

COAL SALES AGREEMENT

THIS COAL SALES AGREEMENT (this "Agreement"), dated the 17th day of February, 2005, between ANKER WEST VIRGINIA MINING COMPANY, INC., a West Virginia corporation with principal offices at 2708 Cranberry Square, Morgantown, West Virginia 26508 ("Seller"), and ALLEGHENY ENERGY SUPPLY COMPANY, LLC, a Delaware limited liability company with its principal offices at 4350 Northern Pike, Monroeville, Pennsylvania 15146-2841 and MONONGAHELA POWER COMPANY, an Ohio corporation with its principal offices at 1310 Fairmont Avenue, Fairmont, WV 26554 (hereinafter collectively referred to as "Buyer"). Allegheny Energy Service Corporation is referred to in this Agreement as "Buyer's Agent".

WITNESSETH:

WHEREAS, Anker Energy Corporation ("Anker Energy"). The Sycamore Group, LLC ("Sycamore") and Buyer are parties to that certain Coal Sales Agreement dated May 25, 2004 (the "Sycamore Agreement") relating to the supply of coal from Sycamore's Sycamore No. 1 Mine, located in Harrison County, West Virginia, in U.S.B.M. Mine District No. 3, to Buyer's Harrison Power Station (the "Station") at the rate of 50,000 tons per month, subject to periodic upward or downward quarterly adjustments by Buyer within certain limits specified therein (as so adjusted, the "Sycamore Adjusted Base Amount"), for a two year term ending on April 30, 2006; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase additional tons of coal from Seller's Harrison Division Sycamore No. 2 Mine (the "Source Mine"), located in Harrison County, West Virginia, in U.S.B.M. Mine District No. 3, and accordingly Seller and Buyer desire to enter into this Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound, Seller and Buyer hereby agree as follows:

1.0 TERM AND QUANTITY

1.1 The term of this Agreement (the "Term") shall be the period commencing on the date hereof and ending on the date of exhaustion of the Reserve Commitment (as hereinafter defined) (the "Expiration Date").

1.2 During the Term, Buyer agrees to buy, and Seller agrees to sell, [] produced by the Source Mine from existing reserves, as

identified on Schedule 1.2 hereto, currently estimated to be
not less than [_____] tons, and from all additional reserves
assigned to Seller for purposes of this Agreement by mutual
consent of the parties (collectively, the "Reserve Commitment"), at the
following annual rates (the "Annual Base Amount"):

CALENDAR YEAR	ANNUAL BASE AMOUNT
2005	Actual production from the Source Mine, estimated to be [_____] tons
2006	Actual production from the Source Mine, estimated to be [_____] tons, but at a production rate of not less than

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DENOTE SUCH OMISSIONS.

2006 [_____] tons/month by October 1,
2007-Expiration Date [_____] tons

Buyer shall have the option, upon not less than six (6) months'
prior notice to Seller, to increase the Annual Base Amount (for
calendar years occurring after 2005) by [_____] tons
(prorated in the case of the portion of the calendar year remaining after
such increase takes effect) so as to increase the Annual Base Amount
to [_____] tons, subject to availability of equipment at the
Source Mine required by Seller to produce coal to be sold
hereunder in such quantities ("Increased Production Equipment"). If
Seller is unable to produce the increased Annual Base Amount due to
unavailability of the Increased Production Equipment, Seller
shall use commercially reasonable efforts to obtain the Increased
Production Equipment (including, without limitation, by
diverting equipment from other mines to the extent not currently in use
or anticipated to be used in such other mines) prior to the
expiration of such six month period, and in any event shall obtain the
Increased Production Equipment prior to the expiration of
eighteen

(18) months after receipt of Buyer's notice. Once the Annual Base Amount is increased pursuant to this Section 1.2, it may not be decreased without the mutual consent of the parties. Seller shall not change the source of the coal supplied hereunder (the "Base Source Coal") without the prior written consent of Buyer's Agent. Seller represents to Buyer that the current assigned reserves of the Source Mine comprising the Reserve Commitment are as set forth in Schedule 1.2 hereto. Seller shall not reduce the assigned reserves of the Source Mine below that reflected in Schedule 1.2 without the prior written consent of Buyer's Agent.

1.3 The Sycamore Adjusted Base Amount remaining to be delivered to Buyer under the Sycamore Agreement from the date hereof through April 30, 2006, currently scheduled in the monthly quantities set forth in Schedule 1.3 hereto (the "Sycamore Monthly Scheduled Amounts"), shall continue to be delivered to the Station until the tonnage commitment under the Sycamore Agreement has been satisfied. If Sycamore fails to deliver the Sycamore Monthly Scheduled Amounts under the Sycamore Agreement (for any reason other than force majeure or a default by Buyer thereunder) for more than three months (consecutive or otherwise) in any six month period, or if the Sycamore Agreement is terminated for any reason other than Buyer's unexcused failure to accept deliveries of the Sycamore Adjusted Base Amount thereunder (including, without limitation, by reason of the rejection of such contract by Anker Energy or Sycamore (or any trustee on its or their behalf) in any case or proceeding commenced by or against Anker Energy or Sycamore under the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq.), Buyer, at its option, may make up any deficiency in deliveries of the Sycamore Adjusted Base Amount under this Agreement. In such event, the applicable monthly quantities to be delivered by Seller hereunder in any month shall be determined based on the sum of the Sycamore Monthly Scheduled Amount for such month and the monthly scheduled quantity of coal to be delivered to Buyer for such month established pursuant to Section 2.1 of this Agreement, and Buyer will credit any tonnage (the "Sycamore Makeup Amount") delivered by Seller hereunder in any month up to the Sycamore Monthly Scheduled Amount for such month against Sycamore's tonnage commitment under the Sycamore

excess Agreement, with any tonnage delivered by Seller hereunder in
such of the Sycamore Monthly Scheduled Amount being credited to the
month monthly scheduled quantity of coal to be delivered to Buyer for

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price established pursuant to Section 2.1. The Sycamore Makeup Amount
the delivered by Seller hereunder shall be invoiced and paid for by
30, Buyer in accordance with Section 7.4 at the applicable base
(expressed in cents/MMBtu) at the time of delivery set forth in
Sycamore Agreement (or, in the case of deliveries after April
2006, at the applicable base price in effect under the Sycamore
Agreement on April 30, 2006).

1.4 If, during any calendar year, Seller fails to deliver, or Buyer
Annual fails to accept, other than by reason of force majeure, the
party not Base Amount to be delivered during such calendar year, the
delivery at fault shall have the right to schedule the shortfall for
written in the following calendar year. Such party shall provide
of notice to the other party within thirty (30) days after the end
deliver or such calendar year of the shortfall tonnage it elects to
in accept in such following calendar year; provided, however, that
shall no event shall Seller be obligated to produce and deliver, nor
applicable Buyer be obligated to accept, aggregate deliveries of coal as a
result of such rescheduled deliveries in excess of the
limitation set forth in Section 2.1.

2.0 DELIVERY AND BILLING WEIGHT

2.1 Buyer's Agent and Seller shall develop monthly and weekly
delivery schedules for each calendar year which are consistent with the
annual Annual Base Amount for such calendar year and the Station's
of scheduled maintenance outages. No later than 30 days in advance
for each calendar year, Buyer's Agent will provide Seller with the
in the monthly delivery schedule for each month of such calendar year
the Annual Base Amount to be delivered; provided, however, that
no event shall Seller be obligated to produce and deliver an
the aggregate quantity of coal in such calendar year in excess of

what Annual Base Amount if such excess production is greater than
Source the Source Mine can reasonably accommodate based on existing
obligated to Mine equipment and existing permits, nor shall Buyer be
greater schedule or accept delivery of an aggregate quantity of coal in
existing excess of the annual tonnage commitment under both the Sycamore
Agreement and this Agreement if such excess deliveries are
than what the Station can reasonably accommodate based on
Station equipment and existing permits. In the event of any
conflict, the tonnage to be delivered under the Sycamore
shall have priority.

2.2 Buyer reserves the right to designate a destination other than
Seller Harrison Power Station for delivery of coal to be supplied by
hereunder and to consign shipments to such alternate
destination. In
the event Buyer's Agent designates an alternate destination for
Agent delivery of any coal supplied by Seller hereunder, Buyer's
shall designate the method of delivery to such alternate
responsibility of destination. Arrangements and charges for transportation and
alternate delivery of the coal from the applicable delivery point to the
transportation destination designated by Buyer shall be the sole
Buyer. Buyer shall not be required to ship tonnage to an
destination. Seller shall not be responsible for any
arrangements to an alternate destination.

2.3 Buyer reserves the right, at any time, and from time to time,
at its sole discretion, to sell any or all coal purchased by Buyer
under this Agreement to any person, firm, or corporation designated
by Buyer (a "Third Party Purchaser"): provided, however, that
Buyer's Agent shall give Seller not less than ten (10) days' notice of
any proposed sale to a Third Party Purchaser (including the terms
of such sale) and Seller shall have the right, at any time prior
to the expiration of such ten (10)

purchase day period, to either release Buyer from its commitment to
the such coal from Seller or to repurchase such coal from Buyer at

will
Party
same price offered by the Third Party Purchaser. Buyer's Agent designate the destination and method of delivery to any Third Purchaser and Buyer shall be responsible for any additional transportation arrangements or costs associated therewith.

2.4 unless of pass to Station, coal delivered to
Seller shall deliver the coal to be sold hereunder by truck, otherwise agreed by Buyer and Seller. Title to and risk of loss any coal delivered to Buyer pursuant to this Agreement shall Buyer when such coal has been delivered to Buyer F.O.B. the or if Buyer designates an alternate destination for delivery of pursuant to Section 2.2 or 2.3, when such coal has been Buyer F.O.B. such other delivery point as Seller and Buyer may agree.

