

conveyed is \$56,400.00

CONVEYANCE

STATE OF ALABAMA §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF SHELBY §

THAT CSX TRANSPORTATION, INC., a Virginia corporation, with offices at One James Center, Richmond, Virginia 23219 ("Grantor"), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration in hand paid to it by WESTERN POCAHONTAS PROPERTIES LIMITED PARTNERSHIP, a Texas limited partnership with offices at 601 Jefferson Street, Suite 4000, Houston, Harris County, Texas 77002 ("Grantee"), the receipt and sufficiency of which consideration are hereby acknowledged, has GRANTED, BARGAINED, SOLD, CONVEYED AND ASSIGNED, and by these presents does GRANT, BARGAIN, SELL, CONVEY AND ASSIGN, unto the Grantee all of the following (all of the following, less and except the Oil and Gas Rights, as hereinafter defined, and the Deferred Interest, as hereinafter defined, are herein called the "Conveyed Interests"):

(a) an undivided seventy-five percent (75%) interest in and to all of the following:

(i) all of the real property rights, titles and interests (the "Properties") described in Exhibit "A" attached hereto and made a part hereof for all purposes; and

(ii) all of the coal mining leases, timber cutting contracts, wheelages, contract rights, permits, licenses, servitudes, easements, rights of ways, and surface leases, to the extent owned by Grantor, in whole or in part, and which are (A) appurtenant to the Properties, or (B) used or held for use in connection with the ownership or operation of the Properties; and

BOOK 112 PAGE 876

Vinson & Elkins
Houston, Tex.
77002

(iii) all of Grantor's interest, if any, in and to any buildings, machinery, fixtures, equipment, washing plants, tipplers, personal property and improvements primarily used in the operation of and located on the Properties; and

(b) subject to the provisions hereinbelow, an undivided twenty-five percent (25%) interest in and to the following (the "25% Interest"):

(i) the Properties;

(ii) all of the coal mining leases, timber cutting contracts, wheelages, contract rights, permits, licenses, servitudes, easements, rights of ways, and surface leases, to the extent owned by Grantor, in whole or in part, and which are (A) appurtenant to the Properties, or (B) used or held for use in connection with the ownership or operation of the Properties; and

(iii) all of Grantor's interest, if any, in and to any buildings, machinery, fixtures, equipment, washing plants, tipplers, personal property and improvements primarily used in the operation of and located on the Properties.

This Conveyance is made and accepted subject to the following:

(i) Grantor expressly EXCEPTS and RESERVES unto itself, its successors and assigns, all of Grantor's right, title and interest in and to the following (herein collectively "Oil and Gas"): all oil, gas and constituent liquids and gaseous substances or minerals (including sulphur) which may be produced from the well bore of an oil and/or gas well in association with oil or gas and, subject to the Special Conditions, the right of ingress and egress over, upon and across the

Properties for the purpose of exploring for (including, but not by way of limitation, seismicographic exploration) Oil and Gas and for drilling wells or producing the same and for storing and removing the same when so produced. This right of ingress and egress shall include the right to make use of so much of the surface of the Properties as may be reasonably incident or convenient to any exploration, development, storage or production of Oil and Gas, including construction of pipe lines, storage tanks, slush pits, roads and other surface structures incident or convenient to such exploration, development, production, storage or removal, but shall be expressly subject to and in accordance with the conditions attached as Exhibit "B" hereto (the "Special Conditions"). All such structures, material, machinery or equipment placed upon the Properties by Grantor or anyone claiming under Grantor may be removed by Grantor or those claiming under it within a reasonable time after the use of said Properties permanently ceases. Grantee shall have no title or interest in or to any consideration, rentals or royalties received by Grantor (as the owner of the Oil and Gas) under any lease for Oil and Gas on the Properties. Grantor further reserves from the Properties, its present right, title and interest in all existing leases and operations for Oil and Gas, including all right, title and interest of Grantor in any royalties, overriding royalties, production payments, net profits interests or carried interests, and any reversion or conversion rights related thereto. In this regard, this Conveyance is made expressly subject to the oil and gas leases listed on Exhibit "A" hereto, but only to the extent same are valid, existing and enforceable on the date hereof, as same may be amended or supplemented; provided, Grantor agrees not to amend any of said oil and gas leases in a manner which would contravene or impair Grantee's rights as described in this Conveyance.

As between Grantor and Grantee, and except as specifically covered by the Special Conditions, Grantor's estate and rights in and to the Oil and Gas hereinabove reserved in and under the

Properties, shall be reasonably accommodated, so that Grantor, its successors and assigns, shall have rights of ingress and egress to explore, develop, use and occupy the Properties to the extent reasonably necessary for Grantor's Oil and Gas operations thereon. This reservation by Grantor is not intended to prevent Grantee from drilling water wells upon the Properties and taking water therefrom, and Grantee is expressly given such right. Grantor and those claiming under it shall also have the right to drill water wells and take water therefrom, but only to the extent reasonably necessary or incident to its Oil and Gas operations or development of the Properties. Neither Grantor nor Grantee nor any of their respective successors or assigns shall have any obligation, express or implied, to maintain or perpetuate any of the Properties or any interests therein in force or effect for the benefit of the rights or estates owned by the other. Grantor further reserves the right at its sole cost, risk and expense to use any easements, servitudes, rights-of-way, surface leases and other surface rights (subject to the terms and conditions thereof) included in the Properties covered hereby to the extent and only to the extent reasonably necessary in connection with Grantor's operations and only so long as Grantor's use thereof does not unreasonably interfere with the exploration, development, operation or maintenance of the Properties by Grantee in connection with its mineral operations thereon; provided that Grantee shall not be required to maintain any such easements, servitudes, rights-of-way, surface leases or other surface rights and may deal with same or release same in its sole discretion without any duty (express or implied) or liability to Grantor. All of the rights, titles and interests reserved by Grantor in this paragraph (ii) shall be referred to herein as the "Oil and Gas Rights".

(ii) The reservation by Grantor, and Grantor hereby reserves unto itself, its successors and assigns forever, the Deferred Interest, as defined and described as follows:

At 7 o'clock a.m., local time, July 1, 2001 (the "Reversion Date"), ownership of and title to the 25% Interest assigned and conveyed hereby shall automatically terminate and ownership thereof and title thereto shall automatically revert to and vest in Grantor as stated in the sentence next following. This Conveyance creates, and for all purposes hereof shall be construed as creating, as to the 25% Interest, a determinable estate in Grantee, and accordingly, on the Reversion Date, regardless of whether evidenced or confirmed by any assignment or other document, Grantee shall be automatically, unconditionally, completely and irrevocable divested of, and Grantor shall be vested with, the 25% Interest, any language herein or inferences herefrom to the contrary notwithstanding. The 25% Interest to be so vested in Grantor on the Reversion Date is herein called the "Deferred Interest".

The interests of Grantor and Grantee, their respective successors and assigns, in the Conveyed Interests and the Deferred Interest are and shall be subject to the provisions of that certain Deferred Interest Agreement of even date herewith, between Grantor, Grantee and others, the form of which is attached hereto as Exhibit "D" and which Agreement will be executed and recorded in the county in which this Conveyance is recorded.

(iii) Grantee covenants and agrees that, to the extent any Railroad Rights of Way (hereinafter defined) are located over or within the Properties, any lessee, sublessee, operator or other person or entity proposing to extract coal or other minerals under, within or adjacent to and on land abutting a Railroad Right of Way, including Grantee, its successors and assigns (an "Operator"), shall comply with and be subject to, and each lease, sublease, license or other agreement entered into hereafter with respect to the extracting of such coal or other minerals (a "Mining Agreement") shall expressly provide, the following:

(a) No mining or other extraction work shall be commenced until detailed plans therefor have been submitted to and approved by the Chief Engineer of the Railroad (hereinafter defined), and thereafter such work shall be carried out only in accordance with, and the Operator shall drive, pass through, operate, maintain and use for mining purposes only those entries and cross-cuts shown on, the plans so approved by the Chief Engineer. Approval of said plans shall in no way affect the liability of the Railroad as assumed by the Operator.

(b) No mining is permitted under Railroad tunnels. No open pit or strip mining is permitted within any Railroad Right of Way or within five feet of the boundary line of any Railroad Right of Way. In addition, all overburden slopes in proximity to a Railroad Right of Way shall be cut on a non-erodable gradient.

(c) All mining operations shall be carried on in conformity with all the valid laws of the state in which mining operations are conducted and the United States of America, now or hereafter in force.

(d) The coal pillars left for support shall be rectangular, inasmuch as possible, and in a uniform configuration.

(e) The Operator shall at all times maintain all entries and cross-cuts in a condition satisfactory to the Railroad's Chief Engineer, or his authorized representative, in a manner that will not endanger or interfere with the subterranean, lateral or subjacent support of the Railroad's tracks, rail facilities and other property.

(f) In the event faults, limitations or other conditions are encountered which may cause cave-ins or other dangerous conditions, the Operator, at its sole cost and expense, shall promptly arrange to support the mine

entries and cross-cuts and take any other steps deemed necessary by the Railroad's Chief Engineer to immediately remedy such dangerous conditions.

