1 and 5.2 hereof, as to all items of Equipment that will become integral parts of a preparation plant or a washing plant, Lessee shall execute a Certificate only at such time as Lessee commences operating such plant, whether or not such plant is then completed. As to all items of Equipment that will become integral parts of such plant after such plant commences operation, Lessee shall execute a Certificate at such times as such items are inspected and accepted as provided in Section 5.1 hereof.

5.4 The failure of Lessee to execute and deliver any such Certificate in respect of any item of Equipment subsequently included in a Schedule hereto shall not affect the leasing of such item as provided in this Lease, and any

such item so omitted from a Certificate shall be deemed to have been accepted by the Lessee for all purposes of this Agreement as of the time such item was in fact taken into possession by Lessee for such purposes, and Lessee shall be deemed to have made at that time all of the representations contained in the form of Certificate as respects such item. Lessee's execution and delivery of a Certificate and/or Schedule shall conclusively establish, as between Lessor and Lessee, that all Equipment listed therein is acceptable to and accepted by Lessee for the purpose of this Equipment Lease, and for the full Original and any Subsequent Terms of the lease of such Equipment, notwithstanding any defect with respect to design, manufacture, condition or in any other respect. The provisions of this Section shall have no force and effect as between Lessor or Lessee, on the one hand, and any third party, including without limitation, any manufacturer of any item of Equipment, on the other hand, and shall not constitute a waiver of any right or any admission of any state of facts except as between Lessor and Lessee.

6. Lessee's Obligations Unconditional. Lessee's obligations to pay all rents and other sums payable hereunder on the dates when the same become due are absolute and unconditional, and Lessee shall not be entitled to any abatement or reduction thereof, including, but not limited to, abatements,

reductions, counterclaims, recouplements, set-offs, defenses or any other rights due to any present or future claims of Lessee against Lessor or any other person under this Lease or otherwise or against the manufacturer of any item of Equipment, nor, except as otherwise expressly provided herein, shall this Lease terminate, or the obligations of Lessee be otherwise affected, by reason of any defect in or failure of title of Lessor to the Equipment or any defect in or damage to or loss or destruction of all or any of the Equipment from any cause whatsoever, the taking or requisitioning of the Equipment by condemnation or otherwise, the prohibition by law of Lessee's use of the Equipment, any interference with such use, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or lack of right, power or authority of Lessor to enter into this Lease, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Sections 14 or 18 hereof, or until Lessee has satisfied its obligations pursuant to Section 17 hereof. Nothing in this Section 6 shall prevent Lessee from asserting in an independent proceeding any rights that Lessee may have against anyone, including without limitation the parties to the Participation Agreement.

7. Ownership and Marking of the Equipment.

7.1. Retention of Title. Lessor shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and the possession and use thereof by Lessee.

7.2. Duty to Mark Equipment. Immediately upon the acceptance of each item of Equipment as set forth in Section 5 hereof, and thereafter throughout the term of the lease of each such item, Lessee shall cause each such item to be kept numbered with the same number appearing in the Schedule with respect to such item and to be kept plainly, distinctly, permanently and conspicuously marked by a plate, ^{Tag} or stencil printed in contrasting color on each item in letters not less than one-half inch in height as follows:

"Owned and Leased by The Kentucky Trust Company
as Trustee Under Trust Agreement Dated as of
June 22, 1972."

with appropriate changes thereof and additions thereto as from time to time may be requested by Lessor. *It is understood*

7.3. Prohibition Against Certain Designations.

Except as provided above and except for any insignia a manufacturer may customarily place on equipment of a type similar to the Equipment, Lessee, prior to the termination of this

that the purpose of the foregoing requirement is to provide notice to third parties of the ownership of the Equipment and such marking need not be done to items physically unsuitable to such marking

The Amending Agreement 8/1/72

Equipment Lease as to any item of Equipment, will not allow the name of any person, association or corporation to be placed on any Equipment as a designation that might be interpreted as a claim of ownership.

8. Lessor's Inspection. Lessee agrees to furnish to Lessor from time to time all books, records and any further information relating to the Equipment that Lessor may request. In addition, Lessee agrees that Lessor or its authorized representative may enter upon Lessee's premises and inspect the Equipment and the books and records of Lessee relative thereto, but that Lessor shall have no duty to make any such inspection and shall incur no liability by reason of not making the same.

9. Maintenance; Additions; Etc.

9.1. Maintenance. Lessee shall, at its own cost and expense, maintain, service, repair and test the Equipment to the same extent as Lessee would, in the prudent management of its properties, maintain, service, repair and test similar equipment owned by Lessee, and in any event, to the extent required to maintain such Equipment in as good operating condition as if such Equipment were new, ordinary wear and tear excepted, and in compliance with any applicable requirements of law or of any federal, state or local governmental authority. Lessee, at its own cost and expense, will within a reasonable time

replace or cause to be replaced all appliances, parts, instruments, appurtenances, accessories or other items of whatever nature which may from time to time be a part of or installed on or attached to any Equipment, and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever.

9.2. Additions. Any parts, instruments, appurtenances, accessories, appliances or other items of whatever nature installed, attached, made or caused to be made by Lessee upon any Equipment pursuant to this Section 9 or Section 4 hereof shall be considered accessions to such Equipment and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor.

9.3. Governmental Inspections. Lessee shall permit the Equipment to be inspected as and when required by any governmental authorities having jurisdiction over the Equipment or its use.

9.4. Modifications. Lessee shall not alter or modify any Equipment without the prior written consent of Lessor except as required by Sections 4 and 9.1 hereof.

9.5. Power of Attorney. Lessor hereby appoints and constitutes Lessee as its agent and attorney-in-fact during the Original and any Subsequent Terms of the lease of any items of Equipment hereunder, to assert, enforce, negotiate,

accept, reject, file and prosecute any claims, including without limitation, claims against any manufacturer, for any award or compensation on account of any loss, damage, destruction, confiscation, requisition or taking of, or any defect in, any Equipment, and to collect the proceeds thereof on behalf of Lessor. Lessee shall use the same due diligence in prosecuting any such claims as it would if it were the owner of such Equipment. All actions taken by Lessee pursuant to this Section 9 shall be at Lessee's sole cost and expense. Lessee shall defend, indemnify and hold Lessor and its successors and assigns harmless from and against any liability, claim, cause of action, damage, loss, cost or out-of-pocket expense (including without limitation counsel fees and costs in connection therewith) incurred by any of them as a result of any act or failure to act by Lessee pursuant to this Section 9. Any proceeds obtained by Lessee pursuant to this Section 9 shall be retained by Lessee except that: (a) proceeds relating to any Equipment in excess of any replacement costs or any Stipulated Loss Values relating to such Equipment paid by Lessee to Lessor pursuant to this Section 9 or Section 14.1 hereof shall be paid over immediately to Lessor; and (b) any proceeds received during the continuance of an Event of Default (as defined in Section 18.1 hereof) shall be paid over immediately to Lessor as principal and shall be applied by Lessor against any amounts to which Lessor may become entitled

under Section 18 hereof; if the Event of Default is cured or waived, such proceeds shall thereupon be paid over to Lessee except to the extent otherwise provided in clause (a) of this sentence.

10. Liens on the Equipment. Lessee shall pay, satisfy and discharge any and all claims against, through or under Lessee and its successors or assigns which, if unpaid, would constitute or become a lien or a charge upon the Equipment or any part thereof, and any liens or charges which may be levied against or imposed upon the Equipment or any part thereof as a result of the failure of Lessee to perform or observe any of its covenants or agreements under this Lease, but Lessee shall not be required to pay or discharge any such claims so long as it shall in good faith, with due diligence and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of Lessor to the Equipment (it being agreed, however, that Lessee shall reimburse Lessor for any damages or expenses resulting from any failure to pay or discharge such claims), nor shall Lessee be required to pay or discharge any claim or lien with respect to any item of Equipment to the extent that such claim or lien is fairly attributable to the period after, or arises out of an event occurring after, termination of this Lease as to such Equipment.

Lessee's obligations under this Section 10 shall survive termination of the Lease.

11. Filing; Payment of Fees and Taxes.

11.1. Filing. Lessee will, from time to time during the term of this Lease, execute, acknowledge, deliver, file, register and record (and will re-file, re-register or re-record) any and all instruments which are required to be filed, registered, recorded, re-filed, re-registered or re-recorded under applicable law, or are requested by Lessor, in order to protect Lessor's title to and interest in the Equipment and the Lease or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to Lessor proof of such filings. Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, registering, re-registering, recording and re-recording of any such instruments or incident to the taking of such action.

11.2. Payment of Taxes. Lessee shall report, pay and discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts taxes arising out of receipts of Lessee from use or operation of the Equipment or any part thereof, rent taxes, and other taxes, fees and governmental charges similar or dissimilar to the foregoing levied upon or assessed against or with respect to the Equipment or any part thereof or the interest of Lessor

or its assignee or Lessee therein accruing during the Original and any Subsequent Terms of the lease of any item of Equipment hereunder as to such Equipment and all sales and use taxes which may be levied or assessed against or payable by Lessor or its assignee or Lessee on account of the acquisition, leasing, subleasing or use of the Equipment or any part thereof (excluding (a) all sales or use taxes included in "Trustee's Cost" of Equipment as defined in Section 1 of the Participation Agreement and (b) any federal, state and local income or revenue taxes or taxes in the nature of income taxes or taxes on doing business imposed on a "Participant," as defined in the Participation Agreement, provided that Lessee agrees to pay that portion of any such taxes which are in direct substitution for, or which relieve Lessee of, a tax which Lessee would otherwise be obligated to pay under the terms of this Section), together with any penalties or interest thereon, imposed by any state, federal or local government upon the Equipment or any part thereof and whether or not the same shall be assessed against or in the name of Lessor or its assignee or Lessee; provided, however, that Lessee shall not be required to pay or discharge any tax or assessment so long as Lessee shall, in good faith, with due diligence and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of Lessor to the Equipment (it being agreed, however, that

Lessee shall reimburse Lessor for any damages or expenses resulting from such failure to pay or discharge).

12. Disclaimer of Warranties.

LESSOR LEASES THE EQUIPMENT AS-IS WITHOUT WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE CONDITION, DESIGN, OPERATION, FITNESS FOR USE OR MERCHANTABILITY OF ANY EQUIPMENT, (B) LESSOR'S TITLE THERETO, (C) LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF (EXCEPT THAT LESSOR COVENANTS AND WARRANTS THAT LESSOR WILL NOT DISTURB LESSEE'S QUIET ENJOYMENT OF THE EQUIPMENT HEREUNDER), OR (D) ANY OTHER MATTER WHATSOEVER.

The provisions of this Section 12 shall not constitute a waiver of any right (or any admission of any state of facts relating thereto) that Lessor or Lessee may now or hereafter have against any third party including, without limitation, any manufacturer of any items of Equipment.

13. Lessee's Indemnity. Lessee hereby assumes liability for, and hereby agrees to indemnify, protect, defend, save and keep harmless Lessor, any person beneficially interested in Lessor and its assets, their successors and assigns and their respective agents and servants, from and against, and to pay Lessor or such other person promptly upon demand the amount of, any and all liabilities, obligations, losses, damages, penalties, actions, suits, costs, expenses

and disbursements, including, to the extent permitted by applicable law, attorneys' fees and expenses, of whatsoever kind and nature (whether or not also indemnified against by any seller or manufacturer of the Equipment), in any way relating to or arising out of any breach, violation or enforcement of this Lease or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Equipment including, without limitation, latent and other defects, whether or not discoverable by Lessee, and any claim for patent, trademark or copyright infringement. The indemnities contained in this Section 13 shall continue in full force and effect notwithstanding the expiration or other termination of this Lease or the Original or Subsequent Terms of the lease of any items of Equipment hereunder.

14. Casualty Occurrence; Economic Abandonment.

14.1. Payment for Casualty Occurrence. In the event that any item of Equipment shall become lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason (other than by having become obsolete or no longer economically useful to Island Creek in its coal mining operations), or in the event of any condemnation, confiscation, theft or seizure or requisition of title to or use of such item (any such event being hereinafter called a "Casualty Occurrence"), Lessee shall promptly and fully give Lessor written notice of such

Casualty Occurrence and shall promptly pay to Lessor the stipulated loss value ("Stipulated Loss Value") of such item of Equipment as provided in the Schedule relating to such item, whereupon such item shall no longer be deemed part of the Equipment leased hereunder and Lessor shall transfer to Lessee all of Lessor's right, title and interest therein or with respect thereto without recourse or warranty whatsoever on the part of Lessor, except that Lessor shall not, by its own affirmative act, have suffered the title originally acquired by it to be impaired. Any proceeds obtained by Lessee because of any Casualty Occurrence with respect to any Equipment shall be retained by Lessee except that proceeds in excess of any Stipulated Loss Value relating to such Equipment paid by Lessee to Lessor pursuant to this Section 14.1 shall be paid over immediately to Lessor. Lessee shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any item of Equipment, except that Lessee's aggregate base rent determined pursuant to the Schedule which includes any such item of Equipment which has suffered a Casualty Occurrence shall be reduced from and after the date as of which Stipulated Loss Value is determined by an amount equal to the base rent attributable to such item of Equipment.

14.2. Payment for Economic Abandonment. In the event that any item of Equipment has become obsolete or is no longer and in the foreseeable future will not be economically useful

to Island Creek and its subsidiaries in its coal mining operations, Lessee may elect to terminate this Lease as to any such Equipment upon paying to Lessor the stipulated termination value ("Stipulated Termination Value") of such Equipment as provided in the Schedule relating to such item, whereupon such item shall no longer be deemed part of the Equipment leased hereunder. Lessee shall not be released from its obligations under the terms of this Equipment Lease upon its exercise of such election, except that Lessee's aggregate base rent determined pursuant to the Schedule which includes any such item of Equipment as to which Lessee has exercised such election shall be reduced from and after the date as of which Stipulated Termination Value is determined by an amount equal to the base rent attributable to such item of Equipment.

14.3. Payment for Island Creek's Abandonment of Mining Operations. In the event that Island Creek and its subsidiaries permanently abandon their mining operations, Lessee shall have the option to terminate this Lease upon payment to Lessor of the Stipulated Termination Value of any and all Equipment then leased hereunder as provided in the respective Schedules hereto.

14.4. Reimbursement of Stipulated Termination Value. In the event that, pursuant to Sections 14.2 or 14.3 hereof, Lessor receives Stipulated Termination Value from Lessee in respect of any item of Equipment, and thereafter Lessor sells,

rents or otherwise disposes of such item of Equipment and proceeds from such disposition are received by Lessor, Lessor shall pay over to Lessee such proceeds, less expenses, until the amount so paid to Lessee shall be equal to the Stipulated Termination Value in respect of such item of Equipment.

