

02-1132-CD

Clfd B&T vs Bradford Coal Co Inc

02

02-1132-CJ  
CLEARFIELD BANK & TRUST COMPANY et al -vs- BRADFORD COAL  
COMPANY, INC.

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

CLEARFIELD BANK & TRUST COMPANY,  
Trustee for the RAY S. WALKER  
CHARITABLE REMAINDER ANNUITY  
TRUST U/A Dated April 27, 1995,

Plaintiff,

vs.

CIVIL DIVISION-LAW

No. 02-1132-CO

BRADFORD COAL COMPANY, INC.

Defendant.

COMPLAINT IN CONFESSION OF  
JUDGMENT

Filed on Behalf of:  
Clearfield Bank & Trust Company, Trustee  
for the Union Township Trust, Plaintiff

Counsel for Plaintiff:

Michael A. Shiner, Esquire  
Pa. I.D. #78088

TUCKER ARENSBERG, P.C.  
Firm #287  
1500 One PPG Place  
Pittsburgh, PA 15222  
(412) 566-1212

**FILED**

JUL 22 2002

m 12:51 / atty Shiner pd 80.00  
William A. Shaw  
Prothonotary  
1cc B. Coal  
see atty.

bled  
on

### **ACT 105 OF 2000 NOTICE**

A JUDGMENT HAS BEEN ENTERED AGAINST YOU BY CONFESSION OF JUDGMENT.

PURSUANT TO 42 PA. C.S.A. §2737.1, IF YOU WERE INCORRECTLY IDENTIFIED AS A DEFENDANT IN THE COMPLAINT IN CONFESSION OF JUDGMENT, YOU MAY BE ENTITLED TO COSTS AND REASONABLE ATTORNEY FEES AS DETERMINED BY THE COURT.

YOU MAY TAKE ACTION TO STRIKE THE JUDGMENT BY FOLLOWING THE PROCEDURE IN RULE 2959 WHICH IS AS FOLLOWS:

#### **Pennsylvania Rule of Civil Procedure 2959 – Striking Off Judgment.**

(a)(1) Relief From a judgment by confession shall be sought by petition. Except as provided in subparagraph (2), all grounds for relief whether to strike off the judgment or to open it must be asserted in a single petition. The petition may be filed in the county in which the judgment was originally entered, in any county to which the judgment has been transferred or in any other county in which the sheriff has received a writ of execution directed to the sheriff to enforce the judgment.

(2) The ground that the waiver of the due process rights of notice and hearing was not voluntary, intelligent and knowing shall be raised only

(i) in support of a further request for a stay of execution where the court has stayed execution despite the timely filing of a petition for relief from the judgment and the presentation of prima facie evidence of a defense; and

(ii) as provided by Pennsylvania Rule of Civil Procedure 2958.3 or Rule 2973.3.

(3) If written notice is served upon the petitioner pursuant to Rule 2956.1(c)(2) or Rule 2973.1(c), the petition shall be filed within thirty days after such service. Unless the defendant can demonstrate that there were compelling reasons for the delay, a petition not timely filed shall be denied.

(b) If the petition states prima facie grounds for relief the court shall issue a rule to show cause and may grant a stay of proceedings. After being served with a copy of the petition the plaintiff shall file an answer on or before the return day of the rule. The return day of the rule shall be fixed by the court by local rule or special order.

(c) A party waives all defenses and objections which are not included in the petition or answer.

(d) The petition and the rule to show cause and the answer shall be served as provided in Rule 440.

(e) The court shall dispose of the rule on petition and answer, and on any testimony, depositions, admissions and other evidence. The court for cause shown may stay proceedings on the petition insofar as it seeks to open the judgment pending disposition of the application to strike off the judgment. If evidence is produced which a jury trial would require the issues to be submitted to the jury the court shall open the judgment.

(f) The lien of the judgment or of any levy or attachment shall be preserved while the proceedings to strike off or open the judgment is pending.

CLEARFIELD BANK & TRUST COMPANY, )  
Trustee for the RAY S. WALKER CHARITABLE )  
REMAINDER ANNUITY TRUST U/A dated )  
April 27, 1995, )

Plaintiff,

vs.

No. 02-1132-CD

BRADFORD COAL COMPANY, INC., )

Defendant.

**Plaintiff, Clearfield Bank & Trust Company, Trustee for the Ray S. Walker**

1. The Plaintiff is Clearfield Bank & Trust Company, Trustee for the Ray S. Walker Charitable Remainder Annuity Trust, a Pennsylvania banking corporation with its principal place of business located at 11 North Second Street, Clearfield, Pennsylvania 16830.

