



Arch Coal, Inc.



Surface Transportation Board - RETAC

Western Coal Producers Role in the Energy Supply Chain

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Discussion Topics

- Focus on SPRB
- Daily Operations
- Monthly Communication/Planning
- Longer Term Planning
- Causes of Delays and Disruption
- Long Term Outlook

Daily Operation

- Mining
 - Removing overburden from the coal seam
 - Removing and hauling coal from the pit for loading
 - Reclamation
 - Permit restrictions do not allow uncovered stockpiles: coordination of coal haul and train loading is critical
- Train Loading
 - Upcoming 24 hour line-up faxed from RR on regular intervals
 - 72 hour available online
 - Regular communication regarding unplanned breakdowns, diversions and line-up changes

Monthly Communication/Planning

- Producer/Customer
 - Customers enter requested shipment volume on railroads' website (NCTA Forecast)
 - Producers acknowledge request on website, differences are typically discussed prior to final submittal
 - Planned outages are typically discussed at this point.
- Producer/Railroad
 - Producers inform railroads about planned maintenance outages
 - Railroads release track maintenance schedules

Longer Term Communication and Planning

- Quarterly Producer Breakfast Meeting
- Semi-Annual NCTA Logistics and Planning Meeting
- Individual meetings between producers and RR's
 - Annual production outlook
 - Long term view and projections

Causes of Delays and Disruption

- Unplanned breakdowns (Mine, RR, Customer)
- Weather
- Derailments
- Slow unloading by customer
- Inefficiencies in communicating and reacting to unplanned events

If producers are operating near capacity, recovering from missed loadings can become difficult or impossible

Long Term Outlook

- CANAC study of Joint Line projected shipments will grow to near 500 million by 2013
- Growing global energy demand
- Reserve depletion in other regions
- Potential growth of exports
- Impact of future environmental regulations