15. Insurance.

15.1. Insurance Against Loss or Damage to Equipment.

Lessee will, at its own expense, maintain or cause to be maintained in effect throughout the Original and any Subsequent Term of the lease of each item of Equipment, insurance against loss or damage to such Equipment from such risks as are customarily insured against, in such amounts and with such insurance companies, underwriters or funds as shall be satisfactory to Lessor; provided, that the amount of broad named-peril direct damage insurance with respect to such Equipment shall not at any time be less than the actual cash value of such Equipment at such time, subject to a \$100,000 deductible provision. Any insurance policies carried in accordance with this subsection (a) shall name Lessor as owner of the Equipment, and (b) shall provide for all losses to be paid directly to Lessor, but no settlement shall be made without Lessee's participation and approval. As between Lessor and Lessee, it is agreed that all insurance proceeds received by Lessor, other than insurance proceeds resulting from a Casualty

Occurrence, shall be paid over to Lessee when the Equipment in respect of which such proceeds have been received shall have been repaired in accordance with Section 9.1 hereof and there shall have been delivered to Lessor a certificate by an officer of Lessee certifying that such repair has been effected. All insurance proceeds received by Lessor as the result of a Casualty Occurrence will be held and applied as follows: (a) if received prior to the payment to Lessor of the Stipulated Loss Value in respect of such Casualty Occurrence, such proceeds shall be retained by Lessor and shall reduce pro tanto the amount otherwise payable by Lessee pursuant to the provisions of Section 14.1; or (b) if such proceeds are received after the payment of the Stipulated Loss Value in respect of such Casualty Occurrence, such proceeds shall be paid over to Lessee, provided that Lessor shall retain any proceeds in excess of such Stipulated Loss Value paid by Lessee. Notwithstanding any provision of this Section 15.1, if any insurance proceeds are received during the continuance of an Event of Default (as defined in Section 13.1 hereof), Lessor may retain such proceeds as security for the satisfaction of any amounts to which Lessor may become entitled under Section 18 hereof. If the Event of Default is cured or waived, such proceeds shall thereupon be paid over to Lessee, to the extent that Lessee would have been entitled thereto in the absence of an Event of Default.

15.2 Insurance Against Public Liability and Property Damage. Lessee will, at its own expense, maintain or cause to be maintained in effect, throughout the Original and any Subsequent Terms of the lease of each item of Equipment hereunder, insurance with respect to such Equipment insuring against loss or damage to the person and property of others from such risks, in such amounts and with such insurance companies, underwriters or funds as shall be satisfactory to Lessor. Any insurance policies maintained in accordance with this Section 15.2 shall name Lessor as owner of the Equipment.

15.3. Insurance Reports. Lessee shall furnish Lessor with certificates of insurance evidencing the coverage required by this Section 15 promptly after the delivery to Lessee of each item of Equipment. In addition, on or before each date of delivery of Schedules pursuant to Section 1 hereof, and thereafter on or before April 1 of each year during which any of the Equipment is leased hereunder, commencing with the year 1973, Lessee shall furnish to Lessor a certificate signed by the officer of Island Creek having principal responsibility for Island Creek's insurance showing the insurance then maintained by Lessee pursuant to this Section 15 and stating that in the opinion of said officer such insurance complies with the terms hereof. Lessee will cause the insurers with whom it maintains such insurance to advise Lessor in writing promptly of any default in the payment of any premiums or any other act

or omission on the part of Lessee of which they have knowledge and which might invalidate or render unenforceable, in whole or in part, any such insurance. Lessee will also cause such insurers to advise Lessor in writing, at least ten days prior thereto, of the expiration or termination of any such insurance. In the event that Lessee shall fail to maintain insurance as herein provided, Lessor may, at its option, maintain such insurance and, in such event, Lessee shall reimburse Lessor upon demand for the cost thereof as additional rent.

16. Annual Reports. On or before April 1 of each year during which any of the Equipment is leased hereunder, commencing with the year 1973, Lessee will furnish to Lessor a report of an officer of Island Creek, as of the end of the preceding calendar year, (a) showing the description, location and identifying number of each item of Equipment then leased hereunder, the description and identifying numbers of all Equipment that has suffered a Casualty Occurrence or has become obsolete or no longer economically useful during the preceding twelve months (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as Lessor may reasonably request, (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 7.2 hereof shall have been preserved or

replaced, (c) stating that such officer has caused a review to be made by responsible personnel of Island Creek of the repair records relating to each item of Equipment with a view to compliance by Lessee with Sections 9.1 and 9.2 hereof and that such review has not disclosed any failure on the part of Lessee to comply with its obligations under said Sections, and (d) stating that no Event of Default (as defined in Section 18.1 hereof) has occurred and is continuing, or if an Event of Default has occurred or is continuing, specifying the nature thereof, the period of existence thereof and what action Lessee proposes to take with respect thereto. Lessee shall send to Lessor with each annual report required by this Section 16 an opinion of counsel stating that all steps have been taken pursuant to Section 11 hereof necessary to protect Lessor's title to and interest in the Equipment and the Lease and for the purpose of carrying out the intention of this Lease.

17. Disposition of Equipment Upon Termination.

17.1 Return of Equipment. In the case of the Equipment covered by each Schedule, unless such Equipment is purchased by Lessee or a Subsequent Term relating thereto shall be in effect as provided in Section 19 hereof, or unless such Equipment has suffered a Casualty Occurrence or has become obsolete or no longer economically useful or Island Creek has

permanently abandoned its mining operations and Lessee has paid Lessor the Stipulated Loss Value or Stipulated Termination Value, as the case may be, as provided in Section 14 hereof, upon termination of the Original or any Subsequent Term of the lease of such Equipment hereunder:

(a) Lessee will, upon the written demand of Lessor, return such Equipment to Lessor at such address or addresses in the State of Kentucky as may be specified by Lessor. At the time of such return, such Equipment shall be free and clear of all liens, encumbrances and security interests and rights of others (except the rights of Lessor and of Pocahontas Land Corporation as lessor under a certain lease dated June 1, 1969 with Island Creek, as lessee ("Ground Lease") as amended and modified by a certain consent to assignment and severance agreement of even date herewith among Pocahontas Land Corporation, Lessor, Lessee, Island Creek and Occidental Petroleum Corporation ("Consent to Assignment")), and shall be in the condition and repair required to be maintained under Section 9 hereof. In connection with such return, Lessee will, at its expense and risk, disconnect such Equipment from other equipment which may be owned by Lessee or by others within seven days from the receipt of Lessor's written request for such disconnection, or within such other period of time as may be agreed upon in writing by the parties, and Lessor shall

have the right to have such Equipment disassembled and removed from Lessee's premises, and Lessee shall permit such disassembly and removal, provided that such disassembly and removal shall be completed within one year from Lessee's disconnection of the Equipment pursuant to Lessor's notice therefor. During such one year period, Lessee shall allow such disconnected Equipment to remain on its premises free of rent or any other charges to Lessor.

(b) As an alternative to removing any item of Equipment the Original Term of which is more than 8 years, Lessor may cause any such item to be operated for its own account, or lease any such item on Lessee's premises to any third party, for a period not exceeding the then remaining useful life as determined pursuant to Section 19.3, without rent or other expense to Lessor except for out-of-pocket expenses of Lessee necessarily incurred in order to permit such use of Lessee's premises. Lessee may not use any such item unless such item is purchased by Lessee, or a Subsequent Term relating thereto is in effect as provided in Section 19 hereof. In the event that Lessor causes any Equipment to be operated for its own account or leases any Equipment on Lessee's premises as provided in this Section 17.1, Lessee shall use its best efforts to secure such assignments, waivers, consents or approvals and shall take any and all further actions as may be necessary, including

without limitation, acting as an independent contractor to supply or cause to be supplied to Lessor, at the cost thereof to Lessee (for which Lessee shall be reimbursed by Lessor), appropriate water, sewage, drainage, electrical or other energy requirements and trained personnel, so that such Equipment may continue to be operated and maintained in the same manner as required and permitted to be operated and maintained by Lessee hereunder. In the event that Lessor exercises its option provided for in this paragraph (b), as is more fully stated in the Consent to Assignment which amends and modifies the Ground Lease, Lessor or its appointee without limitation under certain circumstances may take, in their sole discretion, and Lessee shall grant to either of them, as the case may be, an assignment of all the rights and interests of Lessee, without limitation, in and to the Ground Lease, and if such an assignment be taken, Lessor or its appointee, as the case may be, shall pay to Lessee royalties in the amount of the fair market royalty value of the assigned rights and interests of Lessee, such fair market royalty value to be determined pursuant to the procedures stated in Section 19.3 hereof.

17.2. Lessor's Right to Abandon. Lessor may, in its sole discretion, elect to abandon the Equipment, or selected items thereof, upon the termination of the Original or any Subsequent Term of the lease of any item of Equipment by delivering written notice to such effect to Lessee. Title to

such items of Equipment shall pass to Lessee upon Lessee's receipt of such notice, and thereafter Lessee shall hold Lessor harmless from any and all liability arising from the ownership and use thereof.

17.3. Inspection. Upon termination of the Original or any Subsequent Term of the lease of any item of Equipment, and at any time thereafter during which any Equipment shall remain on Lessee's premises and Lessor shall retain any interest in any such Equipment, Lessee will permit Lessor or any person designated by it, including authorized representatives of any prospective purchaser of the Equipment, to inspect the same.

18. Default.

18.1. Events of Default. An "Event of Default" shall exist if any of the following occurs and is continuing:

(a) Lessee shall fail to pay any rent or additional rent on or before the date the same shall become due, and in the manner provided herein;

(b) Lessee shall fail to make any other payment or to observe or perform in any material way any other of the covenants, terms and agreements to be observed or performed by Lessee hereunder; or

(c) Any representation or warranty made or to be made by Lessee or by Island Creek herein, in a certain purchase agreement between Lessor and Island

Creek, in a certain assignment of purchase orders between Lessor and Island Creek, in a certain agency agreement between Lessor and Island Creek, or in a certain guaranty agreement between Lessor, Occidental Petroleum Corporation, Island Creek, Aetna Life Insurance Company, the Bank, and Floyd County Mine Development Corporation, all of even date herewith, or in any statement or certificate furnished pursuant to any of said agreements is false in any material respect at the time made; or

(d) Any event of default under the Ground Lease as modified by the Consent to Assignment; or

(e) Any event of default under the Participation Agreement.

18.2. Remedies. Lessor and Lessee agree that various items of Equipment are unique in nature, are not readily marketable and are difficult to disconnect, disassemble, transport elsewhere and reassemble for use by others, and it would be difficult and impractical to accurately measure the loss attributable to any Event of Default. Accordingly, it is agreed that the amounts payable by Lessee to Lessor pursuant to this Section are fair and reasonable measures of such loss and represent liquidated damages and not penalties.

Lessor and Lessee hereby agree that, upon the occurrence of any Event of Default and at any time thereafter so

long as the same shall be continuing, Lessor may, at its option, declare this Lease to be in default by written notice to Lessee, and at any time thereafter, so long as Lessee shall not have remedied all outstanding Events of Default, Lessor may do one or more of the following with respect to any or all Equipment, as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any requirements of, applicable law then in effect:

(a) Demand that Lessee, and Lessee shall upon the written demand of Lessor, return the Equipment promptly to Lessor in the manner and condition required by, and otherwise in accordance with, all the provisions of Section 17 hereof as if the Equipment were being returned upon expiration of the Original or any Subsequent Term of the lease of any item of Equipment; except that Lessee will at its sole expense and risk permit the Equipment to remain in place on Lessee's premises for a period not exceeding eighteen months after Lessor shall have so declared this Lease to be in default, and Lessee shall bear the entire expense of the disconnection, disassembly and removal of the Equipment on behalf of Lessor.

(b) Sell any or all of the Equipment at public or private sale and with or without notice to Lessee or advertisement, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others (in the manner

set forth in Section 17.1 hereof or otherwise) or keep idle any or all of the Equipment as Lessor in its sole discretion may determine, all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto except as herein provided. In the event Lessor shall have sold or leased any or all of the Equipment pursuant to this subsection (b), Lessor may, if it shall so elect, require Lessee to pay Lessor any unpaid rent due up to and including the rent payment date under the applicable Schedules (or the date which would have been such rent payment date but for the termination of this Lease) next following the date of such sale or lease plus the amount of any deficiency between the net proceeds of such sale or the net proceeds of such lease as discounted in the manner provided in clause (ii) of subsection (c) below, as the case may be, and the Stipulated Termination Values of such Equipment computed as of such rent payment date, together with interest at the rate of 9% per annum on the amount of such deficiency from the date of such sale or lease until the date of actual payment.

(c) If Lessor shall not exercise its rights under subsection (b) above, Lessor may require Lessee to pay forthwith to Lessor, any unpaid rent due up to and including

the rent payment date under the applicable Schedules (or the date which would have been such rent payment date but for the termination of this Lease) next following the date specified in such notice, plus whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (together with interest on such amount at the rate of 9% per annum from the date specified in such notice to the date of actual payment); (i) an amount equal to the aggregate Stipulated Termination Values of all Equipment under lease immediately prior to the date specified in such notice, computed as of such rent payment date next following the date specified in such notice; (ii) an amount equal to the excess, if any, of the amount referred to in clause (i) above over the aggregate fair market rental value (to be determined by an independent appraiser selected by Lessor) of such of the items of Equipment as Lessor shall designate for the remainder of the Lease term of such items of Equipment hereunder, after discounting such fair market rental value quarterly to present worth as of such rent payment date next following the date specified in such notice at the rate of 8% per annum; or (iii) an amount equal to the excess, if any, of the amount referred to in clause (i) above over the aggregate fair market sales value (to be determined by an independent appraiser selected by Lessor) of such of the Equipment as Lessor

shall designate as of such rent payment date next following the date specified in such notice. In the event Lessor shall proceed in accordance with the provisions of clause (i) of this subsection (c) and shall thereafter at any time dispose of the Equipment by lease or sale, Lessor shall pay to Lessee the net proceeds of any such disposition (the net proceeds of any lease of the Equipment being discounted in the manner provided in clause (ii) of this subsection (c)), provided that any such amount paid to Lessee shall not exceed the Stipulated Termination Value theretofore paid by Lessee. In the event Lessor shall proceed in accordance with the provisions of clause (ii) or (iii) of this subsection (c) and shall thereafter at any time dispose of the Equipment by lease or sale and the net proceeds from such lease or sale shall exceed the discounted fair market rental value or the fair market sales value which was determined for purposes of said clause (ii) or (iii), as the case may be, then Lessor shall pay to Lessee the amount of any such excess, provided that any such amount paid to Lessee shall not exceed the amount previously paid by Lessee to Lessor pursuant to clause (ii) or (iii), as the case may be. In the event that Lessor shall proceed in accordance with the provisions of clause (ii) or (iii) of this subsection (c) and shall thereafter

at any time dispose of the Equipment by lease or sale and the net proceeds of any such sale or lease shall be less than the fair market rental value or the fair market sales value which was determined for purposes of said clause (ii) or (iii), as the case may be, then Lessor shall notify Lessee of the amount of such difference and Lessee shall immediately pay Lessor said amount.

(d) Lessor may exercise any other right or remedy which may be available to it under the Ground Lease as amended and modified by the Consent to Assignment or under applicable law, or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease as to any or all Equipment.

