

7. Documents: Attached are **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, security agreements, or, in the case of a claim based on an open-end or revolving consumer credit agreement, a statement providing the information required by FRBP 3001(c)(3)(A). If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evidence of perfection of a security interest are attached. If the claim is secured by the debtor's principal residence, the Mortgage Proof of Claim Attachment is being filed with this claim. (See instruction #7, and the definition of "redacted".)

RECEIVED

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

OCT 09 2015

If the documents are not available, please explain:

8. Signature: (See instruction #8)

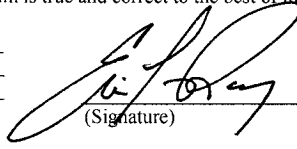
KURTZMAN CARLSON CONSULTANTS

Check the appropriate box.

- I am the creditor. I am the creditor's authorized agent. I am the trustee, or the debtor, or their authorized agent. I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)
(See Bankruptcy Rule 3004.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Eric T. Ray
Title: Attorney
Company: Balch & Bingham LLP
Address and telephone number (if different from notice address above):


(Signature)

10/8/15
(Date)

Telephone number: _____ email: _____

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, exceptions to these general rules may apply.

Items to be completed in Proof of Claim form

Court, Name of Debtor, and Case Number:

Fill in the federal judicial district in which the bankruptcy case was filed (for example, Central District of California), the debtor's full name, and the case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is at the top of the notice.

Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:

Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

3b. Uniform Claim Identifier:

If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

4. Secured Claim:

Check whether the claim is fully or partially secured. Skip this section if the

claim is entirely unsecured. (See Definitions.) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation, and state, as of the date of the bankruptcy filing, the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. § 507 (a).

If any portion of the claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:

Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest and documents required by FRBP 3001(c) for claims based on an open-end or revolving consumer credit agreement or secured by a security interest in the debtor's principal residence. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

8. Date and Signature:

The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate servicer as the company. Criminal penalties apply for making a false statement on a proof of claim.

BALCH & BINGHAM LLP

ERIC T. RAY
t: (205) 226-3457
f: (205) 488-5845
e: eray@balch.com

October 8, 2015

VIA FEDEX

Walter Energy Claims Processing
c/o KCC
2335 Alaska Avenue
El Segundo, CA 90245

Re: Walter Energy, Inc. Claims

Dear Sir or Madam:

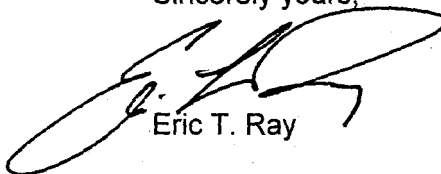
Enclosed for processing are the following claims on behalf of creditor Alabama Power Company:

Amount	Debtor	Case No.
\$83,656.08	Taft Coal Sales & Associates, Inc.	15-02751
\$23,574.76	Taft Coal Sales & Associates, Inc.	15-02751
\$718.93	Tuscaloosa Resources, Inc.	15-02753
\$33,193.76	Walter Minerals, Inc.	15-02763
\$380,146.49	Walter Coke, Inc.	15-02744
\$8,463.14	Blue Creek Energy, Inc.	15-02752
\$2,337,110.74	Jim Walter Resources, Inc.	15-02743
\$139,347.84	Walter Black Warrior Basin, LLC	15-02756

Please process the enclosed claims and contact me if you have any questions about this matter.

With best regards I remain,

Sincerely yours,


Eric T. Ray

ETR:kh

Enclosures

TAFT COAL SALES & ASSOCIATES, INC.
 P O BOX 1608
 JASPER, AL 35502

ALABAMA POWER COMPANY-ROYALTY REPORT
 June, 2015
 Lease ID - TF-08-14

AP2641
 7-5475

CHOCTAW/SANFORD HILL-FEE		\$ 5.66					
Buyer		Price Per Ton	Hauling/ Loading	Hauling/ Washing	Pit Price Per Ton	Tons Sold	Amount
	Washed	\$ -	\$ -	\$ 5.66		-	\$ -
Glen Allen Ga Pacific	Raw	\$ 98.00	\$ -	\$ -	\$ 98.00	1,472.59	\$ 144,313.82
	Washed	\$ 98.00	\$ -	\$ 5.66	\$ 92.34	-	\$ -
Glen Allen Yelvington	Raw	\$ 103.00	\$ 10.00	\$ -	\$ 93.00	624.68	\$ 58,095.24
	Washed	\$ 103.00	\$ 10.00	\$ 5.66	\$ 87.34	44.11	\$ 3,852.57
Glen Allen Int'l Paper	Raw	\$ 95.90	\$ 17.00	\$ -	\$ 78.90	520.56	\$ 41,072.18
	Washed	\$ 95.90	\$ 17.00	\$ 5.66	\$ 73.24	268.19	\$ 19,642.24
Glen Allen Ascend	Raw	\$ 98.00	\$ -	\$ -	\$ 98.00	2,214.84	\$ 217,054.32
	Washed	\$ 98.00	\$ -	\$ 5.66	\$ 92.34	180.73	\$ 16,693.23
Waller Coke	Raw	\$ 110.00	\$ 8.00	\$ -	\$ 102.00	2,076.20	\$ 211,772.40
	Washed	\$ 110.00	\$ 8.00	\$ 5.66	\$ 96.34	-	\$ -
CEMEX-Demopolis	Raw	\$ 82.00	\$ 16.00	\$ -	\$ 66.00	4,309.71	\$ 284,440.88
	Washed	\$ 82.00	\$ 16.00	\$ 5.66	\$ 60.34	5,322.68	\$ 321,170.51
CEMEX-GA	Raw	\$ 96.00	\$ 40.20	\$ -	\$ 55.80	-	\$ -
	Washed	\$ 96.00	\$ 40.20	\$ 5.66	\$ 50.14	-	\$ -
						17,034.34	
						17,034.34	
						Total Sold	\$ 1,318,107.36
						Times %	4%
						Amount Due	\$ 52,724.29

CHOCTAW/SANFORD HILL-MINERAL		\$ 5.66					
Buyer		Price Per Ton	Hauling/ Loading	Hauling/ Washing	Pit Price Per Ton	Tons Sold	Amount
Glen Allen Ga Pacific	Raw	\$ 98.00	\$ -	\$ -	\$ 98.00	48.07	\$ 4,710.66
	Washed	\$ 98.00	\$ -	\$ 5.66	\$ 92.34	-	\$ -
Glen Allen Int'l Paper	Raw	\$ 95.90	\$ 17.00	\$ -	\$ 78.90	25.45	\$ 2,008.01
	Washed	\$ 95.90	\$ 17.00	\$ 5.66	\$ 73.24	194.49	\$ 14,244.45
Glen Allen Ascend	Raw	\$ 98.00	\$ -	\$ -	\$ 98.00	596.44	\$ 58,451.12
	Washed	\$ 98.00	\$ -	\$ 5.66	\$ 92.34	5.66	\$ 522.64
Glen Allen Yelvington	Raw	\$ 103.00	\$ 10.00	\$ -	\$ 93.00	268.71	\$ 26,850.03
	Washed	\$ 103.00	\$ 10.00	\$ 5.66	\$ 87.34	1.39	\$ 121.40
Waller Coke	Raw	\$ 110.00	\$ 8.00	\$ -	\$ 102.00	65.78	\$ 6,709.56
	Washed	\$ 110.00	\$ 8.00	\$ 5.66	\$ 96.34	-	\$ -
CEMEX-Demopolis	Raw	\$ 82.00	\$ 16.00	\$ -	\$ 66.00	722.64	\$ 47,694.24
	Washed	\$ 82.00	\$ 16.00	\$ 5.66	\$ 60.34	480.55	\$ 28,998.39
CEMEX-GA	Raw	\$ 96.00	\$ 40.20	\$ -	\$ 55.80	-	\$ -
	Washed	\$ 96.00	\$ 40.20	\$ 5.66	\$ 50.14	-	\$ -
						2,429.17	
						2,429.18	
						Total Sold	\$ 190,308.70
						Times %	3%
						Amount Due	\$ 5,709.26
						Total Due	\$ 58,433.56

Taft Coal Sales & Associates, Inc.
P O Box 1608
Jasper, AL 35502

Alabama Power Company-Royalty Report
July 1-15, 2015
Lease ID - TF-08-14

AP2641
7-5475

CHOCTAW/SANFORD HILL-FEE		6.12					
Buyer		Price Per Ton	Hauling/ Loading	Hauling/ Washing	Pit Price Per Ton	Tons Sold	Amount
Glen Allen Ga Pacific	Raw	\$ 98.00	\$ -	\$ -	\$ 98.00	2,157.14	\$ 211,399.72
	Washed	\$ 98.00	\$ -	\$ 6.12	\$ 91.88	261.48	\$ 24,024.78
Glen Allen Yeivngton	Raw	\$ 80.00	\$ 10.00	\$ -	\$ 70.00	189.78	\$ 13,284.60
	Washed	\$ 80.00	\$ 10.00	\$ 6.12	\$ 63.88	67.86	\$ 4,334.90
Glen Allen Int'l Paper	Raw	\$ 95.90	\$ 17.00	\$ -	\$ 78.90	1,073.17	\$ 84,673.11
	Washed	\$ 95.90	\$ 17.00	\$ 6.12	\$ 72.78	-	\$ -
Glen Allen Ascend # I	Raw	\$ 98.00	\$ -	\$ -	\$ 98.00	105.30	\$ 10,319.40
	Washed	\$ 98.00	\$ -	\$ 6.12	\$ 91.88	-	\$ -
Glen Allen Ascend # II	Raw	\$ 78.90	\$ -	\$ -	\$ 78.90	105.34	\$ 8,311.33
	Washed	\$ 78.90	\$ -	\$ 6.12	\$ 72.78	-	\$ -
Walter Coke	Raw	\$ 110.00	\$ 8.00	\$ -	\$ 102.00	482.61	\$ 49,226.22
	Washed	\$ 110.00	\$ 8.00	\$ 6.12	\$ 95.88	-	\$ -
CEMEX-Demopolis	Raw	\$ 82.00	\$ 16.00	\$ -	\$ 66.00	777.39	\$ 61,307.74
	Washed	\$ 82.00	\$ 16.00	\$ 6.12	\$ 59.88	1,689.78	\$ 101,184.83
Big River	Raw	\$ 100.00	\$ 16.00	\$ -	\$ 84.00	246.44	\$ 20,700.96
	Washed	\$ 100.00	\$ 16.00	\$ 6.12	\$ 77.88	120.42	\$ 9,378.31
						7,276.72	
						Total Sold	\$ 588,145.69
						Times %	4%
						Amount Due	\$ 23,525.83