3.0 QUALITY AND SPECIFICATIONS

3.1 following each
The coal to be supplied by Seller hereunder shall meet the specifications on a composite "as-received" basis averaged over Sample Period specified in Article 4.0:

Btu (Btu/#)	Not less than 12,000
Total Moisture (%)	Not to exceed 6.0
Ash (#Ash/MMBtu)	Not to exceed 11.67
Sulfur (#/MMBtu)	Not less than 2.33, and not to exceed 3.33
Volatile Ranking	Mid to High
Grindability	Not less than 55
Size	Not to exceed 3" x 0

the must
If the quality specifications specified above are to be met by blending of coals with different characteristics, such blending take place off Station property.

3.2 other bone, affect
In addition, the coal shall not contain a prohibitive amount of fines and shall be free of other extraneous materials or any matter affecting coal quality, including earth, rock, wood, metal, sulfur balls or other impurities which would adversely affect the operation of Buyer's equipment.

4.0 WEIGHING, SAMPLING AND ANALYSIS

4.1 delivered to
The final determination of the actual quantity of coal

Buyer hereunder shall be made by Buyer's weighing of the coal on the truck scales at the Station or any alternate destination designated by Buyer's Agent, or such other method as the parties may mutually agree upon. Buyer shall record such weights in Buyer's transaction receipt and report or weight ticket for each shipment. Absent manifest error, the scale weights recorded in the transaction receipt and report or weight ticket prepared by Buyer shall be controlling as to the quantity of coal delivered.

4.2 Except as otherwise provided in Section 4.5, sampling and analysis of coal delivered pursuant to this Agreement shall be determined by analyses of representative samples collected by Buyer of the coal supplied by Seller, which analyses shall be performed by Buyer's Agent in accordance with methods and standards approved by the American Society for Testing and Materials

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("ASTM"), or such other methods and standards as the parties may mutually agree upon. If the results of the analyses performed to determine compliance with the quality specifications set forth in Article 3.0 indicate concentration levels for any specification that are within the precision and bias limits applicable for the ASTM test method utilized, then the coal shall be deemed to comply with such specification.

4.3 Each calendar month during the Term shall be divided into three sample periods. The first period shall be the 1st through the 10th day of the month; the second period the 11th through 20th day of the month; and the third period the 21st through the last day of the calendar month (each such period being referred to herein as a "Sample Period"). Buyer's Agent shall separately determine a weighted average "as-received" analysis of the coal delivered over each Sample Period based on daily samples taken during such Sample Period (calculated as the weighted average results of the daily "as received" analyses and the associated weights of the samples analyzed). As soon as practicable after the end of each Sample Period, Buyer's Agent shall advise Seller in writing of the results

of the analysis for such Sample Period. Seller may observe the collection and preparation of samples, and, upon written request of Seller, Buyer shall make available to Seller a representative portion of each daily sample.

4.4 In the event Buyer's Agent designates an alternate destination for any coal supplied by Seller hereunder, then, unless otherwise agreed by the parties, said coal shall be weighed on scales at the alternate destination designated by Buyer's Agent, or by such other method as the parties may mutually agree upon, and shall be sampled and analyzed in accordance with the procedures set forth in Sections 4.2 and 4.3 based on samples taken at such alternate destination.

4.5 In the event of any sale by Buyer of any coal purchased by Buyer hereunder to a Third Party Purchaser, Seller's weights and analyses shall govern for the purpose of determining the quantity of such coal, its compliance with the quality specifications and any adjustments to the purchase price payable by Buyer to Seller based therein, provided such weights and analyses shall be performed in compliance with ASTM methods and standards or such other methods and standards as the parties may agree upon, and shall be subject to Buyer's rights to examine Seller's weight and analysis records and to have a representative present when such weighing, sampling and analyses are performed.

5.0 REJECTION OF SHIPMENTS

5.1 Buyer shall have the right, in its sole discretion, to reject individual shipments of coal which it or Buyer's Agent judges to be:

- 5.1.1 Oversize, or
- 5.1.2 Finer or wetter than that which existing station equipment is capable of handling or burning efficiently, or
- 5.1.3 Considered to contain excess amounts of rock, wood, bone, metal, sulfur balls, or other impurities which would adversely affect the operation of Buyer's equipment, or

5.1.4 Not homogeneously blended in each delivery in a manner that will ensure reasonably uniform consistency as to size and quality.

5.2 If Buyer rejects any coal shipment in accordance with Section 5.1, Buyer or Buyer's Agent shall notify Seller of its rejection and Seller, at its expense, shall remove such rejected coal within seven (7) calendar days after rejection and reimburse Buyer for all transportation, demurrage and handling charges, if any, incurred by Buyer associated with such rejected shipment. The provisions of this Section 5.2 shall survive termination of this Agreement.

5.3 Tonnage deficiencies in any calendar year resulting from Buyer's rejection of any coal shipment may, at Buyer's option, be deducted from the Annual Base Amount for such calendar year.

6.0 SUSPENSION AND TERMINATION

6.1 Buyer may, at its option, immediately suspend deliveries hereunder until such time as Seller can provide Buyer's Agent with assurances satisfactory to Buyer's Agent that Seller will fully perform its obligations hereunder if:

6.1.1 The coal delivered fails to meet any of the quality specifications or ratios set forth in Article 3.0 on a composite "as-received" basis averaged over each Sample Period for two (2) Sample Periods (consecutive or otherwise) during any two (2) month period, or

6.1.2 The coal delivered on any two days (consecutive or otherwise) during any Sample Period exceeds by 10% or more the maximum permitted ratios for sulfur and/or ash content set forth in Article 3.0, or

6.1.3 The quantity of coal delivered during any two consecutive calendar months does not approximate, other than by reason of force majeure, the delivery schedule mutually agreed to by Buyer's Agent and Seller as provided in Section 2.1.

6.2 Should inventories of coal at the Station or other applicable destination, in the judgment of Buyer's Agent, increase beyond desired levels, Buyer may reduce or suspend scheduled deliveries

provided until such time as inventories return to acceptable levels,
Seller is given an opportunity to make up deliveries within the following calendar year, subject to the limitation set forth in Section 2.1. Subject to Buyer's obligations under contracts in existence on the date hereof, Buyer shall reduce or suspend spot purchases before reducing or suspending scheduled deliveries by Seller under this Section 6.2, and shall reduce or suspend all deliveries by Seller under this Section 6.2 proportionally with such other suppliers of coal to the Station based on Seller's and other suppliers' respective tonnage commitments.

6.3 If within ten (10) calendar days of suspension Seller does not provide assurances, in writing, reasonably satisfactory to Buyer's Agent that it will fully perform its obligations hereunder, or if Seller fails to meet either the required specification criteria or delivery schedule at any time during the next thirty-day period after Buyer's Agent's authorization to resume deliveries (except for de minimus noncompliance), Buyer may terminate this Agreement.

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6.4 During periods of suspension pursuant to Section 6.1, Buyer shall have the right to buy replacement coal of similar quality and in such quantities (not exceeding the suspended quantities) as Buyer deems necessary to maintain operations and desired levels of inventories, and Seller shall be responsible for all additional costs Incurred by Buyer associated therewith.

6.5 Except as provided in Section 6.2, tonnage deficiencies in any calendar year resulting from any suspension of deliveries may, at Buyer's option, be deducted from the Annual Base Amount for such calendar year.

7.0 PRICING AND PAYMENT

7.1 Buyer shall pay to Seller, subject to the quality adjustments contained herein, a base purchase price per million BTU for all coal

delivered hereunder (the "Base Price") at the rate of
 []/MMBTU (\$[]/ton), F.O.B the Station. If Buyer
 exercises its option to increase the Annual Base Amount
 pursuant to
 Section 1.2, then the Base Price less the transportation cost
 allowance set forth in Section 8.5 (as each may be adjusted in
 accordance with Article 8.0) (such remainder, the "Base Mine
 Price")
 applicable to all coal delivered to Buyer thereafter shall be
 reduced by an amount equal to []% of the Base Mine Price
 then
 in effect.

7.2 The Base Price is based on such coal meeting the individual
 quality
 specifications set forth in Article 3.0 as received by Buyer.
 Whenever the coal delivered during any Sample Period does not
 conform to such quality-specifications, the Base Price shall be
 adjusted as follows:

7.2.1 Moisture Content. If the weighted average moisture
 content
 of the coal received for any Sample Period exceeds []%,
 the Base Price payable for such coal shall be reduced by
 \$[]/ton.

7.2.2 Ash/Btu Content. If the weighted average ash content of
 the
 coal received for any Sample Period exceeds []
 lbs. per
 million Btu, the Base Price payable for such coal shall
 be
 reduced by \$[]/ton.

7.2.3 Sulfur/Btu Content. If the weighted average sulfur
 content of
 the coal received for any Sample Period exceeds the
 ratios
 specified below, the Base Price payable for such coal
 shall be
 reduced according to the following schedule:

# Sulfur/MMBtu	Adjustment
-----	-----
[]	[\$]/ton
[]	[\$]/ton
[]	[\$]/ton

7.3 Each of the adjustments set forth in Section 7.2 are
 independent of
 one another, and the applicable Base Price for any Sample
 Period
 shall be reduced by the cumulative total of all applicable
 quality
 adjustments for such Sample Period (the Base Price, as so
 adjusted,

being referred to herein as the "Adjusted Base Price").

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7.4 Buyer shall, on a [_ _ _] basis, calculate the cumulative payment due Seller for each of the [_ _ _] Sample Periods which comprise such [_ _ _] in accordance with the provisions of this Agreement, and shall submit an invoice to Seller for all coal delivered and accepted hereunder during such [_ _ _], showing the quantity of coal purchased for each Sample Period to which it relates (accompanied by supporting documentation which shall include a detailed log of daily delivery transactions) and the Adjusted Base Price applicable thereto. Payment to Seller will be made on or before the 20th day of the following month via Electronic Funds Transfer (EFT). Absent manifest error, the invoices prepared by Buyer shall be controlling as to the amounts due Seller hereunder. Seller shall not readdress or object to a payment issued by Buyer after ninety (90) days has elapsed from the date of the original invoice.

