

ARCH COAL TERMS AND CONDITIONS

Applicable on or after July 31, 2009

1. **CONTRACT.** The Purchase Order ("PO") and these Terms and Conditions, together with any referenced documents, constitute the agreement of the parties ("Contract"). This Contract may be accepted only by either signing this PO or by delivering the goods or services ordered by the specified delivery date. **THIS CONTRACT IS LIMITED TO THE TERMS AND CONDITIONS SPECIFIED ON THE FACE AND REVERSE SIDE OF THIS DOCUMENT. BUYER DOES NOT AGREE TO ANY PROPOSED ADDITION, ALTERATION, OR DELETION BY SELLER. THESE TERMS AND CONDITIONS CAN BE CHANGED ONLY BY A WRITING SIGNED BY BUYER. ANY FAILURE TO RETURN THE SIGNED PURCHASE ORDER OR THE ISSUANCE OF ANY OTHER STATEMENT OR WRITING OF SELLER SHALL NOT ALTER, ADD TO, OR OTHERWISE AFFECT THESE TERMS AND CONDITIONS.**
2. **SELLER.** "Seller" as used herein means the party furnishing goods or services or performing work as and when required hereby, and is designated as the "Vendor" on the face of the PO.Seller.
3. **BUYER.** "Buyer" as used herein means the company designated as the "Bill To" company on the face of this PO.
4. **INDEPENDENT CONTRACTOR.** Seller shall have complete and exclusive control of and responsibility for all of the equipment and employees utilized or employed by it, and shall accept full responsibility for the results thereof. Seller shall perform all work in the capacity of an independent contractor and nothing contained therein shall be construed to be inconsistent therewith.
5. **CHANGES.** Any changes to this Contract must be in writing and be accepted by both Buyer and Seller. If Seller performs any additional work without the prior written agreement of Buyer, Buyer shall have no obligation to pay any of Seller's costs and expenses related thereto.
6. **WARRANTIES.** Seller warrants unencumbered title to all goods provided hereunder and warrants that such goods are new, of merchantable quality, free from defects, fit for the purposes for which they are intended and conform to and meet the requirements of the Contract. Seller further warrants that all services shall be rendered in a safe and workmanlike manner by skilled personnel in accordance with generally accepted industry standards. Seller warrants that it is an expert in its field and that it shall use this expertise in the performance of this Contract. Seller agrees to promptly correct, to the satisfaction of the Buyer, at Seller's expense and without cost to Buyer, any goods or services which fails to meet the provisions of this warranty at any time within a period of 365 days from the delivery of each item unless a longer warranty period is called for by law or in any writing, including without limitation, specifications, drawings, or proposals furnished by or to Buyer. All corrective work shall be performed at the convenience of Buyer. For the purpose of calculating warranty periods for services, delivery shall occur upon the completion of such services. All manufacturer's warranties or guarantees shall be for the benefit of Buyer.
7. **INSPECTION.** Buyer shall have the right to inspect the goods and services provided hereunder and if in its sole opinion such goods or services are not in accordance with requirements of this Contract, proper corrections shall be made, but such inspection or failure to inspect shall not relieve Seller of its obligation hereunder.
8. **PERFORMANCE AND CANCELLATION.** Time is of the essence. Buyer reserves the right to cancel all or a portion of this Contract with or without cause upon notice to Seller. If Buyer notifies Seller that Buyer has elected to cancel this Contract, Seller shall stop all work or shipments immediately. Upon such cancellation, Buyer's only obligation shall be payment for those reasonable costs incurred by the Seller through the date of cancellation. Thereafter, any costs incurred by the Seller shall be the responsibility of Seller.
- 9.1 **GENERAL INDEMNITY.** Except for claims, demands or suits which are adjudicated to be attributable to Buyer's sole negligence. Seller shall, to the extent permitted by law, indemnify, defend, and save harmless, Buyer, its parent, subsidiaries and affiliates and their officers, directors, employees, agents and invitees from and against any and all claims, demands, or suits (including, but not limited to, claims, demands, or suits for bodily injury, illness, disease, death or for loss of services, property, wages or profits) which may be brought against them (individually or

jointly) or in which they may be named a party defendant, in any way arising out of this Contract or the work performed hereunder.

