



CORPORATION SERVICE COMPANY

RECORDATION NO. 25189 FILED

SEP 15 '04 12:41 PM

SURFACE TRANSPORTATION BOARD



September 14, 2004

Barbara Saddler
Surface Transportation Board
Recordation Office
1925 K Street, N.W., Suite 70
Washington D.C. 20423

RE: 132206-1

Dear Barbara,

Enclosed are two (2) originals of the **Memorandum of Railcar Lease** dated as of July 30, 2004 between the following parties:

Names and address of the following parties:

Lessor: **CITICORP NORTH AMERICA, INC.**
2 Penns Way, Suite 200 New Castle, DE 19720

Lessee: **FOUNDATION PA COAL COMPANY**
855 Kirby Road Waynesburg, PA 15370

A short summary of the document to appear in the index follows:

Memorandum of Railcar Lease between Lessor: **CITICORP NORTH AMERICA, INC.** and Lessee: **FOUNDATION PA COAL COMPANY**, covering 2 locomotives with reporting marks and numbers: 756078-1 – 756049-1 - NOT INCLUSIVE.

Please file this memorandum as a PRIMARY document and return one (1) stamped original to my attention. A check covering the filing fee of thirty dollars (\$30.00) is enclosed.

If you have any questions regarding the filing, please feel free to call me at 800-995-5071 ext. 3813.

Thank you for your prompt assistance.

Sincerely,

April O'Shea
Motor Vehicle Specialist
Enclosure

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SHORT-FORM SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

GUARANTEE AND COLLATERAL AGREEMENT, dated as of July 30, 2004, by Cumberland Coal Resources, LP (the "Company") in favor of CITICORP NORTH AMERICA, INC., in its capacity as collateral agent pursuant to the Credit Agreement (as defined in the Guarantee and Collateral Agreement, defined below), as pledgee, assignee and secured party (in such capacities and together with any successors in such capacities, the "Collateral Agent").

WHEREAS, the Company has, pursuant to that certain security agreement dated as of July 30, 2004 (the "Guarantee and Collateral Agreement"; capitalized terms used but not defined herein having the meanings assigned to such terms in the Guarantee and Collateral Agreement), made by FOUNDATION PA COAL COMPANY, a Delaware corporation (the "Borrower"), FC 2 CORP., a Delaware corporation ("Holdings"), FOUNDATION COAL CORPORATION, a Delaware corporation ("Acquisition Corp." and, together with Holdings, the "Parent Guarantors") and THE DOMESTIC SUBSIDIARIES PARTY THERETO (the "Subsidiary Guarantors" and, together with the Parent Guarantor, the "Guarantors") and the Collateral Agent (as defined in the Credit Agreement), as pledgors, assignors and debtors (the Borrower, together with the Guarantors, in such capacities and together with any successors in such capacities, the "Pledgors," and each, a "Pledgor"), in favor of the Collateral Agent, granted to the Collateral Agent for the benefit of the Secured Parties a security interest in and to all of the right, title and interest of such Pledgor, in, to and under the Collateral, including with respect thereto, the rolling stock listed on Schedule A, attached hereto, as collateral security for the payment and performance in full when due of the Obligations; and

WHEREAS, the Company and the Collateral Agent wish to further memorialize the security interest described above as it relates to the rolling stock identified in Schedule A, and incorporated herein by this reference, and all other rights appurtenant thereto, including but not limited to, all proceeds thereof.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company hereby grants unto the Collateral Agent a security interest in and lien on in all of its right, title and interest in the rolling stock

identified in Schedule A, as collateral security for the payment and performance in full when due of the Obligations.

(Signature page follows)

IN WITNESS WHEREOF, each of the Company has executed this Short-Form Security Agreement as an instrument as of the date first written above.

CUMBERLAND COAL RESOURCES, LP
By: Pennsylvania Services Corporation, its General Partner

By: *Darrell H. Roland*
Name: *Darrell H. Roland*
Title: *Vice President*

Signed, sealed and delivered in the presence of:

Unofficial Witness:

J. D. Walker

Notary Public:

Carlette R. Allen

My Commission Expires:



CARLETTE R. ALLEN
NOTARY PUBLIC
ANNE ARUNDEL COUNTY
MARYLAND
COMMISSION EXPIRES 05/23/2006

[CORPORATE SEAL]

The address and federal tax identification number of the Company are:

855 Kirby Road
Waynesburg, PA 15370

84-1521723

The address of the Collateral Agent is:
(including county):

2 Penns Way, Suite 200
New Castle, Delaware 19720
New Castle County

Acknowledged and Agreed:

CITICORP NORTH AMERICA, INC., as
Collateral Agent

By: 
Name: Michael Barrish
Title: Vice President

SCHEDULE A
to
SHORT-FORM SECURITY AGREEMENT

Rolling Stock

Type of Equipment (locomotive, railcar, etc.)	Number of Each Type	Road or Serial Number
Locomotive	1	756078-1
Locomotive	1	756049-1