



American Electric Power
303 Marconi Boulevard, Suite 300
Columbus, OH 43215
aep.com

AEP Purchase Order: 03-00-18-008
Effective Date: October 3, 2018

Seller: Blackhawk Coal Sales, LLC
3228 Summit Square Place, Suite 180
Lexington, KY 40509
Attn: Steve McComas
Phone: 304-380-0277
Cell Phone: 304-546-6130
Email: smccomas@blackhawkmining.com

Buyer: Kentucky Power Company
1 Riverside Plaza, 14th Floor
Columbus, OH 43215
Attn: Tina Sefcik
Phone: 614-716-6113
Cell Phone: 614-917-8404
Email: tmsefcik@aep.com

Primary Plant: Mitchell
Email: kmmlfuels@aep.com

Commodity: Crushed, raw bituminous Coal, partially washed, containing no synthetic fuels, substantially free from any extraneous material, with no intermediate sizes to be added or removed and otherwise meeting the specifications of this Contract.

Term: January 1, 2019 through December 31, 2020

Quantity: 65,000 Tons of Coal to be delivered in 2019 and 75,000 Tons of Coal to be delivered in 2020 FOB Barge during the Term at the rate of approximately 5,416 Tons of Coal per month in 2019 and 6,250 Tons of Coal per month to be delivered in 2020 (each barge shall constitute a "Shipment")

Price: \$63.50 per Ton of Coal in 2019 and \$64.00 per Ton of Coal in 2020 FOB at the Delivery Point, except as set forth hereafter in Quality Adjustments.

Quality: As received basis, in accordance with ASTM standards ("Standards") for each Shipment, as follows:

<u>Characteristic:</u>	<u>Contracted Half-Month</u>	<u>Half-Month Suspension Limit:</u>	<u>Shipment Rejection Limit:</u>
Heating Value (Btu/lb.):	12,000	11,800 minimum	11,800 minimum
SO ₂ (lbs. SO ₂ /mmBtu):	1.45	1.60 maximum	1.60 maximum
Moisture (%):	7.00	8.00 maximum	9.00 maximum
Ash (%):	13.00	13.75 maximum	14.00 maximum
Volatile Matter (%):	32.00	Not Applicable	30.00 minimum
Hardgrove Grindability:	46.00	Not Applicable	42.00 minimum
Ash Fusion Temperature (H=1/2w) °F Red. Atm.:	2700	Not Applicable	2600 minimum

Sizing: 3 X 0 inches topsize, nominal, with maximum 65% passing one-quarter inch square wire cloth sieve to be determined on the basis of the primary cutter of the mechanical sampling system.

Source: Blue Creek mine in Kanawha County, WV

Delivery Point: FOB barge at the Quincy Dock (MP 73.3) on the Kanawha River



Weighing Party: Seller shall be the weighing party. The weighing party shall weigh the Coal in accordance with Section 3 of the AEP Coal Procurement Terms and Conditions attached.

Sampling & Analysis Party: Seller shall be the sampling party. The sampling party shall sample and analyze the Coal in accordance with Section 4 of the AEP Coal Procurement Terms and Conditions attached.

Quality Adjustments: If Coal delivered under this Purchase Order varies from the Quality specifications above (the "Specifications"), but Buyer does not exercise its rejection rights under Rejection and Suspension herein, quality adjustments shall be calculated pursuant to the formulas set forth in this section using the weighted averages by Purchase Order. All adjustment calculations shall be carried out four decimal places.

(A) If the weighted average heating value (Btu/lb.) of all Coal unloaded and taken into account hereunder in a Half-Month is not equal to the Contracted Half-Month Btu/lb., then there shall be an amount added to the Contract Price (if the calculated number is positive) or subtracted from the Contract Price (if such number is negative), as determined by the following formula, to arrive at the adjusted price for such Coal:

$$\text{Amount Per Ton of Increase or Decrease for Btu/lb.} = \frac{(\text{Actual Btu/lb.} - \text{Contracted Btu/lb.})}{\text{Contracted Btu/lb.}} \times \text{Contract Price}$$

provided, however, no premium will be paid for Btu/lb. which exceeds the Contracted Half-Month Btu/lb. by 500 Btu/lb.