In addition, to the extent permitted by applicable law, Lessee shall be liable for any and all unpaid charges or additional amounts due hereunder before, after or during the exercise of any of the foregoing remedies, for all legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise or enforcement of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Equipment in accordance with the terms of Section 17 hereof or in placing such Equipment in the condition required by said Section, and an amount sufficient to enable Trustee to pay

to the holders of the Loan Certificates the amounts set forth in the tables in Section 14.2 of the Participation Agreement.

Except as otherwise expressly provided above, no remedy referred to in this Section is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such other remedies. No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease or otherwise use any Equipment in mitigation of Lessor's damages as set forth in this Section or which may otherwise limit or modify any of Lessor's rights or remedies under this Section.

19. Option to Renew or Purchase.

19.1 Provided that Lessee is not in default hereunder, Lessee shall have the option at the expiration of the Original Term of this Lease: (a) as to any of the Equipment then leased hereunder, to extend the term of the lease of

such Equipment for a Subsequent Term of not less than the remaining useful life of such Equipment (computed as provided in Section 19.3 hereof) by agreeing to pay to Lessor the then fair market rental value (computed as provided in Section 19.3 hereof) in arrears quarterly and/or (b) as to any item of Equipment originally leased hereunder for an Original Term of more than seven years, to purchase any such Equipment from Lessor by paying to Lessor in cash on such day an amount equal to the then fair market sales value of such Equipment (computed as provided in Section 19.3 hereof); provided, however, that Lessee may elect either or both of such options (a) and (b) above only if all items of Equipment under lease for the same Original Term are included in the exercise of such option. Lessee may exercise this option by giving Lessor written notice not less than one hundred eighty (180) days prior to the end of the Original Term of the lease of such Equipment of its election to exercise the renewal or purchase option provided for in this Section, specifying which items of Equipment Lessee desires to lease for a Subsequent Term or purchase.

19.2. Payment of the option purchase price shall be made upon the expiration of the Original Term of the lease of such Equipment at the place of payment specified in Section 3 hereof in immediately available funds against delivery of a bill of sale transferring and assigning to Lessee all right, title and interest of Lessor, if any, in and to the Equipment for which Lessee has exercised its said purchase option. Any

such sale shall be made without any recourse or warranty whatsoever on the part of Lessor, except that Lessor shall not, by its own affirmative act, have suffered the title originally acquired by it to be impaired.

19.3. The "remaining useful life" and the "fair market rental value" or "fair market sales value" of any Equipment shall be mutually agreed upon by Lessor and Lessee; provided that if Lessor and Lessee are unable to agree upon the remaining useful life or fair market rental or sales value of any Equipment in question, the same shall be determined, except as otherwise provided, by an appraiser selected by mutual agreement of Lessor and Lessee. If Lessor and Lessee are not able to agree upon an appraiser at least three hundred sixty (360) days before the expiration of the Original Term of the lease of such Equipment, either party may request the American Arbitration Association to appoint such an appraiser within 20 days after such request is made, and both parties shall be bound by any appointment so made within such 20 day period. If no such appraiser shall have been appointed within 20 days of such request to the American Arbitration Association, either party may apply to any court having jurisdiction to make such an appointment, and both parties shall be bound by any appointment made by such court. Any appraiser selected or appointed pursuant to the foregoing procedure shall be instructed to determine any or all of the remaining useful life, the fair market rental value or the fair market sales value of such

Equipment within 30 days after his selection or appointment, and his determination thereof shall be final. The expenses of any such appraisal shall be borne equally by Lessor and Lessee. The fair market rental or sales value, as finally determined, shall bear interest for the period, if any, from the date of expiration of this Lease to the date of payment at the rate of 9% per annum.

19.4. If Lessee shall have exercised its purchase option under Section 19.1 hereof, the provisions of Sections 14 and 15 hereof shall continue in full force and effect with respect to any Equipment for which said option was exercised until the date of purchase and the passage of ownership of such Equipment to Lessee upon the date of purchase. Should any such Equipment suffer a Casualty Occurrence after the date of expiration of the Original Term of the lease of such Equipment, the Stipulated Loss Value payable therefor shall be the purchase price determined pursuant to Section 19.3 hereof, but payment of the Stipulated Loss Value (regardless of when the Casualty Occurrence shall occur) shall be in lieu of payment of the purchase price pursuant to this Section 19.

19.5 If Lessee shall exercise its option to extend the term of the lease of any Equipment for a Subsequent Term pursuant to Section 19.1 hereof, the Stipulated Loss Value and Stipulated Termination Value for such Equipment during such Subsequent Term shall be determined in the manner set forth in Section 19.3 hereof.

20. Method of Calculating Rent; Indemnification.

20.1 The aggregate base rent for the items of Equipment described in each Schedule to this Lease shall be calculated on a basis which will yield the Bank, as trustor and holder of a beneficial interest in such Equipment under a certain trust agreement referred to in the preamble to this Lease, after required payments of interest and principal on Loan Certificates (as defined in the Participation Agreement) relating to such items of Equipment, a discounted after-tax rate of return of 10% on its cash investment in such items of Equipment during the Original Term such items are leased hereunder (hereinafter "discounted after-tax rate of return of 10%"), it being understood that the Bank shall, in addition, have the sole beneficial interest in the residual value of such items of Equipment at the end of such Original Term.

20.2 In making the calculation provided for in Section 20.1 hereof, it shall be assumed (i) that the Bank's cash investment in such items of Equipment shall be the percentage of the "Trustee's Cost" with respect thereto specified for it in the Participation Agreement; (ii) that 100% of Trustee's Cost of such items of Equipment is includable in the tax basis thereof; (iii) that the Loan Participant (as defined in the Participation Agreement) lends to Lessor the percentage of such Trustee's Cost specified for it in the Participation Agreement, at the interest rate and on the other terms relating, inter

alia, to repayment of principal set forth therein; (iv) that the tax rate applicable to the Bank is 48%; and (v) that Lessor establishes and makes payments to a hypothetical "sinking fund" for the payment of tax liabilities to be incurred during the Original Term such items of Equipment are leased hereunder which is deemed to earn an after-tax return of 3%, the method of establishing such "sinking fund" being reflected in the pro forma calculation attached as Exhibit B hereto.

20.3 It is contemplated that, based on present tax law, the following further assumptions will be made in making the calculation provided for in Section 20.1 hereof: (a) the Bank will be entitled to a 7% investment tax credit with respect to each item of Equipment leased hereunder; (b) the Bank will be entitled to utilize a method of depreciation described in section 167(b)(2) or (3) of the Internal Revenue Code of 1954, as amended, with respect to each item of Equipment leased hereunder; and (c) the Bank will be entitled to depreciate all items of Equipment leased hereunder, in accordance with an appropriate election made pursuant to section 167(m) of the Internal Revenue Code of 1954, as amended (which election the Bank has agreed to make), based on a useful life of eight years. In the event that any of assumptions (a), (b) or (c) appear inapplicable at the time a Schedule to this Lease is executed, whether as to all or any of the items of Equipment listed on such Schedule, and for whatever reason,

then such Schedule shall set forth revised assumptions, to the extent necessary, and the aggregate base rent with respect to the items of Equipment listed on such Schedule shall be calculated so as to yield the Bank a discounted after-tax rate of return of 10% based on the revised assumptions set forth in such Schedule, except that if any of such assumptions appears inapplicable at the time a Schedule to this Lease is executed by reason of amendments to the Internal Revenue Code of 1954 made between the date hereof and the date such Schedule is executed, then the aggregate base rent with respect to the items of Equipment listed on such Schedule shall be calculated so as to yield the Bank a discounted after-tax rate of return, based on such revised assumptions, equal to the greater of (x) 8% or (y) the average of 10% and the discounted after-tax rate of return which the Bank would receive if such aggregate base rent were computed without regard to such amendments for purposes of determining such aggregate base rent, but taking account of the effect of such amendments for purposes of computing such discounted after-tax rate of return. In the event that: (i) the aggregate base rent with respect to items of Equipment listed on a Schedule shall be calculated based on assumptions (a), (b) and (c), or on any other revised assumptions set forth on such Schedule and any such assumptions prove to be erroneous, for whatever reason, and (ii) as a result of any such erroneous assumptions the Bank's discounted after-tax rate of return

is reduced below 10%; then Lessee shall indemnify the Bank by paying to Lessor, as additional rent, such amount as is necessary to restore the Bank's discounted after-tax rate of return to 10%, except that if such assumptions prove to be erroneous by reason of an amendment to the Internal Revenue Code made after the date such Schedule is executed, then Lessee shall indemnify the Bank by paying to Lessor, as additional rent, such amount as is necessary to restore the Bank's discounted after-tax rate of return to the greater of (x) 8%, or (y) the average of 10% and the discounted after-tax rate of return which the Bank would receive if the aggregate base rent for the items of Equipment listed on such Schedules were computed without regard to such amendments for purposes of determining such aggregate base rent, but taking account of such amendments for purposes of computing such discounted after-tax rate of return. Any indemnification payable as additional rent hereunder shall be paid by Lessee in accordance with the procedures set forth in Section 6 of the Participation Agreement if the event giving rise to such indemnification is an IRS Claim (as defined in said Section 6). If the event giving rise to such indemnification is a change in tax law occurring after the date such Schedule is executed, or any other event except an IRS Claim, the Lessee shall pay such indemnification promptly after receiving written request therefor from Lessor or the Bank.

21. Tax Ruling; Appraisal. In the event that

Lessor shall not obtain, with respect to each of the "Five and One Half Year Lease Equipment," the "Eight Year Lease Equipment" and the "Eighteen Year Lease Equipment" categories (as those terms are defined in the Participation Agreement):

(a) prior to September 30, 1972, an appraisal satisfactory in form and substance to Lessor and the Bank as to the estimated useful life of such category of Equipment and as to the estimated residual value of such category of Equipment at the end of the Original Term such category of Equipment is to be leased hereunder, and

(b) prior to December 31, 1972, rulings from the Internal Revenue Service, satisfactory in form and substance to Lessor and the Bank, to the effect that for federal income tax purposes:

(i) the Lease shall be treated with respect to such category of Equipment as a lease and not as a financing,

(ii) Lessor shall be treated as a conduit, and the Bank shall be treated as the owner of such category of Equipment,

(iii) the Bank shall be entitled to depreciation deductions with respect to each item within such category of Equipment,

(iv) the Bank shall be entitled to a 7% investment credit with respect to each item within such

category of Equipment which constitutes "new section 38 property" within the meaning of section 48(b) of the Internal Revenue Code, and

(v) the Bank's beneficial ownership interest in each item within such category of Equipment shall be deemed to commence, for purposes of the depreciation and investment credit provisions of the Internal Revenue Code, on the date such item is accepted by Lessee pursuant to Section 5 hereof, then, as to any category of Equipment as to which such a ruling and appraisal have not been obtained, the effect of the leasing transaction provided for herein and the other transactions provided for in the other documents referred to herein shall be rescinded in the following manner:

(A) All of Lessor's right, title and interest in and to such category of Equipment shall be vested in Lessee, and Lessor shall execute such documents and instruments as Lessee may reasonably request to effect this result; and

(B) Lessee shall pay to Lessor in cash an amount equal to Trustee's Cost for such category of Equipment, as set forth in the Schedules hereto in which such Equipment is listed.

22. Severability. In the event that either the appraisal or the ruling referred to in Section 21 above is not

obtained with respect to any category of Equipment leased hereunder and this transaction is rescinded as to such category of Equipment pursuant to said Section 21, this Lease shall nevertheless continue in full force and effect with respect to all other categories of Equipment leased hereunder.

23. Payment by Lessor. If Lessee fails to make any payment of rent required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, Lessor may itself make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the rate of 9% per annum, shall be deemed additional rent to the Lessor and shall be paid by Lessee to Lessor within ten (10) days after the giving of notice by Lessor.

24. Equipment Not Part of Realty. It is agreed that each item of Equipment shall be and at all times remain personal property. Without limitation of the generality of the provisions of Sections 10 and 14 hereof, (a) Lessee agrees to take such action (including the obtaining and recording of waivers), at its own expense, as may be necessary to prevent any third party from acquiring any right to or interest in any Equipment by virtue of such Equipment being deemed to be real

property or a part of any real property, and (b) if at any time any person shall claim any right or interest referred to in clause (a) above, Lessee will, at its own expense, cause such claim to be waived in writing or otherwise eliminated to Lessor's satisfaction within 30 days after such claim shall have first become known to Lessee. Lessee represents and warrants that it is not now, and agrees that during the Original or any Subsequent Term of the lease of any items of Equipment hereunder, it will not be a party to any lease or mortgage of the realty where the Equipment is, or is to be, located which restricts (whether expressly or by implication or by operation of law) the removal of such Equipment at any time by Lessor or by Lessee, except as contemplated by the Ground Lease as amended and modified by the Consent to Assignment.

25. Assignment by Lessor and Lessee. Lessor may at any time assign all of its right, title and interest hereunder, or any part thereof, to any other person with or without notice to Lessee. Without the prior written consent of Lessor, Lessee will not assign any of its rights hereunder, sublet any item of Equipment or otherwise permit any items of Equipment to be operated or used by, or be in the possession of, anyone but Lessee, except that Lessee may, upon written notice to Lessor but without Lessor's consent, assign any of its rights hereunder to, sublet any items of Equipment to or otherwise permit any items of Equipment to be operated or used by, or be in the

possession of, Island Creek or its Restricted Subsidiaries, as defined in the Participation Agreement referred to herein.

26. Further Assurances. Lessee shall promptly and duly execute and deliver such further instruments and documents and take such further actions as Lessor may from time to time request in order to more effectively carry out the intent and purposes hereof and protect the rights and remedies created or intended to be created hereunder.

27. Notices. All communications required or permitted to be given by any party hereof to any other party hereof shall be deemed to have been given when received, addressed as follows:

If to Lessor:

The Kentucky Trust Company
Fifth and Court Place
Louisville, Kentucky 40202

with copies to:

First National Bank of Louisville
216 South Fifth Street
Louisville, Kentucky 40202
Attention: William F. Stites,
Assistant Vice President

Aetna Life Insurance Company
151 Farmington Avenue
Hartford, Connecticut 06115
Attention: Bond Investment Department

Floyd County Mine Development Corporation
380 Madison Avenue
c/o Interore
New York, New York 10022
Attention: B. E. Thornton,
Vice President

If to Lessee:

P-1 Leasing Company
1501 Euclid Avenue
Cleveland, Ohio 44115
Attention: B. E. Thornton,
Vice President

with copies to:

Occidental Petroleum Corporation
10889 Wilshire Boulevard
Los Angeles, California 90024
Attention: William W. Boyle,
Assistant Treasurer

Island Creek Coal Company
1501 Euclid Avenue
Cleveland, Ohio 44115
Attention: B. E. Thornton,
Vice President-Finance

or to such other addresses as to which Lessor and Lessee shall notify each other in writing. Notices hereunder may be given by first class mail, postage prepaid, or by telegram (promptly confirmed by first class mail, postage prepaid).