CHOCTAW/SANFORD HILL-MINERAL		6.12					
Buyer		Price Per Ton	Hauling/ Loading	Hauling/ Washing	Pit Price Per Ton	Tons Sold	Amount
Glen Allen Ga Pacific	Raw	\$ 98.00	\$ -	\$ -	\$ 98.00	154.41	\$ 15,132.18
	Washed	\$ 98.00	\$ -	\$ 6.12	\$ 91.88	32.52	\$ 2,987.94
Glen Allen Int'l Paper	Raw	\$ 95.90	\$ 17.00	\$ -	\$ 78.90	98.28	\$ 7,764.29
	Washed	\$ 95.90	\$ 17.00	\$ 6.12	\$ 72.78	-	\$ -
Glen Allen Ascend # I	Raw	\$ 98.00	\$ -	\$ -	\$ 98.00	9.35	\$ 916.30
	Washed	\$ 98.00	\$ -	\$ 6.12	\$ 91.88	-	\$ -
Glen Allen Ascend # II	Raw	\$ 78.90	\$ -	\$ -	\$ 78.90	9.98	\$ 787.42
	Washed	\$ 78.90	\$ -	\$ 6.12	\$ 72.78	-	\$ -
Glen Allen Yeivngton	Raw	\$ 80.00	\$ 10.00	\$ -	\$ 70.00	25.31	\$ 1,771.70
	Washed	\$ 80.00	\$ 10.00	\$ 6.12	\$ 63.88	3.14	\$ 200.58
Walter Coke	Raw	\$ 110.00	\$ 8.00	\$ -	\$ 102.00	25.62	\$ 2,613.24
	Washed	\$ 110.00	\$ 8.00	\$ 6.12	\$ 95.88	-	\$ -
CEMEX-Demopolis	Raw	\$ 82.00	\$ 16.00	\$ -	\$ 66.00	83.20	\$ 5,491.20
	Washed	\$ 82.00	\$ 16.00	\$ 6.12	\$ 59.88	262.29	\$ 15,705.93
Big River	Raw	\$ 100.00	\$ 16.00	\$ -	\$ 84.00	32.87	\$ 2,781.08
	Washed	\$ 100.00	\$ 16.00	\$ 6.12	\$ 77.88	5.58	\$ 434.57
						742.54	
						Total Sold	\$ 56,556.43
						Times %	3%
						Amount Due	\$ 1,696.69
						Total Due	\$ 25,222.52

COAL MINING LEASE AND PROSPECTING AGREEMENT

THIS AGREEMENT entered into on the 1st day of August, 1998, by and between **ALABAMA POWER COMPANY** (hereinafter "ALABAMA"), on its own behalf and as the agent for **SOUTHERN ELECTRIC GENERATING COMPANY (SEGCO)**, and **TAFT COAL SALES AND ASSOCIATES, INC** (hereinafter "Lessee").

WITNESSETH:

1. **GRANTING CLAUSE:**

a. ALABAMA, in consideration of the covenants of Lessee hereinafter set forth, hereby grants and leases to Lessee only such rights as ALABAMA may have and lawfully grant in connection with the prospecting, mining and removing of coal from the coal seams, and use of the approved area of the surface of certain property, described on Exhibit A attached hereto and made a part hereof (hereinafter "Premises") for the purpose of mining coal by the surface method and using the surface of the Premises in any way which may be necessary for the mining, removal, stockpiling, transporting, processing, blending, or marketing of any and all coal, including coal mined from the Premises, it being the responsibility of Lessee to assure itself of title to the Premises and to acquire any and all other appropriate coal rights and surface rights from third parties for mining said coal and conducting operations hereunder. Lessee shall, within six (6) months of the execution of this Agreement, furnish to ALABAMA copies of any deeds, abstracts, title opinions, and insurance certificates that it may obtain that reflect ALABAMA's title, or failure of title, to all or any portion of the Premises, and information concerning claims of adverse surface mineral rights, or surface usage, of third parties in the Premises. ALABAMA shall have no liability to Lessee or anyone claiming under Lessee, regardless of the cause of action, for

any claims, damages or liability arising from or related to a failure to disclose adverse rights or adverse surface usage of third parties in the Premises. In the event of any dispute with any third party as to the ownership of or extent of the surface, mineral or coal rights in the Premises described hereunder, Lessee shall discontinue the use of such surface or removal of such coal either or both, as the case may be, until such dispute shall have been settled, or Lessee shall pay any and all royalties due as a result of continued mining on that portion of the Premises on which the property ownership is in dispute to an independent entity such as a title company or shall interplead said royalties into a court of competent jurisdiction until the dispute is resolved by court or otherwise. If such dispute shall arise, it shall be solely the responsibility of Lessee to resolve the dispute, with no liability accruing to ALABAMA. ALABAMA shall reasonably and promptly cooperate with Lessee in the resolution of any such disputes including but, not limited to providing Lessee with copies of non-privileged records and documents at ALABAMA which relate to such disputes. Lessee shall indemnify, defend and hold harmless at its expense ALABAMA and its agents, employees and affiliates from and against any and all damages, claims and liability resulting from or arising out of any such dispute, including without limitation costs, expenses and reasonable attorneys fees. This obligation of Lessee shall survive the termination or expiration of this Agreement.

b. Upon obtaining the prior written consent of Alabama, Lessee may build roads, install new fixtures, equipment or facilities on the Premises, or make any other use, additions or change to the surface of the Premises in connection with Lessee's mining operations during the term of this Agreement and as long as mining operations continue.

Lessee may, during the term of this Agreement and as long as mining operations continue, upon obtaining prior written consent of ALABAMA, construct, operate and maintain handling and loading facilities, roads and ways over and upon such Premises for the transportation of coal from said Premises and other lands not described herein and for the transportation to and from said Premises and other lands not described herein of all materials, instruments and equipment which may be needed in mining, handling and loading said coal and for related operations in connection with the mining of said coal; and Lessee may, upon obtaining the prior written consent of ALABAMA, construct, maintain and operate in, under, over or upon said Premises roadways, power lines, drill holes, and any other things as Lessee may deem reasonably necessary for the effective and efficient conduct of Lessee's mining operation upon the Premises. Except for those rights granted to Lessee herein, ALABAMA, to the extent of its interest, reserves all rights with respect to the surface and subsurface of the Premises.

c. Lessee agrees to conduct its operations on the surface of the Premises in such a manner as not to interfere with the operations of Alabama.

d. ALABAMA reserves for itself, its successors, and assigns the right to use of the surface of the Premises in which Lessee is granted the right of use hereunder and of the mineral rights, coal, and coal rights other than the coal in the Pratt, Nickel Plate and America Seam leased to Lessee hereunder, and further reserves the right to sell or lease portions of the surface of the Premises hereunder in its normal course of business. ALABAMA agrees that any such future use, sale, lease, assignment or transfer of any of the Premises during the term of this Agreement shall require reasonable cooperation with

Lessee and shall require that the Lessee, assignee or transferee will not unreasonably interfere with Lessee's operations hereunder. Lessee shall cooperate with and not unreasonably delay or interfere with the orderly development of the Premises or the rights of other lessees, assignees or transferees. Lessee takes this Agreement subject to, and this Agreement is subordinate to, all prior leases, agreements, rights-of-way, easements and other rights now existing which affect the Premises. ALABAMA shall disclose and provide to Lessee prior to the execution of this agreement legible copies of all such leases, agreements, rights of way and easments now existing which affect the Premises.

e. Lessee shall commence and conduct its mining and related operations with the understanding that ALABAMA has made or constructed, and will continue to make or construct, and has granted easements to third parties to make or construct, certain improvements and structures upon the Premises, including without limitation transmission and distribution electric power lines, gas lines, water lines, and telephone lines located thereon.

2. NO OWNERSHIP WARRANTIES: ALABAMA does not warrant that it owns any interest (surface, mineral, or mining rights) in the Premises; further, ALABAMA does not warrant the condition, quality, quantity, or existence of any coal which may exist in the Premises.

3. EFFECTIVE DATE AND TERM: The term of this Agreement shall be from the date of the execution of this Agreement until June 30, 2004. In the event Lessee is not in default of the terms hereof and upon the condition that Lessee has begun mining on the Premises, Alabama and Lessee may mutually agree to renew this Agreement for a period

of five (5) years upon the same terms and conditions which pertain to the initial term hereof.

Said renewal option shall be exercised by Lessee giving to ALABAMA notice in writing at least three (3) months prior to the expiration of the initial term of this Agreement stating the intention of Lessee to exercise said renewal option, whereupon this Agreement shall automatically be renewed. If Lessee does not timely exercise said option to renew, it shall be deemed to have automatically expired upon the expiration of the initial term hereof.

4. CO-LESSOR: SOUTHERN ELECTRIC GENERATING COMPANY (SEGCO), through its agent Alabama Power Company, shall be a co-lessor under this Agreement. All references to "ALABAMA" throughout this Agreement shall hereinafter include both ALABAMA POWER COMPANY and SOUTHERN ELECTRIC GENERATING COMPANY.

5. ROYALTY: Lessee will pay ALABAMA for coal ownership the greater of \$2.00 per Ton or seven percent (7%) of the sales price per Ton and for surface ownership four percent (4%) of the sales price per Ton paid by each Bona Fide Purchaser for all normal mine run coal mined from the Premises, the Sales Price being hereinafter defined. Special circumstances may occur where coal sold from the Premises may not be normal mine run coal such as pond fines, coal severely contaminated by rock, or other unusual conditions which may make such coal less desirable for sale than normal mine run coal. If such special circumstances exist, the royalty will be, for coal ownership, seven percent (7%) of the sales price per Ton paid by a Bona Fide Purchaser. Prior to selling any coal which is not normal mine run coal, Lessee shall obtain ALABAMA's written concurrence that the coal proposed to be sold is not normal mine run coal. For purposes of this

Agreement, "Ton" shall mean 2,000 lbs. avoirdupois. "Bona Fide Purchaser" shall mean any purchaser of coal produced from the Premises other than Lessee or a Lessee Affiliate.

An "Lessee Affiliate" shall mean any person, persons, party, partnership, company, joint venture, corporation or entity owned in whole or in part by, or which owns in whole or in part, Lessee, its principals, owners, affiliates, successors or assigns, and shall include without limitation any such company, corporation, partnership, joint venture or entity which is owned or controlled by, which owns or controls, or which is owned or controlled by the corporation or other entity owning and controlling Lessee.

6. SALES PRICE: The "Sales Price" used for computation of royalty shall be the gross price received from a Bona Fide Purchaser for coal F.O.B. Shipping Point, without any deductions for sales commission, brokerage fees, or other charges. The Shipping Point shall be the location at which the coal mined from the Premises by Lessee, Lessee's contractor, agent or Lessee Affiliate, leaves the possession of Lessee or a Lessee Affiliate to be shipped to the open market or the final purchaser and/or consumer of the coal, as the case may be, whether from the mine located on the Premises or the preparation plant of Lessee.

7. ROYALTY PAYMENTS AND REPORTS: Earned Royalties shall be paid on or before the 21st day of each month for all coal shipped and sold during the preceding month as evidenced by a report or reports furnished by Lessee to ALABAMA on a timely basis on or before the 21st day of each month. Such reports shall be accompanied by sufficient documentation to verify to ALABAMA's satisfaction the exact amounts of coal mined, shipped and sold from the Premises by Lessee. Said reports shall include the

number of Tons in each individual sale of coal by Lessee or the Lessee Affiliate, the customer to which the coal was sold, the gross sales price of the coal for each sale, the "as received" moisture content, the tonnage received on respective purchase orders, and calculations of the Earned Royalty due ALABAMA for each sale.

8. MINING PROGRESS MAPS:

a. Lessee shall, not later than the 21st day of each January, April, July and October respectively during the term of this Agreement, provided that coal is being mined from the Premises, furnish ALABAMA with a progress map or maps made by a registered professional land surveyor and duly certified to by the engineer of Lessee, showing Lessee's mining progress during the preceding three (3) month period. The maps shall include the date of mining, sufficient coal thickness to determine the actual amount of coal mined by Lessee, and the calculations of the number of tons removed from each seam by quarter/quarter section.

b. ALABAMA shall have the right at any time, and from time to time, to advise itself by engineering observation of the method of operations employed by Lessee, of coal not being removed as the workings progress, and to ascertain by actual survey the actual quantity of coal from time to time removed from the Premises. Lessee shall, however, have the right to have its engineer present at the time any such observation or survey is made by ALABAMA.