- 9.2 CLAIMS BY SELLER'S EMPLOYEES OR SUBCONTRACTORS. In addition to paragraph 9.1, Seller shall, to the extent permitted by law, indemnify, defend and save harmless Buyer, its parent, subsidiaries and affiliates from and against any and all claims, demands, or suits (including, but not limited to claims, demands, or suits for bodily injury, illness, disease, death or for loss of services, property or wages) by any employees of Seller or its subcontractors arising out of or in consequence of performance hereunder regardless of whether such claims, demands, or suits are actually or allegedly caused by the negligence of Buyer, its parent, affiliates, or any other person or entity and regardless of whether such negligence precedes the execution of this Contract.
- 9.3 RESPONSIBILITY FOR SELLER'S PROPERTY AND EQUIPMENT. Seller releases Buyer, its parent, subsidiaries and affiliates from liability for damage to any of its material, machinery, equipment or other property regardless of whether such damage is caused by the negligence of Buyer, its parent or affiliates or any other person.
- 9.4 INDEMNITY FOR PATENT/TRADEMARK INFRINGEMENT. Seller shall indemnify and defend Buyer from all suits or claims for any royalties or rental fees or for infringement of patents, copyrights, trade secrets, trade names, trademarks, service marks, or other proprietary rights in connection with goods or services supplied or failure to comply with laws and regulations applicable thereto and shall save Buyer harmless from all loss or expense on account thereof.
- 9.5 INDEMNITY SURVIVAL. These covenants of indemnity shall survive cancellation, termination or expiration of this Contract.
- 10.1 INSURANCE. If any service covered by this Contract is performed on property controlled by Buyer, then prior to beginning the work or moving personnel or equipment onto the property, Seller shall provide Buyer with certificates of insurance evidencing that Seller has procured and shall maintain with insurers acceptable to Buyer for the duration of this Contract, the following insurance: (1) Statutory Workers' Compensation, (2) Employer's Liability with limits of not less than \$1,000,000 per accident, (3) Commercial General Liability with limits of not less than \$2,000,000 combined single limit for bodily injury and property damage liability including contractual liability coverage for the indemnity provisions of this Contract and (4) Automobile Liability Insurance with limits of not less than \$2,000,000 combined single limit for bodily injury and property damage liability including coverage for owned, hired and non-owned vehicles. All insurance policies shall contain a waiver of subrogation in favor of Buyer and all policies (except Worker's Compensation and Employer's Liability) shall name Buyer as an additional insured and shall be primary to Buyer's insurance. Insurance limits and coverages are minimum requirements and shall not be construed in any way to limit Seller's liability hereunder. Buyer's acceptance of Insurance Certificates which limit or reduce any of these insurance provisions shall not be construed as acceptance or approval of any such changes unless such changes are specifically approved in writing by Buyer. Insurer must have a best rating of at least A-.
- 10.2 ACCIDENT NOTICE. Seller shall immediately provide written notice to Buyer of any accident or occurrences resulting in injury to persons or property in any way arising out of or related to Seller's operations hereunder or the operation of any of its subcontractors.
- 11.1 COMPLIANCE WITH LAWS. Seller represents and warrants that it is in compliance with all statutes, rules, regulations and orders, state, federal and local applicable to its performance and the goods and services provided hereunder, including but not limited to mandatory drug testing regulations promulgated by the Department of Transportation (Federal Highway Administration, 49 CFR Parts 40 and 391), the Drug Free Workplace Act of 1988, the Federal Coal Mine Health and Safety Act, the Occupational Safety and Health Act, the Fair Labor Standards Act of 1938, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Vietnam Era Veterans Readjustment and Assistance Act of 1974, Executive Order 11625 (October 13, 1971), the Family and Medical Leave Act of 1993, and U.S. Government Policies concerning Affirmative Action Compliance Programs (41 CFR 60-250.4 (Disabled Veterans And Veterans of the Vietnam Era) and 41 CFR 60-741.4 (Handicapped Workers)), Minority Business Enterprises Subcontracting Programs, the Utilization of Minority Business Enterprises, Utilization of Small Business Concerns and Small Disadvantaged Concerns, and the Utilization of Labor Surplus Area Concerns, all as amended.