8.0 BASE PRICE ESCALATION ADJUSTMENTS

8.1 As of the date hereof, the Base Price is comprised of the following base dollar amounts (the "Base Dollar Amounts") of the following components and subcomponents of Seller's cost to mine and produce coal. The Base Price and the Base Dollar Amounts shall be adjusted to reflect changes in such components and subcomponents, such that the resulting Base Price applicable to any coal consigned for shipment on and after the effective date of any such adjustment shall remain in effect until the Base Price is again adjusted pursuant to this Section. All such adjustments shall be accompanied by appropriate documentation (which shall be furnished by Seller to Buyer) and shall be subject to verification by Buyer.

Component	Sub-component	Base Dollar Amount Per Ton (as 1/1/05)	Index or Method
Labor lignite Average (CEU CEU1021211106)	Esc.- Ref. Benchmark	\$ [_ _ _ _]	Bituminous coal and surface mining, Hourly Earnings of Production Workers Series ID:
Medical	Esc.- Ref. Benchmark	\$ [_ _ _ _]	CPI -- All Urban Wage Earners Medical Care (CPI Series ID: CWUR0000SAM)
Steel Supplies	Esc.- Ref. Benchmark	\$ [_ _ _ _]	Fabricated Metal Products (PPI Series ID: PCU331--331--
Fuel & Lubricants ID:	Esc.- Ref. Benchmark	\$ [_ _ _ _]	Petroleum Products, Refined (PPI Series WPU057)
Subtotal Supplemental (Variable Cost Components)		\$ [_ _ _ _]	Subject to Adjustment
Supplies Commodities, Related (PPI WPU03T15M05)	Esc. - Index Based	\$ [_ _ _ _]	Industrial Less Fuels and Products and Power Series ID:
Repairs & Equipment Maintenance (WPU1192)	Esc. - Index Based	\$ [_ _ _ _]	Mining Machinery (PPI Series ID:
Electric Power	Esc. - Index Based	\$ [_ _ _ _]	Industrial Power (PPI Series ID: WPU0543)
Subtotal (All Escalating Components)		\$ [_ _ _ _]	

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Governmental	Pass	\$	[_ _ _ _]	Federal Black Lung
Excise Tax				
Assessment	Through	\$	[_ _ _ _]	Federal Reclamation
Components				
Fees		\$	[_ _ _ _]	WV Severance Tax
		\$	[_ _ _ _]	WV Workers Comp
Fixed Component		\$	[_ _ _ _]	Fixed for the Term
and not				subject to adjustment
Total-All		\$	[_ _ _ _]	Base Mine Price
Components				
Trucking		\$	[_ _ _ _]	Base Transportation
Cost				
		\$	[_ _ _ _]	Base Price (FOB
Station)				

8.2 The Labor, Medical, Steel Supplies and Fuel & Lubricants components of the Base Mine Price set forth above (collectively, the "Variable Cost Components"), as well as the Supplies, Repairs & Maintenance and Electric Power components of the Base Price set forth above, shall be adjusted [_ _ _ _] effective [_ _ _ _] (each such date, an "Adjustment Date"), commencing July 1, 2006. The first adjustment effective as of [_ _ _ _] shall be determined by comparing the average value of each respective index for [_ _ _ _] of [_ _ _ _] to the average value of each respective index for [_ _ _ _] of [_ _ _ _]. As of each Adjustment Date thereafter, the average value of each respective index for the [_ _ _ _] months preceding such Adjustment Date shall be compared to the average value of each index for the [_ _ _ _] months preceding such Adjustment Date. For example, the [_ _ _ _] adjustment shall compare the average value of

value each respective index for [] of [] to the average
case, of each such index for [] of []. In each such
be [] of the respective change (carried out to four decimal
of multiplied by the last previously effective Base Dollar Amount
amounts the component or subcomponent correlative thereto. The net
subtracted of increase or decrease so obtained shall be added to or
Dollar from, as the case may be, such last previously effective Base
the Amount of the component or subcomponent correlative thereto and
shall resulting amount per ton (rounded to the nearest whole cent)
or become the then effective Base Dollar Amount of such component
subcomponent of the Base Mine Price. A sample calculation of
Mine adjustments to such components and subcomponents of the Base
Price pursuant to this Section 8.2 is attached hereto as
Schedule 8.2.

8.3 If the Base Mine Price is reduced pursuant to the last sentence
of Section 7.1, such reduction shall be applied to all components
and subcomponents of the Base Mine Price then in effect (other than
the Governmental Assessment Components portion thereof), pro rata
in accordance with the respective Base Dollar Amounts of such
the components and subcomponents then in effect, so as to reduce
aggregate Base Dollar Amounts of all of such components and
Price subcomponents by an amount equal to [] of the Base Mine
sample then in effect (before giving effect to such reduction). A
of calculation of adjustments to such components and subcomponents
hereto the Base Mine Price pursuant to this Section 8.3 is attached
as Schedule 8.3.

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8.4 The Base Dollar Amounts of the Governmental Assessment Components of the Base Mine Price set forth above shall be adjusted for changes in federal black lung excise tax, federal reclamation fees, West Virginia severance tax and West Virginia workers' compensation (which for this purpose shall be limited to base rates, exclusive of experience premiums and other adjustments not applicable to employers in the mining industry generally) occurring after July 1, 2005, effective as of the [_ _ _ _] following the effective date of any such change (except when such change is effective on the first day of a month, in which case such adjustment shall be effective as of such date). The parties agree that the proposed West Virginia severance tax, regardless of the form in which it is enacted, will, if enacted, be deemed to constitute an additional item of the Governmental Assessment Components for purposes of this Section. Such amounts shall be adjusted for any related tax credits or other credits allowed to Seller. For the purpose of calculating adjustments to the Base Mine Price pursuant to this Section 8.4, all such adjustments shall be deemed to be based on those governmental assessments applicable to underground mining. A sample calculation of adjustments to the Governmental Assessment Components of the Base Mine Price pursuant to this Section 8.4 is attached hereto as Schedule 8.4.

8.5 The Base Price is also subject to adjustments to the Base Transportation Cost (as hereinafter defined) based on changes in trucking costs. Such adjustments, if applicable, shall be determined and computed in accordance with the methodology set forth in Schedule 8.5 attached hereto, shall be paid separately and shall not be taken into account in computing any other adjustments to the Base Price hereunder. As of the date hereof, the Base Price includes an allowance of \$[_ _ _ _] for truck transportation costs (the "Base Transportation Cost"). Seller is negotiating, and shall use commercially reasonable efforts to conclude, a definitive arrangement with an independent trucking company (the "Trucker") to provide truck transportation service to Seller for transportation of all coal to be delivered by Seller hereunder (the "Transportation Contract"). The terms of the Transportation Contract shall be

8.5, subject to Buyer's approval, which approval shall not be unreasonably withheld or delayed. For purposes of this Section 8.5, if Seller's actual cost of truck transportation (expressed in \$/ton) determined in accordance with the methodology set forth in Schedule 8.5 (or such other methodology consistent with the Transportation Contract as shall be reasonably satisfactory to Buyer), based on the Transportation Contract, is more or less than \$[_ _ _ _]/ton, the Base Transportation Cost and Schedule 8.5 shall be adjusted accordingly; provided, however, that the initial Base Transportation Cost hereunder shall in no event exceed \$[_ _ _ _].

8.6 If upon agreement or final determination, an adjustment to the cost per ton is found to be appropriate in accordance with Section 8.2, 8.3, 8.4 or 8.7, an appropriate credit for such amount (converted to an equivalent delivered cents/MMBtu basis), for all coal delivered hereunder on and after the effective date of any such adjustment, shall be made to the party to whom the benefit of such credit is due.

8.7 Notwithstanding the foregoing adjustments to the Base Price, if as of any Adjustment Date both (a) the total costs incurred by Seller in producing Source Mine coal in an amount equal to the Annual Base Amount (expressed in \$/ton), as determined in accordance with the methodology described in Schedules 8.7(a)(1) and 8.7(a)(2), shall be [_ _ _ _]% or more greater than, or [_ _ _ _]% or more less than, an amount equal to the Base Mine Price then in effect less \$[_ _ _ _], and (b) the portion of such total costs incurred by Seller in any of the four categories comprising the Variable Cost Components (expressed in \$/ton) (individually, the "Component Cost" for each such category) shall be [_ _ _ _]% or more greater than, or [_ _ _ _]% or more less than, the Base Dollar Amount then in effect for such category (such difference being called the applicable "Variance Amount" for such category), then the respective Base Dollar Amount for such category of the Variable Cost Components shall be increased or decreased, as the case may be, as of such Adjustment Date by an amount equal to [_ _ _ _]% of the Variance Amount for such category (the aggregate amount of all such

adjustments to the Variable Cost Components pursuant to this
Section 8.7 being collectively referred to herein as the "Supplemental
Adjustment"). For purposes of the foregoing clause (b), the
Component Cost for each category as of any Adjustment Date will
be determined in accordance with the methodology described in
Schedules 8.7(b) (1) through 8.7(b) (4) by applying the same percentage
increase or decrease to the Base Dollar Amount then in effect for such
category (before giving effect to any adjustment pursuant to
this Article 8.0 on such Adjustment Date) as Seller's actual costs
in such category increased or decreased since the last preceding
Adjustment Date (or Seller's budgeted costs as of January 1,
2005 as set forth on Schedule 8.7(b) (5) (which budgeted costs shall be
subject to verification by Buyer within 60 days of the date
hereof and appropriately adjusted if warranted by such verification)
in the case of the first such Adjustment Date). The Supplemental
Adjustment to the Base Mine Price pursuant to this Section 8.7 shall be in
addition to any adjustment to the Base Mine Price pursuant to
Section 8.2. Buyer shall have the right at its expense to
examine, or cause an audit to be made of, the records and books of
account of Seller with respect to Seller's costs of producing Source Mine
coal and the calculation of any Supplemental Adjustment to the Base
Mine Price pursuant to this Section 8.7. A sample calculation of
Supplemental Adjustments to the Base Mine Price pursuant to
this Section 8.7 is attached hereto as Schedule 8.7(c).