28. Counterparts. This Lease, and the Schedules referred to in Section 1 hereof, may be executed in several counterparts, each of which so executed shall be deemed to be an original, and in each case such counterparts shall constitute but one and the same instrument; however, to the extent, if any, that this Lease, or any Schedule hereto, constitutes chattel paper (as such term is defined in the Uniform Commercial Code of the applicable jurisdiction), no security interest in this Lease, or any Schedule hereto, may be created through the transfer or possession of any counterpart other than the original

counterpart, which shall be identified as the counterpart containing the receipt therefor executed by Lessor on the signature page thereof, and which original counterpart shall at all times be retained in the possession of the Lessor.

29. Waiver of Default. Waiver of any default under any provision or provisions hereunder shall not be deemed to be a waiver of any other default.

30. Successors and Assigns. The terms and provisions of this Lease shall be binding upon and shall inure to the benefit of the Lessor and, subject to Section 25, of the Lessee, and their respective successors and assigns.

31. Lessee's Interest in Equipment. Nothing contained in this Lease shall be construed as conveying to Lessee any right, title or interest in any Equipment except as a lessee only.

32. Amendment, Etc. No term or provision of this Lease may be amended, waived, discharged, terminated or extended orally, but only by an instrument in writing executed by the parties hereto.

33. Payments Due on a Day not a Business Day. Whenever any payment from Lessee to Lessor provided for hereunder is to be made on a day which is a Saturday, Sunday, or banking

holiday in the State of Kentucky, the date for such payment shall automatically be postponed, without interest, to the next day occurring which is not a Saturday, Sunday or banking holiday in the State of Kentucky.

34. Table of Contents and Section Headings. The Table of Contents and the section headings contained herein are for reference purposes only and shall be given no substantive or interpretive effect whatsoever.

35. Choice of Law. This Lease shall in all respects be governed by, and construed in accordance with, the laws of the State of Kentucky. The invalidity or unenforceability of any provision or provisions hereof shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable laws, Lessee hereby waives any provision of law which renders any provision hereof invalid or unenforceable in any respect.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease to be duly executed by their respective

officers or representatives as of the day and year first above written.

THE KENTUCKY TRUST COMPANY,
as Trustee

By Herbert A. Zachary, Jr.
VICE PRESIDENT & TRUST OFFICER

ATTEST:

P-1 LEASING COMPANY

Joseph Reynolds III
SECRETARY
[CORPORATE SEAL]

By Harry F. Mote
VICE PRESIDENT

Lessor hereby acknowledges that the counterpart of this Lease executed by it below is the original counterpart for purposes of Section 28 hereof.

THE KENTUCKY TRUST COMPANY,
as Trustee

By Herbert A. Zachary, Jr.
VICE PRESIDENT & TRUST OFFICER

STATE OF OHIO
~~COMMONWEALTH OF KENTUCKY~~)
COUNTY OF ~~MARTIN~~ CUYAHOGA

: SS.:

The foregoing instrument was acknowledged before

EXHIBIT A

TO EQUIPMENT LEASE

CERTIFICATE OF ACCEPTANCE

July 31, 1972
The undersigned, an authorized representative of P-1 Leasing Company, Lessee under a certain EQUIPMENT LEASE dated as of the 22nd day of June, 1972, by and between itself and THE KENTUCKY TRUST COMPANY, Trustee, as Lessor, HEREBY CERTIFIES that the Equipment listed below was, *sub* *on or before* ~~this date~~ taken into the possession of the Lessee, for purposes of leasing the same under, and in compliance with all of the terms and conditions of, said Equipment Lease.

Original Term (Check only one)

5- $\frac{1}{2}$ years

8 years (new equipment only)

8 years (used equipment only)

18 years

Lessee represents, warrants and confirms that the Equipment covered by this Certificate has been duly delivered to Lessee at its Pevler Mine No. 1, Martin County, Kentucky; that Lessee has duly inspected and performed all necessary tests on said Equipment; that each item of said Equipment is both in compliance with the provisions of the applicable purchase agreement or order and is in good and merchantable condition (unless specifically noted by Lessee on this Certificate); and that said Equipment is acceptable to and accepted by Lessee for all purposes of said Equipment Lease.

Lessee further represents and warrants that the items of Equipment listed below are insured and numbered and that identifying legends have been placed thereon, all in accordance with the requirements of said Equipment Lease.

<u>Appropriation</u>	<u>Purchase</u>	<u>Item of</u>	<u>Serial</u>			<u>Not in Com-</u>
<u>Number</u>	<u>Order</u>	<u>Equipment</u>	<u>Number</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>pliance or</u>
						<u>Condition</u>

(See Schedule Attached)

P-1 Leasing Company, Lessee

Dated: September 7, 1972.

By *[Signature]*

President

EXHIBIT A
TO EQUIPMENT LEASE
SCHEDULE OF EQUIPMENT FOR CERTIFICATE OF ACCEPTANCE

<u>1/2-Year Lease</u>	<u>Appropriation Number</u>	<u>Purchase Order No.</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>Amount</u>	<u>Not in Compliance or Condition</u>	
	10103	A-174102	2000' Flat machine cable	---	---	National Cable Repair, Inc.	5,000.00		
	10104	A-172866	3 Model 300 Roof drills	1722031 1722033 1722034	Gallis Manufacturing Co.	Gallis Manufacturing Co.	14,861.00 14,861.00 44,583.00		
	10104	A-172867	2500' Machine cable	---	---	National Mine Service Co.	3,534.40		
	10105	A-172868	3 Model TDF-24-B Coal drills	52-663 52-664 52-666	Long Airdox Co.	Long Airdox Co.	22,250.00 22,250.00 22,250.00		
	10107	A-173585	4 250' Lengths No. 1 Type G Portable Mine Cable	---	---	National Cable Repair, Inc.	2,220.00		
	10107	A-173584	4 Model HF-17-2-10 Crawler mounted belt feeders	10511 10512 10513 10514	Stamler Corp Station	Schroeder Brothers Corporation	31,288.00 31,288.00 31,288.00 31,288.00		
	Total 5 1/2-Year to be financed							\$ 462,030.40	

8/25/72

EXHIBIT A

TO EQUIPMENT LEASE

CERTIFICATE OF ACCEPTANCE

July 31, 1972
The undersigned, an authorized representative of P-1 Leasing Company, Lessee under a certain EQUIPMENT LEASE dated as of the 22nd day of June, 1972, by and between-itself and THE KENTUCKY TRUST COMPANY, Trustee, as Lessor, HEREBY CERTIFIES that the Equipment listed below was, *sub* *on or before* this date taken into the possession of the Lessee, for purposes of leasing the same under, and in compliance with all of the terms and conditions of, said Equipment Lease.

Original Term (Check only one)

5- $\frac{1}{2}$ years

8 years (new equipment only)

8 years (used equipment only)

18 years

Lessee represents, warrants and confirms that the Equipment covered by this Certificate has been duly delivered to Lessee at its Pevler Mine No. 1, Martin County, Kentucky; that Lessee has duly inspected and performed all necessary tests on said Equipment; that each item of said Equipment is both in compliance with the provisions of the applicable purchase agreement or order and is in good and merchantable condition (unless specifically noted by Lessee on this Certificate); and that said Equipment is acceptable to and accepted by Lessee for all purposes of said Equipment Lease.

Lessee further represents and warrants that the items of Equipment listed below are insured and numbered and that identifying legends have been placed thereon, all in accordance with the requirements of said Equipment Lease.

<u>Appropriation</u>	<u>Purchase</u>	<u>Item of</u>	<u>Serial</u>			<u>Not in Com-</u>
<u>Number</u>	<u>Order</u>	<u>Equipment</u>	<u>Number</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>pliance or</u>
						<u>Condition</u>

(See Schedule Attached)

P-1 Leasing Company, Lessee

Dated: September 7, 1972.

By *Stuart B. [Signature]*

President

8-Year Lease - New

EXHIBIT A
TO EQUIPMENT LEASE
SCHEDULE OF EQUIPMENT FOR THE PERIOD OF ACCEPTANCE

Appropriation Number	Purchase Order No.	Item of Equipment	Serial Number	Manufacturer	Vendor	Amount	Not In Compliance or Condition
10091) 10092)	A-170861	3 Combination AC-DC Trans-former	510-500-P-1 510-500-P-4 510-500-P-5	Emco Corporation	Emco Corporation	\$ 17,355.00 17,355.00 17,355.00 <u>52,065.00</u>	
10094	A-179043	1 225 KVA Belt Transformers 2 112½ KVA Belt Transformers	539-225-P-1 538-112-P-1 538-112-P-2	Emco Corporation	Emco Corporation	6,700.00 4,975.00 4,975.00 <u>1,267.61</u> 17,917.61	
	A-179780	500' Cable	---	---	W. Va. Electric Supply Co.		
10131	A-178965	1 Terminal group and 1000' of structure for 48" conveyor belting	35-1414	Long Airdox Co.	Long Airdox Co.	45,669.00	
10132	A-178966	1 Terminal group and 1000' of structure for 42" conveyor belting	35-1415	Long Airdox Co.	Long Airdox Co.	41,505.00	
10133	A-178967	3 Terminal groups and 300' of structure for 36" conveyor belting	35-1417 35-1418 35-1419	Long Airdox Co.	Long Airdox Co.	68,255.00	
10101	A-173588	2 Joy 14 BU 10 Loaders	9867 9868	Joy Manufacturing Co.	Joy Manufacturing Co.	63,527.00 63,527.00 <u>127,054.00</u>	
10102	A-173590	1 Joy 15 BU 5 AC Cutting machine	17982	Joy Manufacturing Co.	Joy Manufacturing Co.	100,544.00	
10102	A-173587) A-173591)	2000' cable Total 8-Year-New to be financed	---	---	National Cable Repair, Inc.	6,920.00 <u>\$ 459,929.61</u>	

8/25/72

EXHIBIT A

TO EQUIPMENT LEASE

CERTIFICATE OF ACCEPTANCE

The undersigned, an authorized representative of P-1 Leasing Company, Lessee under a certain EQUIPMENT LEASE dated as of the 22nd day of June, 1972, by and between itself and THE KENTUCKY TRUST COMPANY, Trustee, as Lessor, HEREBY CERTIFIES that the Equipment listed below was, *with* *on or before* ~~this date~~ taken into the possession of the Lessee, for purposes of leasing the same under, and in compliance with all of the terms and conditions of, said Equipment Lease.

Original Term (Check only one)

5- $\frac{1}{2}$ years

8 years (new equipment only)

8 years (used equipment only)

18 years

Lessee represents, warrants and confirms that the Equipment covered by this Certificate has been duly delivered to Lessee at its Pevler Mine No. 1, Martin County, Kentucky; that Lessee has duly inspected and performed all necessary tests on said Equipment; that each item of said Equipment is both in compliance with the provisions of the applicable purchase agreement or order and is in good and merchantable condition (unless specifically noted by Lessee on this Certificate); and that said Equipment is acceptable to and accepted by Lessee for all purposes of said Equipment Lease.

Lessee further represents and warrants that the items of Equipment listed below are insured and numbered and that identifying legends have been placed thereon, all in accordance with the requirements of said Equipment Lease.

<u>Appropriation</u>	<u>Purchase</u>	<u>Item of</u>	<u>Serial</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>Not in Com-</u>
<u>Number</u>	<u>Order</u>	<u>Equipment</u>	<u>Number</u>			<u>pliance or</u>
						<u>Condition</u>

(See Schedule Attached)

P-1 Leasing Company, Lessee

Dated: September 7, 1972.

By *Steve Buller*
President

EXHIBIT A
NO EQUIPMENT LEASE
SCHEDULE OF EQUIPMENT FOR REPRESENTATIVE OF ACCEPTANCE

8-Year Lease - Used													
Appropriation Number	Purchase Order No.	Item of Equipment	Serial Number	Manufacturer	Vendor	Amount	Not in Compliance or Condition						
10091) 10092)	A-170861	2 Combination AC-DC Trans-former	510-500-P-2 510-500-P-3	Emco Corporation	Emco Corporation	\$ 17,355.00 17,355.00 34,710.00							
10059	A-130554	1 Caterpillar #12 Grader	13 K 3349	Caterpillar Tractor Co.	Walker Machinery Co.	27,916.00							
10101	A-173588	2 Joy 14 BU 10 Loader	9880 9881	Joy Manufacturing Co.	Joy Manufacturing Co.	63,527.00 63,527.00 127,054.00							
10102	A-173590	1 Joy 15 RU-5 AH Cutting machine	17983	Joy Manufacturing Co.	Joy Manufacturing Co.	99,005.00							
	A-173586	2 Joy 16 RB-3 BKK Cutting machines	17955 18000	Joy Manufacturing Co.	Joy Manufacturing Co.	94,045.00 94,045.00 287,095.00							
10142	A-159757 A-169402	1 RDC 30 Rotary Blasthole Drill 1 Rotary Tractor Drill	30C-149 ---	Gardner-Denver Robbins	Whayne Supply Co. Brandeis Machinery & Supply Co.	105,233.00 130,190.00 235,423.00							
10144	A-163170 A-169528	1 Portable welder 1 One-ton International Truck	--- 383301H960578	--- International Harvester Co.	R. V. May Co., Inc. Music-Carter-Hughes Chevrolet Buick, Inc.	1,210.00 3,106.00 4,316.00							
10146	A-180560 A-180560 A-174110	1 RLD 900 Air compressor 1 ECM 250 Air track drill 1 Portable Primary Plant	--- 24498 ---	Ingersoll Rand Ingersoll Rand Various	Brandeis Machinery & Supply Co. Brandeis Machinery & Supply Co. L. B. Smith, Inc.	18,500.00 19,500.00 80,400.00 118,400.00							
Total 8-Year-Used to be financed						\$ 834,914.00							

8/25/72

EXHIBIT A
 SCHEDULE OF EQUIPMENT FOR GENERAL PURPOSES
 DATE OF ACCEPTANCE

18-Year Lease	Appropriation Number	Purchase Order No.	Item of Equipment	Serial Number	Manufacturer	Vendor	Amount	Not In Compliance or Condition	
	10051	Various	Water system - Fire protection, plant supply and dust allaying	----	Various	Various	\$ 129,058.00		
	10061	Various	Raw coal storage and conveying facilities	----	Various	Various	635,973.00		
	10071	Various	Preparation plant with thickener and thermal dryer	----	Various	Various	2,953,429.00		
	10072	Various	Clean coal storage, reclaiming and unit train	----	Various	Various	929,689.00		
	Total 18-Year to be financed							<u>\$4,648,149.00</u>	

These systems are substantially complete and are included in the closing dated September 7, 1972, under Section 5.3 of the lease agreement which provides that these items should be included when the plant commences operation, whether or not the plant is completed.