- 11.2 EQUAL OPPORTUNITY. If the value of this Contract is Ten Thousand Dollars (\$10,000) or more, (a) the Equal Opportunity Clause contained in §202 of Executive Order 11246 and required to be included in all government contracts and subcontracts as set forth in 41 CFR §60-1.4(a) is hereby incorporated by reference herein, and Seller shall comply with all provisions thereof as if fully stated herein; and (b) the affirmative action clause required to be included in all government contracts and subcontracts as set forth in 41 CFR §60-250.5 is hereby incorporated by reference herein, and Seller shall comply with all provisions thereof as if fully stated herein, to the extent required to do so under applicable law. In addition, if the value of this Contract is One Hundred Thousand Dollars (\$100,000) or more, the equal opportunity clause required to be included in all government contracts and subcontracts as set forth in 41 CFR §60-300.5 is hereby incorporated by reference herein, and Seller shall comply with all provisions thereof as if fully stated herein, to the extent required to do so under applicable law.
- 11.3 AFFIRMATIVE ACTION If the value of this Contract is Two Thousand Five Hundred Dollars (\$2,500) or more, the affirmative action clause required to be included in all government contracts and subcontracts as set forth in 41 CFR §60-741.4 is hereby incorporated by reference herein, and Seller shall comply with all provisions thereof as if fully stated herein, to the extent required to do so under applicable law. Additionally, if Seller has fifty (50) or more employees and this Contract is for Fifty Thousand Dollars (\$50,000) or more, then Seller agrees to establish a written Affirmative Action Compliance Program in accordance with 41 CFR 60-1.40.
- 11.4 CERTIFICATION OF NONSEGREGATED FACILITIES. If this Contract exceeds Ten Thousand Dollars (\$10,000), then Seller shall furnish to Buyer a statement that Seller does not maintain any segregated facilities or permit its employees to work at any location under its control where segregated facilities are maintained. This statement is required by the U.S. Code of Federal Regulations (41 CFR 60-1.8(b)).
- 11.5 EQUAL OPPORTUNITY. Buyer is an Equal Opportunity Employer complying with Executive Order 11246. Certain companies are Prime Government Contractors as that term is defined in 41 CFR 60. During the performance of this Contract, Seller agrees to abide by all requirements of Executive Order 11246, Paragraphs one thru seven of the Equal Opportunity Clause in 41 CFR 1.4 are made a part of this Contract by reference.
12. SAFETY AND TRAINING.
- (1) Seller shall complete all applicable training required by 30 CFR 45 and 48.
 - (2) Seller shall receive hazard training at the Work Site.
 - (3) Prior to the Seller commencing work, Seller shall provide, in writing, its MSHA I.D. Number.
 - (4) If Seller performs work for more than five (5) consecutive days or at least one day per month, Seller shall comply with the comprehensive training required by MSHA (Mine Safety and Health Administration). Before commencing any work, Seller shall present to Arch a current MSHA Form 5000-23 verifying completion of comprehensive safety training.
 - (5) If Buyer is required to pay any MSHA assessment resulting from Seller's failure to accurately certify the completion of training, Buyer shall be entitled to reimbursement from Seller for any amount paid to MSHA.
 - (6) By entering into this Contract, Seller is certifying that Seller has received the required MSHA training.
13. ENVIRONMENTAL REGULATIONS. Seller agrees to comply with all environmental regulations governing its operations. If Buyer is required to pay any environmental assessment or penalty or is charged with any other environmental violation resulting from Seller's failure to comply with environmental regulations pertaining to its operation, Seller shall indemnify Buyer for any penalties, assessments or amounts paid by Buyer related thereto.
14. LABOR ARRANGEMENTS. If Seller's operations obstruct or interrupt Buyer's (including its affiliates' and subsidiaries) operations or threaten to obstruct or interrupt such operations because of any labor dispute, Buyer may, in its discretion, suspend Seller's operations and terminate this Contract immediately without written notice, if this Contract is terminated under this section, an equitable settlement of accounts through the date of termination shall be made.
15. ASSIGNMENT OR PUBLICATION. Seller shall not assign all or any part of this Contract, or release, publish or communicate to others any information with respect to this Contract without the written consent of Buyer.