2. Laurel Run Reclamation Company, Inc. (the “**Borrower**”) executed and delivered to Ray S. Walker an Installment Note dated April 27, 1995 in the original principal amount of \$1,000,000.00 as the same has been amended by an Amendment to Note Payment Terms dated October 31, 2001 (collectively, the “**Note**”). A true and correct copy of the Note is attached hereto, incorporated herein, and labeled as Exhibit "A".

3. The Defendant is Bradford Coal Company, Inc., a Pennsylvania corporation with a last known address of P.O. Box 368, Bigler, Pennsylvania 16825-0368.

4. The Defendant executed and delivered to Ray S. Walker a Guaranty and Suretyship Agreement dated April 27, 1995 (the "**Guaranty**") pursuant to which Defendant agreed to guaranty and stand as surety for all of the obligations of the Borrower under the Note. A true and correct copy of the Guaranty is attached hereto, incorporated herein and labeled as Exhibit "B".

5. Pursuant to an Assignment dated April 27, 1995, Ray S. assigned, *inter alia*, the Note and the Guaranty to Plaintiff. A true and correct copy of the Assignment is attached hereto as Exhibit "C".

6. Judgment has not been entered on the Guaranty in any jurisdiction.

7. Except as set forth in paragraph 5, the Note and the Guaranty have not been assigned.

8. **JUDGMENT IS NOT BEING ENTERED BY CONFESSION AGAINST A NATURAL PERSON IN CONNECTION WITH A CONSUMER CREDIT TRANSACTION.**

9. The Guaranty contains a warrant of attorney authorizing the confession of judgment in favor of Plaintiff and against Defendant, before or upon default, for the entire unpaid balance of the indebtedness owing under the Note together with costs of suit and ten percent (10%) for attorneys fees.

10. As of July 16, 2002, the amount due from Defendant to Plaintiff pursuant to the Guaranty, and for which judgment is authorized, is \$886,247.52, plus costs of suit and interest, computed as follows:

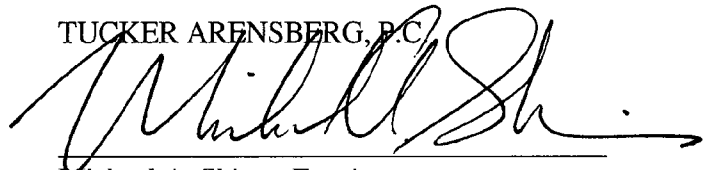
Principal Debt:	\$790,052.16
Accrued Interest Through July 17, 2002:	15,627.40
Attorney's Commission of 10% of Principal and Accrued Interest:	80,567.96
Total:	\$886,247.52

Plus interest accruing after July 17, 2002 at the contract rate and costs and expenses of suit.

WHEREFORE, Plaintiff demands that judgment be entered in its favor and against Defendant, Bradford Coal Company, Inc., in the amount of Eight Hundred Eighty Six Thousand Two Hundred Forty Seven and 52/100 Dollars (\$886,247.52) plus interest thereon at the contract rate after July 17, 2002, plus costs and expenses of suit and such other relief as this court deems appropriate.

Respectfully submitted,

TUCKER ARENSBERG, P.C.



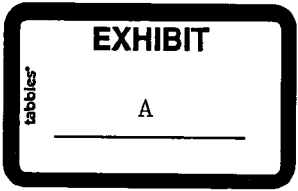
Michael A. Shiner, Esquire  
Pa. I.D. #78088  
1500 One PPG Place  
Pittsburgh, Pennsylvania 15222  
TEL: (412) 594-5586  
FAX: (412) 594-5619

Date: July 19, 2002

*Counsel for Clearfield Bank & Trust  
Company, Trustee for the Union Township  
Trust*

BANK\_FI:178671-1 013828-108101





INSTALLMENT NOTE

FOR VALUE RECEIVED, LAUREL RUN RECLAMATION COMPANY, INC., of P. O. Box 372, Bigler, Pennsylvania, 16825, hereinafter referred to as "Laurel", hereby promises to pay to the order of RAY S. WALKER, of P. O. Box 415, Bigler, Pennsylvania, 16825, the sum of One Million (\$1,000,000.00) Dollars, with interest at the rate of nine (9%) percent per annum, on the unpaid balance, payable as follows:

- (a) Quarterly installments of interest in the amount of Twenty-Two Thousand Five Hundred and no/100 (\$22,500) Dollars, commencing on July 27, 1995, and continuing each and every quarter thereafter, for a period of five (5) years; and
- (b) The sum of One Million and no/100 (\$1,000,000) Dollars, with interest thereon at the rate of nine (9%) per cent, in twenty (20) quarterly installments of \$62,642.07, beginning on July 27, 2000, and continuing quarterly thereafter for a term of five (5) years, (an amortization schedule is attached hereto), together with repayment of funds expended by or on behalf of Ray S. Walker to maintain or protect the ownership of assets pledged as security for payment by Laurel, C. Alan Walker, or Bradford Coal Co., Inc.