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8.8 The indices utilized in calculations made pursuant to this
Agreement shall be the indices as they are first published. In the event
that the current base or any index referred to in Section 8.1 or 8.3
is converted to a new base, or should the United States Department
of

Labor convert an index from the Standard Industrial Classification System to the North American Industry Classification System, then conversion tables published by the United State Department of Labor, Bureau of Labor Statistics, or the United State Department of Commerce, Bureau of Economic Analysis, as the case may be, shall be used in re-computing the level of any such index. Should publication of any index be discontinued, an index which is as nearly as practicable equivalent shall be substituted by mutual agreement of the parties. In the event that supervening events or circumstances shall render inapplicable any of the methods set forth in this Article 8.0 for computing adjustments to the Base Price, the parties shall meet promptly to consider and agree upon new or revised methods appropriate to the circumstances then prevailing.

9.0 RE-OPENER

9.1 If Seller's total aggregate annual cost per ton of producing Source Mine coal (in an amount equal to the Annual Base Amount) during any calendar year after [_ _ _] shall exceed [_ _ _]% of the Base Mine Price then in effect (as the same may have been adjusted in accordance with Article 8.0), then Seller shall have the right at any time within ninety (90) days after the end of such calendar year to give Buyer written notice of its election to negotiate an adjustment to the Base Price pursuant to this Article 9.0; provided, however, that if any such

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increase occurs prior to [_ _ _] as a result of a change in law described in Section 12.2, Seller may give a notice to Buyer pursuant to this Section within ninety (90) days after the end of the calendar year in which such increase occurs. Seller shall furnish to Buyer, upon request therefor, sufficient information

concerning Seller's cost of producing Source Mine coal (other than information the disclosure of which would breach any confidentiality agreement or other legal requirement by which Seller may be bound) to enable Buyer to verify whether such condition has been met. Subject to such limitations, Buyer shall have the right at its expense to examine, or cause an audit to be made of, the records and books of account of Seller with respect to its cost of production of Source Mine coal.

9.2 If the market price of coal available to Buyer (F.O.B. Station) during any calendar year after December 31, 2011, as determined by responses to Buyer's bid solicitations pursuant to Qualifying Bids for coal of similar quality to that required by this Agreement, shall be less than [_ _ _]% of the Base Price then in effect (as the same may have been adjusted in accordance with Article 8.0), then Buyer shall have the right at any time within ninety (90) days after the end of such calendar year to give Seller written notice of its election to negotiate an adjustment to the Base Price pursuant to this Article 9.0. Buyer's Agent shall determine a weighted average annual price per ton of coal (converted to an equivalent delivered cents/MMBtu basis) based on all Qualifying Bids received. For purposes of this Section 9.2, "Qualifying Bids" must meet the following criteria:

9.2.1 Each bid must be submitted by a single coal producer (or one or more affiliates of such producer), or direct sales agent of such a coal producer (who possesses reasonably satisfactory evidence of its right to sell such coal), or a coal marketer, who is not an affiliate of Buyer;

9.2.2 The quality of the coal must meet the quality specifications set forth in Article 3.0 on a composite "as-received" basis, or the bid price shall be appropriately adjusted to take into account differentials between the average Btu, ash and sulfur content per pound, and moisture content, of coal under the bid and the corresponding specifications set forth in Section 3.1 and the additional costs (including, but not limited to,

such emission allowance costs), if any, to Buyer of utilizing coal; and

not 9.2.3 The bids submitted must be for an aggregate tonnage of less than [_ _ _ _] of the Annual Base Amount.

maintain Buyer's Agent shall furnish to Seller, upon request therefor, sufficient information concerning its bid solicitations and Qualifying Bids (other than information that would fail to would confidentiality of the bidders, or the disclosure of which breach any confidentiality agreement or other legal requirement by which Buyer or Buyer's Agent may be bound) to enable Seller to verify whether such condition has been met. Subject to such limitations, Seller shall have the right at its expense to examine, or cause an audit to be made of, the records and books of account of Buyer and Buyer's Agent with respect to the calculation of the weighted average price per ton of coal available to Buyer under this Section 9.2.

Buyer 9.3 If Seller gives a notice to Buyer pursuant to Section 9.1, or shall gives a notice to Seller pursuant to Section 9.2, the parties shall negotiate in good faith to reach agreement on an appropriate adjustment to the Base Price, taking into

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in consideration all relevant factors, including the Base Price at effect during such calendar year, Seller's cost of production Station, the Source Mine, Buyer's as-delivered cost of coal at the sales prices then offered by or to third parties for purchases and of coal of similar quality and in quantities greater than [_ _ _ _] of the Annual Base Amount, the additional costs to Buyer (including

emission allowance costs) of utilizing Source Mine coal compared to other alternatives, current market conditions, and wholesale prices of electricity in the PJM market (or other market in which power generated by the Station or other destination utilizing the coal is to be sold).

9.4 If, within ninety (90) days after receipt by Buyer of Seller's notice pursuant to Section 9.1 or Seller's receipt of Buyer's notice pursuant to Section 9.2, as the case may be, the parties have been unable to reach agreement on a new Base Price in accordance with Section 9.3, then either party shall have the right to terminate this Agreement upon not less than six (6) month's prior written notice to the other party.

10.0 RESERVES AND SOURCES

Seller represents and warrants to Buyer that Seller now owns, leases or controls mining and/or processing operations with sufficient reserves of coal to enable Seller to supply Buyer with the total quantity of coal specified in this Agreement for the Term of this Agreement. Seller will not sell or agree to sell to others coal from such reserves which would jeopardize Seller's ability to supply the total Reserve Commitment during the Term of this Agreement. At Buyer's Agent's reasonable request, Seller shall continue to demonstrate throughout the term of the Agreement the availability of these quantities, qualities or capacities.

11.0 CONFIDENTIALITY AND NON-DISCLOSURE

11.1 The terms and conditions of this Agreement shall only be disclosed to Buyer's and/or Seller's employees and representatives on a "need to know" basis and shall not be disclosed to any third party. Such terms and conditions shall under no circumstances be disclosed to a competitor of Seller or Buyer.

11.2 Except as provided below, neither party shall, without the express written permission of the other, disclose this Agreement or the terms hereof to any third party, provided, however, that each party may disclose information related to this Agreement to any Federal,

any state or local governmental agency, authority or commission, or
as court, tribunal or arbitrator (collectively, "Official Bodies")
business. required by law, including those which regulate Buyer's
each With respect to such disclosure to Official Bodies, the parties
and/or agree: (1) to appropriately limit their respective requests
confidential requirements for the disclosure or delivery of such
law; information to the minimum necessary to comply with applicable
Body's (2) to provide to the other timely notice of any Official
such disclosure requirement so that the party seeking protection of
fullest information can contest such disclosure requirement to the
be extent allowed by law, and (3) to undertake such steps as may
or available pursuant to law or regulation to provide for the
disclosure of confidentiality of any such confidential information released
to any such confidential information to a third party (other than
request Official Bodies, as described above) is necessary, each of the
have the parties agrees to give notice thereof to the other party and
that the party seeking protection of such information shall
right to obtain from such third parties any enforceable

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which confidentiality agreements providing for protection at least as
inaction of stringent as those provided hereby. Except as to information
shall may become public through means other than the action or
this the party charged with improper disclosure, this Agreement
remain in effect for a period of five years after the term of
Agreement expires

11.3 Any reference to Buyer, this Agreement, the quantities of coal
purchased by Buyer hereunder or other data relating to such
purchases or the Station for Seller's advertising or reporting

and purposes shall be promptly reviewed by Buyer prior to release
Buyer, shall not be released without the prior written consent of
Any which consent shall not be unreasonably withheld or delayed.
sold to reference to Seller, this Agreement, the quantities of coal
Source Buyer hereunder or other data relating to such sales or the
Mines for Buyer's advertising or reporting purposes shall be
consent promptly reviewed by Seller prior to release and shall not be
released without the prior written consent of Seller, which
shall not unreasonably be withheld or delayed.

12.0 LEGISLATION, REGULATIONS AND ORDERS

12.1 Seller shall comply with the provisions of all Federal, State
and other governmental laws and any applicable orders and/or
regulations or any amendments or supplements thereto relating to the sale
of coal hereunder which have been or may at any time during the
Term of this Agreement be issued by a governmental agency having
appropriate jurisdiction. Seller warrants that it and its subcontractors
are in compliance with all such laws, orders and/or regulations now in
effect.

12.2 If the cost to Seller of producing, processing and
delivering coal hereunder shall have increased (or decreased) as a result
of any new or amended, or a change in the interpretation or
regulation, enforcement of any, Federal, state or local law, rule,
"regulatory order or tax occurring after the date hereof (each, a
change"), Seller shall notify Buyer of such event promptly
after Seller becomes aware thereof and shall specify in such notice
the amount of any increase (or decrease) to the Base Price payable
under this Agreement necessary as a result of such regulatory
change. Buyer shall notify Seller within twenty (20) days
after receipt of such notice from Seller whether Buyer agrees to
Seller's proposed adjustment to the Base Price. If Buyer agrees to such
adjustment, the Base Price shall be changed accordingly. If
Buyer does not agree to such adjustment, the Base Price shall be
adjusted by an amount equal to [_ _ _]% of the actual incremental
change in costs incurred by Seller as a result of such regulatory
change,

Seller as verified by supporting documentation to be submitted by
as hereinafter provided. Seller shall furnish to Buyer, upon
costs request therefor, sufficient information concerning Seller's
in to enable Buyer to verify Seller's calculation of any change
and Seller's costs incurred as a result of such regulatory change
its the resulting new Base Price. Buyer shall have the right at
records expense to examine, or cause an audit to be made of, the
and books of account of Seller with respect to any change in
this Seller's costs as a result of such regulatory change and the
shall calculation of any adjustment to the Base Price pursuant to
any Section 12.2. Notwithstanding the foregoing, the Base Price
change in corporate net income taxes or taxes, fees or other
capital, impositions levied on or measured by, in whole or in part,
business retained earnings or any other similar measure, or any
taxes privilege, value added, general franchise or other similar
of imposed on Seller or its properties or assets, or as a result
any change for which Seller has already

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8.5 or received a transportation cost adjustment pursuant to Section
purpose a Supplemental Adjustment pursuant to Section 8.7. For the
Article of calculating adjustments to the Base Price pursuant to
12.2 8.0, any adjustment to the Base Price pursuant to this Section
of shall be subtracted from the corresponding Base Dollar Amounts
such the components or subcomponents of the Base Price affected by
Base regulatory change (pro rata in accordance with the respective
Dollar Amounts of such components or subcomponents).