(g) In the event the Operator shall at any time fail to maintain and operate said mine entries and cross-cuts in the manner as provided for herein, and the support of Railroad's railroad track, facilities or other property is endangered by any failure, the Railroad, its agents or contractors, upon 30 days notice to the Operator which notice shall specify the particulars by which such operations are deficient, shall have the right to enter said mine entries and cross-cuts and to make repairs, erect posts or do any other act or thing which shall be necessary to protect the Railroad's right to support and to place inspectors therefor, at the sole cost and expense of the Operator.

(h) During the continuance of any right to drive, operate and maintain said mine entries and cross-cuts, the Operator shall indemnify, defend and save Grantor, the Railroad and their respective officers, agents and employees, harmless from and against all claims, demands, suits, damages, awards, judgments (judicial or administrative), costs and expenses whatsoever (including reasonable attorneys' fees) suffered or incurred by Grantee, the Railroad, or their respective officers, agents and employees, and due to, caused by, or arising in any manner, out of the possession, use and occupancy by the Operator of any property located under or within the Railroad Right of Way, and specifically any such claims, etc., arising from or under the Federal Black Lung Act, or comparable state statute.

(i) Upon termination of a Mining Agreement, by expiration of the term thereof or any other reason, the Operator shall remove all movable chattels, fixtures, or

structures, except those designated as the Railroad's property, or those necessary to provide post-closure support, within the time specified in any notice of termination or at the latest within thirty (30) days after such termination.

(j) The Operator, prior to commencement of any activities provided for herein, shall procure and maintain during continuance of its mining activity, at its sole cost and expense, liability insurance covering liability assumed by the Operator under this Conveyance with a limit of not less than \$3 million (or such greater amount as may be reasonably required by Grantor) Combined Single Limit for personal injury and property damage per occurrence and naming Grantor and the Railroad as co-insureds. The Railroad shall be furnished a certificate of insurance stating that the policy of insurance includes Contractual Liability Coverage, referring to this Conveyance by date, the names of the Grantor and the Railroad and the location covered. Said policy shall provide for post-closure liability for a minimum of three (3) and maximum of seven (7) years after the cessation of mining operations. The certificate shall provide for thirty (30) days' notice to the Railroad prior to termination of or change in the coverage provided. The furnishing of this insurance shall not limit the Operator's liability assumption but shall be additional security therefor.

(k) For purposes of this subparagraph (iii):

"Railroad" shall mean CSX Transportation, Inc., a Virginia corporation, it successors and assigns, whose principal address is 500 Water Street, Jacksonville, Florida 32202. The address of the Chief Engineer of the Railroad is the same. All notices, demands, approvals, requests and other communications with respect to the

foregoing matters shall be in writing and shall be deemed to have been given when delivered in person or when sent by registered or certified mail, return receipt requested, postage prepaid to the address stated herein, with a copy to CSX Realty, Inc., One James Center, Richmond, Virginia 23219. The Railroad and the Railroad's Chief Engineer may designate by notice to Grantee any further or different addresses to which subsequent notices shall be sent, and

"Railroad Right of Way" shall mean those parcels, strips or corridors of standard width in the area but not less than sixty (60) feet in width nor more than 100 feet in width crossing certain of the Properties (x) which are currently used by the Railroad or any of its Affiliates for railroad purposes, or (y) which have been used by the Railroad or any of its Affiliates (including any predecessor companies) for railroad purposes and have not been abandoned for such purposes pursuant to any order, rule or regulation of the Interstate Commerce Commission or other appropriate government authority.

TO HAVE AND TO HOLD the Conveyed Interests, together with all and singular the rights and appurtenances thereunto belonging, unto the said Grantee, its successors and assigns forever. Subject to the express reservations herein contained, it is the intent of this conveyance to transfer and convey to Grantee, and Grantor does hereby convey and transfer to Grantee all rights and interests now owned by Grantor, its successors and assigns, including, but not limited to all future interests, reversionary or deferred rights, or other vested or contingent rights or estates in the Conveyed Interests, so that upon Grantor's acquisition of such after acquired interests, the same shall, ipso facto, become vested in Grantee as fully and effectively as though Grantor had fully warranted title to the Conveyed Interests, notwithstanding that this Conveyance is otherwise made without warranty.

Grantor hereby also conveys to Grantee, its successors and assigns, all rights of Grantor and its Affiliates, to the extent assignable, in and to all covenants and warranties by Grantor's and the Affiliates' predecessors in title (other than any such covenants or warranties made by Affiliates of Grantor or by Grantor's corporate predecessors) and with full subrogation of all rights accruing under the statutes of limitation or prescription under the laws of various states in which the Conveyed Interests are located and all rights of action of warranty against all former owners (other than Affiliates or corporate predecessors of Grantor) of the Conveyed Interests.

For the purposes of this Conveyance, the term "Affiliate" shall mean, with respect to any entity, a person or entity that either now or in the past has directly or indirectly controlled, been controlled by or been under common control with, such entity or its corporate predecessors. For the purposes of this Conveyance, CSX Corporation and its Affiliates shall be Affiliates of Grantor.

Except as set forth in the two immediately preceding paragraphs, this Conveyance is made and accepted without recourse, covenant or warranty, expressed, implied or statutory.

The parties agree that, to the extent required by the applicable law to be operative, the disclaimers of certain warranties contained in this paragraph are "conspicuous" disclaimers for the purposes of any applicable law, rule or order. WITHOUT LIMITATION OF THE GENERALITY OF THE IMMEDIATELY PRECEDING SENTENCE, GRANTOR HEREBY EXPRESSLY DISCLAIMS AND NEGATES, ANY REPRESENTATION OR WARRANTY, EXPRESSED, IMPLIED, AT COMMON LAW, BY STATUTE OR OTHERWISE RELATING TO THE CONDITION OF THE PROPERTIES (INCLUDING WITHOUT LIMITATION, ANY IMPLIED OR EXPRESSED WARRANTY OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE, OF WORTHINESS OR OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS), IT BEING THE INTENTION OF GRANTOR AND GRANTEE THAT THE PROPERTIES ARE TO BE CONVEYED IN THEIR PRESENT CONDITION AND STATE OF REPAIR AND THAT GRANTEE HAS MADE OR CAUSED TO BE MADE SUCH INSPECTION AS IT DEEMS APPROPRIATE.

In addition to, and not in lieu of the conveyance evidenced by the foregoing, Grantor hereby quitclaims, remises and relinquishes unto Grantee any and all lands and interests described in the Coal Leases described in Exhibit

BOOK 112 PAGE 886

"C" hereto, but only to the extent such lands and interests are not described in Exhibit "A" hereto. To the extent any property passes to Grantee by virtue of this paragraph, the reservations, exceptions and stipulations contained herein relating to the Conveyed Interests are, and shall be, applicable thereto.

This Conveyance shall be binding upon and shall inure to the benefit of Grantor and Grantee and their respective successors, legal representatives and assigns, including without limitation any lessees from Grantor of the Oil and Gas Rights, and any lessees or sublessees from Grantee of any coal or other mineral rights.

Dated on the 31st day of December, 1986.

GRANTOR

CSX TRANSPORTATION, INC.

By: P. Michael Giftbs
P. Michael Giftbs
Authorized Representative

GRANTEE:

WESTERN POCAHONTAS PROPERTIES
LIMITED PARTNERSHIP, a Limited
Partnership

By Western Pocahontas Corporation,
it General Partner

By: Corbin J. Robertson, Jr.
Corbin J. Robertson, Jr.
President

GRANTEE'S MAILING ADDRESS:

Western Pocahontas Corporation
601 Jefferson Street
Suite 4000
Houston, Texas 77002

This Instrument was Prepared By:

Douglas B. Glass
Vinson & Elkins
3500 First City Tower
1001 Fannin
Houston, Texas 77002-6760

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BOOK 112 PAGE 887

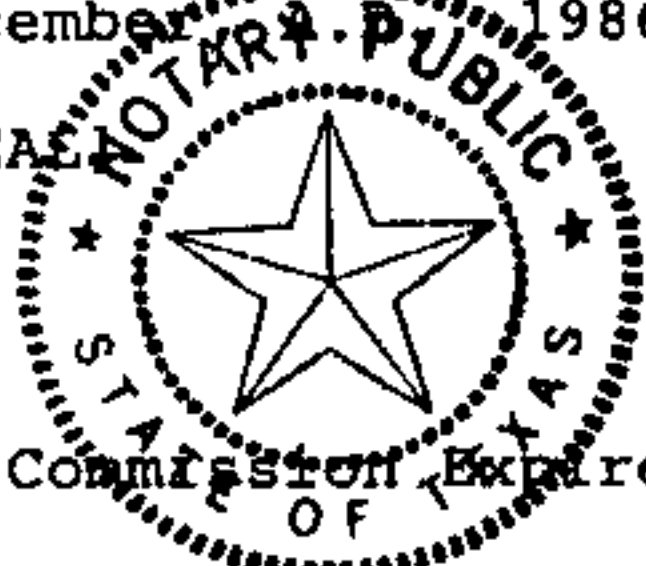
Alabama Corporate
Acknowledgment

THE STATE OF TEXAS §
 §
HARRIS COUNTY §

I, Linda Scott, a notary public in and for said county in said state, hereby certify that P. MICHAEL GIFTOS, whose name as Authorized Representative of CSX TRANSPORTATION, INC., a Virginia corporation, is signed to the foregoing conveyance, and who is know to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office this 31st day of December, 1986.