9. MINE VISITS: ALABAMA shall have, without limitation, the free, unrestricted, unobstructed access to the Premises for the purpose of making visits, surveys, or for any other reasonable business purposes whatsoever; provided, however, that said visits shall

occur during normal business hours.

10. AUDIT: In order to determine the accuracy and correctness of Lessee's mining, reporting, and sales procedures or of any report required of Lessee for coal mined from the Premises under this Agreement, Lessee shall keep adequate books, records, and reports concerning any and all coal mined, blended, processed, transported, and sold hereunder, and ALABAMA and its representatives shall have the right to review and audit during the term hereof, at all reasonable times and during normal business hours, said books, records, and reports of Lessee. Said books and records shall be kept for inspection by ALABAMA and its representatives not less than three (3) years following the date of mining. The provisions of this section shall survive the expiration or termination of this Agreement for any reason by any party.

11. BEST PRACTICE IN MINING: Lessee shall conduct its coal mining operations on ALABAMA's Premises in accordance with the Best Mining Practice of a prudent operator so that there will be no needless or avoidable loss or waste of coal. The term "Best Mining Practice" as used herein shall mean those modern mining methods and practices employed by a prudent mining operator under conditions similar to those existing on the Premises using modern mining equipment and techniques in the conduct of diligent and aggressive mining operations in an attempt to recover the maximum amount of reasonably economically mineable coal ("Recoverable Coal") on the Premises. If by reason of the negligence, inprudence, or failure to use Best Mining Practice by Lessee, a Lessee Affiliate, or the contractors, agents or employees of either, Recoverable Coal on the Premise is blocked off, destroyed or otherwise made unmineable, Lessee shall be

obligated to pay the earned royalties thereon to the same extent as if such coal had been mined. Settlement shall be made on the basis of engineering estimates of Recoverable Coal not mined which should have been mined had Best Mining Practice been employed.

12. **FORCE MAJEURE:** Neither ALABAMA nor Lessee shall be liable for any delay or failure of performance where such delay or failure results from an event of force majeure and the party claiming force majeure promptly gives the other party written notice of such force majeure. "Force majeure" as used herein shall mean a cause reasonably beyond the control of ALABAMA or Lessee, as the case may be, which wholly or in substantial part prevents the performance of an obligation under this Agreement and includes, without limitation, strikes or other labor trouble, acts of God, acts of the public enemy, fires, floods, electric power failures, breakdown of major equipment, orders or acts of civil (including, without limitation, acts of federal or state legislatures) authority, acts of the other party or other causes, whether similar or dissimilar to those hereinabove mentioned. Upon the occurrence of an event of force majeure the liabilities of the party giving notice and the corresponding obligations of the other party shall be suspended to the extent made necessary by and during the continuance of such force majeure; provided, however, that the disabling effects of such force majeure shall be eliminated as soon as and to the extent possible (except that either party may settle any of its own labor troubles in its own discretion). If an event of force majeure occurs which event is not directly caused by ALABAMA and, as a result thereof, Lessee is unable to continue its operation and development of the mine or any substantial production therefrom, and such condition continues for a period of three (3) consecutive months, or six (6) consecutive months if

Lessee's inability to continue its operation and development of the mine or any substantial production therefrom is due to strikes or other labor trouble) then upon written notice to Lessee ALABAMA may terminate this Agreement.

13. ABANDONMENT AND RECLAMATION:

a. Lessee shall notify ALABAMA whenever Lessee has completed or abandoned, or proposes to complete or abandon any area in the Premises other than in the normal projected mining plan in order that ALABAMA may ascertain whether or not Lessee has removed all Recoverable Coal therefrom and otherwise has complied with the conditions hereof. For purposes of this Section 13.a, completion or abandonment shall not include Lessee's day-to-day operations of surface mining so long as Lessee is following Best Mining Practice.

b. Except for emergency conditions relative to water, and geological faulting which prohibit the recovery of coal using Best Mining Practice or involves safety considerations (hereinafter "Emergency Conditions"), upon receipt from Lessee of any notice required in Section 13.a above, or upon receipt from Lessee of information as to any mining procedure used or proposed to be used, and with respect to any observed method of Lessee's operations, ALABAMA shall within thirty (30) days of the receipt of said notice or information, or within thirty (30) days after such observation, notify Lessee if such proposed completion or abandonment, or if such procedure or continuation thereof, is not approved as in compliance herewith. If ALABAMA fails to give Lessee said notice within said period of time, then Lessee may complete or abandon the removal of said coal from said workings or area, or may implement or continue the said mining procedure, In an

Emergency Condition, Lessee shall immediately notify ALABAMA and shall keep the area open for observation as long as it is feasible, due regard being given to safety and the ability to continue mining operations according to Best Mining Practice.

c. If, for any reason, this Agreement is terminated or expires by its terms, Lessee shall be required to accomplish such, reclamation and abandonment procedures as are then required by regulations of federal, state or local regulatory authorities. This requirement and obligation shall survive the termination or expiration of this Agreement. Notwithstanding anything to the contrary contained herein, it is understood and agreed that if this Lease is canceled by ALABAMA pursuant to the provisions of paragraph thirty three (33) hereof, then in that event Lessee shall only be responsible for seeing that the reclamation of the Premises is current as to the time of said cancellation under then existing regulations of federal, state or local regulatory authorities.

14. ABANDONED WORKINGS: It is recognized by both parties hereto that there are, or may be, in the vicinity of or under or upon some or all of the Premises, abandoned mine workings. Nothing contained herein, any other information, oral or in writing, or by diagram, drawing or map, heretofore or hereafter furnished by ALABAMA, shall be construed as a representation or warranty of the location or condition of said abandoned workings. ALABAMA expressly states that it does not know the exact location or condition of said abandoned workings, and ALABAMA shall not be liable or responsible, under this Agreement, for any risks of any kind whatever with respect to Lessee's operations at or near said abandoned workings, nor with respect to any damage resulting therefrom,

whether to Lessee or to any other person, firm or corporation.

15. TIMBER: Lessee shall have no right to use or remove any of the timber on the Premises in which ALABAMA owns the surface, except as provided in this Section 15. If Lessee desires to remove timber from any roads, ways or rights-of-way, or from the location of any other construction, permitted hereunder, Lessee shall give ALABAMA ninety (90) days' prior written notice. Notwithstanding anything to the contrary contained hereinabove, if ALABAMA fails to notify Lessee within said ninety (90) day period that it will remove and/or sell such timber or fails to remove such timber within said time period, then in that event Lessee shall have the right to bury any and all of such timber in connection with its mining operations upon the Premises and in such case, Lessee shall not be responsible for any stumpage to ALABAMA for any such timber. Provided, however, that if Lessee's operations are such that the removal of timber is necessary prior to the expiration of ninety (90) days, Lessee may remove timber before such expiration and shall pay ALABAMA stumpage for said timber so cut either at the Prevailing Rate or the amount actually received by Lessee for said timber, whichever is higher. Lessee shall be responsible for and shall pay any severance tax which may be due upon said timber so cut.

16. LIABILITY AND INDEMNIFICATION:

a. Lessee agrees that it is independent of ALABAMA under this Agreement, and ALABAMA is in no way liable for any injury or damage to persons or property which may result from Lessee's exercise of rights allowed by this Agreement including but not limited to the mining, processing, transportation and sale of coal or the use of the surface of the Premises as stated herein. Moreover, Lessee irrevocably agrees that it will indemnify,

protect, hold harmless, save, and defend ALABAMA, its affiliates, agents, contractors, servants and employees from any and all loss, damage and liability resulting from claims, actions, suits, causes of action, or other legal proceedings of any character, together with any expenses whatsoever including without limitation court costs, cost of investigations, cost of defense, settlements, attorneys' fees, judgments, awards, or other related expenses, all of which arise from, or are incident to or related to, or grow out of the use or occupation of the Premises by Lessee, its agents, servants, assigns, contractors, or subcontractors, including but not limited to liability for subsidence or other condition of the surface of the Premises, and liability arising out of or in connection with transportation of persons or property to or from the Premises, except that Lessee shall not be liable for the sole negligence, or intentional conduct of ALABAMA, its agents, servants, affiliates, assigns, contractors or subcontractors. Lessee shall not be liable for the condition of the Premises existing at the time of the execution of this Agreement, including but not limited to existing refuse deposits, environmental hazards or liabilities, provided that Lessee does not contribute to or worsen the condition.

b. Notwithstanding any other provision of this Agreement, Lessee shall be liable for all blasting damage that occurs on the lands described in Exhibit A hereto, and shall indemnify, protect, defend and hold harmless ALABAMA, its affiliates, agents, contractors, servants and employees from any and all loss, damage and liability resulting from claims, actions, suits, causes of action, or other legal proceedings of any character, together with any expenses whatsoever including without limitation court costs, costs of investigations, cost of defense, settlements, attorneys' fees, judgment awards, or other related expense, all

of which arise from, or are instant to, or grow out of the existence or occurrence of such blasting damage.

- c. The provisions of this Section 16 shall survive the expiration or termination of the Agreement for any reason by any party.

17. **INSURANCE:** Lessee shall procure and shall maintain during the term of the Agreement at its expense with insurance companies acceptable to Alabama, policies of insurance providing, at a minimum, the coverages and limits specified, and complying with the other requirements stated below:

- (a) Worker's Compensation in statutory amounts and Employer's Liability with a minimum limit of \$1,000,000 per person.

- (b) Commercial General Liability Insurance on an Occurrence Basis, with the following coverages and limits:

General Aggregate	\$2,000,000
Products-Completed Operations - Aggregate	\$2,000,000
Personal & Advertising Injury	\$2,000,000
Each Occurrence	\$2,000,000
Fire Damage (any one fire)	\$2,000,000
Medical Expense (any one person)	\$2,000,000

- (c) Comprehensive Automobile Liability, including owned, hired and non-owned automobiles, for Bodily Injury and Property Damage with a combined single limit of \$2,000,000 per occurrence.

- (d) Excess Liability in Umbrella Form with a limit of \$5,000,000 each

occurrence, \$5,000,000 Aggregate.

(e) Lessee hereby waives, and if required by the above policies will cause its insurer(s) to issue endorsements thereto to waive, all rights and subrogation against Alabama Power Company, Southern Electric Generating Company and Southern Company Services, Inc. with respect to any claim or loss payable or paid under each of such policies.

(f) Alabama Power Company, Southern Electric Generating Company and Southern Company Services, Inc. shall be added as Additional Insured parties on the policies set forth in B., C., and D above with respect to the performance of work or activities under this Agreement.

(g) Lessee's insurance shall be primary insurance as respects work on this Agreement and insurance of ALABAMA shall be excess of Lessee's insurance and shall not contribute with it.

(h) To the extent that Lessee utilizes deductibles or self-insurance in connection with the insurance coverages required herein, all such deductible and self-insured amounts shall be for the account and expense of Lessee and shall not be considered as costs or fees provided for in this Agreement.

Each of the above required policies shall contain a provision whereby the insurance carrier will notify ALABAMA at least thirty (30) days prior to the effective date of cancellation, nonrenewal or material change in any of said policies. When requested, Lessee shall promptly submit to ALABAMA a certificate, signed by an authorized representative of the insurance carrier, listing the policies, coverages and

limits and certifying that the said policies shall be in effect for the time periods stated in the Certificate. The obligations for Lessee to procure and maintain insurance shall not be construed to waive or restrict other obligations of Lessee. Lessee, in its agreements with contractors, shall require each contractor who performs work on the Agreement site, to obtain and maintain in effect during the term of each contract, insurance policies providing the coverages and limits and complying with other requirements that are imposed by this section.