12.3 In the event of the enactment after the date hereof of any
Federal, State or other governmental law, regulation or order which may
after prohibit, make economically unfeasible, or restrict so as to
effectively prohibit Buyer's use of the coal specified in this
be Agreement, Buyer shall notify Seller of such event promptly
Buyer becomes aware thereof and this Agreement shall no longer

order; binding after the effective date of such law, regulation, or
provided, however, that Buyer shall exert good faith efforts to
secure relief from such governmental restrictions. In the event
of a conflict in interpretation of applicable governmental laws,
regulations, and orders, then, for purposes of this Agreement,
any reasonable interpretation which prohibits, makes economically
unfeasible, or restricts so as to effectively prohibit Buyer's
use of the coal specified herein shall be sufficient to permit
Buyer to cancel this Agreement.

12.4 In the event of the enactment after the date hereof of any
Federal, State, or other governmental law, regulation or order which may
prohibit or restrict so as to effectively prohibit Seller's
mining, processing, or shipping of the coal specified in this
Agreement, Seller shall notify Buyer of such event promptly after Seller
becomes aware thereof and this Agreement shall no longer be
binding after the effective date of such law, regulation, or order to
the extent that such legislation has affected the production,
processing, or shipping of coal under this Agreement; provided,
relief however, that Seller shall exert good faith efforts to secure
from such governmental restrictions. An increase in Seller's
economic costs alone and which are not addressed in this
Agreement shall not be sufficient cause to modify or terminate this
Agreement or to suspend deliveries hereunder. In the event of a conflict
in interpretation of applicable governmental laws, regulations,
and orders, then, for purposes of this Agreement, any reasonable
effectively interpretation which prohibits or restricts so as to
prohibit Seller's mining, processing, or shipping of the coal
this specified herein shall be sufficient to permit Seller to cancel
Agreement.

13.0 FORCE MAJEURE

13.1 As used herein, "force majeure" means any causes or
circumstances beyond the reasonable control and without fault or negligence
of the party affected thereby or of its subcontractors or carriers,
such as, acts of God, governmental regulation, war, acts of
terrorism, weather, floods, fires, accidents, strikes, major breakdowns of
equipment, shortages of carrier's equipment, accidents of

of navigation, interruptions to transportation, embargoes, orders
same or civil or military authority, or other causes, whether of the
unforeseeable, different nature, existing or future, foreseen or
transporting which wholly or partly prevent the mining, processing, shipment
and/or loading of the coal by Seller, or the receiving,
specifically and/or delivery of the coal by any carrier, or the accepting,
utilizing and/or unloading of the coal by Buyer, but
excluding economic factors alone.

13.2 If, by reason of force majeure, either party is unable, wholly
or partially, to perform its obligations under this Agreement, the
affected party shall promptly

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give the other party notice of such force majeure and full
information concerning the causes or circumstances claimed to
constitute such force majeure and, if such notice is given, the
obligations of the party giving such notice shall be suspended
(or reduced to the extent made necessary by such force majeure)
during the continuance of such force majeure or its effects. The party
claiming such force majeure shall exert due diligence to remove
the causes or circumstances constituting such force majeure as soon
as and to the extent reasonably practicable, and shall promptly
notify the other party when the causes or circumstances constituting
such force majeure have terminated. The other party shall have the
right to investigate the causes or circumstances claimed by the
affected party to constitute such force majeure.

13.3 The requirement that the causes or circumstances constituting
force majeure shall be removed by the affected party with all
reasonable dispatch shall not require the settlement of strikes, lockouts
or other labor disputes.

13.4 No suspension or reduction for reason of force majeure shall
invalidate the remainder of this Agreement, but, on removal of
the causes or circumstances constituting such force majeure,
deliveries of coal hereunder shall resume at the applicable Annual Base
Amount rate; provided, however, that if either party suffers an
extended

(6) period of force majeure, whether whole or partial, lasting six months or longer, the other party shall have the right to terminate this Agreement upon thirty (30) days' prior notice. Tonnage deficiencies caused by force majeure shall not be made up, except by mutual consent.

14.0 EMPLOYMENT STANDARDS

Seller shall (and shall cause its subcontractors, if any, to) comply with all applicable federal, state and local rules and regulations governing labor or employee relations, including Sections 6, 7, 12 and 14 of the Fair Labor Standards Act, as amended. Seller agrees that Seller shall be subject to all applicable contract clauses required by federal, state or local law, rule or regulation to be included in this Agreement, including but not limited to the following clauses, which are incorporated by reference herein: Equal Opportunity Clause (41 C.F.R. Section 60-1.4); Affirmative Action Clause for Disabled Veterans and Veterans of the Vietnam Era (41 C.F.R. Section 60-250.4); Affirmative Action Clause for Handicapped Workers (41 C.F.R. Section 60-741.4); the Certification of Nonsegregated Facilities Clause (41 C.F.R. Section 60-1.8; 41 C.F.R. Section 1-12.803.10); and the Nondiscrimination Clause (16 Pa. Code Section 49.101). In addition, Seller certifies, if applicable, that it has developed a written affirmative action compliance program [41 C.F.R. Section 60-1.40(a)] and will annually file Standard Form 100 (EEO-1) [41 C.F.R. Section 60-1.7(a)].

15.0 DRUG AND ALCOHOL ABUSE

Seller shall be solely responsible for its employees and subcontractors, and their employees, regarding drug and alcohol abuse. Controlled substances and alcohol are prohibited on Buyer's properties. The use, possession or sale of controlled substances or alcohol while on Buyer's properties will result in disciplinary action, including removal from the job site. The use of controlled substances and/or alcohol while off Buyer's property in a manner that adversely affects an employee's job performance or public perception of Buyer is not acceptable and will result in disciplinary action, including removal from the job site. Cost of testing shall be borne by Seller.

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16.0 GOVERNING LAW

This Agreement and the rights and obligations of the parties hereto shall

be governed by the laws of the State of West Virginia.

17.0 ASSIGNMENT

No party hereto may assign this Agreement or any portion hereof without the advance written consent of the other party, except that no such consent shall be required for (a) an assignment is made to any subsidiary or affiliate of Buyer, (b) an assignment in connection with a sale of Buyer's Harrison Power Station or other destination designated by Buyer or of all or substantially all of the assets or business of Buyer, or (c) an indirect assignment by reason of a change in control of Seller's parent, Anker Coal Group, Inc. In addition, Buyer may assign this Agreement without the consent of Seller to a third party for the purpose of manufacturing synthetic fuel for use at the applicable destination, but no such assignment shall relieve Buyer of its obligations under this Agreement unless such assignee provides Seller with security reasonably satisfactory to Seller to secure performance of all of the obligations of the purchaser of coal under this Agreement. Sale or lease of Seller's property, coal processing, or loadout facilities which service this Agreement is considered an assignment and therefore requires the prior written consent of Buyer. In all instances in which consent of the other party to any assignment is required, such consent shall not be unreasonably withheld or delayed.

18.0 NON-WAIVER

The failure of any party to insist in any one or more instances upon strict performance of any obligation of another party under this Agreement shall not be deemed to be a waiver of the performance of any such obligation or a relinquishment of any rights hereunder for the future. Without limiting the foregoing, Buyer's acceptance of any coal that does not meet the quality specifications specified in this Agreement shall not be deemed a waiver of any right Buyer may have hereunder. The respective rights and remedies of the parties hereunder are cumulative and not exclusive of any rights or remedies which any party would otherwise have.

19.0 INDEMNIFICATION AND DAMAGES

19.1 Seller shall indemnify, save harmless, and defend Buyer(s), Buyer's Agent, and their respective employees, agents and representatives (collectively "Buyer Indemnified Parties") from and against all claims, losses, liabilities, costs, settlements, awards, and

of expenses (including attorneys' fees and expenses) growing out
property of personal injury, death, or damage to property (including
connected any Buyer Indemnified Party) arising out of or in any way
or with Seller's, its or their respective subcontractors' and/or
person, carriers' performance or non-performance hereunder (negligent
except otherwise), suffered or claimed to have been suffered by any
any corporation or entity (including any Buyer Indemnified Party)
to the extent due to the negligence or willful misconduct of
Buyer Indemnified Party.

19.2 Under no circumstances, whether arising in contract, equity, or
tort (including negligence), shall Seller be responsible for or
liable to Buyer for consequential, incidental, punitive, exemplary or
indirect damages, including lost profits.

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20.0 INSURANCE

20.1 Prior to rendering any service hereunder, Seller shall, at its
own expense, procure and thereafter keep in effect until service
has been performed:

20.1.1 Worker's Compensation Insurance for its employees
engaged in this work, sufficient to comply fully with requirements
and coverages specified by laws of each jurisdiction in
which work shall be performed.

20.1.2 Employer's Liability insurance with limits of not less
than \$1,000,000 per occurrence.

20.1.3 Comprehensive automobile liability with limits of not
less than \$1,000,000 combined single limits.

20.1.4 Commercial General Liability with limits of not less
than \$5,000,000 combined single limits per occurrence,
including Pollution Liability, liabilities arising under the
Federal Employees Liability Act (FELA), Protection and Indemnity
Liability Insurance as may be applicable, and Contractual

covering all liability of Seller under this Agreement.

20.1.5 Such other specific insurances and/or limits determined to Buyer's Agent to be appropriate for work to be performed.