[SEAL]



My Commission Expires:

Linda L. Scott

My Commission Expires: July 30, 1988

THE STATE OF TEXAS §
 §
HARRIS COUNTY §

Linda L. Scott
Notary Public in and for
The State of Texas

Printed Name of Notary:

I, Linda Scott, a notary public in and for said county in said state, hereby certify that CORBIN J. ROBERTSON, JR., whose name as President of WESTERN POCAHONTAS CORPORATION, General Partner of WESTERN POCAHONTAS LIMITED PARTNERSHIP, a Texas Limited Partnership, is signed to the foregoing conveyance, and who is know to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said limited partnership.

Given under my hand and seal of office this 31st day of December, A.D., 1986.

[SEAL]



My Commission Expires:

Linda L. Scott

My Commission Expires: July 30, 1988

Linda L. Scott
Notary Public in and for
The State of Texas

Printed Name of Notary:

Alabama

EXHIBIT "A"
TO
CONVEYANCE

PREAMBLE

This Exhibit describes the Properties, as defined in the Conveyance to which it is attached.

The Properties shall mean all of the real property, rights, titles and interests as described in the following pages. The Properties are subject to (a) those matters set forth in the Conveyance, and (b) the terms, provisions and conditions of the matters to which this deed is made expressly subject. In addition, Grantor hereby reserves a fee simple interest in and to the surface of the "Railroad Parcels" described below.

For purposes of this exhibit, the following terms shall have the following meanings:

1. "Fee" shall mean the entire undivided fee simple interest in and to the lands described on this Exhibit where such designation appears.

2. "Mineral Rights" or "Mineral Interests" shall mean those rights in the minerals under the lands described in this Exhibit where such designation appears as were reserved by or conveyed to Grantor, as the case may be, pursuant to the terms of instruments covering such property; provided, however, the terms "Mineral Rights" or "Mineral Interests" shall in any event mean and be deemed to cover the coal underlying the said premises where such designation appears.

3. "Half Interest in Mineral Rights" shall mean a fifty percent (50%) ownership interest in the Mineral Rights.

4. "One-Fourth Interest in Mineral Rights" shall mean a twenty-five percent (25%) ownership interest in the Mineral Rights.

5. "Acres" shall mean the approximate number of acres covered by each respective entry on the following pages.

A37DBG/131

RAILROAD PARCELS

1. A parcel of land 115 feet wide lying 65 feet on the east side and 50 feet on the west side of the centerline of the main railroad track owned by CSX Transportation, Inc., beginning on the north line NW $\frac{1}{4}$ of NW $\frac{1}{4}$ of Section 9, Township 20 South, Range 3 West, Shelby County, Alabama, and running southeastwardly 6306 feet, more or less, to the south line of said Section 9, SW $\frac{1}{4}$ of SE $\frac{1}{4}$, Township 20 South, Range 3 West, Shelby County, Alabama.

2. A parcel of land, of various widths, beginning in the north line of the SW $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 5, Township 20 South, Range 3 West, Shelby County, Alabama, and running southwestwardly, with a width of 100 feet, being 50 feet on each side of the centerline of the main railroad track owned by CSX Transportation, Inc., 2855 feet, more or less, to a point; thence with a width of 150 feet, 75 feet on each side of the centerline of said main track, 1160 feet, more or less to a point; thence with a width of 200 feet, 75 feet on the east side of main track and 125 feet on the west side of said main track, 2495 feet, more or less to the north line of a road crossing; thence with a width of 150 feet, being 75 feet on each side of the centerline of the main track, 1884 feet, more or less, to a point; thence with a width of 200 feet, 100 feet on each side of the centerline of the main track, 1600 feet, more or less to a point; thence with a width of 100 feet, 50 feet on each side of the centerline of the main tract, 2943 feet, more or less, to the east line of the SE $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 17, Township 20 South, Range 3 West; the distances set forth herein being along the centerline of the main track which runs through Sections 5, 7, 8 and 17, Township 20 South, Range 3 West.

3. A parcel of land 200 feet in width, being 100 feet on each side of the centerline of the main railroad track owned by CSX Transportation, Inc., beginning on the north line of the NW $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 6, Township 9 South, Range 3 West, Cullman County, Alabama and running southeastwardly 1950 feet, more or less, to the south line of the NE $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 6, the distance given being along the centerline of the main railroad track.

<u>County</u>	<u>Description</u>	<u>Sec.</u>	<u>Town- ship</u>	<u>Range</u>	<u>Acres</u>
Shelby [Mineral Rights]	N $\frac{1}{2}$ of NE $\frac{1}{2}$, N $\frac{1}{2}$ of NW $\frac{1}{2}$	10	19S	2W	160
	NW $\frac{1}{2}$ of SW $\frac{1}{2}$	3	20S	3W	40
	S $\frac{1}{2}$ of section				
	W $\frac{1}{2}$ of NW $\frac{1}{2}$	4	20S	3W	400
	SE $\frac{1}{2}$ of NE $\frac{1}{2}$, S $\frac{1}{2}$ of SE $\frac{1}{2}$,	5	20S	3W	120
	That portion of NW $\frac{1}{2}$ that lies northeast of mean low water line of Cahaba River	9	20S	3W	40
	SE $\frac{1}{2}$ of SE $\frac{1}{2}$	18	20S	3W	40
	E $\frac{1}{2}$ of NE $\frac{1}{2}$, NE $\frac{1}{2}$ of SE $\frac{1}{2}$, SE $\frac{1}{2}$ of SW $\frac{1}{2}$, the northwest diagonal 20 acres of SW $\frac{1}{2}$ of SE $\frac{1}{2}$ lying west of Cahaba River	19	20S	3W	180
	The northwest diagonal 20 acres of NE $\frac{1}{2}$ of NW $\frac{1}{2}$ west of Cahaba River	30	20S	3W	20
	That portion of NE $\frac{1}{2}$ located in Shelby County	14	20S	4W	25
[Fee]	NE $\frac{1}{2}$ of SW $\frac{1}{2}$	3	20S	3W	40
	S $\frac{1}{2}$ of SW $\frac{1}{2}$	5	20S	3W	80
	E $\frac{1}{2}$ of NE $\frac{1}{2}$, N $\frac{1}{2}$ of SE $\frac{1}{2}$	7	20S	3W	160
	All of section (Less 2.88 acres sold to Atlantic Coastline RR 4/17/61)	8	20S	3W	637.1
	NE $\frac{1}{2}$, NE $\frac{1}{2}$ of SE $\frac{1}{2}$, W $\frac{1}{2}$ of SE $\frac{1}{2}$, SW $\frac{1}{2}$, all that portion of NW $\frac{1}{2}$ west of the northeast bank of Cahaba River on mean low water line	9	20S	3W	560
	N $\frac{1}{2}$ of section SE $\frac{1}{2}$ of SW $\frac{1}{2}$, E $\frac{1}{2}$ of NE $\frac{1}{2}$ of SW $\frac{1}{2}$	17	20S	3W	540
	N $\frac{1}{2}$ of NE $\frac{1}{2}$, N $\frac{1}{2}$ of NW $\frac{1}{2}$, SE $\frac{1}{2}$ of NE $\frac{1}{2}$, NE $\frac{1}{2}$ of SE $\frac{1}{2}$, SW $\frac{1}{2}$ of SE $\frac{1}{2}$, SE $\frac{1}{2}$ of SW $\frac{1}{2}$	18	20S	3W	320
	NW $\frac{1}{2}$ of NE $\frac{1}{2}$	19	20S	3W	40

EXHIBIT "A"

STATE: Alabama
COUNTY: Shelby

III. SUBJECT TO the estates granted by, and the terms, provisions and conditions of the following, as same may have been amended, extended, supplemented or modified, but only to the extent that any of same are valid, existing and enforceable and affect the Properties on the date hereof:

<u>GRANTOR</u>	<u>GRANTEE</u>	<u>INSTRUMENT DATE</u>	<u>BOOK</u>	<u>PAGE</u>
Louisville and Nashville Railroad Company	Alabama Power Company	03/24/1913		

EXHIBIT "B"
TO
CONVEYANCE

The Oil and Gas Rights and Grantor's exercise thereof are subject to the following limitations and restrictions:

1. Except as may be provided by Statute, Grantor agrees that its Oil and Gas Rights and the rights of any present or future Oil and Gas lessees or operators on any lands covered by the Properties shall not unreasonably interfere with Grantee's operations (or those of its lessees, permittees and licensees) with respect to the Conveyed Interests, including, without limitation, mining operations, commercial and surface development operations, timber operations and other operations that Grantee or its successors or assigns conduct relating in any way to the Conveyed Interests; provided that the present terms of any existing Oil and Gas leases shall govern the activities of lessees or sublessees claiming thereunder. To this end, Grantor agrees that it will provide to Grantee, prior to institution or any Oil and Gas related operations a detailed plan of activities setting forth the proposed use and extent of the use of the surface, the proposed depth and drilling pattern of any wells to be drilled, the bottom hole location and a schematic of the well bore if any directional drilling is anticipated, and such other information as Grantor shall have or Grantee reasonably shall request. At the time of such notice, Grantee shall likewise provide such information as Grantor may request relating to Grantee's mining operations, commercial and surface development operations, timber operations and other operations as are then known by Grantee. Grantee shall have the right to modify Grantor's plans by responding within ninety (90) days from the receipt thereof so as to minimize any interference by Grantor with Grantees known or proposed operations. Grantee shall not have the right to summarily refuse or reject a development plan submitted in good faith by Grantor without stating reasons for such refusal or rejection; but Grantee shall be required to modify such plans, stating its reasons therefor. Grantor shall not have the right to conduct operations for Oil and Gas until Grantee has approved a development plan in its discretion, exercised in good faith.