18. COMPLIANCE WITH APPLICABLE LAWS: Lessee will not be considered an agent of ALABAMA in any of its operations under this Agreement, and in the exercise of any rights granted under this Agreement, it represents and warrants that it will, at its sole effort and expense, comply with all past, present, and future laws, ordinances, rules, and regulations of any Federal, State, County or municipal governing agency having jurisdiction or control over the Premises and over the mining, reclamation, and environmental pollution, or any other aspect of this Agreement, including but not limited to regulations of the Mine Safety and Health Administration, Office of Surface Mining, Alabama Surface Mining Reclamation Commission, and Alabama Department of Environmental Management, now in effect or subsequently passed or adopted or issued during the term of this Agreement, and thereafter as long as Lessee continues to use ALABAMA's Premises with respect to mining and reclamation operations. Lessee shall indemnify and defend ALABAMA from and against liability, including but not limited to the imposition of any civil or criminal penalty or fine upon ALABAMA by any government entity, arising from or related to Lessee's failure to comply with any such law, regulation or order, including but not limited to any such law,

regulation or order pertaining to storm water runoff, water treatment, reclamation and other environmental requirements. The provisions of this Section 18 shall survive the expiration or termination of this Agreement for any reason by any party with respect to any law, regulation or order including any modifications, amendments, or interpretations of same, in effect at the time of execution of this Agreement or enacted, promulgated or issued during the term hereof.

19. MINING LICENSES AND PERMITS: In addition to complying with all laws of all governmental agencies, Lessee agrees to procure all necessary licenses and permits pertaining to its operation on the Premises.

20. TAXES: Lessee agrees to pay all taxes or charges in the nature of taxes which are imposed by law on Lessee's equipment, machinery, structures, and other improvements placed under and upon the Premises by Lessee together with all taxes, assessments, wages, claims and expenses arising out of or in any way connected with Lessee's operations hereunder. Lessee shall also pay any so-called tonnage, license or privilege taxes levied upon the severance, removal or mining of the coal, and all other taxes now or hereafter imposed by the state and federal governments, either or both, on the mining or sale of said coal from the Premises. Lessee shall pay any severance tax which may be due upon timber cut by it under the terms of Section 15 of this Agreement. Lessee shall not be responsible for any taxes assessed against the Premises or imposed upon any equipment, machinery, structures or other improvements placed on the Premises by anyone other than Lessee. ALABAMA agrees to return for ad valorem taxation the interest which it owns in the Premises, including unmined coal contained therein, and shall pay all

taxes in the nature of ad valorem or ownership taxes thereon. The parties agree that ALABAMA retains an economic interest in the coal in place and does not, by virtue of this Agreement, convey such interest to Lessee.

21. TERMINATION:

a. ALABAMA shall have the right to terminate this Agreement for any default or for the breach of any covenant hereunder in the manner provided below, and the exercise of such right shall not be deemed a waiver of ALABAMA's right to damages for that or any other default or breach; and it is expressly agreed that events of default or breach shall include, but not be limited to, (1) failure or refusal of Lessee to remit the royalty required hereunder for sale of coal by the twenty-first of the month; (2) the failure of Lessee to conduct its mining operations in accordance with Best Mining Practice, (3) the dissolution of Lessee, insolvency of Lessee, the filing of a voluntary petition in bankruptcy by Lessee or the filing of an involuntary petition in bankruptcy against Lessee which is not vacated or set aside within sixty (60) days, or an assignment by Lessee for the benefit of Lessee's creditors, and (4) the failure to comply with any term or condition of this Agreement.

b. In the event of a default or breach of this Agreement, ALABAMA shall give notice in writing of intention to terminate, stating the cause therefor. If the said default or breach has not been corrected within thirty (30) days or, if correction cannot be reasonably accomplished within such time, correction has not begun within thirty (30) days, from the mailing of said notice, this Agreement may be and become terminated at the election of ALABAMA, and all rights of Lessee under this Agreement shall cease and terminate.

c. Lessee agrees to produce and sell during each Contract Year (a "Contract

Year' being the 12-month period beginning on the date mining begins on the Premises and each succeeding 12-month period) the following minimum quantities:

<u>Contract Year</u>	<u>Tonnage</u>
1	150,000
2	300,000
3	300,000
4	300,000
5	300,000
6 - Termination	300,000

Lessee's obligation under this Subsection c. shall not be reduced or excused by any other provision of this Agreement, including without limitation the occurrence of an event under Section 12. If, for any Contract Year, for any reason Lessee is unable to produce and sell the minimum tons listed in this Section, ALABAMA may, at its option, upon sixty (60) days written notice, terminate this Agreement.

d. Upon the expiration or termination of this Agreement for any reason by either party, Lessee shall promptly remove all of its surface and under ground equipment, facilities, supplies and materials from the Premises and shall close and reclaim such Premises in accordance with all applicable governmental laws, regulations, rules, orders, permits and bonds.

e. In the event a third party acquires a controlling interest in Lessee, ALABAMA shall have the right, at its option, to terminate this Agreement. Lessee shall give ALABAMA

at least sixty (60) days prior written notice of any such acquisition. Failure to give such notice shall be a breach of this Agreement.

22. REMOVAL OF EQUIPMENT: All machinery, equipment, buildings, structures, improvements and other personal property placed in, on or under the Premises shall remain the property of Lessee and Lessee shall have the right to remove them upon the expiration or termination of this Agreement provided that all sums owed by Lessee to ALABAMA shall have first been paid. Lessee shall at all times during the term of this Agreement and within one hundred eighty (180) days after the expiration of same or termination of possession have the right of ingress and egress to and from the Premises to remove such equipment as necessary.

23. SEGCO #1 TRANSLOADER: Commencing on the date Lessee begins mining coal on the Premises and continuing through the date Lessee ceases mining coal on the Premises, Lessee shall have the right to use the SEGCO #1 transloader site shown on the map attached hereto as Exhibit B (the "Site") without charge by ALABAMA during the term of this Agreement for transloading, storing, stockpiling, and transporting coal. Lessee shall not commence use of the Site until ALABAMA's prior written consent has been obtained. Promptly after execution of this Agreement, Lessee shall secure the Site by erecting a locked gate on the entrance road. ALABAMA shall convey ownership of the truck scales and truck sampler on the Site "as is" and "where is", with no warranty of any kind, pursuant to a Bill of Sale to be executed promptly after execution of this Agreement. If at any time after sale of the scales and sampler ALABAMA requests Lessee to perform weighing and/or sampling of material for

ALABAMA at the Site with use of such equipment, Lessee shall do so, at a mutually agreeable price, during the term of this Agreement . During the term of this Agreement, ALABAMA and its contractors shall have the right to use the rail siding for transloading any type of material. ALABAMA agrees to conduct its operations on the Site in such a manner as not to unreasonably interfere with the operations of Lessee. Whenever ALABAMA desires to have material transloaded through the SEGCO #1 transloader, ALABAMA shall give Lessee the first opportunity to transload the material. If Alabama and Lessee cannot negotiate a mutually acceptable fee for transloading services, then, ALABAMA may, on its own or through its contractors, transload the material. At such time as use of ALABAMA's transloader equipment ceases and ALABAMA schedules the equipment for demolition, Lessee shall have the opportunity to submit a bid to perform such demolition. Upon the demolition of the Site by ALABAMA or its contractors, Lessee shall reclaim and revegetate the Site, in accordance with such procedures and requirements as are then required by regulations of federal, state or local regulatory authorities. This requirement shall survive the termination or expiration of this Agreement.

24. NOTICE TO PARTIES: Any notice required to be given under the terms of this Agreement shall be in writing and shall be conclusively deemed to have been given upon deposit in the United States certified mail return receipt requested postage prepaid and addressed to the parties as follows:

- a. If by ALABAMA to Lessee:

Taft Coal Sales & Associates, Inc.
Land Manager
P.O. Box 328
Oakman, Alabama 35579

With copy to:
Controller
Taft Coal Sales & Associates, Inc
P.O. Box 328
Oakman, Alabama 35579

b. If by Lessee to ALABAMA:

Manager-Fuels
Alabama Power Company
P. O. Box 2641
600 N. 18th Street
Birmingham, Alabama 35291-0480

with copy to:

Senior Mining Engineer
Southern Company Services, inc.
2550 Goodsprings Road
Parrish, Alabama 35580

25. ARBITRATION: Any difference of opinion, controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration before three (3) arbitrators and administered by the American Arbitration Association ("AAA") under its then current Commercial Arbitration Rules. Where such rules conflict with the provisions of this Agreement, however, the provisions hereof shall govern. Either party shall have the right to request arbitration by giving written notice to the other party and to any regional office of the AAA. The regional office of the AAA promptly shall send simultaneously to each party in the dispute an identical list of names of not less than fifteen

(15) persons chosen from its panel of arbitrators. Each party to the dispute shall have fourteen (14) days from the transmittal date in which to strike names objected to, number the remaining names in order of preference, and return the list to the AAA. Each party may strike five (5) names on the submitted list on a peremptory basis. If a party does not return the list within the time specified, all persons named thereon shall be deemed acceptable. From among the persons who have been approved on both lists, and in accordance with the designated order of mutual preference, the AAA shall invite the acceptance of arbitrators to serve. If the parties fail to agree on any of the persons named, or if acceptable arbitrators are unable to act, or if for any other reason the appointment cannot be made from the submitted lists, the AAA shall have the power to make the appointment from among other members of the panel without submissions of additional lists. The decision of the majority of the three (3) arbitrators shall be final and binding on the parties as to such matters that are submitted to and determined by the arbitrators, due to the fact that the subject matter of this Agreement is directly involved in and related to interstate commerce, and any judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Unless otherwise agreed, arbitration shall take place in Birmingham, Alabama. The reasonable compensation of the arbitrators and the cost of the arbitration shall be shared equally by the parties to this Agreement.

26. CONFIDENTIALITY: This Agreement, and the terms and conditions hereof are personal and confidential between ALABAMA and Lessee and their respective affiliates, successors and assigns. It is therefore understood and irrevocably agreed by ALABAMA and Lessee that none of the aforesaid terms, conditions, provisions, and

covenants shall be divulged, given out, or made public in any manner whatsoever, except by an act or order of a court of law; provided that in order to prepare financial information for tax purposes and accounting, to obtain financing, and for business evaluation purposes, either party may allow the review of the Agreement if the entity reviewing same shall agree in advance to the confidentiality of the information so reviewed. Notwithstanding anything to the contrary contained herein, it is understood and agreed that Lessee shall have the right to prepare, have executed by the parties hereto and recorded in the Probate Office where the real estate made the subject of this Agreement is located a lease memorandum evidencing the names of the parties hereto, the date of the execution hereof, the term of the Agreement, including any option, and description of the real estate made the subject hereof.

27. ASSIGNMENT OR SUBLETTING: Lessee may not assign or sublet this Agreement or any rights or obligations hereunder without the prior written consent of ALABAMA.

28. REMEDIES CUMULATIVE: Remedies provided to ALABAMA under this Agreement shall be cumulative and in addition to other remedies provided by law.

29. ALABAMA POWER COMPANY'S AGENTS: Southern Company Services, Inc is hereby designated by ALABAMA as agent for ALABAMA to act for and on behalf of ALABAMA for the purpose of giving or receiving any notice, demand or request required or authorized by this Agreement, and for such other purposes as may from time to time be designated by ALABAMA. ALABAMA may designate a new agent from time to time by giving Lessee thirty (30) days' notice in writing of intention so to do, and in that event the

authority of Southern Company Services, Inc. as agent for ALABAMA shall cease and the newly designated agent shall be substituted therefor.