20.2 All insurance required to be provided under Section 20.1 shall be issued by insurers rated A-/XI or better by A. M. Best Company (or A-/IX or better in the case of insurers whose parent companies are rated A-/XI or better) or who maintain comparable ratings assigned by another reputable and recognized rating agency approved by Buyer's Agent.

20.3 Allegheny Energy Supply Company, LLC, Monongahela Power Company, and Allegheny Energy Service Corporation shall be named as additional insureds for each of the insurance coverages listed in items 20.1.3 and 20.1.4 above. These are "minimum" required limits and are in no way intended to be a limitation of Seller's liability. Seller shall furnish Buyer's Agent (Attention: Event Risk Manager) with certificates of insuring companies showing such insurance to be in effect and the expiration dates and agreeing to give thirty (30) days written notice to Buyer's Agent in advance of any change in or cancellation of such insurance.

21.0 CERTAIN REMEDIES OF BUYER

It is expressly recognized and understood between the parties that prompt and full deliveries by Seller in accordance with this Agreement are essential to Buyer. Time is of the essence with respect to such deliveries. Therefore, the parties agree that in addition to, and not in limitation of, any and all other remedies to which Buyer may be entitled by law, Buyer shall have the right to require specific performance of this Agreement by Seller, and Buyer shall have the right, if necessary, to enter any appropriate judicial forum and, without bond or other security, to obtain injunctions and/or other appropriate relief against Seller to prevent deliveries of any Source Mine coal by Seller to any third parties while Seller is in default of or threatens default in the delivery of coal to Buyer that conforms to the specifications required under this Agreement.

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22.0 NOTICES

All notices under this Agreement shall be in writing and shall be deemed to have been given or made when sent by facsimile transmission (telecopy), recognized overnight delivery service, or first class United States mail postage prepaid, addressed to Seller, Buyer or Buyer's Agent, as the case may be, at its address specified below, or at such other address as any such party may specify by notice to the other parties:

If to Seller: Anker West Virginia Mining Company,
Inc.

2708 Cranberry Square
Morgantown, West Virginia 26508
Attn: President

If to Buyer or Buyer's Agent:

Allegheny Energy Service Corporation
4350 Northern Pike
Monroeville, Pennsylvania 15146-2841
Attn: Attention: General Manager, Fuel
Logistics and Operations

with copies to:

Allegheny Energy Service Corporation
4350 Northern Pike
Monroeville, Pennsylvania 15146-2841
Attn: Attention: General Manager, Fuel
Procurement

and:

Allegheny Energy Supply
800 Cabin Hill Drive
Greensburg, Pennsylvania 15601
Attn: Attention: General Counsel

23.0 AUTHORITY OF BUYER'S AGENT

Whenever any action or determination under this Agreement is permitted or required to be taken or made by Buyer, or any right or remedy may be exercised by Buyer under this Agreement, such action or determination may be taken or made, and such right or remedy may be exercised, on behalf of Buyer by Buyer's Agent. Any such action or determination communicated by Buyer's Agent to Seller shall be binding on Buyer as fully as if such action or determination had been taken or made directly by Buyer.

24.0 COUNTERPARTS

This Agreement may be executed in counterparts, which shall, in the aggregate, when signed by all parties constitute one and the same instrument, and, thereafter, each counterpart shall be deemed an original instrument as against any party who has signed it. Facsimile signatures shall be enforceable as original signatures.

[Signatures begin on next page]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed the day and year first above written.

ANKER WEST VIRGINIA MINING
COMPANY, INC.
(Seller)

By: /s/ D. LYNN SHANKS

Name: D. LYNN SHANKS
Title: PRESIDENT, ANKER WEST

VIRGINIA

MINING COMPANY, INC.

ALLEGHENY ENERGY SUPPLY
COMPANY, LLC
(Buyer)

By: /s/ John P. Campbell /DGF

Name: John P. Campbell
Title: President, Allegheny Energy

Supply

MONONGAHELA POWER COMPANY
(Buyer)

By: /s/ Joseph H. Richardson /DGF

Name: Joseph H. Richardson
Title: President, Allegheny Power

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GUARANTEE

ANKER COAL GROUP, INC., a Delaware corporation ("ACGI"), hereby guarantees the full and timely payment and performance by Anker West Virginia Mining Company, Inc., a West Virginia corporation ("Anker Mining"), and its successors and assigns, of all duties, obligations and liabilities of Anker Mining under or arising from the Coal Sales Agreement dated the 17th day of February, 2005,

between Anker Mining, as Seller, and Allegheny Energy Supply Company, LLC, a Delaware limited liability company ("AESC"), and Monongahela Power Company, a West Virginia corporation ("MPC"), as Buyer (the "Agreement"), and agrees that AESC and MPC shall have the right to demand payment and performance of Seller's obligations, duties and liabilities under the Agreement directly from ACGI as fully as if ACGI were a party to the Agreement, it being understood that this Guarantee shall bind ACGI and its successors and assigns, and inure to the benefit of AESC and MPC and their respective successors and assigns.

ANKER COAL GROUP, INC.

By: /s/ Raymond J. McElhaney

 Name: Raymond J. McElhaney
 Title: President

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Schedule 1.2

[Map]

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Schedule 1.3
 Sycamore Agreement Deliveries

Sycamore Agreement tonnage obligation	[-----] tons
Deliveries as of January 31, 2005	[-----] tons
Remaining Sycamore Agreement obligation	[-----] tons

The remaining tonnage obligation shall be shipped at a rate of not less than the following, constituting the "Sycamore Monthly Scheduled Amounts":

MONTH	2005	2006	2007
-----	-----	-----	-----
JANUARY		[-----]	[-----]
FEBRUARY	[-----]	[-----]	[-----]
MARCH	[-----]	[-----]	[-----]
APRIL	[-----]	[-----]	[-----]

March 2005	[_ _ _]	March 2006	[_ _ _]		
April 2005	[_ _ _]	April 2006	[_ _ _]		
May 2005	[_ _ _]	May 2006	[_ _ _]		
Average	[_ _ _]	Average	[_ _ _]	[_ _ _]%	\$ [_ _ _]
\$ [_ _ _]	\$ [_ _ _]				

FABRICATED METAL PRODUCTS - PCU331----331----

Base/previous Month/yr	Index Value	Current Period Month/yr	Index Value		
March 2005	[_ _ _]	March 2006	[_ _ _]		
April 2005	[_ _ _]	April 2006	[_ _ _]		
May 2005	[_ _ _]	May 2006	[_ _ _]		
Average	[_ _ _]	Average	[_ _ _]	[_ _ _]%	\$ [_ _ _]
\$ [_ _ _]	\$ [_ _ _]				

PETROLEUM PRODUCTS REFINED - WPU057

Base/previous Month/yr	Index Value	Current Period Month/yr	Index Value		
March 2005	[_ _ _]	March 2006	[_ _ _]		
April 2005	[_ _ _]	April 2006	[_ _ _]		
May 2005	[_ _ _]	May 2006	[_ _ _]		
Average	[_ _ _]	Average	[_ _ _]	[_ _ _]%	\$ [_ _ _]
\$ [_ _ _]	\$ [_ _ _]				
TOTAL VARIABLE COST COMPONENTS					\$ [_ _ _]
\$ [_ _ _]					

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*CONFIDENTIAL MATERIAL HAS BEEN
OMITTED AND FILED SEPARATELY
SECURITIES AND EXCHANGE
BRACKETS AND UNDERSCORES DENOTE
OMISSIONS.

All indice values are for example purposes only and bear no relevance to the actual values.

<<<<<<<<<<<< PRICE TO BE EFFECTIVE JULY 1, 2006 >>>>>>>>>>>>>>>>>>

INDUSTRIAL COMMODITIES - WPU03T15M05

Base/previous Base/previous Price Month/yr Component	Index Component Value Adjustment	Current Period Price Month/yr Component	Adjusted Index Value	Percentage Change	
----- -----	----- -----	----- -----	----- -----	----- -----	----- -----
March 2005	[_ _ _ _]	March 2006	[_ _ _ _]		
April 2005	[_ _ _ _]	April 2006	[_ _ _ _]		
May 2005	[_ _ _ _]	May 2006	[_ _ _ _]		
Average	[_ _ _ _]	Average	[_ _ _ _]	[_ _ _ _]%	\$
[_ _ _ _]	\$ [_ _ _ _]	\$ [_ _ _ _]			

MINING MACHINERY AND EQUIPMENT - WPU1192

Base/previous Base/previous Price Month/yr Component	Index Component Value Adjustment	Current Period Price Month/yr Component	Adjusted Index Value	Percentage Change	
----- -----	----- -----	----- -----	----- -----	----- -----	----- -----
March 2005	[_ _ _ _]	March 2006	[_ _ _ _]		
April 2005	[_ _ _ _]	April 2006	[_ _ _ _]		
May 2005	[_ _ _ _]	May 2006	[_ _ _ _]		
Average	[_ _ _ _]	Average	[_ _ _ _]	[_ _ _ _]%	\$
[_ _ _ _]	\$ [_ _ _ _]	\$ [_ _ _ _]			

INDUSTRIAL POWER - WPU0543

Base/previous Month/yr	Index Value	Current Period Month/yr	Index Value
----- -----	----- -----	----- -----	----- -----
March 2005	[_ _ _ _]	March 2006	[_ _ _ _]
April 2005	[_ _ _ _]	April 2006	[_ _ _ _]
May 2005	[_ _ _ _]	May 2006	[_ _ _ _]
	-----		-----

Month/yr Adjustment	Value Component	Month/yr	Value	Change	Component
March 2006	[_ _ _]	September 2006	[_ _ _]		
April 2006	[_ _ _]	October 2006	[_ _ _]		
May 2006	[_ _ _]	November 2006	[_ _ _]		
Average	[_ _ _]	Average	[_ _ _]	[_ _ _]%	\$[_ _ _]
\$[_ _ _]	\$[_ _ _]				