16. PAYMENT. C.O.D. shipments and Drafts shall not be honored. Payments shall be made by check, at which time Seller shall furnish to Buyer a waiver of lien, if requested.
17. PRICE. In no case will Buyer be billed at prices higher than those shown on the PO without notification to Buyer and acceptance by Buyer. Unless set forth separately on the face of the PO all prices include freight, packing, handling and taxes. All goods are purchased F.O.B. the "Ship to" location indicated on the PO, regardless of whether specific shipping methods or separate charges for freight are set forth on the face of the PO, and risk of loss shall pass to Buyer upon the completion of unloading at the "Ship to" location. Seller warrants that the prices shown on the face of this PO are no less favorable than those extended to other similar buyers.
18. STANDARDS. Buyer subscribes to the highest level of business practices.
19. WORK ON BUYER'S PREMISES. If any work under this Contract is to be performed on Buyer's premises by Seller, its subcontractors, agents or employees, Seller shall perform such work in accordance with applicable MSHA, state and local safety laws and regulations. The use of any subcontractor is subject to Buyer's prior written consent. If Seller uses any subcontractor, Seller agrees that any subcontractor shall be required to maintain the same indemnity and insurance provisions for the benefit of Buyer as those required hereunder.
20. AUDIT. Buyer shall have the right at its expense to audit Seller's records that may in Buyer's sole judgment have any bearing on or pertain to any business conducted between the parties, including all documents, books, papers, and other data except as concerns Seller's profit margin or merchandise or services purchased. Seller shall cooperate fully in furnishing all such requested records. Audits will be conducted in accordance with generally accepted audit practices.
21. RECOUPMENT. Buyer shall have the right to recoup monies, costs, or expenditures made by Buyer where Seller has either failed to perform any of its obligations, including general performance obligations or payment obligations, or where Buyer has had to make expenditures or has incurred costs resulting therefrom. This right of recoupment may be made by making deductions from amounts owed to Seller or by making deductions, if applicable from any retainage hereunder. This right of recoupment may be exercised at any time during the term of this Contract or upon termination hereof. When exercising this right of recoupment, Buyer shall provide supporting documentation or invoices. This recoupment shall not be deemed to be liquidated damages or shall be in addition to any other remedies to which Buyer may be entitled.
22. SETOFF. Seller hereby irrevocably assigns to Buyer the accounts and general intangibles hereunder, and agrees to permit Buyer, its parent(s), subsidiaries or affiliates thereof, to counterclaim, or setoff from any sums due Seller from payments to be made hereunder, any amounts owed to Buyer, its parent(s), subsidiaries or affiliates thereof. The right of counterclaim or setoff shall include, but not be limited to, other contractual payments or obligations whether related or unrelated hereto, any cash advances which Buyer, its parent(s), subsidiaries or affiliates thereof may have made to Seller, and amounts paid for Seller, including, but not limited to taxes, black lung payment, workers' compensation, engineering work, equipment lease payments, reclamation, construction or other work performed on behalf of Seller, agency fees, or statutory or regulatory assessment.
23. GOVERNING LAW. For all purposes this Contract shall be governed by the procedural and substantive law of the state indicated in the "Ship To" location on the face of the PO, or if none, then of the State of Missouri. The terms on the face of the PO shall govern any conflicting terms on this side.