30. NO WAIVER: Any waiver at any time by any party hereto of its right with respect to the other party, or with respect to any matter arising in connection with this Agreement, or the failure to insist on strict performance of any provision of the Agreement, shall not be considered a waiver with respect to any subsequent default or matter.

31. GOVERNING LAW: This Agreement shall be governed by the laws of the State of Alabama.

32. AGREEMENT: This Agreement constitutes the entire agreement between the parties hereto and supersedes, voids, and nullifies any and all written or oral understandings or agreements between the parties concerning the subject matter hereof. No modification of this Agreement shall be valid unless made in writing and duly executed by the proper parties hereto.

33. MINING PERMIT: If at any time after July 1, 1999, Lessee and ALABAMA have not entered into a new coal sales agreement or agreed to an extension of the existing agreement and ALABAMA has a defined need for the SEGCO reserves for its own consumption, ALABAMA will have the option to give Taft a 24-month cancellation notice. In such an event, Lessee agrees to assign mining permits for the SEGCO area to ALABAMA, or its designee, and to make available for lease/sublease all controlled surface lands for a tonnage royalty rate which is the greater of 4% of the FOB mine price or the actual cost incurred by Lessee in securing the property.

34. LESSEE INDEPENDENT CONTRACTOR: ALABAMA shall have no

control or right to exercise any control whatsoever over Lessee or Lessee's employees in their operations under this Lease. Any right of inspection of the operation of Lessee or inspection of records of Lessee is merely to verify royalties and to assure that no Recoverable Coal is lost or wasted and is for no other purpose whatsoever. Such right of inspection shall not give ALABAMA, or be deemed to give ALABAMA the right to exercise any control of Lessee or Lessee's employees in its mining operations. ALABAMA shall not be liable on account of, and Lessee hereby indemnifies ALABAMA and its agent, Southern Company Services, Inc. (ALABAMA's Agent), and their employees and representatives against, any claims or damages which may arise from the mining operations of Lessee on account of any damages for or compensation paid by Lessee under the Workmen's Compensation laws of Alabama.

TAFT COAL SALES & ASSOCIATES, INC

By: Jimmy R. Kilgore 7/28/98
Its: PRESIDENT

William B. Hutchins
M.C.E. 4-19-2000

ALABAMA POWER COMPANY

By: Earl B. Parsons Jr.
Its: VP

EXHIBIT "A"

PROPOSED LEASE PROPERTIES FROM APCO-SEGCO

Section 3, Township 16 South, Range 8 West

NW 1/4 OF NW 1/4	MINERAL	40 AC
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Section 4, Township 16 South, Range 7 West

NE 1/4 NORTH & EAST OF LOST CREEK	FEE	145 AC (+/-)
NW 1/4 NORTH & WEST OF LOST CREEK	FEE	50 AC (+/-)

Section 5, Township 16 South, Range 7 West

N 1/2 OF NW 1/4	MINERAL	80 AC
SE 1/4 OF NE 1/4 NORTH OF LOST CREEK	FEE	20 AC (+/-)
N 1/2 OF NE 1/4 NORTH OF LOST CREEK	FEE	70 AC (+/-)

Section 27, Township 15 South, Range 7 West

N 1/2 OF SW 1/4	FEE	80 AC
SW 1/4 OF SW 1/4	FEE	40 AC
SE 1/4 OF SW 1/4	MINERAL	40 AC
NW 1/4 OF NW 1/4	FEE	West of Hwy 269 10 AC (+/-)
SW 1/4 OF NW 1/4	MINERAL	West of Hwy 269 30 AC (+/-)

Section 28, Township 15 South, Range 7 West

E 1/2 of NE 1/4	MINERAL	80 AC
SW 1/4 OF NE 1/4	FEE	40 AC
NW 1/4 OF SE 1/4	FEE	40 AC
NE 1/4 OF SE 1/4	MINERAL	40 AC
SE 1/4 OF SE 1/4	FEE	40 AC
SW 1/4 OF SE 1/4	MINERAL	40 AC
SE 1/4 OF NE 1/4 OF SW 1/4	FEE	East of RR 10 AC (+/-)
E 1/2 OF SE 1/4 OF SW 1/4	FEE	20 AC
W 1/2 OF SE 1/4 OF SW 1/4	MINERAL	20 AC
NE 1/4 OF SW 1/4	MINERAL	40 AC
NW 1/4 OF NE 1/4	MINERAL	40 AC
SE 1/4 OF NW 1/4	MINERAL	40 AC
SW 1/4 OF SW 1/4	FEE	South of Bryant Creek 30 AC (+/-)

Section 32, Township 15 South, Range 7 West

SE 1/4 of NE 1/4	FEE	40 AC
SW 1/4 OF NE 1/4	FEE	40 AC
SE 1/4	FEE	160 AC
NE 1/4 OF SW 1/4	FEE	40 AC
SE 1/4 OF SW 1/4	MINERAL	40 AC
SE 1/4 OF NW 1/4	FEE	South of Bryant Creek 20 AC (+/-)
NE 1/4 OF NE 1/4	FEE	South of Bryant Creek 20 AC (+/-)

Section 33, Township 15 South, Range 7 West

N 1/2 OF NE 1/4	FEE	80 AC
S 1/2 OF NE 1/4	MINERAL	80 AC
SE 1/4	FEE	160 AC
S 1/2 OF SE 1/4 OF SW 1/4	MINERAL	20 AC
N 1/2 OF SE 1/4 OF SW 1/4	FEE	20 AC
NE 1/4 OF SW 1/4	FEE	40 AC
NW 1/4	FEE	160 AC
W 1/2 OF SW 1/4	FEE	80 AC

Section 34, Township 15 South, Range 7 West

NW 1/4 OF NW 1/4	FEE	40 AC
SE 1/4 OF NW 1/4	FEE	40 AC
NE 1/4 OF NW 1/4	MINERAL	40 AC
SW 1/4 OF NW 1/4	MINERAL	40 AC
N 1/2 OF SW 1/4	MINERAL	80 AC
SW 1/4 OF NE 1/4	MINERAL	40 AC
NW 1/4 OF SE 1/4	MINERAL	40 AC
SW 1/4 OF SW 1/4	MINERAL	40 AC

FIFTH AMENDMENT TO
COAL MINING LEASE AND
PROSPECTING AGREEMENT

*Not Signed
due to clause
existing in Long
Term sales
Agreement.
RJJ*

THIS AMENDMENT, effective May 1, 2006, is to the Coal Mining Lease and Prospecting Agreement between Alabama Power Company ("Alabama"), on its own behalf and as the agent for Southern Electric Generating Company ("SEGCO"), and Taft Coal Sales and Associates, Inc. ("Lessee") dated as of August 1, 1998, as amended on April 1, 2001, October 10, 2001, September 1, 2002 and August 1, 2005 (the "Lease").

WITNESSETH:

WHEREAS, Alabama and Lessee entered into the Lease for the mining of coal from Alabama's property by Lessee; and

WHEREAS, the parties desire to amend the Lease to provide for Alabama to have a right of first refusal for coal mined from the Premises;

NOW THEREFORE, in consideration of the premises and the mutual covenants herein, Alabama and Lessee agree to amend the Lease as follows:

The following new Section 4(A) is hereby added to the Lease:

4.(A). RIGHT OF FIRST REFUSAL:

Alabama shall have the right of first refusal on any coal mined from the Premises and sold to third parties. Lessee shall give Alabama written notice of its intention to sell to a third party, either directly or through a Lessee Affiliate. Such notice shall specify the per-ton FOB sales price offered to the third party, the proposed term of the sales contract, the quantity and the quality of the coal. After Lessee gives Alabama such notice, for any proposed contract between Lessee or a Lessee Affiliate and a third party of less than one (1) year, Alabama will have one (1) business day for each thirty (30) days of the proposed supply commitment within which to evaluate Lessee's offer and respond. If the proposed contract is for a term of one (1) year or greater, Alabama shall have thirty (30) business days within which to respond. For example, if Lessee proposed to sell coal to a third party for a six-month period, Alabama would have six (6) business days from the date notice was received to decide whether it would purchase the coal. If the proposal to the third party is for a term of two (2) years, Alabama would have thirty (30) days to decide. If Alabama decides to purchase the coal, such purchase shall be under the terms and conditions contained in Lessee's offer to the third party, except that the amount of the royalty stated in Section 5 shall be deducted from the purchase price to be paid by Alabama for the coal.

Except as modified by this Amendment, all terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties has executed this Amendment by its duly authorized representative as of the effective date stated above.

TAFT COAL SALES & ASSOCIATES, INC. ALABAMA POWER COMPANY, by its agent, Southern Company Services, Inc.

By: _____ By: _____
President Fuel Services Manager

**FOURTH AMENDMENT TO
COAL MINING LEASE AND
PROSPECTING AGREEMENT**

THIS FOURTH AMENDMENT, effective as of August 1, 2005, is to the Coal Mining Lease and Prospecting Agreement between Alabama Power Company ("Alabama"), on its own behalf and as the agent for Southern Electric Generating Company ("SEGCO"), and Taft Coal Sales and Associates, Inc. ("Lessee") dated as of August 1, 1998 (the "Lease"), as amended on April 1, 2001, October 10, 2001, and September 1, 2002.

WITNESSETH:

WHEREAS, Alabama and Lessee entered into the Lease for the mining of coal from Alabama's property by Lessee; and

WHEREAS, the parties desire to amend the Lease to add certain premises to "Exhibit A";

WHEREAS, the parties desire to further amend the Lease to extend the term of the Lease until June 30, 2014.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein, Alabama and Lessee agree to amend the Lease by adding the following premises to Exhibit A:

1. Section 34, all of the SE ¼ west of State Highway 269, Township 15 S, Range 7 W
2. Section 34, SE ¼ of the SW ¼, Township 15 S, Range 7 W
3. Section 35, all of the SW ¼ of the SW ¼ west of State Highway 269, Township 15 S, Range 7 W
4. Section 3, except the west half of the SW ¼ of NW ¼, the NE ¼ of SE ¼, and the SE ¼ of SE ¼, Township 16 S, Range 7 W
5. Section 4, all of the section east of Lost Creek, Township 16 S, Range 7 W

Except as modified by this Amendment, all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties has executed this Amendment by its duly authorized representative as of the effective date stated above.

TAFT COAL SALES & ASSOCIATES, INC.

By: Jack Taft
Executive Vice President

ALABAMA POWER COMPANY,
by its agent, Southern Company
Services, Inc.

By: Earl B. DeWitt III
Vice President - Fuel Services



Taft Coal Sales & Associates, Inc.
P.O. Box 1608 • Jasper, AL 35502
Telephone (205) 384-1224 • Fax (205) 384-7171

March 1, 2004

Mr. Ken Mooney
Manager-Fuels
Alabama Power Company
600 North 18th Street
Birmingham, AL 35203

Dear Mr. Mooney,

In accordance with paragraph 3 of our Lease Agreement dated August 1, 1998, Taft by notice of this letter chooses to exercise the option to renew the agreement for the five-year period July 1, 2004 through June 30, 2009.

We at Taft Coal Sales & Associates, Inc. appreciate the working relationship maintained with you during the term of this agreement.

If you have any questions, please let us know.

Sincerely,

Billy Roy Box
Director-Finance

Cc: Mr. Rodney Grace
Lead Fuel Analyst
2550 Goodsprings Road
Parrish, AL 35580

**AMENDMENT TO
COAL MINING LEASE AND
PROSPECTING AGREEMENT**

THIS AMENDMENT, effective as of September 1, 2002, is to the Coal Mining Lease and Prospecting Agreement between Alabama Power Company ("Alabama"), on its own behalf and as the agent for Southern Electric Generating Company ("SEGCO"), and Taft Coal Sales and Associates, Inc. ("Lessee") dated as of August 1, 1998 (the "Lease").