Upon the default in payment of any such installment when due, the whole of principal sum then remaining unpaid shall at the option of the holder hereof become immediately due and payable without demand or notice. And further Laurel, authorizes and empowers any attorney of any court of record within the United States of America or elsewhere, to appear for Laurel and with or without complaints filed, to enter or confess judgment or judgments against Laurel, in any Court of record within the United States, in favor of any holder of this Note for the unpaid balance due, together with costs of suit and an attorney's commission of ten (10%) percent of the unpaid balance for collection on which judgment one or more executions may issue forthwith.

Laurel hereby forever waives and releases all errors in said proceedings, waives stay of execution, the right of inquisition, and agrees to condemnation of any property levied upon by virtue of any such execution and waives all exemptions from levy and sale of any property that is, or hereafter, exempted by law.

Laurel hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

And further, Laurel reserves the right to prepay the principal and interest hereof, in whole or in part, at any time without penalty.

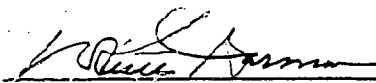
The authority and power to appear for and enter judgment against Laurel shall not be exhausted by one or more exercises thereof and may be exercised from time to time and as often as any holder deems desirable.

Laurel hereby agrees that upon demand of the holder of this Note, the face value of the Note will be broken down into smaller denominations.

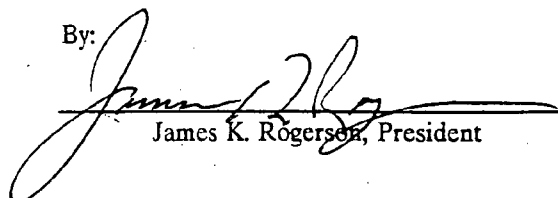
WITNESSETH the due execution hereof this 27th day of April, 1995.

LAUREL RUN RECLAMATION COMPANY, INC.

ATTEST:

  
\_\_\_\_\_  
Secretary

By:

  
\_\_\_\_\_  
James K. Rogerson, President

(Corporate Seal)

# **Loan Amortization of Original Amount**

Loan Date		Type	Balance	# Payments	Interest Rate	
4/27/2000		Quarterly	\$1,000,000.00	20	9.000%	
Pmt #	Date	Int. Rate	Payment	Principal	Interest	Balance Due
0	4/27/2000					\$1,000,000.00
1	7/27/2000	9.000%	\$62,642.07	\$40,142.07	\$22,500.00	\$959,857.93
2	10/27/2000	9.000%	\$62,642.07	\$41,045.27	\$21,596.80	\$918,812.66
<b>Totals for 2000:</b>				<b>\$81,187.34</b>	<b>\$44,096.80</b>	
3	1/27/2001	9.000%	\$62,642.07	\$41,968.79	\$20,673.28	\$876,843.88
4	4/27/2001	9.000%	\$62,642.07	\$42,913.08	\$19,728.99	\$833,930.79
5	7/27/2001	9.000%	\$62,642.07	\$43,878.63	\$18,763.44	\$790,052.16
6	10/27/2001	9.000%	\$62,642.07	\$44,865.90	\$17,776.17	\$745,186.27
<b>Totals for 2001:</b>				<b>\$173,626.39</b>	<b>\$76,941.89</b>	
7	1/27/2002	9.000%	\$62,642.07	\$45,875.38	\$16,766.69	\$699,310.89
8	4/27/2002	9.000%	\$62,642.07	\$46,907.58	\$15,734.49	\$652,403.31
9	7/27/2002	9.000%	\$62,642.07	\$47,963.00	\$14,679.07	\$604,440.32
10	10/27/2002	9.000%	\$62,642.07	\$49,042.16	\$13,599.91	\$555,398.16
<b>Totals for 2002:</b>				<b>\$189,788.12</b>	<b>\$60,780.17</b>	
11	1/27/2003	9.000%	\$62,642.07	\$50,145.61	\$12,496.46	\$505,252.54
12	4/27/2003	9.000%	\$62,642.07	\$51,273.89	\$11,368.18	\$453,978.65
13	7/27/2003	9.000%	\$62,642.07	\$52,427.55	\$10,214.52	\$401,551.10
14	10/27/2003	9.000%	\$62,642.07	\$53,607.17	\$9,034.90	\$347,943.93
<b>Totals for 2003:</b>				<b>\$207,454.22</b>	<b>\$43,114.06</b>	
15	1/27/2004	9.000%	\$62,642.07	\$54,813.33	\$7,828.74	\$293,130.60
16	4/27/2004	9.000%	\$62,642.07	\$56,046.63	\$6,595.44	\$237,083.97
17	7/27/2004	9.000%	\$62,642.07	\$57,307.68	\$5,334.39	\$179,776.29
18	10/27/2004	9.000%	\$62,642.07	\$58,597.10	\$4,044.97	\$121,179.19
<b>Totals for 2004:</b>				<b>\$226,764.75</b>	<b>\$23,803.53</b>	
19	1/27/2005	9.000%	\$62,642.07	\$59,915.54	\$2,726.53	\$61,263.65
20	4/27/2005	9.000%	\$62,642.07	\$61,263.64	\$1,378.43	\$0.00
<b>Totals for 2005:</b>				<b>\$121,179.18</b>	<b>\$4,104.96</b>	