8/25/72

EXHIBIT B

TO EQUIPMENT LEASE

PRO FORMA SINKING FUND CALCULATION

Assumptions: Total Investment= 201000.00
 Trustee's Cost= 1,000,000.00
 After-Tax Earnings
 on Fund Balance= 3%

Qtr.	After-Tax Cash Flow	Contrib. to Fund	Fund Balance	Net Cash Flow	Cum. Net Cash Flow	Cum Prof Before Funding
1	92511.71	0.00	0.00	92511.71	92511.71	94511.71
2	22332.77	0.00	0.00	22332.77	114844.47	112538.31
3	22150.09	0.00	0.00	22150.09	136994.56	135554.93
4	21963.58	0.00	0.00	21963.58	158958.14	161557.67
5	14273.16	0.00	0.00	14273.16	173231.30	177042.52
6	14078.76	0.00	0.00	14078.76	187310.07	192449.10
7	13880.29	0.00	1.00	13880.29	201190.36	207772.77
8	13677.67	5475.95	5471.95	8201.71	209392.07	217532.78
9	10256.51	10256.51	15773.54			
10	10045.31	10045.31	25917.15			
11	9829.69	9829.69	35981.38			
12	9609.56	9609.56	45840.64			
13	6170.53	6170.53	52314.97			
14	5941.08	5941.08	58615.71			
15	5706.82	5706.82	64835.70			
16	5467.66	5867.66	70789.63			
17	2009.21	2009.21	73329.76			
18	1759.93	1759.93	75639.66			
19	1595.43	1505.43	77712.39			
20	1245.60	1245.60	79540.83			
21	-2233.95	-2233.95	77903.44			
22	-2504.77	-2504.77	75382.95			
23	-2781.26	-2781.26	73771.56			
24	-3063.54	-3063.54	71261.30			
25	-6566.02	-6566.02	65229.74			
26	-6860.24	-6860.24	58358.72			
27	-7160.63	-7160.63	52139.53			
28	-7467.30	-7467.30	45063.27			
29	-10994.69	-10994.69	34406.56			
30	-11314.34	-11314.34	23350.27			
31	-11640.68	-11640.68	11884.72			
32	-11973.86	-11973.86	-0.00			

Based on the Sinking Fund (early cash method), the investors will obtain a 10.01 percent rate of return from cumulative cash flow on outstanding balance of their total investment, compounded quarterly, over 8 quarters, net of resale proceeds.

If the reinvestment rate is zero, the Sinking Fund will yield a 0.00 percent rate of return over 0 quarters.

SCHEDULE I

TO EQUIPMENT LEASE

Date of this Schedule: September 7, 1972.

This SCHEDULE is executed and delivered by THE KENTUCKY TRUST COMPANY, as Trustee of FNB Louisville/Island Creek Trust No. 1 ("Lessor") and P-1 LEASING COMPANY ("Lessee") in accordance with the terms of and as a part of that certain Equipment Lease dated as of June 22, 1972 between Lessor and Lessee (the defined terms in said Equipment Lease and in the Participation Agreement referred to therein being used herein with the same meaning).

This Schedule covers Equipment accepted by Lessee pursuant to Section 5 of the lease ("Accepted") between June 22, 1972 and July 31, 1972.

New or Used Equipment: New.

Original Term of lease of Equipment runs through December 15, 1977.

(Corresponding to the Maturity Date of the Applicable Loan Certificate)

Number of Rental Payments: Twenty-two (22).

(Payable Quarterly on the 15th day of March, June, September and December)

First Rental Payment Date: September 15, 1972.

SUMMARY OF THIS SCHEDULE

<u>Delivered Cost</u>	<u>Capitalized Costs</u>	<u>Trustee's Cost</u>	<u>First Rental Payment</u>	<u>Subsequent Rental Payments</u>
\$462,030.40	\$26,665.42	\$488,695.82	\$18,658.08	\$26,582.19

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

<u>Appropriation Number</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Date Accepted By Lessee</u>	<u>Delivered Cost</u>	<u>Capitalized Cost*</u>	<u>Trustee's Cost</u>
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(See Schedule Attached)

STIPULATED LOSS AND TERMINATION VALUES

<u>On and After Payment Date Number</u>	<u>Stipulated Loss Value As Percentage of Trustee's Cost</u>	<u>Stipulated Termination Value as Percentage of Trustee's Cost</u>
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(See Schedule Attached)

Lessor and Lessee recognize that the assumptions set forth in Section 20.3 of the Lease as to the availability of the 7% investment tax credit and the method of depreciation do not apply to the used Eight Year Lease Equipment. The rent with respect thereto is being calculated on the assumption that the 150% declining balance method of depreciation will be used.

Lessor and Lessee agree that when calculated with respect to 5- $\frac{1}{2}$ Year Lease Equipment and 8 Year (new and used) Lease Equipment, Stipulated Termination

* To be allocated in direct proportion to Delivered Cost.

Value shall include, in addition to the amounts required by Section 5(a) of the Participation Agreement, an amount determined by discounting 7- $\frac{1}{2}$ % of Trustee's Cost for the applicable items of Equipment at the rate of 10% per annum backward from the end of the Original Term of the lease of such items to the date as of which the Stipulated Termination Value is determined.

For purposes of this Schedule, the following further revisions have been made in the assumptions set forth in Section 20.3 of the Lease:

(None)

Lessor and Lessee agree that they have examined the figures and amounts contained in the foregoing Schedule and that such figures and amounts comply with all of the provisions of Section 20 of the Lease and Section 5(a) of the Participation Agreement, *exclusive of Trustee's fees and expenses, if any. NTK*

The validity and construction of this Schedule and the rights hereunder of the parties hereto shall be in all respects governed by the laws of the State of Kentucky.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Schedule to be duly executed by their respective officers or representatives as of the day and year first above written.

THE KENTUCKY TRUST COMPANY, as Trustee

By Herbert A. Jackson, Jr.
Nice President of Trust office.

P-1 LEASING COMPANY

By Stonie Barker, Jr.
President

ATTEST:

Joseph R. Reynolds III
(Corporate Seal)
SECRETARY

I, Stonie Barker, Jr., hereby certify that I am President of Island Creek Coal Company, a Delaware corporation, and that the information contained in the foregoing Schedule is true and correct in all respects.

Stonie Barker, Jr.

STIPULATED LOSS AND TERMINATION VALUES

<u>On and After Payment Date Number</u>	<u>Stipulated Loss Value as Percentage of Trustee's Cost</u>	<u>Stipulated Termination Value as Percentage of Trustee's Cost</u>
1	107.212%	111.647%
2	100.962	105.397
3	94.712	99.147
4	88.462	92.897
5	83.775	88.654
6	79.087	83.966
7	74.400	79.279
8	69.712	74.591
9	65.694	71.061
10	61.676	67.043
11	57.658	63.025
12	49.153	54.520
13	45.804	51.707
14	42.456	48.359
15	39.108	45.011
16	35.760	41.663
17	33.081	39.575
18	30.403	36.897
19	27.724	34.218
20	20.558	27.052
21	18.549	25.692
22	16.541	23.684

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

Appropriation Number	Item of Equipment	Serial Number	Date		Delivered Cost	Capitalized Cost *	Trustee's Cost
			Accepted By Lessee				
10103	6 21SC-IF Shuttle cars	EM-10525 EM-10527 EM-10528 EM-10480 EM-10481 EM-10482	7/31/72				
	2000' Flat machine cable	---	7/31/72				
Total delivered cost for Appropriation No. 10103:					<u>\$219,791.00</u>		
10104	3 Model 300 Roof drills	1722031 1722033 1722034	7/31/72				
	2500' Machine cable	---	7/31/72				
Total delivered cost for Appropriation No. 10104:					<u>\$ 48,117.40</u>		
10105	3 Model TDF-24-B Coal drills	52-663 52-664 52-666	7/31/72				
Total delivered cost for Appropriation No. 10105:					<u>\$ 66,750.00</u>		
10107	4 250' Lengths No. 1 Type G Portable Mine cable	---	7/31/72				
	4 Model BF-17-2-10 Crawler mounted belt feeders	10511 10512 10513 10514	7/31/72				
Total delivered cost for Appropriation No. 10107:					<u>\$127,372.00</u> <u>\$462,030.40</u>	<u>\$26,665.42</u>	<u>\$488,695.82</u>

* To be allocated in direct proportion to Delivered Cost.
 * All equipment was purchased in the period July 31, 1972.
 * The equipment listed on Exhibit B is property of the Government.
 * The purchase of 28,1972, was accepted as of 11/17/72.

SCHEDULE I

TO EQUIPMENT LEASE

Date of this Schedule: September 7, 1972.

This SCHEDULE is executed and delivered by THE KENTUCKY TRUST COMPANY, as Trustee of FNB Louisville/Island Creek Trust No. 1 ("Lessor") and P-1 LEASING COMPANY ("Lessee") in accordance with the terms of and as a part of that certain Equipment Lease dated as of June 22, 1972 between Lessor and Lessee (the defined terms in said Equipment Lease and in the Participation Agreement referred to therein being used herein with the same meaning).

This Schedule covers Equipment accepted by Lessee pursuant to Section 5 of the Lease ("Accepted") between June 22, 1972 and July 31, 1972.

New or Used Equipment: New.

Original Term of lease of Equipment runs through June 15, 1980.

(Corresponding to the Maturity Date of the Applicable Loan Certificate)

Number of Rental Payments: Thirty-two (32).

(Payable Quarterly on the 15th day of March, June, September and December)

First Rental Payment Date: September 15, 1972.

SUMMARY OF THIS SCHEDULE

<u>Delivered Cost</u>	<u>Capitalized Costs</u>	<u>Trustee's Cost</u>	<u>First Rental Payment</u>	<u>Subsequent Rental Payments</u>
\$459,929.61	\$25,688.86	\$485,618.47	\$10,357.29	\$17,768.37

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

<u>Appropriation Number</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Date Accepted By Lessee</u>	<u>Delivered Cost</u>	<u>Capitalized Cost*</u>	<u>Trustee's Cost</u>
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(See Schedule Attached)

STIPULATED LOSS AND TERMINATION VALUES

<u>On and After Payment Date Number</u>	<u>Stipulated Loss Value As Percentage of Trustee's Cost</u>	<u>Stipulated Termination Value as Percentage of Trustee's Cost</u>
---	--	---

(See Schedule Attached)

Lessor and Lessee recognize that the assumptions set forth in Section 20.3 of the Lease as to the availability of the 7% investment tax credit and the method of depreciation do not apply to the used Eight Year Lease Equipment. The rent with respect thereto is being calculated on the assumption that the 150% declining balance method of depreciation will be used.

Lessor and Lessee agree that when calculated with respect to 5- $\frac{1}{2}$ Year Lease Equipment and 8 Year (new and used) Lease Equipment, Stipulated Termination

* To be allocated in direct proportion to Delivered Cost.

Value shall include, in addition to the amounts required by Section 5(a) of the Participation Agreement, an amount determined by discounting 7- $\frac{1}{2}$ % of Trustee's Cost for the applicable items of Equipment at the rate of 10% per annum backward from the end of the Original Term of the lease of such items to the date as of which the Stipulated Termination Value is determined.

For purposes of this Schedule, the following further revisions have been made in the assumptions set forth in Section 20.3 of the Lease:

(None)

Lessor and Lessee agree that they have examined the figures and amounts contained in the foregoing Schedule and that such figures and amounts comply with all of the provisions of Section 20 of the Lease and Section 5 (a) of the Participation Agreement, *exclusive of Trustee's fees and expenses, if any. AML*

The validity and construction of this Schedule and the rights hereunder of the parties hereto shall be in all respects governed by the laws of the State of Kentucky.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Schedule to be duly executed by their respective officers or representatives as of the day and year first above written.

THE KENTUCKY TRUST COMPANY, as Trustee

By Herbert A. Jackson, Jr.
Vice President & Trust Officer

P-1 LEASING COMPANY

By Stonie Barker, Jr.
President

ATTEST:

Joseph L. Reynolds
(Corporate Seal) SECRETARY

I, Stonie Barker, Jr., hereby certify that I am President of Island Creek Coal Company, a Delaware corporation, and that the information contained in the foregoing Schedule is true and correct in all respects.

Stonie Barker, Jr.

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

Appropriation Number	Item of Equipment	Serial Number	Date Accepted By Lessee	Delivered Cost	Capitalized Cost*	Trustee's Cost
10091)	3 Combination AC-DC Transformers	510-500-P-1 510-500-P-4 510-500-P-5	7/31/72			
Total delivered cost for Appropriation Nos. 10091 and 10092:				<u>\$ 52,065.00</u>		
10094	1 225 KVA Belt Trans-former	539-225-P-1	7/31/72			
	2 112½ KVA Belt Trans-formers & 500' cable	538-112-P-1 538-112-P-2				
Total delivered cost for Appropriation No. 10094:				<u>\$ 17,917.61</u>		
10131	1 Terminal group & 1000' of structure for 48" conveyor belting	35-1414	7/31/72			
Total delivered cost for Appropriation No. 10131:				<u>\$ 45,669.00</u>		
10132	1 Terminal Group & 1000' of structure for 42" conveyor belting	35-1415	7/31/72			
Total delivered cost for Appropriation No. 10132:				<u>\$ 41,505.00</u>		
10133	3 Terminal groups & 300' of structure for 37" conveyor belting	35-1417 35-1418 35-1419	7/31/72			
Total delivered cost for Appropriation No. 10133:				<u>\$ 68,255.00</u>		
10101	2 Joy 14BU10 Loaders	9867 & 9868	7/31/72			
Total delivered cost for Appropriation No. 10101:				<u>\$127,054.00</u>		
10102	1 Joy 15RU5 AC cutting machine	17982				
	2000' Cable	---	7/31/72			
Total delivered cost for Appropriation No. 10102:				<u>\$107,464.00</u>		
				<u>\$459,929.80</u>	<u>\$ 25,688.86</u>	<u>\$485,618.47</u>

* To be allocated in direct proportion to Delivered Cost.

Not complete - more equipment on way before July 31, 1972. No equipment listed in Exhibit A. T. L. Co. # 441172. # 441173. # 441174. # 441175. # 441176. # 441177. # 441178. # 441179. # 441180. # 441181. # 441182. # 441183. # 441184. # 441185. # 441186. # 441187. # 441188. # 441189. # 441190. # 441191. # 441192. # 441193. # 441194. # 441195. # 441196. # 441197. # 441198. # 441199. # 441200.

JKR

STIPULATED LOSS AND TERMINATION VALUES

<u>On and After Payment Date Number</u>	<u>Stipulated Loss Value as Percentage of Trustee's Cost</u>	<u>Stipulated Termination Value as Percentage of Trustee's Cost</u>
1	107.212%	110.711%
2	100.962	104.461
3	94.712	98.211
4	91.810	95.309
5	89.672	93.521
6	87.494	91.343
7	85.274	89.123
8	83.012	86.861
9	80.707	84.941
10	78.359	82.593
11	75.965	80.199
12	69.037	73.271
13	66.550	71.207
14	64.016	68.673
15	61.433	66.090
16	58.800	63.457
17	56.116	61.239
18	53.380	58.503
19	50.592	55.715
20	43.262	48.385
21	40.363	45.998
22	37.409	43.044
23	34.397	40.032
24	31.326	36.961
25	28.195	34.393
26	25.002	31.200
27	21.747	27.945
28	13.941	20.139
29	10.557	17.375
30	7.107	13.925
31	3.588	10.406
32	0.000	6.818

SCHEDULE I

TO EQUIPMENT LEASE

Date of this Schedule: September 7, 1972.

