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Kiscadens seek Horizon permit

Scott and Tod Kiscaden apparently have bought the in-development **Horizon Coal** mine, which is near Helper, Utah.

The Kiscadens are operators of **White Oak Mining & Construction**, which has coal operations that are right over a mountain from the Horizon property. In mid April the Kiscadens applied with Utah to get Horizon's mine permit. The operation will still go under the name Horizon Coal.

Horizon, which was owned by **Cumberland Resources** out of Virginia, did initial construction on surface facilities last fall until snow halted the work. First coal production could come this spring. Cumberland principal Richard Gilliam was unavailable for comment last week, as was Scott Kiscaden.

One possibility is that the Kiscadens will use Horizon to even out shipment levels at White Oak, an operation that is subject to periodic production shortfalls due to geological faults. For example, last fall sources say White Oak was buying replacement coal from operators such as **Genwal Coal** to make up for geology problems. Sources say production at the moment seems to be fairly strong.

Cumberland bought the Horizon property from local investors in 1995 (CO 5/8/95).

Arch buys new reserves for Samples

Arch Mineral last week acquired 2,200 acres of surface reserves for its **Samples** mine from **A.T. Massey Coal**.

A buy like this had been expected for more than a year (CO 9/4/95). These reserves are at the intersection of Kanawha, Boone and Raleigh counties in West Virginia, and are just south of Samples. Massey has been operating the **Stanley Heritage** surface mine on the property under its **Marfork Coal** subsidiary. Arch's **Catenary Coal** will do some needed reclamation work at the site and expects to be mining on the property this month.

Arch bought only the reserves down to the **Coalburg** seam. Massey retained the rights to the deep reserves. A Massey official said there are existing portals through which deep mining will be done as needed.

Peabody reorganizes contract management

Peabody COALSALLES is now responsible for managing and administering coal supply agreements for all of **Peabody Group's** North American subsidiaries, the company said last week.

COALSALLES VP **Dianna Tickner**, who was already in charge of contract management and planning, now will also handle marketing services and market research. Tickner joined COALSALLES last year after leaving a similar position with **Western Energy**.

Two new positions will report to Tickner. **Curtis Tichenor**, who was recently director of contract administration for **Eastern Associated Coal**, was named director-contract administration.

Richard Gist was named director-contract planning. He previously held financial and contract administration posts at **Zeigler Coal Holding** and other companies.

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late last February bought 52,500 of 11,400-Btu/lb coal from **Warrior Coal** for 83.0264/mmBtu or \$18.93/ton FOB railcar at Warrior's railcar loading facility at the **Cardinal** mine on the **Paducah & Louisville Railway**. Other specs were 3.4 lbs/mmBtu of SO₂, 13.5 lbs of ash and 9 lbs of moisture. This was based on a single purchase order filed with the **Kentucky PSC**. That price matches the 1997 price for mid-sulfur coal under Warrior's new contract. See this week's **Supplement** for details...**Freeman United Coal Mining** last week sealed the **Orient No. 6** deep mine with concrete caps. As much as 100,000 tons of coal remain in stockpile, and **Freeman** has been working to sell that inventory, an official confirmed. One source said he had heard that **TVA** bought about 50,000 tons of the **Orient No. 6** coal. While this could not be confirmed, **Orient No. 6** was a major supplier to **TVA's Johnsonville steam plant** last year....**Tampa Electric** is taking offers for 150,000-200,000 tons of spot coal to supply the **Polk** station for the remainder of 1997. Bids are due **May 14**, and delivery will begin **July 1**. **TECO** will consider coal from the **Pittsburgh 8** seam....In the market for **Central Appalachian steam coal**, **Central Illinois Light** decided to buy six trainloads of **13,100-Btu/lb, 1.2-lbs compliance coal** from **Quaker Coal**—three in **May**, one in **June** and two in **July (CO 4/7, 3/17)**....**Detroit Edison** said it ordered about 100,000 tons of mid-sulfur Eastern coals from **CSX-** and **NS-**served mines for **May** delivery to the **Monroe** power plant....In the coal property market, **Merrill Lynch** is the banking firm advising **Cyprus Amax Minerals** on whether it should stay so heavily invested in coal, **Coal Outlook** has learned. One source believes a report is due in **May**, but this timing could not be confirmed. **Cyprus Amax** Chairman **Milt Ward** said in the company's 1996 report that it would take 1997 to "reevaluate how coal fits into our strategy." The company has said little on the subject since then (CO 4/7, 3/31)....**Kindill Mining** apparently is producing coal without incident at the **Kindill No. 1** and **No. 3** mines, which suffered a series of mishaps and production shortfalls late last year and in the first quarter this year. The **No. 2** mine was idled indefinitely. **Kindill** halted or cut back on shipments to several customers.

Southern eyes Miller option... (From page 1)

The company pointed out that **CSX** delivers coal to the plant from nearby **Alabama** mines, but that contract expires in 1999, as do the contracts with **Drummond** and **Jim Walter**. "At that time, all the units will be converted to **PRB** coal," the filing said, "and unless the new **SERC** line has been approved and constructed by that time, **Plant Miller** will be an economic captive to **BNSF** and will have no competitive rail alternatives."

The conversion has been planned for a long time. **Southern Company Services** will spend the better part of this year negotiating term coal contracts for which proposals were received last year (CO 7/22/96). The RFP specifically called for coals that can originate on either the **BNSF** or **UP**.

"While both **CSX** and **BNSF** currently serve **Plant Miller**, **Units 3** and **4** can only burn **PRB** capable of providing

"**Plant Miller** economical basis, is not feasible because **Birmingham** and **w** calls for coal on **U**

"The proposed service for **Plant M**

point of shipment and delivery," it said.

"Once construction is completed, the **BNSF** single-line movement would compete with a **UPSP/NS** joint line movement for the delivery of **PRB** coal," it continued. "The expeditious approval of this project is an important element of **Plant Miller's** plans to invest \$45 million to convert to **PRB** coal."

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ACT 1007/1020 #2

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"While both **CSX** and **BNSF** currently serve **Plant Miller**, **Units 3** and **4** can only burn **PRB** coal on an economical basis, and only **BNSF** is currently capable of providing a fuel source for those units," the document said.

"**Plant Miller** does not expect to burn Eastern coal from **CSX** on an economical basis," it said. It noted that a **UP-CSX** connection for **PRB** coal is not feasible because **CSX** does not have a direct line from **Memphis** to **Birmingham** and would have to follow a "circuitous" route to **Miller**. The plan calls for coal on **UP** to switch to **NS** at **Memphis**, the filing said.

"The proposed track will not be incidental to **SERC's** proposed railroad service for **Plant Miller** but will be required for railroad service between the point of shipment and delivery," it said.

"Once construction is completed, the **BNSF** single-line movement would compete with a **UPSP/NS** joint line movement for the delivery of **PRB** coal," it continued. "The expeditious approval of this project is an important element of **Plant Miller's** plans to invest \$45 million to convert to **PRB** coal."