**Totals over the life of the loan:**

**Principal: \$1,000,000.00 Interest: \$252,841.42**

**AMENDMENT TO NOTE PAYMENT TERMS**

THIS AGREEMENT made by and between LAUREL RUN RECLAMATION COMPANY, INC., a Pennsylvania business corporation with its principal place of business at R. D., Woodland, Clearfield County, Pennsylvania; party of the first part, hereinafter referred to as "LAUREL RUN",

**AND**

CLEARFIELD BANK & TRUST COMPANY, TRUSTEE, u/a dated April 27, 1995, known as the RAY S. WALKER CHARITABLE REMAINDER ANNUITY TRUST, of 11 North Second Street, Clearfield, Pennsylvania; party of the second part, hereinafter referred to as "BANK".

**W I T N E S S E T H :**

WHEREAS, LAUREL RUN is a debtor under a Note dated April 27, 1995, in the principal amount of One Million Dollars, a copy of said Note is attached hereto, marked Exhibit "A", and incorporated herein by reference; and

WHEREAS, BANK is the holder of said Note by virtue of an Assignment dated April 27, 1995, a copy of which is attached hereto, marked Exhibit "B", and incorporated herein by reference; and

WHEREAS, LAUREL RUN has approached BANK requesting a moratorium on principal payments under said Note for a period of twelve (12) months; and

WHEREAS, the BANK has agreed to said moratorium under the terms and conditions outlined herein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and with the intention of being legally bound, the parties hereto agree as follows:

1). That BANK hereby agrees to a moratorium on principal payments under the Note attached hereto and marked Exhibit "A", beginning with the payment due on October 27, 2001.

2). That said moratorium on principal payments shall continue until October 27, 2002.

3). That during the moratorium time period, the quarterly payments due and owing under the Note shall be interest only in the amount of Seventeen Thousand Seven Hundred Seventy-six and 17/100 (\$17,776.17) Dollars each, for quarterly payments due from October 27, 2001 through the payment due July 27, 2002.

4). That commencing October 27, 2002, the balance due under said Note of Seven Hundred Ninety Thousand Fifty-two and 16/100 (\$790,052.16) Dollars shall be paid in quarterly installments of Sixty-two Thousand Six Hundred Forty-two and 07/100 (\$62,642.07) Dollars, which includes principal and interest thereon at nine (9%) percent per annum, in accordance with the amortization schedule attached hereto, marked Exhibit "C", and incorporated herein by reference.

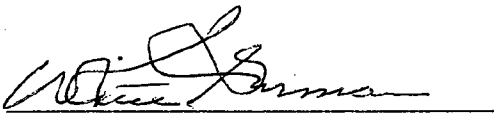
5). That in all other regards, except for the modification of the payment schedule, the Note executed by LAUREL RUN dated April 27, 1995, shall remain unchanged and fully enforceable.


6). That LAUREL RUN hereby ratifies and confirms its obligation under the Note dated April 27, 1995, agrees to pay same under the terms and conditions of this Agreement, and ratifies and confirms all other provisions of said Note, as well as all security agreements and instruments executed to ensure payment of said obligation.

IN WITNESS WHEREOF, the parties have hereunto caused this instrument to be properly executed the day and year first above written.

WITNESS:

LAUREL RUN RECLAMATION  
COMPANY, INC.

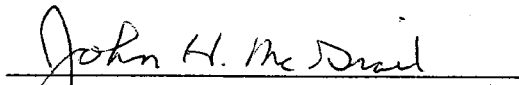


  
By: C. Alan Walker, President

ATTEST:

CLEARFIELD BANK & TRUST  
COMPANY, TRUSTEE U/A OF  
4/27/95, KNOWN AS RAY S. WALKER  
CHARITABLE REMAINDER ANNUITY  
TRUST



  
By:

COMMONWEALTH OF PENNSYLVANIA:

: ss

COUNTY OF CLEARFIELD

:

On this, the 29<sup>th</sup> day of October, 2001, before me, the undersigned officer, personally appeared C. ALAN WALKER, who acknowledged himself to be the President of LAUREL RUN RECLAMATION COMPANY, INC., a corporation, and that he as such officer being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Mary Jo Rowles  
Notary Public