2. With respect to any Property now or hereafter developed by Grantee for commercial, residential or

industrial purposes, Grantor and Grantee agree to negotiate in good faith a plan by which Grantor will exercise its Oil and Gas Rights at specified drilling sites, other facility sites, access roads and pipeline rights-of-way that, to the largest extent possible, avoid interference with the use by Grantee of the affected Property.

3. Grantee's rights to develop the Conveyed Interests are of equal dignity to the Oil and Gas Rights, although as between Grantor and Grantee, and their successors and assigns, the Conveyed Interests shall have priority. Therefore, in the event any Oil and Gas well is completed as a well capable of producing Oil or Gas, each party agrees to develop and exchange plans in accordance with paragraph 1 above whereby both parties may still utilize the property but with priority for a plan whereby any coal or other minerals that Grantee or its lessees or sublessee may be mining or planning to mine can be recovered. Likewise, the parties agree for all purposes (notwithstanding the provisions of paragraph 2 above) to accommodate Grantor or its lessees or sublessee to the end that anticipated recoverable reserves attributable to a well producing oil or gas may be fully recovered over the economic life of said well, subject to the provisions of paragraph 4 below.

4. After the approval of an agreed plan of development pursuant to paragraph 1 above, if any Oil and Gas well is producing or is capable of producing commercially pursuant thereto, Grantor or its lessees or sublessees agree to temporarily suspend operations and shut-in such well, remove all equipment and roads at Grantee's request if made on or after five (5) years from the date of the approval of the said development plan. Such initial shut-in removal and relocation shall be, on a one time basis (as to the wells, roads or facilities covered by each request), at the cost of Grantor or its lessees or sublessees. At such time, Grantee shall give Grantor ninety (90) days notice in writing of the anticipated date by which any coal surface mining or related backslipping operation shall occur. Grantor agrees, at such time as Grantee shall have mined within 500 feet of such well site location, or to such other distance as may be permitted under the applicable regulations of governmental authorities having jurisdiction over the premises, but in no event later than such time as Grantee shall have mined within 200 feet of such well site location, to temporarily suspend operations and to shut-in such well, as follows:

- (a) In the event Grantor is required to shut-in the well in accordance herewith, the shut-in procedures for such well shall be as follows:
 - (i) Remove any and all of Grantor's surface facilities, including pipelines, gathering lines, roads or other improvements located on said lands;
 - (ii) Set a drillable bridge plug in the production casing at a depth at least 150 feet below the projected ultimate depth of the mine pit floor in the well site location area;
 - (iii) Cut off the production casing at a point approximately fifty (50) feet above the drillable bridge plug and remove said casing above said cut-off point;
 - (iv) Set a retrievable bridge plug in the surface casing at a depth approximately seventy-five (75) feet below the projected ultimate depth of the mine pit floor in the well site location area; and
 - (v) Thereafter, spot approximately twenty-five (25) feet of sand on top of the retrievable bridge plug; or
 - (vi) Employ any other procedure approved by the governmental agency having jurisdiction thereof, and agreed upon by the parties at the time.
- (b) Upon completion of such operation, Grantor shall give Grantee written notice hereof, together with a copy of a survey of the actual well location prepared by a registered surveyor. All costs of expenses of suspension and shut-in of the well shall be borne by Grantor or its lessees or sublessee.

If Grantee requires further removal, suspension or relocation of wells or facilities beyond the initial request,

such further activities shall be at Grantee's cost and expense.

5. If any oil and gas well is declared to be dry, or is at any time abandoned by Grantor or its lessees or sublessees, it shall be plugged and abandoned as required by then controlling laws, rules and regulations pertaining thereto. In addition, Grantor or its lessees or sublessees agree to set a substantial cement plug in any such oil and gas well at a depth below the coal deposits, as mutually determined, but if no mutual determination can be made, then as determined by a third party professional mining engineer acceptable to Grantee. Grantor, or its lessees or sublessees, upon completion of any operations upon any affected property, also shall remove all equipment and structures placed by it thereon, fill and level all holes and excavations made by it, and restore the property in a manner that complies with all applicable federal, state and local laws, rules, regulations and orders governing Oil and Gas operations, and as near as possible to original contour.

6. Grantor agrees to comply with such reasonable security measures and procedures as Grantee may establish relative to Grantor's access to and utilization of the affected property.

7. Grantee is granted and shall have for itself, its assigns and lessees, the right to farm, graze, mine, develop and otherwise enjoy the use of the Conveyed Interests. Grantor, or its assigns or lessees or sublessees, shall be responsible to Grantee, or its assigns or lessees, for any reasonable damages to improvements, growing crops and timber, livestock and/or significant disruption of mining, timber, ranching or other operations as a result of Grantor's operations with respect to the Conveyed Interests, the Properties or the Oil and Gas Rights.

8. Grantor understands that a portion of the property upon which certain rights have been retained hereunder is currently leased to third parties for farming, ranching, mining, oil and gas, residential and other purposes, and any right to enter upon the Conveyed Interests or any access route is not warranted or guaranteed and Grantor's activities thereunder shall be at Grantor's sole cost, risk and expense.

9. Upon Grantee's request, Grantor agrees to provide Grantee with all geological data and information, to a depth of 10,000 feet from the surface, which is obtained through the drilling of any Oil and Gas wells and to allow Grantee access to any cores, samples, or well logs developed in connection with the drilling and coring of any Oil and Gas wells to such depth unless such data is subject to a confidentiality agreement with a third party. Grantee agrees to reimburse Grantor for copying and direct out of pocket costs related to the furnishing of such information. Grantor shall use its best efforts to exclude Grantee from the application of any confidentiality agreement which would limit Grantee's right of access to the information specified herein.

10. Grantor agrees to comply with all laws, rules, regulations and orders of federal, state, and local government authorities having jurisdiction over Grantor or any of the work associated with any exercise of the Oil and Gas Rights. Grantor further agrees to comply with all laws, rules, regulations and orders of any governmental authorities having jurisdiction over Grantee relative to the mining of coal or other operations of Grantee to the extent that such may also be applicable to Grantor's activities hereunder.

11. Grantor agrees that its operations in exercising its Oil and Gas Rights will utilize only so much of Grantee's water supplies, quantities or quality as may be reasonably necessary in connection with Grantor's operations including water flooding operations; provided that water supplies may only be utilized for water flooding operations in the same field (as may be defined by the regulatory authority with jurisdiction) from which the water is produced. Further, Grantor agrees that its operations in exercising its Oil and Gas Rights will not interfere with, nor cause damage to, Grantee's water supplies, quantities or quality.

12. Grantor or its lessees or sublessees, assigns and successors, shall assume and bear responsibility for, and agrees to indemnify and hold Grantee harmless from, any and all costs, expenses, liabilities, claims or losses arising out of or resulting from the exercise or use by Grantor or its lessees or sublessees, of the Oil and Gas Rights. Likewise, Grantee and its assigns and successors, shall assume and bear responsibility for and agrees to indemnify

and hold Grantor harmless from, any and all costs, expenses, liabilities, claims or losses arising out of or resulting from the exercise or use by Grantee of the Conveyed Interests.

13. References herein to Grantor and Grantee shall include such parties and their respective successors, assigns, lessees, sublessees, permittees or others claiming by, through or under said parties.

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BOOK 112 PAGE 898

BOOK 112 PAGE 899

There is no Exhibit C

EXHIBIT "D"
TO
CONVEYANCE

DEFERRED INTEREST AGREEMENT

THIS DEFERRED INTEREST AGREEMENT (this "Agreement"), dated as of December 31, 1986, is between CSX MINERALS, INC., a Virginia corporation ("CSXM"), CSX TRANSPORTATION, INC., a Virginia corporation ("CSXT"), and MID ALLEGHENY CORPORATION, a West Virginia corporation ("MAC") (CSXM, CSXT and MAC are sometimes collectively referred to as "Principal Sellers"); BALTIMORE AND OHIO RAILROAD COMPANY, a Maryland corporation ("B&O"), THE REAL ESTATE AND IMPROVEMENT COMPANY OF BALTIMORE CITY, a Maryland corporation ("RE&I"), ADRIAN REALTY COMPANY, a Pennsylvania corporation ("ARC"), THE SCHUYLKILL IMPROVEMENT LAND COMPANY OF PHILADELPHIA, a Pennsylvania corporation ("SILC"), WESTERN MARYLAND RAILWAY COMPANY, a Maryland corporation ("WMRC"), MARYLAND AND WEST VIRGINIA COMPANY, a West Virginia corporation ("M&WVC"), CHICAGO AND INDIANAPOLIS COAL COMPANY, INC., an Indiana corporation ("CICC") (B&O, RE&I, ARC, SILC, WMRC, M&WVC and CICC are sometimes collectively referred to as "Other Sellers"; Principals Sellers and Other Sellers are sometimes collectively referred to as "Sellers" and sometimes individually as a "Seller"); and WESTERN POCAHONTAS PROPERTIES LIMITED PARTNERSHIP, a Texas limited partnership ("Buyer").