This SCHEDULE is executed and delivered by THE KENTUCKY TRUST COMPANY, as Trustee of FNB Louisville/Island Creek Trust No. 1 ("Lessor") and P-1 LEASING COMPANY ("Lessee") in accordance with the terms of and as a part of that certain Equipment Lease dated as of June 22, 1972 between Lessor and Lessee (the defined terms in said Equipment Lease and in the Participation Agreement referred to therein being used herein with the same meaning).

This Schedule covers Equipment accepted by Lessee pursuant to Section 5 of the lease ("Accepted") between June 22, 1972 and July 31, 1972.

New or Used Equipment: Used.

Original Term of lease of Equipment runs through June 15, 1980.

(Corresponding to the Maturity Date of the Applicable Loan Certificate)

Number of Rental Payments: Thirty-two (32).

(Payable Quarterly on the 15th day of March, June, September and December)

First Rental Payment Date: September 15, 1972.

SUMMARY OF THIS SCHEDULE

<u>Delivered Cost</u>	<u>Capitalized Costs</u>	<u>Trustee's Cost</u>	<u>First Rental Payment</u>	<u>Subsequent Rental Payments</u>
\$834,914.00	\$68,683.10	\$903,597.10	\$24,219.24	\$38,871.00

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

<u>Appropriation Number</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Date Accepted By Lessee</u>	<u>Delivered Cost</u>	<u>Capitalized Cost*</u>	<u>Trustee's Cost</u>
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(See Schedule Attached)

STIPULATED LOSS AND TERMINATION VALUES

<u>On and After Payment Date Number</u>	<u>Stipulated Loss Value As Percentage of Trustee's Cost</u>	<u>Stipulated Termination Value as Percentage of Trustee's Cost</u>
---	--	---

(See Schedule Attached)

Lessor and Lessee recognize that the assumptions set forth in Section 20.3 of the Lease as to the availability of the 7% investment tax credit and the method of depreciation do not apply to the used Eight Year Lease Equipment. The

* To be allocated in direct proportion to Delivered Cost.

rent with respect thereto is being calculated on the assumption that the 150% declining balance method of depreciation will be used.

Lessor and Lessee agree that when calculated with respect to 5-1/2 Year Lease Equipment and 8 Year (new and used) Lease Equipment, Stipulated Termination Value shall include, in addition to the amounts required by Section 5(a) of the Participation Agreement, an amount determined by discounting 7-1/2% of Trustee's Cost for the applicable items of Equipment at the rate of 10% per annum backward from the end of the Original Term of the lease of such items to the date as of which the Stipulated Termination Value is determined.

For purposes of this Schedule, the following further revisions have been made in the assumptions set forth in Section 20.3 of the Lease:

(None)

Lessor and Lessee agree that they have examined the figures and amounts contained in the foregoing Schedule and that such figures and amounts comply with all of the provisions of Section 20 of the Lease and Section 5(a) of the Participation Agreement, *exclusive of Trustee's special expenses, JHK*

The validity and construction of this Schedule and the rights hereunder of the parties hereto shall be in all respects governed by the laws of the State of Kentucky.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Schedule to be duly executed by their respective officers or representatives as of the day and year first above written.

THE KENTUCKY TRUST COMPANY, as Trustee

BY Herbert G. Jackson, Jr.
Vice President & Trust Officer

P-1 LEASING COMPANY

By Stonie Barker, Jr.
President

ATTEST:

Joseph L. Reynolds III
(Corporate Seal) SECRETARY

I, Stonie Barker, Jr., hereby certify that I am President of Island Creek Coal Company, a Delaware corporation, and that the information contained in the foregoing Schedule is true and correct in all respects.

Stonie Barker, Jr.

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

Appropriation Number	Item of Equipment	Serial Number	Date Accepted By Lessee	Delivered Cost	Capitalized Cost*	Trustee's Cost
10091)	2 Combination AC-DC transformers	510-500-P-2 510-500-P-3	7/31/72			
10092)	Total delivered cost for Appropriation Nos. 10091 and 10092:					
				<u>\$ 34,710.00</u>		
10059	1 Caterpillar #12 grader	13 K 3349	7/31/72			
	Total delivered cost for Appropriation No. 10059:					
				<u>\$ 27,916.00</u>		
10101	2 Joy 14BU10 loader	9880 & 9881	7/31/72			
	Total delivered cost for Appropriation No. 10101:					
				<u>\$127,054.00</u>		
10102	1 Joy 15RU-5 AH cutting machine	17983	7/31/72			
	2 Joy 16RB-3 BKK cutting machines	17955 18000	7/31/72			
	Total delivered cost for Appropriation No. 10102:					
				<u>\$287,095.00</u>		
10142	1 RDC 30 Rotary blast-hole drill	30C-149	7/31/72			
	1 Rotary tractor drill	---	7/31/72			
	Total delivered cost for Appropriation No. 10142:					
				<u>\$235,423.00</u>		
10144	1 Portable welder	---	7/31/72			
	1 one-ton Inter-national truck	383301H960578	7/31/72			
	Total delivered cost for Appropriation No. 10144:					
				<u>\$ 4,316.00</u>		
10146	1 RLD 900 Air compressor	---	7/31/72			
	1 ECM 250 Air track drill	24498				
	1 Portable Primary Plant	---				
	Total delivered cost for Appropriation No. 10146:					
				<u>\$118,400.00</u>		
				<u>\$834,914.00</u>	<u>\$68,683.10</u>	<u>\$903,597.10</u>

* To be allocated in direct proportion to Delivered Cost.

All equipment was accepted on or before July 31, 1972. All equipment listed in Exhibit B, the budget for 1972, was accepted prior to that date. Approved.

STIPULATED LOSS AND TERMINATION VALUES

<u>On and After Payment Date Number</u>	<u>Stipulated Loss Value as Percentage of Trustee's Cost</u>	<u>Stipulated Termination Value as Percentage of Trustee's Cost</u>
1	102.650%	106.149%
2	100.088	103.587
3	97.486	100.985
4	94.843	98.342
5	92.157	96.006
6	89.428	93.277
7	86.656	90.505
8	83.838	87.687
9	80.975	85.209
10	78.065	82.299
11	75.107	79.341
12	72.101	76.335
13	69.045	73.702
14	65.938	70.595
15	62.779	67.436
16	59.567	64.224
17	56.302	61.425
18	52.981	58.104
19	49.603	54.726
20	46.169	51.292
21	42.675	48.310
22	39.122	44.757
23	35.507	41.142
24	31.830	37.465
25	28.089	34.287
26	24.283	30.481
27	20.410	26.608
28	16.470	22.668
29	12.460	19.278
30	8.379	15.197
31	4.227	11.045
32	0.000	6.818

SCHEDULE I

TO EQUIPMENT LEASE

Date of this Schedule: September 7, 1972:

This SCHEDULE is executed and delivered by THE KENTUCKY TRUST COMPANY, as Trustee of FNB Louisville/Island Creek Trust No. 1 ("Lessor") and P-1 LEASING COMPANY ("Lessee") in accordance with the terms of and as a part of that certain Equipment Lease dated as of June 22, 1972 between Lessor and Lessee (the defined terms in said Equipment Lease and in the Participation Agreement referred to therein being used herein with the same meaning).

This Schedule covers Equipment accepted by Lessee pursuant to Section 5 of the lease ("Accepted") between June 22, 1972 and July 31, 1972.

New or Used Equipment: New.

Original Term of lease of Equipment runs through September 15, 1990.

(Corresponding to the Maturity Date of the Applicable Loan Certificate)

Number of Rental Payments: Seventy-three (73).

(Payable Quarterly on the 15th day of March, June, September and December)

First Rental Payment Date: September 15, 1972.

SUMMARY OF THIS SCHEDULE

<u>Delivered Cost</u>	<u>Capitalized Costs</u>	<u>Trustee's Cost</u>	<u>First Rental Payment</u>	<u>Subsequent Rental Payments</u>
\$4,648,149.00	\$445,913.52	\$5,094,062.52	\$6,939.81	32 @ \$78,072.88 40 @ \$138,560.17 <i>3.25</i> <i>JKK</i>

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

<u>Appropriation Number</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Date Accepted By Lessee</u>	<u>Delivered Cost</u>	<u>Capitalized Cost*</u>	<u>Trustee's Cost</u>
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(See Schedule Attached)

STIPULATED LOSS AND TERMINATION VALUES

<u>On and After Payment Date Number</u>	<u>Stipulated Loss Value As Percentage of Trustee's Cost</u>	<u>Stipulated Termination Value as Percentage of Trustee's Cost</u>
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(See Schedule Attached)

Lessor and Lessee recognize that the assumptions set forth in Section 20.3 of the Lease as to the availability of the 7% investment tax credit and the method of depreciation do not apply to the used Eight Year Lease Equipment. The rent with respect thereto is being calculated on the assumption that the 150% declining balance method of depreciation will be used.

* To be allocated in direct proportion to Delivered Cost.

Lessor and Lessee agree that when calculated with respect to 5- $\frac{1}{2}$ Year Lease Equipment and 8 Year (new and used) Lease Equipment, Stipulated Termination Value shall include, in addition to the amounts required by Section 5(a) of the Participation Agreement, an amount determined by discounting 7- $\frac{1}{2}$ % of Trustee's Cost for the applicable items of Equipment at the rate of 10% per annum backward from the end of the Original Term of the lease of such items to the date as of which the Stipulated Termination Value is determined.

For purposes of this Schedule, the following further revisions have been made in the assumptions set forth in Section 20.3 of the Lease:

(None)

Lessor and Lessee agree that they have examined the figures and amounts contained in the foregoing Schedule and that such figures and amounts comply with all of the provisions of Section 20 of the Lease and Section 5(a) of the Participation Agreement, *exclusive of Trustee's fees and expenses, if any. MBR*

The validity and construction of this Schedule and the rights hereunder of the parties hereto shall be in all respects governed by the laws of the State of Kentucky.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Schedule to be duly executed by their respective officers or representatives as of the day and year first above written.

THE KENTUCKY TRUST COMPANY, as Trustee

By Herbert A. Zachman, Jr.
Vice President & Trust Officer

P-1 LEASING COMPANY

By Stonie Barker, Jr.
President

ATTEST:

Joseph P. Reynolds III
(Corporate Seal)
SECRETARY

I, Stonie Barker, Jr., hereby certify that I am President of Island Creek Coal Company, a Delaware corporation, and that the information contained in the foregoing Schedule is true and correct in all respects.

Stonie Barker, Jr.

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

<u>Appropriation Number</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Date Accepted By Lessee</u> *	<u>Delivered Cost</u>	<u>Capitalized Cost</u> *	<u>Trustee's Cost</u>
10051	Water system - Fire protection, plant supply and dust alaying	--	7/31/72	\$129,058.00		
10061	Raw coal storage and conveying facilities	--	7/31/72	\$635,973.00		
10071	Preparation plant with thickener and thermal dryer	--	7/31/72	\$2,953,429.00		
10072	Clean coal storage, reclaiming and unit train	--	7/31/72	\$929,689.00		
				<u>\$4,648,149.00</u>	<u>\$445,913.52</u>	<u>\$5,094,062.52</u>

* To be allocated in direct proportion to Delivered Cost.

*** All equipment was accepted on or before July 31, 1972. All equipment listed in Exhibit "A" to Inventory Bill of Sale dated on June 22, 1972, was accepted as of that date. AMK*

STIPULATED LOSS AND TERMINATION VALUES

<u>On and After Payment Date Number</u>	<u>Stipulated Loss Value and Stipulated Termination Value as Percentage of Trustee's Cost</u>	<u>On and After Payment Date Number</u>	<u>Stipulated Loss Value and Stipulated Termination Value as Percentage of Trustee's Cost</u>
1	107.212%	38	67.009%
2	100.962	39	65.692
3	94.712	40	64.347
4	88.462	41	62.974
5	86.662	42	61.573
6	86.662	43	60.142
7	86.662	44	58.681
8	86.662	45	57.190
9	86.662	46	55.667
10	86.662	47	54.112
11	86.662	48	52.525
12	82.174	49	50.905
13	82.174	50	49.251
14	82.174	51	47.562
15	82.174	52	45.838
16	82.174	53	44.077
17	82.174	54	42.280
18	82.174	55	40.445
19	82.174	56	38.572
20	77.687	57	36.660
21	77.687	58	34.707
22	77.687	59	32.714
23	77.687	60	30.679
24	77.687	61	28.601
25	77.687	62	26.480
26	77.687	63	24.314
27	77.687	64	22.103
28	73.200	65	19.846
29	73.200	66	17.541
30	73.200	67	15.188
31	73.200	68	12.786
32	73.200	69	10.334
33	73.200	70	7.830
34	72.013	71	5.274
35	70.800	72	2.664
36	69.563	73	0.000
37	68.299		

SUMMARY OF SCHEDULES TO EQUIPMENT LEASE

EXECUTED AT THE CLOSING HELD ON SEPTEMBER 7, 1972

<u>Equipment</u>	<u>Delivered Cost</u>	<u>Capitalized Cost</u>	<u>Trustee's Cost</u>	<u>First Rental Payment</u>	<u>Subsequent Rental Payments</u>
5- $\frac{1}{2}$ Year	\$ 462,030.40	\$ 26,665.42	\$ 488,695.82	\$18,658.08	\$ 26,582.19
8 Year (New)	459,929.61	25,688.86	485,618.47	10,357.29	17,768.37
8 Year (Used)	834,914.00	68,683.10	903,597.10	24,219.24	38,871.00
18 Year	4,648,149.00	445,913.52	5,094,062.52	6,939.81	32@ \$78,072.88 40@ \$138,562.17
	<u>\$6,405,023.01</u>	<u>\$566,950.90</u>	<u>\$6,971,973.91</u>		3.25 Auk

STATE OF KENTUCKY,

COUNTY OF

Martin

SCT.

I,

James A. Muncy

Clerk of

the County Court for the County and State aforesaid, certify that the foregoing Lease was on the

4

day of

October

19 *72*

lodged in my office for record,

whereupon the same with the foregoing and this certificate have been duly recorded in my office in

Lease Book

36

Page

421 thro 503

Given under my hand, this

4

day of

October

19 *72*

By

James A. Muncy
Lynn H. Maynard

Clerk

D. C.

RECORDATION NO. _____ Filed & Recorded

DEC 14 1972 -12 50 PM

SCHEDULE I
TO EQUIPMENT LEASE

INTERSTATE COMMERCE COMMISSION

of this Schedule: December 14, 1972

This SCHEDULE is executed and delivered by ^{First} THE KENTUCKY TRUST COMPANY, as Trustee of FNB Louisville/Island Creek Trust No. 1 ("Lessor") and P-1 LEASING COMPANY ("Lessee") in accordance with the terms of and as a part of that certain Equipment Lease dated as of June 22, 1972 between Lessor and Lessee (the defined terms in said Equipment Lease and in the Participation Agreement referred to therein being used herein with the same meaning).

This Schedule covers Equipment accepted by Lessee pursuant to Section 5 of the lease ("Accepted") between August 1, 1972 and October 31, 1972.

New or Used Equipment: New.

Original Term of lease of Equipment runs through September 15, 1980.