Notarial Seal  
Mary Jo Rowles, Notary Public  
Clearfield Boro, Clearfield County  
My Commission Expires Nov. 29, 2004

COMMONWEALTH OF PENNSYLVANIA:

: ss

COUNTY OF CLEARFIELD

:

On this, the 31<sup>st</sup> day of October, 2001, before me, the undersigned officer, personally appeared John H. McStrail, who acknowledged himself to be the Vice Pres. & Trust Officer of CLEARFIELD BANK & TRUST COMPANY, a banking corporation, and that he as such officer being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Pamela A. Flanagan  
Notary Public

NOTARIAL SEAL  
PAMELA A. FLANAGAN, NOTARY PUBLIC  
CLEARFIELD BORO, CLEARFIELD COUNTY  
MY COMMISSION EXPIRES MARCH 21, 2005

INSTALLMENT NOTE

FOR VALUE RECEIVED, LAUREL RUN RECLAMATION COMPANY, INC., of P. O. Box 372, Bigler, Pennsylvania, 16825, hereinafter referred to as "Laurel", hereby promises to pay to the order of RAY S. WALKER, of P. O. Box 415, Bigler, Pennsylvania, 16825, the sum of One Million (\$1,000,000.00) Dollars, with interest at the rate of nine (9%) percent per annum, on the unpaid balance, payable as follows:

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Upon the default in payment of any such installment when due, the whole of principal sum then remaining unpaid shall at the option of the holder hereof become immediately due and payable without demand or notice. And further Laurel, authorizes and empowers any attorney of any court of record within the United States of America or elsewhere, to appear for Laurel and with or without complaints filed, to enter or confess judgment or judgments against Laurel, in any Court of record within the United States, in favor of any holder of this Note for the unpaid balance due, together with costs of suit and an attorney's commission of ten (10%) percent of the unpaid balance for collection on which judgment one or more executions may issue forthwith.

Laurel hereby forever waives and releases all errors in said proceedings, waives stay of execution, the right of inquisition, and agrees to condemnation of any property levied upon by virtue of any such execution and waives all exemptions from levy and sale of any property that is, or hereafter, exempted by law.

Laurel hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

And further, Laurel reserves the right to prepay the principal and interest hereof, in whole or in part, at any time without penalty.

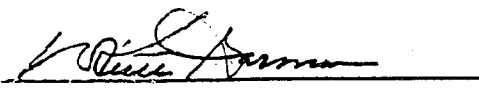
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Laurel hereby agrees that upon demand of the holder of this Note, the face value of the Note will be broken down into smaller denominations.

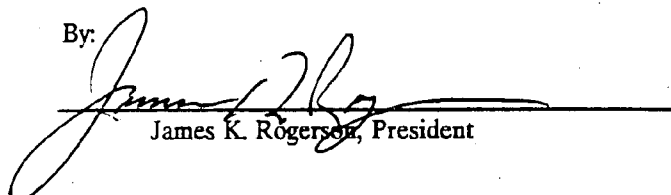
WITNESSETH the due execution hereof this 27th day of April, 1995.

LAUREL RUN RECLAMATION COMPANY, INC.

ATTEST:

  
Secretary

By:

  
James K. Rogerson, President

(Corporate Seal)

Exhibit "A"



# **Loan Amortization of Original Amount**

Loan Date	Type	Balance	# Payments	Interest Rate		
4/27/2000	Quarterly	\$1,000,000.00	20	9.000%		
Pmt #	Date	Int. Rate	Payment	Principal	Interest	Balance Due
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Totals for 2001:				\$173,626.39	\$76,941.89	
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Totals for 2003:				\$207,454.22	\$43,114.06	
15	1/27/2004	9.000%	\$62,642.07	\$54,813.33	\$7,828.74	\$293,130.60
16	4/27/2004	9.000%	\$62,642.07	\$56,046.63	\$6,595.44	\$237,083.96
17	7/27/2004	9.000%	\$62,642.07	\$57,307.68	\$5,334.39	\$179,776.28
18	10/27/2004	9.000%	\$62,642.07	\$58,597.10	\$4,044.97	\$121,179.18
Totals for 2004:				\$226,764.75	\$23,803.53	
19	1/27/2005	9.000%	\$62,642.07	\$59,915.54	\$2,726.53	\$61,263.64
20	4/27/2005	9.000%	\$62,642.07	\$61,263.64	\$1,378.43	\$0.00
Totals for 2005:				\$121,179.18	\$4,104.96	