RECITALS

A. Pursuant to the Purchase Agreement, dated as of the date hereof, among CSX Corporation, a Virginia corporation ("CSX"), Principal Sellers and Buyer (the "Purchase Agreement"), Principal Sellers have sold, and CSX has caused Other Sellers to sell, to Buyer certain real property and related interests in West Virginia, Kentucky, Maryland, Alabama, Indiana and Pennsylvania (collectively, the "Properties" and individually, a "Property"), more particularly described in the Conveyances listed in Schedule A attached hereto (the "Conveyances").

B. Pursuant to the Conveyances, Sellers retained a reversionary interest, to be effective July 1, 2001, of 25% (28% in the case of MAC) of Sellers' respective interests in the Properties.

C. In order to facilitate the sale, leasing, use and development of their respective interests in the Properties before and after July 1, 2001, Sellers and Buyer have entered into this Agreement.

NOW, THEREFORE, in consideration of the mutual benefits derived and to be derived herefrom by each party, Sellers and Buyer hereby agree as follows:

ARTICLE I

DEFINITIONS

Capitalized terms not defined elsewhere in this Agreement shall have the meaning set forth below unless the context otherwise requires:

"Affiliate" means, with respect to an entity or person, any entity or person directly or indirectly controlling, controlled by or under common control with such person or entity.

"Affected Seller" means the Seller of a Property which is the subject of a proposed or actual Sale.

"Affected Property" means a Property which is the subject of a proposed or actual Sale.

"Allocated Purchase Price" means the portion of the purchase price paid by Buyer for each of the Properties under the Purchase Agreement, such purchase price having been allocated to certain groups of the Properties in accordance with the purchase price allocation attached to the Purchase Agreement as Schedule 3.6(a). The Allocated Purchase Price of any Properties which constitute less than an entire group of Properties as listed on such schedule shall be determined by an independent consultant chosen in the manner provided in Section 3.7 of the Purchase Agreement, unless the parties otherwise mutually agree upon the Allocated Purchase Price. Beginning January 1, 1988 and on each January 1 thereafter until January 1, 2001, the Allocated Purchase Price shall be reduced by seven percent (7%) of the original amount set forth on such schedule, and such reduced price shall be the Allocated Purchase Price for purposes of any Sale made on such January 1 or during the remainder of the calendar year; provided, that in no event shall the Allocated Purchase Price be less than zero. From and after the Reversion Date, the Allocated Purchase Price for each of the Properties shall be zero. Seller shall have the right to review and object to any of the values listed on such schedule as provided in Section 3.7(c) of the Purchase Agreement, and if any of such values are changed in the manner provided in such section, the Allocated Purchase Price of the Properties for purposes of this Agreement shall also be changed accordingly.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Deferred Interests" means the reversionary interests of Sellers in the Properties to be effective on the Reversion Date, as more particularly described in the Conveyances.

"Excluded Transaction" means any of the following:

(i) any transfer to or among any Affiliate of Buyer or any entity directly or indirectly controlled by any descendants of the late H. R. Cullen and Lillie C. Cullen of Houston, Texas, or by any trust or trusts primarily for the benefit of any of them;

(ii) the reformation of Buyer as a Delaware limited partnership (in which case the term Buyer shall thereafter mean such Delaware limited partnership);

(iii) any transfer by one or more of Sellers to one or more of the other Sellers or to an Affiliate of one or more Sellers;

(iv) the granting by Buyer or Sellers of any lien, mortgage, security interest or other encumbrance on their respective interests in all or any portion of the Properties in connection with any financing secured by their respective interests in the Properties or any portion thereof;

(v) any other transfer which the other party or parties agree to treat as an Excluded Transaction; or

(vi) the granting of any coal mining lease, surface lease, timber harvesting contract, easement, license or similar agreement.

"Fiscal Year" means the six-month period beginning on the Reversion Date and ending December 31, 2001 and each twelve-month period thereafter beginning January 1 and ending the following December 31.

"Net Revenues" means the Operating Revenues attributable to and accrued in any Fiscal Year less (i) the Operating Expenses incurred during and accrued in such Fiscal Year and (ii) any Operating Expenses incurred during and accrued in any of the previous Fiscal Years to the extent such Operating Expenses incurred in any of such years exceeded the Operating Revenues during the same year and were not already subtracted from the Operating Revenues of any subsequent Fiscal Year in determining Net Revenues payable hereunder during such subsequent Fiscal Year.

"Operating Expenses" means all reasonable costs, expenses and liabilities, determined in accordance with generally accepted accounting principles, consistently applied, incurred and accrued by Buyer during any Fiscal Year in the business of owning, maintaining, managing, leasing and selling the Properties (including Sellers' interests therein) for the purpose of generating Operating Revenues currently or in the future or for the purpose of selling the combined interests of Buyer and Sellers pursuant to Sales currently or in the future, including, without

limitation, the following expenses and liabilities incurred in such business and for such purposes: overhead expenses, ad valorem taxes, liability insurance premiums, engineering and marketing studies, survey expenses, the cost of constructing roads reasonably required for managing timber properties or providing access thereto and all "Damages" for which Buyer is liable under Section 5.2 (other than due to Buyer's gross negligence or willful misconduct). Operating Expenses shall not include any costs, expenses or liabilities associated with coal mines operated by Buyer (as distinguished from those which it leases to others) or attributable to any commercial real estate development activities referred to in Section 4.2 and not of the type which Sellers conducted on the Properties before the date hereof.

112 MAR 303
BOOK "Operating Revenues" means all revenues, determined in accordance with generally accepted accounting principles, consistently applied, generated and properly accrued during any Fiscal Year from, (i) coal mining leases, surface leases, timber harvesting contracts, ground leases, and other similar agreements relating to the Properties (subject to adjustment for uncollectible accounts), (ii) the fair value of any consideration paid to Buyer for any such leases, contracts or other agreements to the extent such consideration is not paid in the form of rents or royalties, and (iii) any payments (other than recoupable royalties) made under any such leases, contracts or other agreements before the Reversion Date to the extent such payments constitute consideration for the period of time after the Reversion Date (in which case such payments shall be amortized over the term of the lease, contract or other agreement) and (iv) recoupable royalties under coal mining leases paid to Buyer before the Reversion Date but only to, as and when lessees receive credit therefor after the Reversion Date, but excluding (A) the proceeds of any Sale, (B) the proceeds from any sale, financing, refinancing, or transfer by Sellers or Buyer of their respective interests in the Properties, and (C) revenues attributable to any coal mines operated by Buyer (as distinguished from those which it leases to others) or attributable to any commercial real estate development activities referred to in Section 4.2 and not of the type which Sellers conducted on the Properties before the date hereof.

"Reversion Date" means July 1, 2001.

"Sale" means any sale, conveyance or transfer of all or part of the interest of Buyer or of any Seller in any one or more of the Properties, other than an Excluded Transaction.

ARTICLE II

SALES OF PROPERTIES

2.1. Right to Sell - General. Each party hereto agrees not to make a Sale of all or any portion of its interests in the Properties without first complying with the provisions of this Article II. Any Sale which does not comply with the provisions of this Article II shall be void and shall not transfer legal or beneficial title to the interests intended to be sold.

2.2. Transfers, etc. Other Than Sales. Any sale, exchange, lease, license, easement, or other transfer or disposition of any interest in the Properties, including the granting of a lien, mortgage, security interest or other encumbrance, which does not constitute a "Sale" as defined in Article I shall be subject in all respects to the rights, interests and obligations of the parties hereunder, including, without limitation, Sellers' right to participate in any Sales of the Properties and Sellers' Deferred Interests. Any person or entity acquiring the interest of Buyer or any of Sellers in any of the Properties, other than through a Sale of the combined interests of Buyer and Sellers in such Property and other than pursuant to the exercise of a right of first refusal granted herein, shall not thereafter make a Sale of such interest without first complying with the provisions of this Article II.

2.3. Sales by Buyer.

(a) Sellers' Right of First Refusal. Buyer hereby grants to Sellers a right of first refusal to purchase Buyer's interests in the Properties upon a Sale of any of such interests, subject to the terms and conditions of this Section 2.3.