(Corresponding to the Maturity Date of the Applicable Loan Certificate)

Number of Rental Payments: Thirty-two (32)

(Payable Quarterly on the 15th day of March, June, September and December)

First Rental Payment Date: December 15, 1972.

SUMMARY OF THIS SCHEDULE

<u>Delivered Cost</u>	<u>Capitalized Costs</u>	<u>Trustee's Cost</u>	<u>First Rental Payment</u>	<u>Subsequent Rental Payments</u>
\$324,526.00	\$20,229.00	\$344,755.00	\$6,903.82	\$12,614.30

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

<u>Appropriation Number</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Date Accepted By Lessee</u>	<u>Delivered Cost</u>	<u>Capitalized Cost*</u>	<u>Trustee's Cost</u>
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(See Schedule Attached)

STIPULATED LOSS AND TERMINATION VALUES

<u>On and After Payment Date Number</u>	<u>Stipulated Loss Value As Percentage of Trustee's Cost</u>	<u>Stipulated Termination Value as Percentage of Trustee's Cost</u>
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(See Schedule Attached)

Lessor and Lessee recognize that the assumptions set forth in Section 20.3 of the Lease as to the availability of the 7% investment tax credit and the method of depreciation do not apply to the used Eight Year Lease Equipment. The rent with respect thereto is being calculated on the assumption that the 150% declining balance method of depreciation will be used.

*To be allocated in direct proportion to Delivered Cost.

Lessor and Lessee agree that when calculated with respect to 5-1/2 Year Lease Equipment and 8 Year (new and used) Lease Equipment, Stipulated Termination Value shall include, in addition to the amounts required by Section 5(a) of the Participation Agreement, an amount determined by discounting 7-1/2% of Trustee's Cost for the applicable items of Equipment at the rate of 10% per annum backward from the end of the Original Term of the lease of such items to the date as of which the Stipulated Termination Value is determined.

For purposes of this Schedule, the following further revisions have been made in the assumptions set forth in Section 20.3 of the Lease:

(None)

Lessor and Lessee agree that they have examined the figures and amounts contained in the foregoing Schedule and that such figures and amounts comply with all of the provisions of Section 20 of the Lease and Section 5(a) of the Participation Agreement, exclusive of Trustee's fees and expenses, if any.

The validity and construction of this Schedule and the rights hereunder of the parties hereto shall be in all respects governed by the laws of the State of Kentucky.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Schedule to be duly executed by their respective officers or representatives as of the day and year first above written.

First

THE KENTUCKY TRUST COMPANY, as Trustee

By Herbert A. Jackson, Jr.

P-1 LEASING COMPANY

By W. F. Diamond
Vice President

ATTEST:

[Signature]
(Corporate Seal)

I, W. F. Diamond, hereby certify that I am Vice President of Island Creek Coal Company, a Delaware corporation, and that the information contained in the foregoing Schedule is true and correct in all respects.

W. F. Diamond

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

Appropriation Number	Item of Equipment	Serial Number	Date Accepted By Lessee	Delivered Cost	Capitalized Cost*	Trustee's Cost
10099	1 - 300 KVA Rectifier	672509-1185	8/1/72	<u>\$ 54,300.00</u>		
		672499-1186				
		672504-1187				
		772521-1188				
		772515-1189				
Total delivered cost for Appropriation No. 10099:						
10074	Waste Water & Refuse Disposal Systems	NA	10/1/72	<u>\$190,481.00</u>		
Total delivered cost for Appropriation No. 10074:						
10095	3 - Sets 5KV Cable & Couplers 3/0 19 Str. Alum Cable	NA	8/1/72	<u>\$94,987.00</u>		
	RFL 375A Receptacle Drill	NA				
	2/0 AWG 10 KV Cable	NA				
Total delivered cost for Appropriation No. 10095:						
10133	1 Terminal Group 1,350' of Structure for 36" conveyor	35-1420	8/1/72	<u>\$ 24,558.00</u>		
Total delivered cost for Appropriation No. 10133:						
				<u>\$224,528.00</u>	<u>\$20,229.00</u>	<u>\$344,755</u>

* To be allocated in direct proportion to Delivered Cost: 12/12/72

EXHIBIT A
TO EQUIPMENT LEASE
CERTIFICATE OF ACCEPTANCE

The undersigned, an authorized representative of P-1 Leasing Company, Lessee under a certain EQUIPMENT LEASE dated as of the 22nd day of June, 1972, by and between itself and THE KENTUCKY TRUST COMPANY, Trustee, as Lessor, HEREBY CERTIFIES that the Equipment listed below was this date taken into the possession of the Lessee, for purposes of leasing the same under, and in compliance with all of the terms and conditions of, said Equipment Lease.

Original Term (Check only one)

5-1/2 years

8 years (new equipment only)

18 years

Lessee represents, warrants and confirms that the Equipment covered by this Certificate has been duly delivered to Lessee at its Pevler Mine No. 1, Martin County, Kentucky; that Lessee has duly inspected and performed all necessary tests on said Equipment; that each item of said Equipment is both in compliance with the provisions of the applicable purchase agreement or order and is in good and merchantable condition (unless specifically noted by Lessee on this Certificate); and that said Equipment is acceptable to and accepted by Lessee for all purposes of said Equipment Lease.

Lessee further represents and warrants that the items of Equipment listed below are insured and numbered and that identifying legends have been placed thereon, all in accordance with the requirements of said Equipment Lease.

<u>Appropriation</u> <u>Number</u>	<u>Purchase</u> <u>Order</u>	<u>Item of</u> <u>Equipment</u>	<u>Serial</u> <u>Number</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>Not in Compliance</u> <u>or Condition</u>
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(See Schedule Attached)

P-1 Leasing Company, Lessee

Dated: August 1, 1972

By

OSullivan
Vice President

TO EQUIPMENT LEASE

SCHEDULE OF EQUIPMENT FOR CERTIFICATE OF ACCEPTANCE

Acceptance Date August 1, 1972

<u>Appropriation Number</u>	<u>Purchase Order No.</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>Amount</u>	<u>Not In Compliance or Condition</u>
10099	A-174104	1 - 300 KVA Rectifier	672509-1185 672499-1186 672504-1187 772521-1188 772515-1189	Ohio Brass Co.	Ohio Brass Co.	\$10,900.00 10,900.00 10,900.00 10,900.00 10,900.00 <u>\$54,500.00</u>	
10095	A-169521 A-190186 A-169535	3 - Sets SKV Cable & Couplers 3/0 19 Str. Alum Cable (6,000') RFL 375A Receptacle Drill 2/0 AWG 10 KV Cable	NA NA NA	W. Va. Electric Supply Co.	W. Va. Electric Supply Co.	\$51,156.00 1,148.00 2,683.00 <u>\$54,987.00</u>	
10113	A-178967	1,350' of structure for 36" conveyor		Long Airdox Co.	Long Airdox Co.	\$12,279.00	
Total 8 Year to be financed						<u>\$121,766.00</u>	

EXHIBIT A

TO EQUIPMENT LEASE

CERTIFICATE OF ACCEPTANCE

The undersigned, an authorized representative of P-1 Leasing Company, Lessee under a certain EQUIPMENT LEASE dated as of the 22nd day of June, 1972, by and between itself and THE KENTUCKY TRUST COMPANY, Trustee, as Lessor, HEREBY CERTIFIES that the Equipment listed below was, on or before this date, taken into the possession of the Lessee, for purposes of leasing the same under, and in compliance with all of the terms and conditions of, said Equipment Lease.

Original Term (Check only one)

5-1/2 years

8 years (new equipment only)

18 years

Lessee represents, warrants and confirms that the Equipment covered by this Certificate has been duly delivered to Lessee at its Pevler Mine No. 1, Martin County, Kentucky; that Lessee has duly inspected and performed all necessary tests on said Equipment; that each item of said Equipment is both in compliance with the provisions of the applicable purchase agreement or order and is in good and merchantable condition (unless specifically noted by Lessee on this Certificate); and that said Equipment is acceptable to and accepted by Lessee for all purposes of said Equipment Lease.

Lessee further represents and warrants that the items of Equipment listed below are insured and numbered and that identifying legends have been placed thereon, all in accordance with the requirements of said Equipment Lease.

<u>Appropriation</u> <u>Number</u>	<u>Purchase</u> <u>Order</u>	<u>Item of</u> <u>Equipment</u>	<u>Serial</u> <u>Number</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>Not in Com-</u> <u>pliance or</u> <u>Condition</u>
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(See Schedule Attached)

P-1 Leasing Company, Lessee

Dated: October 1, 1972

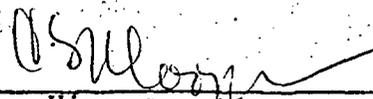
By 
Vice President

EXHIBIT A

TO EQUIPMENT LEASE

SCHEDULE OF EQUIPMENT FOR CERTIFICATE OF ACCEPTANCE

Acceptance Date October 1, 1972

Not In
Compliance
or Condition

<u>8 Year Lease</u>	<u>Purchase Order NO.</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>Amount</u>	
10074	Various	Waste Water & Refuse Disposal Systems	NA	Various	Various	\$190,481.00	
10133	A-178967	1 Terminal Group for 36" structure	35-1420	Long Airdox Co.	Long Airdox Co.	12,279.00 \$702,760.00	

SCHEDULE I
TO EQUIPMENT LEASE

RECORDATION NO. 6832 Filed & Recorded
DEC 14 1972 -12 50 PM

Date of this Schedule: December 14, 1972

First INTERSTATE COMMERCE COMMISSION *14* ✓

This SCHEDULE is executed and delivered by THE KENTUCKY TRUST COMPANY, as Trustee of FNB Louisville/Island Creek Trust No. 1 ("Lessor") and P-1 LEASING COMPANY ("Lessee") in accordance with the terms of and as a part of that certain Equipment Lease dated as of June 22, 1972 between Lessor and Lessee (the defined terms in said Equipment Lease and in the Participation Agreement referred to therein being used herein with the same meaning).

This Schedule covers Equipment accepted by Lessee pursuant to Section 5 of the lease ("Accepted") between August 1, 1972 and October 31, 1972.

New or Used Equipment: New.

Original Term of lease of Equipment runs through March 15, 1978.

(Corresponding to the Maturity Date of the Applicable Loan Certificate)

Number of Rental Payments: Twenty-two (22).

(Payable Quarterly on the 15th day of March, June, September and December)

First Rental Payment Date: December 15, 1972.

SUMMARY OF THIS SCHEDULE

<u>Delivered Cost</u>	<u>Capitalized Costs</u>	<u>Trustee's Cost</u>	<u>First Rental Payment</u>	<u>Subsequent Rental Payments</u>
\$51,500.00	\$ 2,246.83	\$53,746.83	\$1,977.61	\$2,923.51

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

<u>Appropriation Number</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Date Accepted By Lessee</u>	<u>Delivered Cost</u>	<u>Capitalized Cost*</u>	<u>Trustee's Cost</u>
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(See Schedule Attached)

STIPULATED LOSS AND TERMINATION VALUES

<u>On and After Payment Date Number</u>	<u>Stipulated Loss Value As Percentage of Trustee's Cost</u>	<u>Stipulated Termination Value as Percentage of Trustee's Cost</u>
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(See Schedule Attached)

Lessor and Lessee recognize that the assumptions set forth in Section 20.3 of the Lease as to the availability of the 7% investment tax credit and the method of depreciation do not apply to the used Eight Year Lease Equipment. The rent with respect thereto is being calculated on the assumption that the 150% declining balance method of depreciation will be used.

*To be allocated in direct proportion to Delivered Cost.

Lessor and Lessee agree that when calculated with respect to 5-1/2 Year Lease Equipment and 8 Year (new and used) Lease Equipment, Stipulated Termination Value shall include, in addition to the amounts required by Section 5(a) of the Participation Agreement, an amount determined by discounting 7-1/2% of Trustee's Cost for the applicable items of Equipment at the rate of 10% per annum backward from the end of the Original Term of the lease of such items to the date as of which the Stipulated Termination Value is determined.

For purposes of this Schedule, the following further revisions have been made in the assumptions set forth in Section 20.3 of the Lease:

(None)

Lessor and Lessee agree that they have examined the figures and amounts contained in the foregoing Schedule and that such figures and amounts comply with all of the provisions of Section 20 of the Lease and Section 5(a) of the Participation Agreement, exclusive of Trustee's fees and expenses, if any.

The validity and construction of this Schedule and the rights hereunder of the parties hereto shall be in all respects governed by the laws of the State of Kentucky.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Schedule to be duly executed by their respective officers or representatives as of the day and year first above written.

First

THE KENTUCKY TRUST COMPANY, as Trustee

By Herbert A. Jackson

P-1 LEASING COMPANY

By W. F. Diamond

Vice President

ATTEST:

[Signature]
(Corporate Seal)

I, W. F. Diamond, hereby certify that I am Vice President of Island Creek Coal Company, a Delaware corporation, and that the information contained in the foregoing Schedule is true and correct in all respects.

W. F. Diamond

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

<u>Appropriation Number</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Date Accepted By Lessee</u>	<u>Delivered Cost</u>	<u>Capitalized Cost*</u>	<u>Trustee's Cost</u>
10121	1-Bantam 400 Rock- dusters	NA	10/1/72			
10121	1-Bantam 400 Rock- dusters	NA	10/1/72			
	Total delivered cost for Appropriation Nos. 10121:			<u>\$ 8,640.00</u>		
10131	2180' x 48" Con- veyor Belt	NA	9/1/72			
	Total delivered cost for Appropriation No. 10131:			<u>\$22,010.00</u>		
10132	2520' x 42" Con- veyor Belt	NA	10/1/72			
	Total delivered cost for Appropriation No. 10132:			<u>\$20,850.00</u>	<u>\$2,246.83</u>	<u>\$53,746.83</u>

* To be allocated in direct proportion to Delivered Cost.

EXHIBIT A

TO EQUIPMENT LEASE

CERTIFICATE OF ACCEPTANCE

The undersigned, an authorized representative of P-1 Leasing Company, Lessee under a certain EQUIPMENT LEASE dated as of the 22nd day of June, 1972, by and between itself and THE KENTUCKY TRUST COMPANY, Trustee, as Lessor, HEREBY CERTIFIES that the Equipment listed below was, on or before this date, taken into the possession of the Lessee, for purposes of leasing the same under, and in compliance with all of the terms and conditions of, said Equipment Lease.

Original Term (Check only one)

5-1/2 years

8 years (new equipment only)

18 years

Lessee represents, warrants and confirms that the Equipment covered by this Certificate has been duly delivered to Lessee at its Pevler Mine No. 1, Martin County, Kentucky; that Lessee has duly inspected and performed all necessary tests on said Equipment; that each item of said Equipment is both in compliance with the provisions of the applicable purchase agreement or order and is in good and merchantable condition (unless specifically noted by Lessee on this Certificate); and that said Equipment is acceptable to and accepted by Lessee for all purposes of said Equipment Lease.

Lessee further represents and warrants that the items of Equipment listed below are insured and numbered and that identifying legends have been placed thereon, all in accordance with the requirements of said Equipment Lease.