**Totals over the life of the loan:**

**Principal:**            \$1,000,000.00            **Interest:** \$252,841.42

ASSIGNMENT

THE UNDERSIGNED, RAY S. WALKER, of Bigler, Pennsylvania, hereby assigns and transfers unto the CLEARFIELD BANK & TRUST COMPANY, TRUSTEE, of Clearfield, Pennsylvania, under Agreement dated April 27, 1995, known as the RAY S. WALKER CHARITABLE REMAINDER ANNUITY TRUST, all of his right, title and interest in and to an Installment Note in the original amount of One Million Dollars from LAUREL RUN RECLAMATION COMPANY, INC., (hereinafter "Laurel"), dated April 27, 1995, together with the following documents delivered to the undersigned as security for the payment of said Note:

1. Security Agreement executed by Laurel covering equipment, parts, fittings, accessories, attachments, renewals, additions or replacements located in the Laurel Deep Mine in Union Township, Clearfield County, Pennsylvania;

2. Security Agreement in Proceeds executed by Laurel for the proceeds generated from all coal mined and removed from the Laurel Deep Mine in Union Township, Clearfield County, Pennsylvania;

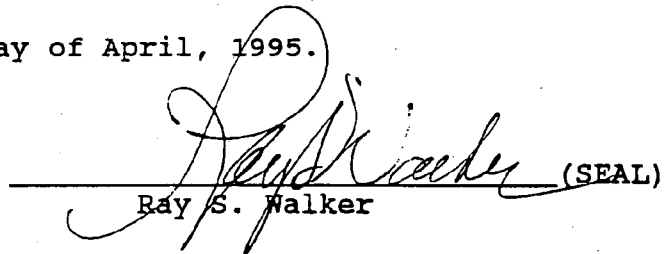
3. Guaranty and Suretyship Agreement executed by Bradford Coal Co., Inc. as surety for the full and timely payment of both principal and interest of the Note of Laurel;

4. Pledge Agreement executed by C. Alan Walker pledging all of his undivided one-third interest in and to assets, both real and personal, of Shannon Land and Mining Company; and

5. Escrow Agreement executed by C. Alan Walker providing for the payment of a certain portion of C. Alan Walker's earnings of Shannon Land and Mining Company as defined in said Escrow Agreement.

A copy of the Note and each of the security documents is attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, the undersigned has executed this Assignment on the 27th day of April, 1995.

 (SEAL)  
Ray S. Walker

Compounding period....: Quarter

Nominal annual rate...: 9.000 %  
 Effective annual rate: 9.308 %  
 Periodic rate.....: 2.2500 %  
 Equivalent daily rate: 0.02466 %

## CASH FLOW DATA

Event	Date	Amount	#	Period	End-date
1 Loan	07-27-02	790,052.16	1		
2 Payment	10-27-02	62,642.07	15	Quarter	04-27-06

## AMORTIZATION SCHEDULE - Normal amortization

Pmt	Date	Payment	Interest	Principal	Balance
Loan	07-27-2002				790,052.16
1	10-27-2002	62,642.07	17,776.17	44,865.90	745,186.26
2002	totals	62,642.07	17,776.17	44,865.90	
2	01-27-2003	62,642.07	16,766.69	45,875.38	699,310.88
3	04-27-2003	62,642.07	15,734.49	46,907.58	652,403.30
4	07-27-2003	62,642.07	14,679.07	47,963.00	604,440.30
5	10-27-2003	62,642.07	13,599.91	49,042.16	555,398.14
2003	totals	250,568.28	60,780.16	189,788.12	
6	01-27-2004	62,642.07	12,496.46	50,145.61	505,252.53
7	04-27-2004	62,642.07	11,368.18	51,273.89	453,978.64
8	07-27-2004	62,642.07	10,214.52	52,427.55	401,551.09
9	10-27-2004	62,642.07	9,034.90	53,607.17	347,943.92
2004	totals	250,568.28	43,114.06	207,454.22	
10	01-27-2005	62,642.07	7,828.74	54,813.33	293,130.59
11	04-27-2005	62,642.07	6,595.44	56,046.63	237,083.96
12	07-27-2005	62,642.07	5,334.39	57,307.68	179,776.28
13	10-27-2005	62,642.07	4,044.97	58,597.10	121,179.18
2005	totals	250,568.28	23,803.54	226,764.74	
14	01-27-2006	62,642.07	2,726.53	59,915.54	61,263.64
15	04-27-2006	62,642.07	1,378.43	61,263.64	0.00
2006	totals	125,284.14	4,104.96	121,179.18	
Grand totals		939,631.05	149,578.89	790,052.16	

**EXHIBIT**

B

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GUARANTY AND SURETYSHIP AGREEMENT

FOR VALUE RECEIVED, including its right of first refusal to market all coal produced from the Laurel Run deep mine, and intending to be legally bound, BRADFORD COAL COMPANY, INC., of Bigler, Pennsylvania, (hereinafter "Bradford"), absolutely and unconditionally guarantees to RAY S. WALKER, (hereinafter "Lender"), and becomes Surety for the full and timely payment, both principal and interest, of the indebtedness of Laurel Run Reclamation Company, Inc. ("Debtor") to the Lender in the original amount of One Million and no/100 (\$1,000,000) Dollars, together with any additions thereto and extensions or renewals thereof in whole or in part, when and as said indebtedness becomes due and payable in accordance with the terms thereof, whether at maturity or by declaration, acceleration, or otherwise.