WITNESSETH:

WHEREAS, Alabama and Lessee entered into the Lease for the mining of coal from Alabama's property by Lessee; and

WHEREAS, the parties desire to amend the Lease to revise "Exhibit A" and "Exhibit A (Supplemental)";

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein, Alabama and Lessee agree to amend the Lease as follows:

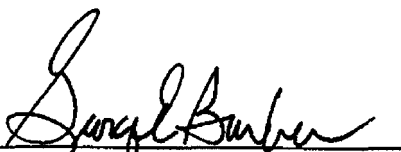
1. The following "Exhibit A (Revision 1)" shall replace "Exhibit A" and "Exhibit A (Supplemental)."

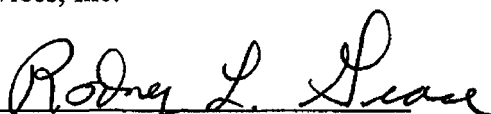
Except as modified by this Amendment, all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties has executed this Amendment by its duly authorized representative as of the effective date stated above.

TAFT COAL SALES & ASSOCIATES, INC.

ALABAMA POWER COMPANY,
by its agent, Southern Company
Services, Inc.

By: 
President

By: 
Lead Fuel Analyst - Fuel Services

UNIT ONE AREA RESERVES

COAL & COAL RIGHTS

DESCRIPTION	SECTION	TOWNSHIP	RANGE
<u>BLUE RIDGE</u>			
NW ¼ SOUTH OF CANE CREEK	36	15S	8W
S ½ OF NE ¼	36	15S	8W
SE ¼ OF SW ¼	36	15S	8W
N ½ OF SE ¼	36	15S	8W
SW ¼ OF SE ¼	36	15S	8W
N ½ OF SECTION	1	16S	8W
<u>GAYOSSA</u>			
W ½ OF SW ¼	30	15S	7W
NW ¼ OF NW ¼	31	15S	7W
N ½ OF SW ¼ OF NE ¼	31	15S	7W
S ½ OF SW ¼	31	15S	7W
S ½ OF SW ¼ OF SE ¼	31	15S	7W
N ½ OF NW ¼	6	16S	7W
NW ¼ OF NE ¼	6	16S	7W
SE ¼ OF NE ¼	6	16S	7W
N ½ OF SW ¼	6	16S	7W
N ½ OF SE ¼	6	16S	7W

MINERAL

DESCRIPTION	SECTION	TOWNSHIP	RANGE
NW ¼ OF SE ¼ OF NE ¼	31	15S	7W
SE ¼ OF SE ¼ SOUTH OF CANE CRK.	31	15S	7W
SW ¼ OF NW ¼	6	16S	7W
S ½ OF NE ¼	6	16S	7W
NE ¼ OF NE ¼	6	16S	7W
SW ¼ OF NW ¼ SOUTH OF CANE CRK.	5	16S	7W
NW ¼ OF SW ¼	5	16S	7W
NE ¼ OF SW ¼ SOUTH OF CANE CRK.	5	16S	7W
SE ¼ OF NW ¼ SOUTH OF CANE CRK.	5	16S	7W
NW ¼ OF NW ¼ SOUTH CANE CRK.	5	16S	7W
ALL THAT PART OF THE SW ¼ OF THE NW ¼ WEST OF SAVAGE HOLLOW CREEK	1	16S	8W
ALL THAT PART OF THE N ½ OF THE NE ¼ SOUTH OF CAIN CREEK AND WEST OF SAVAGE HOLLOW CREEK	2	16S	8W
NW ¼	2	16S	8W
N ½ OF THE SW ¼	2	16S	8W
NE ¼ OF THE NE ¼	3	16S	8W

NICKEL PLATE SEAM ONLY

DESCRIPTION	SECTION	TOWNSHIP	RANGE
S ½ OF NW ¼	31	15S	7W
N ½ OF SW ¼	31	15S	7W
S ½ OF SW ¼ OF NE ¼	31	15S	7W
SW ¼ OF SE ¼ OF NE ¼	31	15S	7W
N ½ OF SW ¼ OF SE ¼	31	15S	7W
N ½ OF SW ¼	31	15S	7W

SURFACE

DESCRIPTION	SECTION	TOWNSHIP	RANGE
S ½ OF NW ¼	31	15S	7W
N ½ OF SW ¼	31	15S	7W
SE ¼ OF SW ¼	31	15S	7W
NW ¼ OF SE ¼	31	15S	7W
SW ¼ OF SE ¼	31	15S	7W
SE ¼ OF NW ¼	6	16S	7W
NW ¼ OF NE ¼	6	16S	7W

SURFACE & MINERAL

DESCRIPTION	SECTION	TOWNSHIP	RANGE
NW ¼ OF THE NE ¼	28	15S	7W

**AMENDMENT 3
TO LONG TERM AGREEMENT
BETWEEN
ALABAMA POWER COMPANY
AND
TAFT COAL SALES & ASSOCIATES, INC.**

THIS AMENDMENT, effective as of November 1, 2001, is by and between Alabama Power Company ("Purchaser") and Taft Coal Sales & Associates, Inc. ("Seller") and is to the long term agreement for the sale and purchase of coal between Purchaser and Seller effective as of July 1, 2000, as amended (the "Agreement").

WITNESSETH:

WHEREAS, Purchaser and Seller entered into the Agreement for the purchase and sale of coal; and

WHEREAS, Seller and Purchaser, on its own behalf and as the agent for Southern Electric Generating Company entered into a lease dated August 1, 1998 for the mining of coal from Purchaser's property by Seller, which was amended effective April 1, 2001 and October 1, 2001 (the "Lease") and;

WHEREAS, the parties have agreed to amend the Agreement to reflect a granting by Seller of a right of first refusal on coal produced from the Lease and any other third party property mined by Seller;

NOW, THEREFORE, in consideration of the premises and the mutual benefits to be achieved by the parties as set forth above, the parties hereto agree to amend the Agreement as follows:

Purchaser shall have the right of first refusal on any coal sold to third parties during the term of the Agreement. After Seller gives Purchaser notice of its intention to sell to a third party, for any proposed contract between Seller and a third party of less than (1) year, Purchaser will have one (1) business day for each thirty (30) days of Seller's proposed supply commitment within which to evaluate Seller's offer and respond. If the proposed contract is for a term of one (1) year or greater, Purchaser shall have thirty (30) business days within which to respond. For example, if Seller proposed to sell coal to a third party for a six-month period, Purchaser would have six (6) business days from the date notice was received to decide whether it would purchase the coal. If the proposal to the third party is for a term of one year or longer, Purchaser would have thirty (30) business days to decide.

Purchaser may assign its right of first refusal to C. Reiss Coal Company ("CRCC"). In such event, CRCC, and not Purchaser, shall respond to Seller within the applicable time period stated above, which shall begin to run on the date Purchaser receives notice from

Seller. Should CRCC, in its response, elect to purchase the coal at the proposed price, Seller agrees to sell such coal to CRCC under the terms and conditions of the agreement between Seller and CRCC.

Except as modified by this Amendment, all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties has executed this Amendment by its duly authorized representative as of the effective date stated above.

**TAFT COAL SALES &
ASSOCIATES, INC.**

By: *George E. Barber*
Title: *President*

ALABAMA POWER COMPANY,
By its agent Southern Company
Services, Inc.

By: *W. Kenneth Mooney*
~~Vice President~~
Manager - Fuel Services

**AMENDMENT NO. 2 TO
COAL MINING LEASE AND
PROSPECTING AGREEMENT**

THIS AMENDMENT NO. 2, effective October 1, 2001, is to the Coal Mining Lease and Prospecting Agreement between Alabama Power Company ("Alabama"), on its own behalf and as the agent for Southern Electric Generating Company, and Taft Coal Sales and Associates, Inc. ("Lessee") dated as of August 1, 1998 (the "Lease"), as amended on April 1, 2001.

WITNESSETH:

WHEREAS, Alabama and Lessee entered into the Lease for the mining of coal from Alabama's property by Lessee; and

WHEREAS, effective April 1, 2001, the parties amended the Lease to revise the royalty rates and to revise Exhibit A;

WHEREAS, the parties desire to further amend the Lease to revise the royalty rates;

NOW THEREFORE, in consideration of the premises and the mutual covenants herein, Alabama and Lessee agree to amend the Lease as follows:

1. Add "Exhibit B", attached hereto and made a part hereof.
2. Replace the first sentence of Section 5, ROYALTY with the following:

5. **ROYALTY:**

The mining Areas as defined on Exhibit B and the calculated average mining ratios for each Area will govern for determining the royalty due under each situation described below. The mining Areas shown on Exhibit B and the average mining ratios are shown in the following table.

Area	Tons	Banked Cubic Yards	Ratio
1	803,755	23,257,170	28.9
2	961,549	24,263,383	25.2
3	996,571	22,337,516	22.4
4A	507,872	16,911,244	33.3
4B	601,533	15,545,375	25.8
5A	514,439	13,111,619	25.5
5B	509,896	18,293,433	35.9

A. When the average mining ratio of the mining Area as defined above is less than or equal to 24:1, Lessee will pay ALABAMA for fee ownership the greater of \$2.00 per Ton or eight percent (8%) of the Sales Price per Ton, for surface ownership the greater of \$0.87 per ton or three percent (3%) of the Sales Price, and for mineral ownership the greater of \$1.75 per Ton or six percent (6%) of the Sales Price per Ton, paid by each Bona Fide Purchaser for all normal mine run coal mined from the Area, the Sales Price being hereinafter defined.

B. When the average mining ratio of the mining Area as defined above is greater than 24:1 and the coal is sold to Alabama for delivery to any of its plants or to C. Reiss Coal Company for delivery to Plant Gaston, there shall be no royalty assessed on normal mine run coal mined from the Area.

C. When the average mining ratio of the mining Area as defined above is greater than 24:1 and the coal is sold to a third party other than as defined in Paragraph B above, Lessee will pay Alabama for fee ownership the greater of \$1.00 per Ton or four percent (4%) of the Sales Price per Ton, for surface ownership the greater of \$0.435 per ton or one and one-half percent (1.5%) of the Sales Price, and for mineral ownership the greater of \$0.875 per Ton or three percent (3%) of the Sales Price per Ton, paid by each Bona Fide Purchaser for all normal mine run coal mined from the Area, the Sales Price being hereinafter defined.

The royalty assessment and fee structure presented above are based on the current mining methods and equipment being utilized at the mining Areas. In the event that new mining technologies or technologically advanced equipment becomes available, and is to be utilized at the mining Areas so that the recovery of a higher average mining ratio coal product becomes less costly, the parties agree to meet and negotiate a new royalty assessment and fee structure.

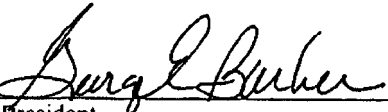
3. Add the following new Section 35:

35. Relocation of Facilities. For any public and private property (including property of ALABAMA), such as roads, fences, utility lines, pipes, or conduits, located on, under or above the Premises which must be relocated in order to accommodate Lessee's mining operations hereunder, Lessee shall be solely responsible for the cost of such relocation. Lessee shall be solely liable, and shall indemnify ALABAMA and its affiliates and agents, and the employees, officers and agents of each of them, from and against any claim, damage, action, demand or liability alleging damage to or loss of any such public or private facilities arising out of the Lessee's or its contractors' activities hereunder.