(b) Sale of Buyer's Interest. If Buyer obtains a bona fide, written offer from a third party for the Sale of Buyer's interest in any of the Properties (subject to Sellers' Deferred Interests and the rights and interests of Seller hereunder) and such offer is acceptable to Buyer, Buyer shall deliver a copy of such offer to the Affected Seller(s), together with any other information reasonably available to Buyer concerning the prospective purchaser, the terms of the offer and the Affected Property. Within thirty (30) days after its receipt of such offer and such other information, the Affected Seller shall notify Buyer whether it intends to exercise its right of first refusal. If the Affected Seller duly notifies Buyer of its intention to exercise its right of first refusal, Buyer shall thereupon be obligated to sell to the Affected Seller or its designee, and the Affected Seller shall be obligated to purchase or to cause its designee to purchase, Buyer's interest in the Affected Property upon the terms and conditions of the offer. If the Affected Seller notifies Buyer that it does not intend to exercise its right of first refusal or if the Affected Seller fails to notify Buyer within such 30-day period that it intends to exercise such right,

Buyer may thereupon consummate the Sale of its interest in the Property or Properties to the third party upon the terms and conditions of the offer, free and clear of the Affected Seller's right of first refusal with respect to such Sale, but otherwise subject to the Affected Seller's rights and interests hereunder and subject to its Deferred Interest in such Property. However, if Buyer fails to consummate such Sale within one year after the expiration of such 30-day period, the Affected Seller's right of first refusal shall thereupon be reinstated with respect to such Sale, and in any event the Affected Seller shall continue to have a right of first refusal with respect to all subsequent Sales of the same interest in the Properties.

(c) Sale of Combined Interests of Buyer and Seller.

If Buyer obtains a bona fide offer from a third party for the Sale of the combined interests of Buyer and Seller in any of the Properties and such offer is acceptable to Buyer, Buyer shall deliver to the Affected Seller(s) a copy of such offer, together with any other information reasonably available to Buyer concerning the prospective purchaser, the terms of the offer and the Affected Property. Within thirty (30) days after its receipt of such offer and such other information, the Affected Seller shall notify Buyer to the effect that (i) it intends to exercise its right of first refusal to purchase only Buyer's interest in the Affected Property or (ii) it will participate in such Sale. If the Affected Seller notifies Buyer as specified in (i) above, Buyer shall thereupon be obligated to sell to the Affected Seller or its designee, and the Affected Seller shall be obligated to purchase or to cause its designee to purchase, Buyer's interest in the Affected Property upon the terms and conditions of the offer obtained by Buyer; provided, however, that the purchase price for Buyer's interest shall be an amount equal to the purchase price stated in such offer reduced by an amount equal to 25% (28% in the case of Affected Property owned by MAC) of the excess (if any) of (A) such stated purchase price less the reasonable expenses of such sale over (B) the Allocated Purchase Price of the Affected Property. If the Affected Seller notifies Buyer as specified in (ii) above or if the Affected Seller fails to notify Buyer within such 30-day period in the manner specified in either of clauses (i) or (ii) above, Buyer and the Affected Seller shall sell their respective interests in the Affected Property to the third party in accordance with the terms of the offer. If the Sale of the combined interests of Buyer and the Affected Seller in the Affected Property is not consummated within one year after the expiration of such 30-day period, Buyer shall thereupon be obligated to renotify the Affected Seller of such offer or any subsequent offer and the Affected Seller shall then have all of the rights specified in this Section 2.3(c) with respect to such offer as if the original offer had never been made.

2.4. Sales by Sellers.

(a) Buyer's Right of First Refusal. Sellers hereby grant to Buyer a right of first refusal to purchase Sellers' respective interests in the Properties upon a Sale of any of such interests. If any of the Sellers obtains a bona fide, written offer from a third party for the Sale of Seller's interests in any of the Properties and such offer is acceptable to the Affected Seller, the Affected Seller shall deliver a copy of such offer to Buyer, together with any other information reasonably available to the Affected Seller concerning the prospective purchaser or the terms of the offer. Within thirty (30) days after its receipt of such offer and other information, Buyer shall notify the Affected Seller whether Buyer intends to exercise its right of first refusal.

(b) Failure to Exercise Right of First Refusal. If Buyer notifies the Affected Seller that Buyer does not intend to exercise its right of first refusal or if Buyer fails to notify the Affected Seller within such 30-day period that it intends to exercise such right, the Affected Seller may thereupon consummate the Sale of its interest in the Affected Property upon the terms and conditions of the offer, free and clear of Buyer's right of first refusal with respect to such Sale, but otherwise subject to Buyer's rights and interests hereunder. However, if the Affected Seller fails to consummate such Sale within one year after the expiration of such 30-day period, Buyer's right of first refusal shall thereupon be reinstated, and in any event Buyer shall continue to have a right of first refusal with respect to all subsequent Sales of the Affected Seller's interest in the Affected Property.

(c) Exercise of Right of First Refusal. If Buyer duly exercises its right of first refusal to purchase Seller's interest in the Affected Property as provided in Section 2.4(a), Seller thereupon shall be obligated to sell to Buyer or its designee, and Buyer shall be obligated to purchase or to cause its designee to purchase, the Affected Seller's interest in the Affected Property upon the terms and conditions of the offer obtained by the Affected Seller.

2.5. Merger of Interests. If any of Sellers acquires Buyer's interest in any of the Properties or if Buyer acquires any of Sellers' interest (including the Deferred Interest) in any of the Properties, or if any other party acquires the interests of both Buyer and Seller in any of the Properties, the rights, interests and obligations of the parties under this Agreement and the Conveyances with respect to such Properties shall be merged and this Agreement shall terminate with respect to such Properties. However, any such termination of this Agreement shall not affect the rights and obligations of the parties arising before the effective date of such merger, and such termination shall not affect this Agreement as it applies to the

remainder of the Properties in which both Sellers and Buyer still retain an interest.

2.6. Proceeds of Sales. If the Affected Seller and Buyer join in a Sale of their respective interests in the Affected Properties, then the proceeds of such Sale shall be owned by and distributed to such parties in accordance with the provisions of this Section. The Affected Seller shall be entitled to 25% (28% in the case of the Sale of any Affected Property owned by MAC) of the excess (if any) of (i) the gross sales proceeds less reasonable expenses of the Sale, over (ii) the Allocated Purchase Price of the Affected Property. Buyer shall be entitled to the balance of any sales proceeds. If any portion of the sales proceeds is to be paid in installments, then the entitlement of the Affected Seller and Buyer to the downpayment and each installment received shall be in the same proportions stated in the preceding sentence.

2.7. Notification by Purchaser. If Buyer or a Seller consummates a sale or transfer of any of their respective interests in any of the Properties to a third party as permitted by this Article II (whether a Sale or other transfer or disposition), the purchaser or transferee shall promptly notify the other party to this Agreement that such sale or transfer has been consummated and shall provide to the other party the address of such purchaser or transferee for purposes of notices and other communications hereunder.

ARTICLE III

OPERATIONS

3.1. Operations Before the Reversion Date. Before the Reversion Date, Buyer shall be entitled to exercise, receive and retain all of the rights and benefits of ownership of the Properties undiminished by the Deferred Interests, except as otherwise expressly stated in this Agreement.

3.2. Management of Properties after Reversion Date. On and after the Reversion Date, Buyer shall have the exclusive right and obligation to manage the respective interests of Buyer and Sellers in the Properties. Buyer shall use its reasonable efforts to collect all Operating Revenues and pay all Operating Expenses, and Buyer shall disburse Net Revenues not less often than semi-annually, 25% to Sellers and 75% to Buyer (28% and 72%, respectively, in the case of Net Revenues attributable to Properties in which MAC has a Deferred Interest).

3.3. Operating Agreement. Buyer and Sellers shall commence negotiating in good faith promptly after the date of this Agreement to enter into an operating agreement governing the management of those Properties in which Sellers and Buyer both retain interests on and after the Reversion Date (the "Operating

Agreement"). The Operating Agreement shall contain the terms set forth in Section 3.2 and such additional or different terms as the parties may mutually agree. If Buyer and Sellers enter into the Operating Agreement, the terms and conditions thereof shall control in the case of any inconsistency or conflict with the provisions of this Article III. If Buyer and Sellers enter into a limited partnership agreement as provided in Section 3.4, the Operating Agreement shall be between Buyer and the limited partnership formed under such partnership agreement.

3.4. Right to Enter into Limited Partnership. At the request of Sellers before or after the Reversion Date, Buyer and Sellers shall enter into and form a limited partnership pursuant to an agreement complying with the provisions of this Section 3.4 and otherwise upon terms mutually satisfactory to Buyer and Sellers (such partnership being herein called the "Partnership"). The sole asset of the Partnership shall be the Deferred Interests of Sellers, and the business of the Partnership shall be the ownership and operation of the Deferred Interests. Buyer shall be the sole general partner of the Partnership, and Sellers shall be the sole limited partners of the Partnership. The general partner shall own a 1% partnership interest, and the limited partners shall own the remaining 99% partnership interest. Buyer as the general partner of the Partnership shall have full and complete authority to manage the affairs of the Partnership, but shall not borrow money or encumber in connection with any financing any of the Partnership's assets without the express approval of the limited partners. The Partnership's interest in the Properties shall be subject to the Operating Agreement described in Section 3.3. Buyer, as the general partner of the Partnership, shall not permit the Operating Agreement to be amended without the consent of the Sellers as limited partners. If Buyer and Sellers enter into the Partnership, Buyer shall, at Sellers' request, pay to Sellers upon formation of the Partnership an amount equal to one percent (1%) of the fair market value of Sellers' Deferred Interests in the Properties determined as of the date of such formation. If Buyer and Sellers are unable to agree upon such fair market value, it shall be determined in accordance with Section 3.5 below.