(B) If the weighted average SO₂ content of all Coal unloaded and taken into account hereunder in a Half-Month is tested to have an SO₂ content greater than the SO₂ Contracted Half-Month Specification, the Contract Price for such Coal will be reduced by an amount per Ton of Coal determined in accordance with the following formula:

$$\frac{((\text{Contracted SO}_2 - \text{Actual lbs. SO}_2/\text{mmBtu}) \times \text{Actual Btu/lb.} \times \text{SC})}{1,000,000}$$

SC = The actual variable cost, including limestone and sorbent costs but not including normal operating costs such as power or capital costs, for the prior year for Buyer to remove one ton of SO₂ from the applicable Plant's emissions (the "Scrubbing Cost"). The Scrubbing Cost shall be provided to Seller by March 1 of the current Year and shall be applicable for all SO₂ adjustments in the current Contract Year. Upon request of Seller, detailed data for the Scrubbing Cost will be provided to Seller by Buyer.

In addition to the above price reduction formula, for each Shipment of Coal having an SO₂ value greater than the Shipment Rejection Limit, should Buyer choose not to elect its rejection rights under Article II of this Agreement, a price discount shall be negotiable, with a minimum amount of five dollars (\$5.00) per Ton to be deducted from the Contract Price.

(C) For each Shipment of Coal tested to have ash content greater than the Contracted Half-Month Suspension Limit, the Contract Price for Coal in such Shipment will be decreased by \$0.15 for each 0.5% ash increment, or portion thereof, by which the Shipment's ash content is tested to be above the Contracted Half-Month Suspension Limit. (For example, if the Contracted Half-Month Suspension Limit is 13.00% and a Shipment has a percent ash value of 13.70, then the Contract Price decrease shall be \$0.30 per Ton of Coal.)

Payment: Seller shall submit to Buyer by the 6th calendar day after the Half-Month invoices for Coal shipped from the first through the fifteenth calendar day of each month and from the sixteenth through the last calendar day of each month, which shall include the weighted average analytical, and pricing



data, as well as the above-referenced AEP Purchase Order number and the applicable transport vehicle numbers. Buyer shall make payment to Seller on or before the later of (a) the 20th calendar day following the Half-Month period, or (b) five working days after receipt of Seller's invoice. Buyer shall not be obligated to make payment to Seller for Shipments of Coal until the analytical results have been provided to Buyer.

Payment shall be made by wire transfer or electronic means in immediately available United States funds for all Coal received, unloaded, taken into account, and accepted hereunder. If not already provided in this Contract, Seller shall provide Buyer all pertinent remittance instructions in a letter (containing the bank name, account name, ABA number, and account number, as well as Seller's federal tax identification number) which shall be signed by a duly authorized representative of Seller. Any change in the remittance instructions shall be provided in the same manner. Overdue payments shall accrue interest (the prime rate of interest for United States Dollars as published from time to time during such period under the section titled, "Money Rates" by *The Wall Street Journal*, plus two percent per annum but not to exceed the maximum applicable lawful interest rate [hereinafter "Interest Rate"]) from the due date until paid.

SEND INVOICES TO:

REMIT PAYMENT TO:



If any party in good faith reasonably disputes an invoice, it shall provide a written explanation specifying in detail the basis for the dispute and pay any undisputed portion no later than the due date. Upon resolution of any dispute involving an invoice, any additional amount owing shall be paid with interest at the Interest Rate. If any party fails to pay amounts under this Contract when due, unless such amount is the subject of a dispute as provided above, or is excused by a Force Majeure Event, in addition to the rights and remedies provided in this Contract the aggrieved party shall have the right to suspend performance under this Contract until such amounts plus interest have been paid, and/or exercise any remedy available at law or in equity to enforce payment of such amount plus interest at the Interest Rate defined herein.

If applicable, Seller shall include on its invoice the statement "Seller certifies that (insert number) of Tons of Coal were mined in Virginia," such statement to be separately signed by Seller.



Other Terms: The following are changes to the attached AEP Coal Procurement Terms and Conditions.

In subpart (A) of **Section 16, CONFIDENTIALITY**, insert in the first sentence prior to the words "(**Confidential Information**)".

'or the financial statements or records provided hereunder".

Except as set forth above, this Purchase Order shall be governed by the AEP Coal Procurement Terms and Conditions Effective 12/1/17 attached hereto and incorporated herein by specific reference.

Accepted:

Seller:
Blackhawk Coal Sales, LLC

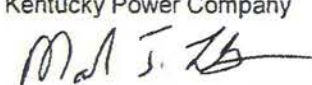

Signature

R.W. BENNETT
Name (Print)

PRESIDENT
Title

Date: JAN. 2, 2019

Buyer:
Kentucky Power Company


Signature

Mark J. Leskowitz
Vice President
Vice President

Date: 12-12-2018

JCD
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