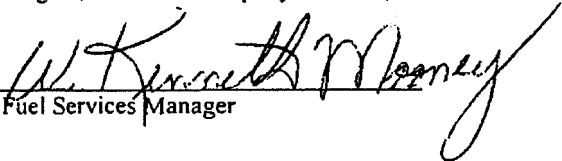
Except as modified by this Amendment, all terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties has executed this Amendment by its duly authorized representative as of the effective date stated above.

TAFT COAL SALES & ASSOCIATES, INC.

By: 
President

ALABAMA POWER COMPANY,
by its agent, Southern Company Services, Inc.

By: 
Fuel Services Manager

**AMENDMENT TO
COAL MINING LEASE AND
PROSPECTING AGREEMENT**

THIS AMENDMENT, effective as of April 1, 2001, is to the Coal Mining Lease and Prospecting Agreement between Alabama Power Company ("Alabama"), on its own behalf and as the agent for Southern Electric Generating Company ("SEGCO"), and Taft Coal Sales and Associates, Inc. ("Lessee") dated as of August 1, 1998 (the "Lease").

WITNESSETH:

WHEREAS, Alabama and Lessee entered into the Lease for the mining of coal from Alabama's property by Lessee; and

WHEREAS, the parties desire to amend the Lease to revise the royalty rates and to revise Exhibit A;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein, Alabama and Lessee agree to amend the Lease as follows:

1. Revise the first sentence of Section 5, **ROYALTY** as follows:

5. **ROYALTY**: Lessee will pay ALABAMA for fee ownership the greater of \$2.00 per Ton or eight percent (8%) of the Sales Price per Ton, for surface ownership the greater of \$0.87 per ton or three percent (3%) of the Sales Price, and for mineral ownership the greater of \$1.75 per Ton or six percent (6%) of the Sales Price per Ton, paid by each Bona Fide Purchaser for all normal mine run coal mined from the Premises, the Sales Price being hereinafter defined.

2. Add the following "Exhibit A (Supplemental)" to Exhibit A.

Except as modified by this Amendment, all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties has executed this Amendment by its duly authorized representative as of the effective date stated above.

TAFT COAL SALES & ASSOCIATES, INC.

ALABAMA POWER COMPANY,
by its agent, Southern Company
Services, Inc.

By: 
President


By: 
~~Vice President~~ - Fuel Services
Manager

EXHIBIT "A" (Supplemental)

1. The Pratt, Nickel Plate and America seams of coal, without surface interest, located in the following tracts of land:

<u>Description</u>	<u>Section</u>	<u>Township South</u>	<u>Range West</u>
All that part of the SW ¼ of the NW ¼ West of Savage Hollow Creek	1	16	8
All that part of the N ½ of the NE ¼ South of Cain Creek and West of Savage Hollow Creek	2	16	8
NW ¼	2	16	8
N ½ of the SW ¼	2	16	8
NE ¼ of the NE ¼	3	16	8

UNIT ONE AREA RESERVES

COAL & COAL RIGHTS

DESCRIPTION	SECTION	TOWNSHIP	RANGE
<u>BLUE RIDGE</u>			
NW ¼ SOUTH OF CANE CREEK	36	15S	8W
S ½ OF NE ¼	36	15S	8W
SE ¼ OF SW ¼	36	15S	8W
N ½ OF SE ¼	36	15S	8W
SW ¼ OF SE ¼	36	15S	8W
N ½ OF SECTION	1	16S	8W
<u>GAYOSSA</u>			
W ½ OF SW ¼	30	15S	7W
NW ¼ OF NW ¼	31	15S	7W
N ½ OF SW ¼ OF NE ¼	31	15S	7W
S ½ OF SW ¼	31	15S	7W
S ½ OF SW ¼ OF SE ¼	31	15S	7W
N ½ OF NW ¼	6	16S	7W
NW ¼ OF NE ¼	6	16S	7W
SE ¼ OF NE ¼	6	16S	7W
N ½ OF SW ¼	6	16S	7W
N ½ OF SE ¼	6	16S	7W

MINERAL

DESCRIPTION	SECTION	TOWNSHIP	RANGE
NW ¼ OF SE ¼ OF NE ¼	31	15S	7W
SE ¼ OF SE ¼ SOUTH OF CANE CRK.	31	15S	7W
SW ¼ OF NW ¼	6	16S	7W
S ½ OF NE ¼	6	16S	7W
NE ¼ OF NE ¼	6	16S	7W
SW ¼ OF NW ¼ SOUTH OF CANE CRK.	5	16S	7W
NW ¼ OF SW ¼	5	16S	7W
NE ¼ OF SW ¼ SOUTH OF CANE CRK.	5	16S	7W
SE ¼ OF NW ¼ SOUTH OF CANE CRK.	5	16S	7W
NW ¼ OF NW ¼ SOUTH OF CANE CRK.	5	16S	7W

NICKEL PLATE SEAM ONLY

DESCRIPTION	SECTION	TOWNSHIP	RANGE
S ½ OF NW ¼	31	15S	7W
N ½ OF SW ¼	31	15S	7W
S ½ OF SW ¼ OF NE ¼	31	15S	7W
SW ¼ OF SE ¼ OF NE ¼	31	15S	7W
N ½ OF SW ¼ OF SE ¼	31	15S	7W
N ½ OF SW ¼	31	15S	7W

SURFACE

DESCRIPTION	SECTION	TOWNSHIP	RANGE
S ½ OF NW ¼	31	15S	7W
N ½ OF SW ¼	31	15S	7W
SE ¼ OF SW ¼	31	15S	7W
NW ¼ OF SE ¼	31	15S	7W
SW ¼ OF SE ¼	31	15S	7W
SE ¼ OF NW ¼	6	16S	7W
NW ¼ OF NE ¼	6	16S	7W

**SIXTH AMENDMENT TO
COAL MINING LEASE AND
PROSPECTING AGREEMENT**

THIS SIXTH AMENDMENT (this "Amendment"), effective as of July
16, 2009, is to the Coal Mining Lease and Prospecting Agreement between Alabama Power Company ("Alabama"), on its own behalf and as agent for Southern Electric Generating Company ("SEGCO"), and Taft Coal Sales and Associates, Inc. ("Lessee") dated as of August 1, 1998 (the "Lease"), as amended April 1, 2001, October 1, 2001, September 1, 2002, August 1, 2005 and August 30, 2006.

WITNESSETH:

WHEREAS, Alabama and Lessee entered into the Lease for the mining of coal from Alabama's property by Lessee;

WHEREAS, that certain Fourth Amendment to Coal Mining Lease and Prospecting Agreement, effective as of August 1, 2005 (the "Fourth Amendment"), states in the recitals thereto the intention of the parties to extend the term of the Lease until June 30, 2014;

WHEREAS, the Fourth Amendment inadvertently omits the operative language effecting the extension of the term of the Lease until June 30, 2014;

WHEREAS, Alabama and Lessee now desire to correct the aforementioned omission and amend the Lease to extend the term of the Lease until June 30, 2014; and

WHEREAS, Alabama and Lessee desire to further amend the Lease to make certain revisions to "Exhibit A" to the Lease and to add a new clause in Section 13, Abandonment and Reclamation.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein, Alabama and Lessee hereby amend the Lease as follows:

1. The term of the Lease shall be extended until June 30, 2014.
2. The following revisions shall be made to "Exhibit A" to the Lease:
 - (a) The ownership designation of the following property shall be changed from mineral to fee:

N1/2 of NW1/4 South of Cane Creek, Section 6, T16S, R7W

SE1/4 of NW1/4, Section 6, T16S, R7W

NE1/4 of SE1/4, Section 6, T16S, R7W

(b) The following property owned in fee shall be added:

NW1/4 of NW1/4 West of Hwy 269, Section 2, T16S, R7W

W1/2 of SW1/4 of NW1/4, Section 3, T16S, R7W

3. The following Subsection d. to Section 13, ABANDONMENT AND RECLAMATION, is hereby added to the Lease:

d. Lessee agrees with ALABAMA to plant loblolly pine trees on the area disturbed on those properties listed in Exhibit A as being owned by ALABAMA in fee or surface ownership. This tree planting will be accomplished as described below during the months of December, January and February immediately following the Phase III Bond Release. If Lessee does not accomplish said tree planting in the designated time frame ALABAMA will plant said trees and Lessor will reimburse ALABAMA for the actual cost of the tree planting. Said tree planting will be accomplished in the following manner: Trees will be planted on a 6' x 10' pattern, which is approximately 726 trees per acre. If an 80% survival rate at the end of the first year is not achieved, additional trees will be planted by Lessee to meet the 80% requirement. At the end of five years, a survival rate of 450 trees per acre is expected, and is guaranteed by Lessee. This survival rate is subject to the inspection and approval of ALABAMA or its designated agent. In the event that a federal, state or local regulatory authority's requirements are more stringent, then said authorities requirements will take precedence over ALABAMA's.

Except as modified by this Amendment, all terms and conditions of the Agreement shall remain in full force and effect.

[Signature page follows]

IN WITNESS WHEREOF, each of the parties has executed this Amendment by its duly authorized representative as of the effective date stated above.

TAFT COAL SALES & ASSOCIATES, INC.

ALABAMA POWER COMPANY,
on its own behalf and as the agent
for Southern Electric Generating
Company, by Alabama Power
Company's Agent, Southern
Company Services, Inc.

By: Charles C Stewart
Charles C. Stewart
President

By: Jeff Wallace
Jeff Wallace
Vice President

JK

**SEVENTH AMENDMENT TO
COAL MINING LEASE AND
PROSPECTING AGREEMENT**

THIS SEVENTH AMENDMENT (this "Amendment"), effective as of May 14, 2014, is to the Coal Mining Lease and Prospecting Agreement between Alabama Power Company ("Alabama"), on its own behalf and as agent for Southern Electric Generating Company ("SEGCO"), and Taft Coal Sales and Associates, Inc. ("Lessee") dated as of August 1, 1998 (the "Lease"), as amended April 1, 2001 ("Amendment One"), October 1, 2001 ("Amendment Two"), November 1, 2001 ("Amendment Three"), September 1, 2002 ("Un-numbered Amendment"), August 1, 2005 ("Amendment Four"), August 30, 2006 ("Amendment Five"), and July 16, 2009 ("Amendment Six").

WITNESSETH:

WHEREAS, Amendment Four (as corrected by Amendment Six) extended the term of the Lease until June 1, 2014, and the parties now desire to extend the Lease until June 1, 2019; and

WHEREAS, Alabama and Lessee desire to further amend the Lease to remove Lessee's tonnage obligations by deleting Subsection c. in Section 21, **TERMINATION**.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein, Alabama and Lessee hereby amend the Lease as follows:

1. Section 3, **EFFECTIVE DATE AND TERM**, of the Lease is revised as follows:

The parties hereby agree to renew the Lease, for an additional five (5) years, through **JUNE 1, 2019**.

2. Subsection c. to Section 21, **TERMINATION**, is hereby deleted from the Lease.

Except as modified by this Amendment, all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties has executed this Amendment by its duly authorized representative as of the effective date stated above.

TAFT COAL SALES & ASSOCIATES, INC.

By: _____

J. E. Fijal
Its: V.P. of Operations

ALABAMA POWER COMPANY,
on its own behalf and as the agent
of Southern Electric Generating
Company, by Alabama Power
Company's Agent, Southern
Company Services, Inc.