CPI-ALL URBAN WAGE EARNERS MEDICAL CARE-CWUR00000SAM

Base/previous Month/yr	Index Value	Current Period Month/yr	Index Value	Change	Component
March 2006	[_ _ _]	September 2006	[_ _ _]		
April 2006	[_ _ _]	October 2006	[_ _ _]		
May 2006	[_ _ _]	November 2006	[_ _ _]		
Average	[_ _ _]	Average	[_ _ _]	[_ _ _]%	\$[_ _ _]
\$[_ _ _]	\$[_ _ _]				

FABRICATED METAL PRODUCTS - PCU331---331---

Base/previous Month/yr	Index Value	Current Period Month/yr	Index Value	Change	Component
March 2006	[_ _ _]	September 2006	[_ _ _]		
April 2006	[_ _ _]	October 2006	[_ _ _]		
May 2006	[_ _ _]	November 2006	[_ _ _]		
Average	[_ _ _]	Average	[_ _ _]	[_ _ _]%	\$[_ _ _]
\$[_ _ _]	\$[_ _ _]				

PETROLEUM PRODUCTS REFINED - WPU057

Base/previous Month/yr	Index Value	Current Period Month/yr	Index Value	Change	Component
March 2006	[_ _ _]	September 2006	[_ _ _]		
April 2006	[_ _ _]	October 2006	[_ _ _]		
May 2006	[_ _ _]	November 2006	[_ _ _]		
Average	[_ _ _]	Average	[_ _ _]	[_ _ _]%	\$[_ _ _]
\$[_ _ _]	\$[_ _ _]				

TOTAL VARIABLE COST COMPONENTS
\$[_ _ _]

\$[_ _ _]

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Coal Sales Agreement
Schedule 8.2
Example of How Base Price is Adjusted

All indice values are for example purposes only and bear no relevance
to the actual values.

<<<<<<<<<<<<<<< PRICE TO BE EFFECTIVE JANUARY 1, 2007 >>>>>>>>>>>>>>>>>>>>>>

INDUSTRIAL COMMODITIES - WPU03T15M05

Adjusted Base/previous Component Month/yr Adjustment	Index Price Value Component	Current Period Month/yr	Index Value	Percentage Change	Base/previous Price Component
-----	-----	-----	-----	-----	-----
March 2006	[---]	September 2006	[---]		
April 2006	[---]	October 2006	[---]		
May 2006	[---]	November 2006	[---]		
Average	[---]	Average	[---]	[---]%	\$ [---]
\$ [---]	\$ [---]				

MINING MACHINERY AND EQUIPMENT - WPU1192

Adjusted Base/previous Component Month/yr Adjustment	Index Price Value Component	Current Period Month/yr	Index Value	Percentage Change	Base/previous Price Component
-----	-----	-----	-----	-----	-----
March 2006	[---]	September 2006	[---]		
April 2006	[---]	October 2006	[---]		
May 2006	[---]	November 2006	[---]		

Average	-----	Average	-----	[---]%	\$ [---]
\$ [---]	[---]	\$ [---]	[---]		

INDUSTRIAL POWER - WPU0543

Base/previous Month/yr	Index Value	Current Period Month/yr	Index Value		
-----	-----	-----	-----		
March 2006	[---]	September 2006	[---]		
April 2006	[---]	October 2006	[---]		
May 2006	[---]	November 2006	[---]		

Average	[---]	Average	[---]	[---]%	\$ [---]
\$ [---]	\$ [---]				

TOTAL OF ALL ESCALATING COMPONENTS \$ [---]

Government Assessment Comonents:

\$ [---]	Federal Black Lung Excise Tax	\$ [---]
\$ [---]	Federal Reclamation Fees	\$ [---]
\$ [---]	WV Severance Tax	\$ [---]
\$ [---]	WV Worker's Compensation	\$ [---]

-----		\$ [---]
\$ [---]	\$ [---]	

TOTAL GOVERNMENT ASSESSMENT COMPONENTS \$ [---]
\$ [---]

FIXED COMPONENT \$ [---]
\$ [---]

TOTAL BASE MINE PRICE \$ [---]
\$ [---]

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Coal Sales Agreement
 Schedule 8.3
 Example of How Base Price is Adjusted
 after exercising option to increase Annual Base Tonnage

Base Mine Price	\$ [_ _ _ _]
Government Assessment Components	\$ [_ _ _ _]
Adjustable Components	\$ [_ _ _ _]
[_ _ _ _]% Adjustment	\$ [_ _ _ _]
New Base Mine Price	\$ [_ _ _ _]

OPTION	NEW	CURRENT	PRICE	COMPONENT
PRICE	PRICE			
ADJUSTMENT	COMPONENT			
-----	-----			-----
Employment Hours & Earnings - CEU1021211106			\$ [_ _ _]	
\$ [_ _ _]	\$ [_ _ _]			
CPI-All Urban Wage Earners Medical Care - CWUR00000SAM			\$ [_ _ _]	
\$ [_ _ _]	\$ [_ _ _]			
Fabricated Metal Products - PCU331---331---			\$ [_ _ _]	
\$ [_ _ _]	\$ [_ _ _]			
Petroleum Products Refined - WPU057			\$ [_ _ _]	
\$ [_ _ _]	\$ [_ _ _]			
Total Variable Cost Components			\$ [_ _ _]	
\$ [_ _ _]	\$ [_ _ _]			-----
-----	-----			-
Industrial Commodities - WPU03T15M05			\$ [_ _ _]	
\$ [_ _ _]	\$ [_ _ _]			
Mining Machinery and Equipment - WPU1192			\$ [_ _ _]	
\$ [_ _ _]	\$ [_ _ _]			
Industrial Power - WPU0543			\$ [_ _ _]	
\$ [_ _ _]	\$ [_ _ _]			
Total of all escalating Components			\$ [_ _ _]	
\$ [_ _ _]	\$ [_ _ _]			-----

Federal Black Lung Excise Tax			\$ [_ _ _]	
\$ [_ _ _]				
Federal Reclamation Fees			\$ [_ _ _]	
\$ [_ _ _]				

WV Severance Tax		\$ [_ _ _]	
\$ [_ _ _]			
WV Worker's Compensation		\$ [_ _ _]	
\$ [_ _ _]			
		\$ [_ _ _]	
Total Government Assessment Components		\$ [_ _ _]	
\$ [_ _ _]			

Fixed Component		\$ [_ _ _]	
\$ [_ _ _]	\$ [_ _ _]		
-----	-----		-
Total Base Mine Price		\$ [_ _ _]	
\$ [_ _ _]	\$ [_ _ _]		
-----	-----		-

NOTE: If rounding is required to apply the calculated adjustment to the Base Mine Price. The individual component nearest to .005 will be rounded up or down as appropriate.
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Coal Sales Agreement
 Schedule 8.4
 Example of How Base Price is Adjusted
 for change in a Governmental Assessment Component

ADJUSTED
 PRICE
 COMPONENT

Employment Hours & Earnings - CEU1021211106
 \$ [_ _ _ _]

CPI-All Urban Wage Earners Medical Care - CWUR00000SAM
 \$ [_ _ _ _]

Fabricated Metal Products - PCU332---332---
\$[_ _ _ _]

Petroleum Products Refined - WPU057
\$[_ _ _ _]

Total Variable Cost Components
\$[_ _ _ _]

Mining Machinery and Equipment - WPU1192
\$[_ _ _ _]

Industrial Commodities - WPU03T15M05
\$[_ _ _ _]

Industrial Power - WPU0543
\$[_ _ _ _]

Total of all escalating Components
\$[_ _ _ _]

IN	NEW	CURRENT	CHANGE
GOVERNMENT ASSESSMENT COMONENTS:		GOVERNMENT	
GOVERNMENT ASSESSMENT	GOVERNMENT ASSESSMENT	ASSESSMENT	
--	-----	-----	-----
Federal Black Lung Excise Tax		\$[_ _ _ _]	\$[_ _ _ _]
_] \$[_ _ _ _]			
Federal Reclamation Fees		\$[_ _ _ _]	\$[_ _ _ _]
_] \$[_ _ _ _]			
WV Severance Tax		\$[_ _ _ _]	\$[_ _ _ _]
_] \$[_ _ _ _]			
WV Worker's Compensation*		\$[_ _ _ _]	\$[_ _ _ _]
_] \$[_ _ _ _]			-----
-			
_] \$[_ _ _ _]		\$[_ _ _ _]	\$[_ _ _ _]
Total Government Assessment Components		\$[_ _ _ _]	
\$[_ _ _ _]			
Fixed Component		\$[_ _ _ _]	
\$[_ _ _ _]			
Total Base Mine Price		\$[_ _ _ _]	
\$[_ _ _ _]			

* Based on the WV Worker's Compensation base rate (Class A01 - Underground Coal

Mining) for 7/1/04 - 6/30/05 of 39.86.