3.5. Fair Market Value Determination. If the parties hereto are unable to agree upon the fair market value of any Property or interest therein for purposes of this Agreement, each party shall appoint, within 30 days after the date as of which such fair market value was to have been determined, a disinterested, reputable appraiser with at least ten years' experience in appraising property comparable to the Property in question. If the two appraisers do not agree upon the fair market value within 30 days after their appointment, they shall, within 30 days thereafter, jointly appoint a third appraiser having the qualifications specified above, and such appraiser shall determine the fair market value within 30 days after his appointment. If the third appraiser agrees with either of the valuations made by the first two appraisers, then such agreed

upon valuation shall govern. If the third appraiser does not agree with either valuation, then the valuation of the three appraisers which is neither the highest nor the lowest shall govern. Each party shall pay for the fees and other costs of the appraiser appointed by it, and the Seller of the Property and Buyer shall share equally the cost of the third appraiser.

ARTICLE IV

DEVELOPMENT

4.1. Buyer's Authority; Power of Attorney. Subject to the qualifications hereinafter stated, Sellers hereby grant and convey to Buyer, its successors and assigns, forever, the irrevocable and exclusive right and option (from time to time as Buyer may elect) to exercise any of the following powers with respect to the Deferred Interest:

(a) to negotiate and execute leases for the development and extraction of coal or other minerals (excluding, however, Oil and Gas, as defined in the Conveyances) in, under and attributable to the Deferred Interest or any segregated portion thereof, and to negotiate and execute surface leases, easements, rights-of-way, timber harvesting contracts, and other similar instruments covering and binding upon the Deferred Interest or any segregated portion thereof;

(b) to amend, modify, or rescind any of the instruments described in clause (a) above (in whole or in part) and to settle any disagreement with third parties arising under any of the same;

(c) to execute and deliver division orders, agency declarations and any other documents as may be requested by lessees and other third parties as evidence of authority to pay the rents, royalties and other amounts accruing thereunder directly to Buyer; and

(d) to execute and file applications for construction or occupancy permits (if any) requiring joinder by an owner of a Deferred Interest;

all of such documents and instruments (collectively, the "Development Agreements") to be subject to the conditions set forth in the Conveyances and otherwise to be upon such terms as Buyer shall deem appropriate in its sole discretion, and all of such actions to be taken by Buyer in its sole discretion. The foregoing powers granted to Buyer shall be deemed powers coupled with an interest and shall be irrevocable and shall be exercisable by Buyer, its successors and assigns. However, none of the Development Agreements which Buyer is authorized hereunder to execute shall (i) impose any obligations on Sellers or any encumbrances on Sellers' interests in the Properties except to the extent imposed on Buyer and Buyer's interest in the Properties in

proportion to the respective interests of Sellers and Buyers in the Properties or (ii) confer on or grant to Sellers less than 25% (28% in the case of MAC) of the benefits, revenues or other consideration which inure or are payable to the owner of the Properties on account of such Development Agreement. In addition, Sellers shall have no personal liability under any of the Development Agreements to any party thereto or to Buyer, it being the intention hereof that Sellers' sole liability thereunder shall be limited to its interest in the Properties; provided, however, that if any coal mining lease, surface lease or timber harvesting contract requires the repayment to the other party to such instruments of royalties or rents on account of a failure of or defect in title to any of the Properties, any Net Revenues which Sellers received and which are attributable to the Properties with the failed or defective title shall be subject to such repayment obligation in proportion to Sellers' Deferred Interest in such Property.

4.2. Independent Development by Buyer. If at any time during the term of this Agreement Buyer decides to develop and operate any of its own coal mines on the Properties or to engage in any significant commercial real estate development activities on the Properties, Buyer shall so notify Sellers. Buyer and Sellers agree in such event to negotiate in good faith for a sale, lease or other mutually acceptable arrangement applicable to the Deferred Interest in the Properties affected thereby which will enable Buyer to realize all of the benefits of such activity and to bear all of the costs and liabilities associated therewith. In the event Buyer and Sellers are not able to negotiate a mutually acceptable arrangement, Sellers shall sell and Buyer shall purchase the Deferred Interest in any Properties on which Buyer proposes to conduct such activity at a cash price equal to the fair market value of such interest in such Properties at the time of such sale. If the parties are unable to agree upon the fair market value of the Property, the fair market value shall be determined in accordance with Section 3.5. Upon the closing of any transaction contemplated by this Section, the lands affected by such transaction shall cease to constitute part of the Properties for all purposes of this Agreement, the Operating Agreement and the Partnership.

ARTICLE V

INDEMNIFICATION

5.1. Intention of Parties. It is the intention of the parties that Sellers shall have no liability whatsoever in connection with its ownership of the Deferred Interests and its right to participate in the sale of the Properties and that Buyer shall have sole and exclusive responsibility for all costs and liabilities arising out of ownership, use and development of the Properties from and after the date hereof; accordingly, the indemnification in Section 5.2 shall be liberally construed to carry out such intention.

5.2. Indemnification. Buyer agrees to pay and to indemnify fully, hold harmless and defend Sellers, their Affiliates and their respective agents, officers, directors, shareholders, employees, servants, consultants, representatives, successors and assigns, from and against any and all Damages (as hereinafter defined) arising out of or relating to (i) any coal mining leases, timber contracts, surface leases, easements, rights of way, licenses and other agreements which Buyer hereafter enters into with respect to the Properties, (ii) any ad valorem, property and similar taxes and assessments levied against or relating to the Properties, including the Deferred Interests, to the extent attributable to the period after the date hereof, (iii) the failure of Buyer, the Properties or any use or development of the Properties to comply with any laws (statutory, judicial or otherwise), ordinances and regulations, any judgments, orders or decrees of any court, arbitrator or administrative or governmental authority or agency, or with any permits, authorizations, approvals or licenses issued by any governmental authority, (iv) any suit, action, claim or legal, administrative or arbitration proceeding instituted after the date of this Agreement and relating to the Properties or any use or development thereof, (v) any damage or personal injury of any kind to any person or property on or near the Properties, any unsafe condition on the Properties or any accident, fire or other casualty occurring on or near the Properties, (vi) any act or omission by Buyer, its agents, employees, contractors, subcontractors, licensees, invitees, lessees or sublessees with respect to the Properties and (vii) all other costs, claims, liabilities and expenses relating to the ownership, development, leasing, sale, occupancy or use of the Properties. The term "Damages" means any and all obligations, liabilities, damages, penalties, deficiencies, losses, investigations, proceedings, judgments, costs and expenses (including, but not limited to, costs and expenses incurred in connection with performing obligations, interest, bonding and court costs and attorneys', accountants', engineers' and investigators' fees and disbursements), but only to the extent (a) such Damages are attributable to the period of time after the date hereof, (b) such Damages are not the result of Sellers' willful misconduct, (c) Sellers were not responsible for such Damages on account of their ownership of the Properties before the date

BOOK 112 PAGE 911

hereof or under any of the provisions of the Purchase Agreement. Nothing contained herein is intended to or shall be construed to modify the understandings of the parties contained in Section 11.4 of the Purchase Agreement. Notwithstanding the foregoing, any such Damages which constitute "Operating Expenses" may be deducted from the Operating Revenues for purposes of determining Net Revenues, but Sellers shall have no liability for, and Buyer shall indemnify and hold Sellers harmless against, any liability to third parties on account of Operating Expenses.

ARTICLE VI

REPORTS; AUDITS

6.1. Reports by Buyer. During the term of this Agreement, Buyer shall maintain proper books of record and account in which proper entries shall be made in accordance with good accounting practices and (to the extent applicable) generally accepted accounting principles, consistently applied, of all its business and affairs relating to the Properties. Within 90 days after the end of each calendar year before the Reversion Date and within 90 days after the end of each Fiscal Year thereafter, Buyer shall furnish to Sellers an accurate and detailed summary of all Sales made by Buyer and all material Development Agreements entered into by Buyer during the preceding calendar year or Fiscal Year, as the case may be, certified by the chief financial officer of Buyer, and at all other times Buyer shall furnish to Sellers upon request such other information with respect to the Properties as Sellers may reasonably request, including copies of all Development Agreements and copies of settlement statements for Sales or other dispositions of the Properties. Within 90 days after the end of each Fiscal Year, Buyer also shall furnish to Sellers unaudited statements of income and expenses with respect to the Properties for each such Fiscal Year, prepared in accordance with generally accepted accounting principles, consistently applied.

6.2. Audits by Sellers. Sellers shall have the right from time to time to review and audit and make copies of during reasonable business hours and at their expense, the books and records of Buyer relating to the Properties and activities contemplated by this Agreement. If any such review or audit discloses that Buyer has not paid Sellers all of the proceeds of Sales or Net Revenues to which it is entitled during the 36-month period preceding the effective date of such audit, Buyer shall promptly remit the deficiency to Sellers, together with interest thereon at the rate of 10% per annum from the date on which payment should have been made.

ARTICLE VII

TERMINATION BY SELLERS

At any time during the term of this Agreement Sellers may terminate this Agreement by so notifying Buyer not less than five

days in advance of the effective date of such termination. If Sellers elect to terminate this Agreement, they shall promptly assign all of their interests in the Properties to Buyer. Such assignment shall transfer to Buyer all of Sellers' interests in all of the Properties, forever, and shall be free and clear of all liens, mortgages, security interests or other encumbrances securing Debt (as defined below) of Sellers. If Sellers execute and deliver such an assignment to Buyer, Buyer shall accept the same and assume all of the obligations of Sellers relating to the transferred interests other than Debt of Sellers. As used herein, the term "Debt" shall mean all obligations of Sellers evidenced by bonds, debentures, notes or similar instruments, and all debts of others secured by a lien on the Properties or any interest therein. Such termination shall not affect the rights and liabilities of the parties arising hereunder before the effective date of such termination.