Bradford waives presentment for payment, notice of non-payment, demand and protest and declares that Bradford's obligations hereunder are absolute and unconditional and shall not be released or discharged by any release or discharge of or accord in satisfaction with the Debtor or any other person, by any renewal or extension of time of payment of said indebtedness, by any compromise with or indulgence granted to the Debtor or any other person, by any variation of the terms of said indebtedness, by any substitution or release of, or failure to preserve or protect any collateral therefor, or by any other matter or thing

whatsoever whereby Bradford as unconditional and absolute Guarantor and Surety of said indebtedness would or might be released or discharged.

In the event Debtor defaults in the full and timely payment of the principal or interest on said indebtedness, Bradford will promptly make payment thereof directly to the Lender. Bradford's obligations hereunder shall be directly enforceable by the Lender without any action of any nature against the Debtor or any person. Said obligations are continuing obligations, are absolute and unconditional, irrespective of the genuineness, validity or enforceability of any Note or other instrument evidencing said indebtedness, or of any other circumstance which might otherwise constitute a legal or equitable discharge of a Guarantor or Surety, and shall remain in full force and effect as long as any of said indebtedness remains outstanding and unpaid. Bradford hereby authorizes any attorney or prothonotary of any Court of record to confess judgment against Bradford for the unpaid balance of said indebtedness before or upon default with costs of suit and ten (10%) per cent attorneys' fees.

Bradford shall pay, in addition to all other sums payable hereunder, the reasonable costs and expenses incurred by the Lender in connection with all actions taken to enforce collection of said indebtedness upon default of the Debtor, whether by local proceedings or otherwise, including without

limitation, an attorney's fee of ten (10%) per cent of the unpaid balance of said indebtedness and court costs.

All the foregoing promises and obligations shall bind Bradford, Bradford's successors and assigns, and shall inure to the benefit of the Lender, his heirs, executors, administrators, successors and assigns, whether so expressed or not. This Agreement has been entered into under and pursuant to the laws of the Commonwealth of Pennsylvania, and for all purposes shall be construed in accordance with said laws.

Bradford waives notice of acceptance of this Agreement by the Lender.


WITNESS the execution hereof by Bradford this 27<sup>th</sup> day of April, 1995.

BRADFORD COAL COMPANY, INC.

By

C. Alan Walker, President  
C. Alan Walker, President

ATTEST:

  
Secretary

(Corporate Seal)



COMMONWEALTH OF PENNSYLVANIA:

: ss

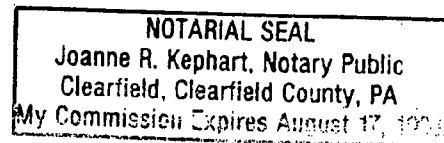
COUNTY OF CLEARFIELD

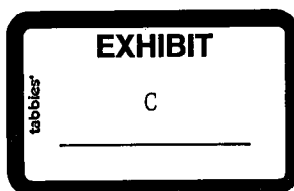
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On this the 27<sup>th</sup> day of April, 1995, before me, the undersigned officer, personally appeared C. ALAN WALKER, who acknowledged himself to be the President of BRADFORD COAL COMPANY, INC., a corporation, and that he as such officer being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Joanne R. Kephart  
Title of Officer





ASSIGNMENT

THE UNDERSIGNED, RAY S. WALKER, of Bigler, Pennsylvania, hereby assigns and transfers unto the CLEARFIELD BANK & TRUST COMPANY, TRUSTEE, of Clearfield, Pennsylvania, under Agreement dated April 27, 1995, known as the RAY S. WALKER CHARITABLE REMAINDER ANNUITY TRUST, all of his right, title and interest in and to an Installment Note in the original amount of One Million Dollars from LAUREL RUN RECLAMATION COMPANY, INC., (hereinafter "Laurel"), dated April 27, 1995, together with the following documents delivered to the undersigned as security for the payment of said Note:

1. Security Agreement executed by Laurel covering equipment, parts, fittings, accessories, attachments, renewals, additions or replacements located in the Laurel Deep Mine in Union Township, Clearfield County, Pennsylvania;

2. Security Agreement in Proceeds executed by Laurel for the proceeds generated from all coal mined and removed from the Laurel Deep Mine in Union Township, Clearfield County, Pennsylvania;