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Schedule 8.5

Fuel Cost Adjustment for Transportation Price. On each Adjustment Date, \$[_ _ _ _] per ton (representing [_ _ _ _]% of the Transportation Price) shall be adjusted up or down based on the change in Rack Price as published by OPIS for Pittsburgh, Pa. Each such adjustment shall be based on the percentage change in the averages of the weekly published Rack Price, during the prior three months preceding the Adjustment Date (January 2006, February 2006, and March 2006 for the April 1, 2006 Adjustment Date) (the "Current Average Rack Price") from the average price for the fourth, fifth, and sixth month as published ("Base Average Rack Price"). The adjustment calculated as of any Adjustment Date shall be applied to the Transportation Price for the calendar quarter beginning on such Adjustment Date (i.e., the adjustment calculated as of April 1, 2006 will apply to the months April, May and June. 2006). The adjustment shall be calculated by Buyer's Agent and transmitted to Seller. Increases or decreases shall be calculated to the nearest \$0.01. The following provides, for illustrative purposes, an example of the above-described adjustment:

A= \$ adjustment to Transportation Price

CRP= Current Average Rack Price

BRP= Base Average Rack Price

A= [_ _ _ _] x \$[_ _ _ _]

A= (([_ _ _ _]-[_ _ _ _])/[_ _ _ _]) x \$[_ _ _ _]

A= increase of \$[_ _ _ _] to the Transportation Price

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FUEL & LUBRICANTS	[_ _ _]	[_
__ _]		

Belts & Feeders	[_ _ _]	
Ventilation	[_ _ _]	
Drainage & Water Lines	[_ _ _]	
Electrical	[_ _ _]	
General Mine Expense	[_ _ _]	
Other	[_ _ _]	
Water Treatment	[_ _ _]	

SUPPLIES	[_ _ _]	[_
__ _]		

Repairs & Maintenance	[_ _ _]	
Surface Equipment	[_ _ _]	
Vehicle Repairs & Maintenance	[_ _ _]	
Other	[_ _ _]	

REPAIRS & MAINTENANCE	[_ _ _]	[_
__ _]		

ELECTRIC (POWER)	[_ _ _]	[_
__ _]		

Federal Black Lung 720 Excise Tax	[_ _ _]	
Federal Reclamation Fees	[_ _ _]	
WV Severance Tax	[_ _ _]	
WV Workers Comp	[_ _ _]	

GOVERNMENTAL ASSESSMENT COMPONENTS	[_ _ _]	[_
__ _]		

Mine Admin. & General Cost	[_ _ _]	
MSHA Penalties	[_ _ _]	
Permits Licenses & Bonds	[_ _ _]	
Engineering	[_ _ _]	
Safety Services	[_ _ _]	
DD & A	[_ _ _]	
Corporate Overhead	[_ _ _]	
General Insurance	[_ _ _]	
Royalty	[_ _ _]	

FIXED COMPONENT	[_ _ _]	[_
__ _]		

Health Care		[_ _ _ _]	[_ _ _ _]
[_ _ _ _]			
Steel Supplies		[_ _ _ _]	[_ _ _ _]
[_ _ _ _]			
Fuel & Lubricants		[_ _ _ _]	[_ _ _ _]
[_ _ _ _]			
Supplies		[_ _ _ _]	[_ _ _ _]
[_ _ _ _]			
Repairs & Maintenance		[_ _ _ _]	[_ _ _ _]
[_ _ _ _]			
Electric (Power)		[_ _ _ _]	[_ _ _ _]
[_ _ _ _]			
Governmental Assessment Components		[_ _ _ _]	[_ _ _ _]
[_ _ _ _]			
Fixed Component		[_ _ _ _]	[_ _ _ _]
[_ _ _ _]			
Base Mine Price		[_ _ _ _]	[_ _ _ _]
TOTAL COST	(d)		
		-----	-----
-----	-----		
Base Mine Price Less	[_ _ _ _]	[_ _ _ _]	[_ _ _ _]
[_ _ _ _]	[_ _ _ _]%		
-----	-----	-----	-----

Check VCC?

yes

NOTES

VCC - Variable Cost Component

- (a) Enter previously effective Base Dollar Amounts from last preceding Adjustment Date
- (b) Enter Base Dollar Amounts effective with current Adjustment Date as determined pursuant to Section 8.2
- (c) Enter total costs incurred (expressed in \$/ton) as provided by Seller in Budget Categories specified - from Schedule 8.7 (a) (1)
- (d) Check if total costs incurred (expressed in \$/ton) is [_ _ _]% or more greater than or [_ _ _]% or more less than the Base Mine Price Less \$[_ _ _] from (b)
 If no, then stop here - no Supplemental Adjustment applies
 If yes, then proceed with Supplemental Adjustment - see

Schedule

8.7(c)

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PERCENT CHANGE	NOTES	WEIGHTING	INITIAL OR PRECEDING RATE	CURRENT RATE
-----	-----	-----	-----	-----
Roof Support Materials**		[----]%	\$ [----]	\$ [----]
[----]%	(a)			
Belt Structure/foot**		[----]%	\$ [----]	\$ [----]
[----]%	(a)			
Track/foot**		[----]%	\$ [----]	\$ [----]
[----]%	(a)			
Weighted change of Cost Benchmarks				
[----]%				
Steel Supplies VCC-Base Dollar Amount			\$ [----]	\$ [----]
[----]%	(b)			
Preceding Base Dollar Amount in effect			\$ [----]	
(c)				
Effective Base Dollar Amount (Index)			\$ [----]	
(d)				
Component Cost			\$ [----]	
(e)				
Variance Amount			\$ [----]	
(f)				
Supplemental Adjustment Amount			\$ [----]	if
(g)				applicable*
VCC Adjusted Base Dollar Amount			\$ [----]	if
(h)				applicable*

NOTES

VCC - Variable Cost Component

(a) Actual Cost Benchmark data supplied by Seller

(b) Current rate determined by applying percentage change from (a) to preceding Base Dollar Amount

(c) Base Dollar Amount in effect for this category before Article 8.0 adjustments on the Adjustment Date

(d) Base Dollar Amount adjusted pursuant to Section 8.2 on Adjustment Date

(e) Rate determined in (b) pursuant to Section 8.7

(f) = (e) - (d)

(g) = (f) / 2 - rounded to the nearest penny

applicable*

VCC Adjusted Base Dollar Amount (h) \$[_ _ _ _] if

applicable*

NOTES

VCC - Variable Cost Component

- (a) Actual Cost Benchmark data supplied by Seller
(b) Current rate determined by applying percentage change from (a) to preceding Base Dollar Amount
(c) Base Dollar Amount in effect for this category before Article 8.0 adjustments on the Adjustment Date
(d) Base Dollar Amount adjusted pursuant to Section 8.2 on Adjustment Date
(e) Rate determined in (b) pursuant to Section 8.7
(f) = (e)-(d)
(g) = (f)/2 - rounded to the nearest penny
(h) = (d) + (g)

* Supplemental Adjustment applies only if (e) [_ _ _ _]% or more greater than or [_ _ _ _]% or more less than (d)

** See Schedule 8.7(b) (5)

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Coal Sales Agreement Schedule 8.7(b) (5) Variable Cost Component Basis

(All dollar amounts shown below are for example purposes only and bear no relevance to the actual values.)

LABOR:

The Hourly Rate shall be determined in accordance with the following methodology:

Rate	Rate	Weighted Percentage	Weighted
Average Hourly Wage] (\$/hr)	\$[_ _ _ _]	[_ _ _ _]%	\$[_ _ _ _]
Average Salary Wage] (\$/hr)	\$[_ _ _ _]	[_ _ _ _]%	\$[_ _ _ _]
Hourly Rate (\$/hr)]			\$[_ _ _ _]

where:

Average Hourly Wage, as of any date, shall be [-----].

Average Salary Wage, as of any date, shall be [-----].

The weighted percentages shall remain fixed throughout the Term.

MEDICAL:

The Monthly Rate (\$ per Employee), as of any date, shall be [-----].

STEEL SUPPLIES:

The Steel Supplies Variable Cost shall be determined in accordance with the following methodology:

Cost	Cost	Weighted Percentage	Weighted
Roof Support (Avg.] Roof Support Material Cost)	\$[_ _ _ _]	[_ _ _ _]%	\$[_ _ _ _]
Structure (Cost Per] Foot)	\$[_ _ _ _]	[_ _ _ _]%	\$[_ _ _ _]
Track (Cost Per Foot)]	\$[_ _ _ _]	[_ _ _ _]%	\$[_ _ _ _]
Steel Supplies Variable] Cost			\$[_ _ _ _]

where:

The Average Roof Support Material Cost, as of any date, shall be [-----].

VARIANCE AMOUNT (\$/TON)	INCLUDE IN SUPPLEMENTAL ADJUSTMENT?	EFF. BASE DOLLAR	EXAMPLE	DIFFERENCE FROM
		VCC AMOUNT (\$/TON) 7/01/06 8.2 ADJ. AMOUNT	NEW 7/01/06 COMPONENT DOLLAR COST (\$/TON)	8.2 ADJUSTMENT % CHG
		(a)	(b)	(c)
Labor [_ _ _ _]	yes	[_ _ _ _]	[_ _ _ _]	[_ _ _ _]
Health Care [_ _ _ _]	no	[_ _ _ _]	[_ _ _ _]	[_ _ _ _]
Steel Supplies [_ _ _ _]	yes	[_ _ _ _]	[_ _ _ _]	[_ _ _ _]
Fuel & Lubricants [_ _ _ _]	yes	[_ _ _ _]	[_ _ _ _]	[_ _ _ _]
Supplies [_ _ _ _]		[_ _ _ _]		
Repairs & Maintenance [_ _ _ _]		[_ _ _ _]		
Electric (Power) [_ _ _ _]		[_ _ _ _]		
Governmental Assessment Components [_ _ _ _]		[_ _ _ _]		
Fixed Component [_ _ _ _]		[_ _ _ _]		
Base Mine Price Supplemental Adjustment:		[_ _ _ _]	[_ _ _ _]	
Base Mine Price Less [_ _ _ _] [_ _ _ _]		[_ _ _ _]		

NOTES

VCC - Variable Cost Component

(a) Refer to Base Dollar Amounts effective with current Adjustment Date as determined according to Section 8.2 - see Schedule 8.7(a) (2)

(b) Enter Component Costs for each Variable Cost Components as determined according to Schedules 8.7(b) (1)-(b) (4)

(c) For each of the VCC categories individually,

determine if Component Costs (from Schedules 8.7(b) (1)-(b) (4)) are [_ _ _ _]% or more greater than or [_ _ _ _]% or more less than the effective Base Dollar Amount from (a)

If no, then stop here, no Supplemental Adjustment is applicable for that Variable Cost Component

If yes, then calculate applicable amount for Supplemental Adjustment (refer to Schedules 8.7(b)(1)-(b)(4) for details of the calculation)

(d) Add applicable Supplemental Adjustment Amount from (c) to Base Dollar Amount effective with current Adjustment Date (a) to determine new effective Base Dollar Amount (d)

Refer to Schedules 8.7(b)(1)-(b)(4) for details of the calculation