ARTICLE VIII

MISCELLANEOUS

8.1. Term. The term of this Agreement shall commence on the date of this Agreement and shall continue until terminated by the mutual agreement of all of the parties hereto or until the interests of Buyer and Sellers in all of the Properties have merged pursuant to Section 2.5, whichever occurs first, subject, however, to the provisions of Section 8.8 and Article VII. However, such termination shall not affect any rights or liabilities of the parties arising under this Agreement before the effective date of such termination.

8.2. No Partnership. This Agreement is not intended and shall not be construed to create a partnership or mining partnership or other relationship imposing fiduciary obligations (except in connection with the Partnership, if any, formed pursuant to Section 3.4) or joint or several liability upon any party hereto, within the meaning of the law of any state in which the Properties are located or under the laws of the state in which any party hereto is incorporated, organized or conducting business.

8.3. Tax Election. This Agreement does not create a partnership for United States income tax purposes. The parties hereto agree to make a timely election to be excluded from the application of Subchapter K of Chapter 1, Subtitle A of the Code ("Subchapter K"). If the income tax laws of any state in which the Properties are located now or hereafter contain provisions similar to those contained in Subchapter K of the Code, the parties hereby agree to elect to be excluded from the application of such provisions which are similar to Subchapter K and to execute all forms or consents necessary to effect such election.

8.4. No Duty. Notwithstanding the rights granted to Buyer hereunder to negotiate for and enter into sales of the Properties or portions thereof upon and subject to the provisions of Article

II, and the rights granted to Buyer hereunder to develop the Properties through leasing or other similar means, Buyer shall have no duty to cause the Properties to be sold or developed by the granting of leases or otherwise.

8.5. Waiver of Partition. Sellers and Buyer hereby waive any right to partition the Properties in kind.

8.6. Binding Effect; Assignment. This Agreement is binding upon and shall inure to the benefit of Buyer and Sellers and their respective successors and permitted assigns. Any assignee of all or any part of a party's interest in the Properties shall take such interest subject to the terms and conditions of this Agreement.

8.7. Notices; Agents. All notices or communications required or permitted under this Agreement shall be in writing and shall be sufficiently given if personally delivered or sent by registered or certified mail, return receipt requested as follows:

If to Sellers: c/o CSX Realty, Inc.
One James Center
Richmond, Virginia 23219
Attn: General Counsel

If to Buyer: 40th Floor
601 Jefferson Street
Houston, Texas 77002
Attn: Chief Executive Officer

or to such other address as hereafter shall be furnished in the manner provided in this Section 8.7 by any of the parties to the other parties. Sellers hereby appoint CSXR as their agent for the sole purpose of receiving notices, communications, and payments of Net Revenues under this Agreement on behalf of those Sellers which are and remain Affiliates of CSX Corporation. Sellers may substitute any other person(s) or entity(ies) as their agent for such purposes upon giving Buyer notice of such appointment and the address of the agent. Buyer may give to such agent all notices and communications and make all payments of Net Revenues to the agent of those Sellers which are Affiliates of CSX Corporation at the time each notice, communication or payment is given or made in lieu of giving such notices and communications and making such payments to each such Seller; provided, however, that Buyer shall also provide to such agent such information as it may need to allocate Net Revenue payments among such Sellers. If any of Buyer's interests in the Properties is at any time held by more than one party, all such parties shall appoint an agent for the sole purpose of receiving notices and communications hereunder, and making payments and furnishing reports hereunder to Sellers. Any agent appointed by Sellers or Buyer may, at the direction of the parties appointing such agent,

also send notices and other communications hereunder on behalf of such parties.

8.8. Savings Clause. All of the rights and options of the parties hereunder will expire in accordance with their terms but not later than 21 years after the date of the death of the last to die of all descendants of the late H. R. Cullen and Lillie C. Cullen of Houston, Texas, who are living on the date hereof, except to the extent such rights and options are not subject to the Rule Against Perpetuities. All provisions hereof other than those subject to the Rule Against Perpetuities shall survive for the full term stated in this Agreement.

8.9. Entire Agreement. This instrument states the entire agreement between the parties with respect to the subject matter hereof and may be supplemented, altered, amended, modified or revoked only by a written instrument signed by all of the parties hereto.

8.10. Governing Law; Venue. This Agreement shall be construed in accordance with and governed by the internal laws of the State of West Virginia, except to the extent the laws of another jurisdiction are mandatorily applicable. In addition, any action instituted by any party hereto in connection with this Agreement shall be brought and maintained only in the courts of West Virginia or the federal courts in West Virginia.

8.11. Titles of Articles and Sections. All titles or headings to articles or sections or other divisions contained in this Agreement or the schedules hereto are used only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other content of such articles or sections or other divisions, such other content being controlling as to the agreement between the parties hereto.

8.12. Articles; Sections; Schedules; Etc. Except as otherwise herein provided with respect to express references to other writings, all references herein to any Article, Section or other subdivision or any Schedule are to the corresponding Article, Section or subdivision of or Schedule to this Agreement.

8.13. Counterparts. This Agreement may be executed in two or more counterparts, and it shall not be necessary that the signatures of all parties hereto be contained on any one counterpart hereof; each counterpart shall be deemed an original, but all of such counterparts together shall constitute one and the same instrument.

8.14. No Right of Offset. Buyer agrees that its obligation to pay Sellers their proportionate share of Net Revenues under this Agreement and Buyer's other obligations hereunder shall be independent obligations and shall not be subject to any right of offset on account of any liability which Sellers may have to Buyer or any of its Affiliates under the Purchase Agreement, the

Stock Purchase Agreement of even date herewith among The New River Company, CSXM and Shenandoah Minerals Corporation, or any other Collateral Agreement (as defined in the Purchase Agreement).

8.15 Severability. If any provision of this Agreement or the application thereof in any circumstance shall be held invalid or unenforceable to any extent, the remainder of this Agreement and the application of any such provision to any other circumstance shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

8.16. Purpose of Agreement; Supplemental Agreements. The parties hereto acknowledge that the principal purposes of this Agreement are to provide that (a) Sellers shall have the right to receive 25% (28% in the case of MAC) of the Net Revenues from and after the Reversion Date, (b) if the interest of both a Seller and a Buyer in any of the Properties is sold before the Reversion Date pursuant to a Sale, the Seller will receive 25% (28% in the case of MAC) of the net proceeds from such Sale after deducting the Allocated Purchase Price of such Property, (c) Sellers shall have no liability with respect to the Properties except to the extent that its share of the Operating Revenues are reduced by a proportionate share of Operating Expenses or except to the extent that Sellers are liable under the terms of the Purchase Agreement and (d) Buyer shall have sole responsibility for and the right to control the management and leasing of the Properties, subject to all of the terms and conditions expressly set forth in this Agreement. The foregoing statement of the purposes of this Agreement is not intended to contradict any of the express provisions hereof but rather to provide guidance in interpreting such provisions. In addition, after the date of this Agreement, each party hereto at the request of any other party and without additional consideration shall execute and deliver or shall cause to be executed and delivered from time to time such supplemental documents and agreements and shall take such other action (not requiring significant expense or obligations) as the other party may reasonably request to carry out the purposes of this Agreement or to clarify any of the provisions hereof consistent with such purposes.

EXECUTED as of the date first above mentioned.

CSX MINERALS, INC.

By: _____

Title: _____

CSX TRANSPORTATION, INC.

By: _____

Title: _____

MID ALLEGHENY CORPORATION

By: _____

Title: _____

BALTIMORE AND OHIO RAILROAD
COMPANY

By: _____

Title: _____

THE REAL ESTATE AND IMPROVEMENT
COMPANY OF BALTIMORE CITY

By: _____

Title: _____

ADRIAN REALTY COMPANY

By: _____

Title: _____

THE SCHUYLKILL IMPROVEMENT LAND
COMPANY OF PHILADELPHIA

By: _____

Title: _____

WESTERN MARYLAND RAILWAY COMPANY

By: _____

Title: _____

MARYLAND AND WEST VIRGINIA
COMPANY

By: _____

Title: _____

CHICAGO AND INDIANAPOLIS COAL
COMPANY

By: _____

Title: _____

WESTERN POCAHONTAS PROPERTIES
LIMITED PARTNERSHIP

By: WESTERN POCAHONTAS
CORPORATION, a Texas
corporation, its general
partner

By: _____

Title: _____

This Instrument Was Prepared By:
F.B Cochran, III
Vinson & Elkins
3500 First City Tower
1001 Fannin
Houston, Texas 77002-6760

BOOK 112 PAGE 919

STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED

1987 FEB -2 PM 3:18

Thomas A. Henderson, Jr.
JUDGE OF PROBATE

1. Head Tax	\$26.20
2. Adval TAX	65.25
3. Recording Fee	110.00
4. Indexing Fee	1.00
TOTAL	232.75