By: _____

J. B. Wallace

**EIGHTH AMENDMENT TO
COAL MINING LEASE AND
PROSPECTING AGREEMENT**

THIS EIGHTH AMENDMENT (this "Amendment"), effective as of September 30, 2014, is to the Coal Mining Lease and Prospecting Agreement between Alabama Power Company ("Alabama"), on its own behalf and as agent for Southern Electric Generating Company ("SEGCO"), and Taft Coal Sales and Associates, Inc. ("Lessee") dated as of August 1, 1998, as amended April 1, 2001, October 1, 2001, September 1, 2002, August 1, 2005, August 30, 2006, July 16, 2009 and May 14, 2014 (the "Lease").

WITNESSETH:

WHEREAS, Alabama and Lessee entered into the Lease for the mining of coal from Alabama's property by Lessee; and

WHEREAS, Alabama and Lessee have consummated an exchange of land pursuant to which Alabama acquired from Lessee the property described on **Exhibit A** attached hereto and Lessee has conveyed to Alabama the property described on **Exhibit B** hereto; and

WHEREAS, Alabama and Lessee desire to further amend the Lease to add the property described on **Exhibit A** hereto to the description of the Premises, as defined in the Lease and make certain clarifications regarding royalty payments with regard to the property described under **Exhibit A** and **Exhibit B**.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein and in the Lease, Alabama and Lessee hereby amend the Lease as follows:

1. The property described on **Exhibit A** attached hereto is hereby added to the description of the Premises, as defined in the Lease, subject to all terms and conditions of the Lease. Notwithstanding the foregoing, Parcel 3 described in **Exhibit A** shall not be subject to surface royalties due under Section 5 of the Lease.
2. Notwithstanding anything to the contrary in the Agreement, Alabama shall be due fee royalties under Section 5 of the Lease for the property described on **Exhibit B** attached hereto.

Except as modified by this Amendment, all terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties has executed this Amendment by its duly authorized representative as of the effective date stated above.

TAFT COAL SALES & ASSOCIATES, INC.

By: *Lashy Lem*
VICE PRESIDENT

ALABAMA POWER COMPANY
on its own behalf and as the agent of
Southern Electric Generating Company,
by Alabama Power Company's Agent,
Southern Company Services, Inc.

By: *J. B. Wallace*

Exhibit A

Description of Real Property Conveyed to APC

Parcel 1: A part of the SW 1/4 of NW 1/4 of Section 34, Township 15 South, Range 7 West being more particularly described as follows:

Commence at the SW corner of the SW 1/4 of NW 1/4 of Section 34, Township 15 South, Range 7 West; thence run S 89°27'44" E along the south line of said forty for a distance of 660.25' to the Point Of Beginning; thence run N 02°12'09" W for a distance of 676.84' to the center of said forty; thence run S 89°36'19" E for a distance of 660.05' to the east line of said forty; thence run along the east boundary of said forty S 02°12'56" E for a distance of 678.54' to the SE corner of said forty; thence run N 89°27'44" W for a distance of 660.25' to the Point Of Beginning.

Approximately 10.2 acres more or less all within the SW 1/4 of NW 1/4, Section 34, Township 15 South, Range 7 West, Parrish Quadrangle, Walker County, Alabama.

Parcel 2: A part of the S1/2 of Section 34, Township 15 South, Range 7 West being more particularly described as follows:

Commence at the NW corner of the NE 1/4 of the SW 1/4 forty of Section 34, Township 15 South, Range 7 West; thence run S 89°27'42" E along the north line of said forty for a distance of 330.00' to the Point Of Beginning; thence continue S 89°27'42" E along the north line of said forty for a distance of 990.51' to the NE corner of said forty; thence run S 02°14'33" E along the east line of said forty for a distance of 1362.44' to the SE corner of said forty; thence run S 89°10'36" E along the north line of the SW 1/4 of the SE 1/4 forty for a distance of 652.50'; thence run S 02°15'20" E for a distance of 210.00'; thence run S 89°10'36" E for a distance of 247.50'; thence run S 02°15'20" E for a distance of 191.24'; thence run S 89°02'02" E for a distance of 421.62' to the east line of said forty; thence run S 02°16'07" E along the east line of said forty for a distance of 51.63'; thence run N 90°00'00" E for a distance of 80.00'; thence run S 02°16'07" E parallel with west line of the SE 1/4 of the SE 1/4 forty for a distance of 456.28'; thence run S 87°43'53" W for a distance of 20.00'; thence run S 05°13'02" W for a distance of 459.57' to the SW corner of SE 1/4 of the SE 1/4; thence run N 88°53'29" W along the south line of the SW 1/4 of the SE 1/4 forty for a distance of 690.00'; thence run N 02°15'20" W for a distance of 631.58'; thence run N 89°02'00" W for a distance of 264.69'; thence run N 02°15'20" W for a distance of 210.00'; thence run N 89°02'02" W for a distance of 367.50' to the west line of said forty; thence run S 02°14'27" E for a distance of 138.92'; thence run N 89°10'36" W for a distance of 821.85'; thence run N 02°14'37" W for a distance of 661.07' to the north line of the SE 1/4 of the SW 1/4; thence run N 89°10'36" W along the north line of said forty for a distance of 168.81'; thence run N 02°14'48" W for a distance of 1357.50' to the north line of the NE 1/4 of the SW 1/4 and the Point of Beginning.

Subject to an easement for adjoining property owners along the present existing haul road lying in the SW 1/4 of the SE 1/4 of Section 34, Township 15 South, Range 7 West and described as follows: Commence at the NW corner of said forty run S 89° 10' 36" E along the north forty line for a distance of 236.94 feet to the centerline of the present existing haul road and Point Of

Beginning; thence run S 04° 33' 39" E and run for a distance of 242.42 feet to a point on the centerline of said haul road; thence run S 06° 00' 07" E and run 283.01 feet to point on the centerline of said haul road and intersection with the north line of the adjoining landowners property, said easement being 15 feet on either side of above described centerline.

Subject to an easement for adjoining property owners a proposed access road to be constructed in the NE 1/4 of the SW 1/4 of Section 34, Township 15 South, Range 7 West and described as follows: Commence at the SE corner of NE 1/4 of the SW 1/4 of Section 34, Township 15 South, Range 7 West run N 02°14'33" W along the west line of said forty for a distance of 633.82 feet to the centerline of the proposed access road and Point Of Beginning; thence run S 89°16'29" W and run a distance of 32.05 feet along on the centerline of proposed access road; thence run N 80°05'01" W and run a distance of 145.17 feet along said centerline; thence run N 86°03'17" W and run a distance of 465.10 feet along said centerline; thence run N 88°55'33" W along said centerline and run a distance of 160.03 feet along said centerline: thence run N 90°00'00" W along said centerline and run a distance of 193.00 feet to the west line of said forty, said easement being 15 feet on either side of above described centerline.

Approximately 70.2 acres more or less all within the NE 1/4 of the SW 1/4, SE 1/4 of the SW 1/4, SW 1/4 of the SE 1/4 and SE 1/4 of the SE 1/4, Section 34, Township 15 South, Range 7 West, Parrish Quadrangle, Walker County, Alabama.

Parcel 3: A part of the SW 1/4 of the NW 1/4, Section 3, Township 16 South, Range 7 West being more particularly described as follows:

The East 1/2 of the SW 1/4 of the NW 1/4, Section 3, Township 16 South, Range 7 West, Parrish Quadrangle, Walker County Alabama being more particularly described as follows:

Begin at the SE corner of SW 1/4 of the NW 1/4, Section 3, Township 16 South, Range 7 West; thence run N 89°10'08" W along the south boundary of said forty for a distance of 665.27'; thence run N 01°40'37"E for a distance of 1316.98'; thence run S 89°00'38"E along the north boundary of said forty for a distance of 663.18'; thence run S 01°35'13" W along the east boundary of said forty for a distance of 1315.12' to the Point of Beginning.

Approximately 20.1 acres, more or less. The East 1/2 of the SW 1/4 of the NW 1/4, Section 3, Township 16 South, Range 7 West, Parrish Quadrangle, Walker County, Alabama.

Exhibit B

Description of Real Property Conveyed to Taft

A Parcel of land located in that part of the E ½ of the NE ¼ of the SE ¼ lying east of Lost Creek in Section 04, Township 16 South, Range 07 West; that part of the N ½ of the SE ¼ of the SE ¼ lying east of Lost Creek in Section 04, Township 16 South, Range 07 West; and the NW ¼ of the SW ¼ of Section 03, Township 16 South, Range 07 West; the W ½ of the NE ¼ of the SW ¼ of Section 03, Township 16 South, Range 07 West; The N ½ of the SW ¼ of the SW ¼ of Section 03, Township 16 South, Range 07 West.

More precisely described as follows:

Commence at the SW corner of section 3, township 16 south, range 7 west: run N 01°36'50" E along the west line of said section a distance of 659.17 feet to the center of the west line of the SW1/4 - SW 1/4 forty of said section and the Point of Beginning; thence run S 89°22'19" E along the east-west center line of said forty a distance of 1336.90 feet to the center point of the east line of the said forty; thence run N 01°26'10" E along the east line of said forty a distance of 657.56 feet to the NE corner of said forty; thence run S 89°18'13" E along the south line of the NE 1/4 of the SW 1/4 a distance of 667.42 feet to the center of the said forty line; thence run N 01°20'49" E along the north south center line of the NE 1/4 of the SW 1/4 forty for a distance of 1313.52 feet to the center of the north line of said forty; thence run N 89°10'08" W along the north line of the NE 1/4 of the SW 1/4 for a distance of 665.43 feet to the NW corner of said forty; thence run N 89°10'08" W for a distance of 665.27 to a three inch capped pipe; thence run N 89°10'08" W for a distance of 663.33 feet to the Northwest corner of the NW 1/4 of the SW 1/4 forty; thence run N 88°45'03" W to the East bank of Lost Creek a distance of 135.83 feet more or less ; thence run along the east bank of Lost Creek in a southerly direction for a distance of 2220 feet more or less to the intersection with the East West center line of the SE 1/4 of SE 1/4 of Section 4 Township 16 South, Range 7 West; thence run S 88°37'17" E along said center line approximately 440.21 feet more or less feet to the Point of Beginning.

Approximately 94.3 acres more or less within the E 1/2 of the SE 1/4 of Section 4 (east of the Lost Creek) and the SW 1/4 of Section 3, all within Township 16 South, Range 7 West , Walker County Alabama.

An easement along the existing access road located in the SW 1/4 of the NE 1/4, the NW 1/4 of the SE 1/4, the NE 1/4 of the SW 1/4 of Section 3, Township 16 South, Range 7 West.

More precisely described as follow:

Commence at the SE corner of the SW 1/4 of NE 1/4 of Section 3, Township 16 South, Range 7 West; run N 01°04'30" E along the east line of said forty for a distance of 245.27 feet to the center line of existing access road and the Point Of Beginning; thence run S 78°02'06" W along the center line for a distance of 118.09 feet; thence run S 68°12'22" W for a distance of 295.16 feet; thence run S 61°43'04" W along the center line for a distance of 237.27 feet; thence run S 67°48'19" W along the center line for a distance of 302.94 feet; thence run N 89°39'51" W along the center line for a distance of 47.15 feet; thence run N 79°03'07" W along the center line for a distance of 195.82 feet; thence run N 71°41'14" W along the center line for a distance of 252.01

feet; thence run N 87°04'32" W along the center line for a distance of 245.63 feet; thence run S 87°43'58"W along the center line for a distance of 133.43 feet; thence run N 81°33'24" W along the center line for a distance of 173.45 feet; thence run S 81°39'16" W along the center line for a distance of 108.75 feet. Said easement being 15 feet on either side of the above described center line.