<u>Appropriation</u>	<u>Purchase</u>	<u>Item of</u>	<u>Serial</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>Not in Com-</u>
<u>Number</u>	<u>Order</u>	<u>Equipment</u>	<u>Number</u>			<u>pliance or</u>
						<u>Condition</u>

(See Schedule Attached)

P-1 Leasing Company, Lessee

By *C. Mullopp*
Vice President

Dated: September 1, 1972

EXHIBIT A
TO EQUIPMENT LEASE
SCHEDULE OF EQUIPMENT FOR CERTIFICATE OF ACCEPTANCE

Acceptance Date September 1, 1972

5-1/2 Year Lease

<u>Appropriation Number</u>	<u>Purchase Order No.</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>Amount</u>	<u>Not In Compliance Or Condition</u>
10131	A-179602	2180' x 48" Conveyor Belt	NA	Goodyear Company	Central States Industries	\$22,010.00	
Total 5-1/2 Year Financing						\$22,010.00	

EXHIBIT A
TO EQUIPMENT LEASE
CERTIFICATE OF ACCEPTANCE

The undersigned, an authorized representative of P-1 Leasing Company, Lessee under a certain EQUIPMENT LEASE dated as of the 22nd day of June, 1972, by and between itself and THE KENTUCKY TRUST COMPANY, Trustee, as Lessor, HEREBY CERTIFIES that the Equipment listed below was, on or before this date, taken into the possession of the Lessee, for purposes of leasing the same under, and in compliance with all of the terms and conditions of, said Equipment Lease.

Original Term (Check only one)

5-1/2 years

8 years (new equipment only)

18 years

Lessee represents, warrants and confirms that the Equipment covered by this Certificate has been duly delivered to Lessee at its Pevler Mine No. 1, Martin County, Kentucky; that Lessee has duly inspected and performed all necessary tests on said Equipment; that each item of said Equipment is both in compliance with the provisions of the applicable purchase agreement or order and is in good and merchantable condition (unless specifically noted by Lessee on this Certificate); and that said Equipment is acceptable to and accepted by Lessee for all purposes of said Equipment Lease.

Lessee further represents and warrants that the items of Equipment listed below are insured and numbered and that identifying legends have been placed thereon, all in accordance with the requirements of said Equipment Lease.

<u>Appropriation</u>	<u>Purchase</u>	<u>Item of</u>	<u>Serial</u>		<u>Not in Com-</u>
<u>Number</u>	<u>Order</u>	<u>Equipment</u>	<u>Number</u>	<u>Manufacturer Vendor</u>	<u>pliance or</u>
					<u>Condition</u>

(See Schedule Attached)

Dated: October 1, 1972

P-1 Leasing Company, Lessee

By

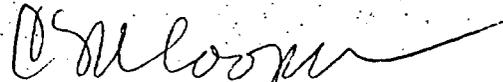

Vice President

EXHIBIT A
TO EQUIPMENT LEASE
SCHEDULE OF EQUIPMENT FOR CERTIFICATE OF ACCEPTANCE
Acceptance Date October 1, 1972

5-1/2 Year Lease

<u>Appropriation Number</u>	<u>Purchase Order No.</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>Amount</u>	<u>Not In Compliance Or Condition</u>
10121	A-189524	1-Bantam 400 Rockdusters	NA	MSA	MSA	\$ 4,320.00	
	A-189524	1-Bantam 400 Rockdusters	NA	MSA	MSA	4,320.00	
						<u>\$ 8,640.00</u>	
10132	A-179603	2520' x 42" Conveyor Belt	NA	Goodyear Company	Central States Industries	\$20,850.00	
		Total 5-1/2 Year Financing				<u>\$29,490.00</u>	

SCHEDULE I

6832

TO EQUIPMENT LEASE

RECORDATION NO. _____ Filed & Recorded

DEC 14 1972 - 12 50 PM

Date of this Schedule: December 14, 1972

This SCHEDULE is executed and delivered by ^{First} INTERSTATE COMMERCE COMMISSION THE KENTUCKY TRUST COMPANY, as Trustee of FNB Louisville/Island Creek Trust No. 1 ("Lessor") and P-1 LEASING COMPANY ("Lessee") in accordance with the terms of and as a part of that certain Equipment Lease dated as of June 22, 1972 between Lessor and Lessee (the defined terms in said Equipment Lease and in the Participation Agreement referred to therein being used herein with the same meaning).

This Schedule covers Equipment accepted by Lessee pursuant to Section 5 of the lease ("Accepted") between August 1, 1972 and October 31, 1972.

New or Used Equipment: New.

Original Term of lease of Equipment runs through September 15, 1990.

(Corresponding to the Maturity Date of the Applicable Loan Certificate)

Number of Rental Payments: Seventy-two (72)

(Payable Quarterly on the 15th day of March, June, September and December)

First Rental Payment Date: December 15, 1972.

SUMMARY OF THIS SCHEDULE

<u>Delivered Cost</u>	<u>Capitalized Costs</u>	<u>Trustee's Cost</u>	<u>First Rental Payment</u>	<u>Subsequent Rental Payments</u>
\$1,194,700.00	\$35,942.77	\$1,230,642.77	\$ 209.57	31@ \$18,861.14 40@ \$33,474.37

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

<u>Appropriation Number</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Date Accepted By Lessee</u>	<u>Delivered Cost</u>	<u>Capitalized Cost*</u>	<u>Trustee's Cost</u>
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(See Schedule Attached)

STIPULATED LOSS AND TERMINATION VALUES

<u>On and After Payment Date Number</u>	<u>Stipulated Loss Value As Percentage of Trustee's Cost</u>	<u>Stipulated Termination Value as Percentage of Trustee's Cost</u>
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(See Schedule Attached)

Lessor and Lessee recognize that the assumptions set forth in Section 20.3 of the Lease as to the availability of the 7% investment tax credit and the method of depreciation do not apply to the used Eight Year Lease Equipment. The rent with respect thereto is being calculated on the assumption that the 150% declining balance method of depreciation will be used.

*To be allocated in direct proportion to Delivered Cost.

Lessor and Lessee agree that when calculated with respect to 5-1/2 Year Lease Equipment and 8 Year (new and used) Lease Equipment, Stipulated Termination Value shall include, in addition to the amounts required by Section 5(a) of the Participation Agreement, an amount determined by discounting 7-1/2% of Trustee's Cost for the applicable items of Equipment at the rate of 10% per annum backward from the end of the Original Term of the lease of such items to the date as of which the Stipulated Termination Value is determined.

For purposes of this Schedule, the following further revisions have been made in the assumptions set forth in Section 20.3 of the Lease:

(None)

Lessor and Lessee agree that they have examined the figures and amounts contained in the foregoing Schedule and that such figures and amounts comply with all of the provisions of Section 20 of the Lease and Section 5(a) of the Participation Agreement, exclusive of Trustee's fees and expenses, if any.

The validity and construction of this Schedule and the rights hereunder of the parties hereto shall be in all respects governed by the laws of the State of Kentucky.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Schedule to be duly executed by their respective officers or representatives as of the day and year first above written.

First
THE KENTUCKY TRUST COMPANY, as Trustee

By Herbert A. Jackson, Jr.

P-1 LEASING COMPANY

By W. F. Diamond
Vice President

ATTEST:

[Signature]
(Corporate Seal)

I, W. F. Diamond, hereby certify that I am Vice President of Island Creek Coal Company, a Delaware corporation, and that the information contained in the foregoing Schedule is true and correct in all respects.

W. F. Diamond

INFORMATION WITH RESPECT TO EACH ITEM OF EQUIPMENT

Appropriation Number	Item of Equipment	Serial Number	Date Accepted By Lessee	Delivered Cost	Capitalized Cost*	Trustee Cost
10032	5-1000 KVA Trans-formers 4-Flo Circuit Breakers	E-854759	8/1/72			
Total delivered cost for Appropriation No. 10032:				<u>\$47,620.00</u>		
10033	1-Preparation Plant Power Supply	NA	8/1/72			
Total delivered cost for Appropriation No. 10033:				<u>\$ 8,685.00</u>		
10036	29-Transformer Banks for outside conveyors	NA	8/1/72			
Total delivered cost for Appropriation No. 10036:				<u>\$ 9,307.00</u>		
10053	Sewage System		8/1/72			
Total delivered cost for Appropriation No. 10053:				<u>\$14,048.00</u>		
10034	Surface Yard Power Supply		10/1/72			
Total delivered cost for Appropriation No. 10034:				<u>\$ 6,692.00</u>		
10051	Water system fire protection plant supply & dust allaying		10/1/72			
Total delivered cost for Appropriation No. 10051:				<u>\$37,182.00</u>		
10052	Water system bathing and drinking		10/1/72			
Total delivered cost for Appropriation No. 10052:				<u>\$20,517.00</u>		
10061	Raw coal storage & conveying facilities		10/1/72			
Total delivered cost for Appropriation No. 10061:				<u>\$68,868.00</u>		
10071	Preparation Plant with thickener, thermal dryer & stoker		10/1/72			
Total delivered cost for Appropriation No. 10071:				<u>\$318,011.00</u>		
10072	Clean coal storage & reclaiming & unit train loading facility		10/1/72			
Total delivered cost for Appropriation No. 10072:				<u>\$481,492.00</u>		
10073	Railroad Car Handling, etc.		10/1/72			
Total delivered cost for Appropriation No. 10073:				<u>\$182,278.00</u>		
				<u>\$1,194,700.00</u>	<u>\$35,942.77</u>	<u>\$1,230,642.77</u>

*To be allocated in direct proportion to Delivered Cost.

Purch
Order
A-169
A-169

EXHIBIT A
TO EQUIPMENT LEASE

CERTIFICATE OF ACCEPTANCE

The undersigned, an authorized representative of P-1 Leasing Company, Lessee under a certain EQUIPMENT LEASE dated as of the 22nd day of June, 1972, by and between itself and THE KENTUCKY TRUST COMPANY, Trustee, as Lessor, HEREBY CERTIFIES that the Equipment listed below was this date taken into the possession of the Lessee, for purposes of leasing the same under, and in compliance with all of the terms and conditions of, said Equipment Lease.

Original Term (Check only one)

5-1/2 years

8 years (new equipment only)

18 years

Lessee represents, warrants and confirms that the Equipment covered by this Certificate has been duly delivered to Lessee at its Pevler Mine No. 1, Martin County, Kentucky; that Lessee has duly inspected and performed all necessary tests on said Equipment; that each item of said Equipment is both in compliance with the provisions of the applicable purchase agreement or order and is in good and merchantable condition (unless specifically noted by Lessee on this Certificate); and that said Equipment is acceptable to and accepted by Lessee for all purposes of said Equipment Lease.

Lessee further represents and warrants that the items of Equipment listed below are insured and numbered and that identifying legends have been placed thereon, all in accordance with the requirements of said Equipment Lease.

<u>Appropriation</u> <u>Number</u>	<u>Purchase</u> <u>Order</u>	<u>Item of</u> <u>Equipment</u>	<u>Serial</u> <u>Number</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>Not in Compliance</u> <u>or Condition</u>
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(See Schedule Attached)

P-1 Leasing Company, Lessee

Dated: August 1, 1972

By 
Vice President

EXHIBIT A

TO EQUIPMENT LEASE

SCHEDULE OF EQUIPMENT FOR CERTIFICATE OF ACCEPTANCE

Acceptance Date August 1, 1972

18 Year Lease

<u>Appropriation Number</u>	<u>Purchase Order No.</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>Amount</u>	<u>Not In Compliance Or Condition</u>
10032	A-169522 A-169523	5-1000 KVA Transformers 4-Flo Circuit Breakers	E-854759	General Electric Co. General Electric Co.	Compton Electric Compton Electric	\$36,920.00 10,700.00 <u>\$47,620.00</u>	
10033	NA	1-Preparation Plant Power Supply	NA	Various	Various	<u>\$ 8,685.00</u>	
10036	-	29-Transformer Banks for outside conveyors	NA	General Electric Co.	Bluefield Supply Company	<u>\$ 9,307.00</u>	
10053	NA	Sewage System				<u>\$14,048.00</u>	
		Total 18 Year to be financed				<u>\$79,660.00</u>	

EXHIBIT A
TO EQUIPMENT LEASE
CERTIFICATE OF ACCEPTANCE

The undersigned, an authorized representative of P-1 Leasing Company, Lessee under a certain EQUIPMENT LEASE dated as of the 22nd day of June, 1972, by and between itself and THE KENTUCKY TRUST COMPANY, Trustee, as Lessor, HEREBY CERTIFIES that the Equipment listed below was, on or before this date, taken into the possession of the Lessee, for purposes of leasing the same under, and in compliance with all of the terms and conditions of, said Equipment Lease.

Original Term (Check only one)

5-1/2 years

8 years (new equipment only)

18 years

Lessee represents, warrants and confirms that the Equipment covered by this Certificate has been duly delivered to Lessee at its Pevler Mine No. 1, Martin County, Kentucky; that Lessee has duly inspected and performed all necessary tests on said Equipment; that each item of said Equipment is both in compliance with the provisions of the applicable purchase agreement or order and is in good and merchantable condition (unless specifically noted by Lessee on this Certificate); and that said Equipment is acceptable to and accepted by Lessee for all purposes of said Equipment Lease.

Lessee further represents and warrants that the items of Equipment listed below are insured and numbered and that identifying legends have been placed thereon, all in accordance with the requirements of said Equipment Lease.

<u>Appropriation</u>	<u>Purchase</u>	<u>Item of</u>	<u>Serial</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>Not in Com-</u>
<u>Number</u>	<u>Order</u>	<u>Equipment</u>	<u>Number</u>			<u>pliance or</u>
						<u>Condition</u>

(See Schedule Attached)

Dated: October 1, 1972

P-1 Leasing Company, Lessee

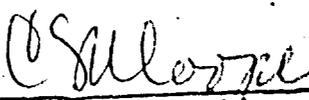
By 
Vice President

EXHIBIT A
 TO EQUIPMENT LEASE
 SCHEDULE OF EQUIPMENT FOR CERTIFICATE OF ACCEPTANCE
 ACCEPTANCE DATE OCTOBER 1, 1972

<u>18 Year Lease Appropriation Number</u>	<u>Purchase Order No.</u>	<u>Item of Equipment</u>	<u>Serial Number</u>	<u>Manufacturer</u>	<u>Vendor</u>	<u>Amount</u>	<u>Not in Compliance or Condition</u>
10034	NA	Surface Yard Power Supply	NA	Various	Various	\$ 6,692.00	
10051	NA	Water system fire protection plant supply & dust allaying		Various	Various	\$ 37,182.00	
10052	NA	Water system bathing & drinking				\$ 20,517.00	
10061	NA	Raw coal storage & conveying facilities				\$68,868.00	
10071	NA	Preparation plant with thickener, thermal dryer & stoker				\$318,011.00	
10072	NA	Clean coal storage & re- claiming & unit train load- ing facility, including stoker coal loading facility				\$481,492.00	
10073		Railroad Car Handling, etc.				\$182,278.00	
Total 18 Year to be financed						\$1,115,040.00	