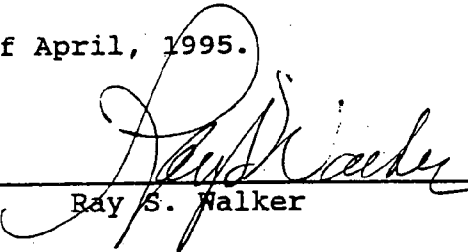
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4. Pledge Agreement executed by C. Alan Walker pledging all of his undivided one-third interest in and to assets, both real and personal, of Shannon Land and Mining Company; and

5. Escrow Agreement executed by C. Alan Walker providing for the payment of a certain portion of C. Alan Walker's earnings of Shannon Land and Mining Company as defined in said Escrow Agreement.

A copy of the Note and each of the security documents is attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, the undersigned has executed this Assignment on the 27th day of April, 1995.

  
\_\_\_\_\_  
Ray S. Walker (SEAL)

Attorney for Defendant  
*pro hac vice*

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,  
PENNSYLVANIA

CLEARFIELD BANK & TRUST COMPANY, )  
Trustee for the RAY S. WALKER CHARITABLE )  
REMAINDER ANNUITY TRUST U/A dated )  
April 27, 1995, )

Plaintiff, )

vs. )

BRADFORD COAL COMPANY, INC., )

Defendant. )

CIVIL DIVISION - LAW

No. \_\_\_\_\_

**CERTIFICATE OF RESIDENCE**

I hereby certify that the precise address of Plaintiff is:

11 North Second Street  
Clearfield, PA 16830

and the last known addresses of the Defendants are:

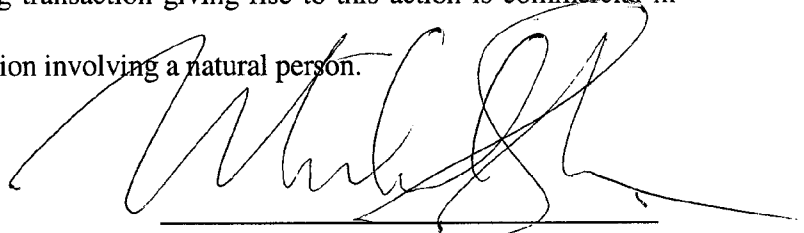
P.O. Box 368  
Bigler, Pennsylvania 16825-0368.



\_\_\_\_\_  
Attorney for Plaintiff

**AFFIDAVIT**

I hereby certify that the underlying transaction giving rise to this action is commercial in nature and is not a consumer credit transaction involving a natural person.



Michael A. Shiner, Esquire

Sworn to and subscribed  
before me this 19<sup>th</sup>  
day of July, 2002.



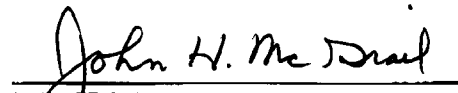
Notary Public

My commission expires:

Notarial Seal Melissa Szalkay, Notary Public City of Pittsburgh, Allegheny County My Commission Expires Oct. 31, 2005 Member, Pennsylvania Association of Notaries
--

**VERIFICATION**

I, John H. McGrail, Vice President and Trust Officer of Clearfield Bank & Trust Company,  
Trustee Under the Ray S. Walker Charitable Remainder Annuity Trust<sup>U/A dated 4/27/95</sup> hereby certify that the  
averments of fact contained in the foregoing Complaint in Confession of Judgment are true and  
correct to the best of my knowledge, information and belief; that I am authorized to make this  
declaration on behalf of the Plaintiff, and that it is made subject to the penalties of 18 Pa.C.S.A. §  
4904, relating to unsworn falsification to authorities.

  
\_\_\_\_\_  
John H. McGrail  
Vice President & Trust Officer



**IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,  
PENNSYLVANIA**

CLEARFIELD BANK & TRUST COMPANY, )  
Trustee for the RAY S. WALKER CHARITABLE )  
REMAINDER ANNUITY TRUST U/A dated )  
April 27, 1995, )

Plaintiff, )

vs. )

BRADFORD COAL COMPANY, INC., )

Defendant. )

CIVIL DIVISION - LAW

No. 02-1132-CD

**NOTICE OF ENTRY OF JUDGMENT**

To: Bradford Coal Company, Inc.  
P.O. Box 368  
Bigler, Pennsylvania 16825-0368.

You are hereby notified that a judgment was entered against you by confession in the above captioned proceeding on July ~~02~~<sup>22</sup>, 2002.

The amount of the judgment is **\$886,247.52**, plus interest accruing at the contract rate and costs and expenses of suit.

A copy of the complaint is enclosed.

  
\_\_\_\_\_  
Prothonotary, Clearfield County