

03-456-CD
JR. LAND COMPANY, INC. ET AL. VS.
POWER OPERATING CO., INC., a/k/a ET AL.

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA

JR. LAND COMPANY, INC.,
by Assignment from
MANUFACTURERS AND TRADERS TRUST
COMPANY (M&T), Successor in interest by
Merger to KEYSTONE FINANCIAL BANK,
N.A. (Keystone), formerly known as
MID-STATE BANK AND TRUST COMPANY,
Plaintiff

vs.

POWER OPERATING CO., INC., a/k/a
POWER LAND CO., a/k/a
POWER LAND CO., INC.

and

SHARON GATES, Terre Tenant,

Defendant

and

WILLIAM WILSON, Terre Tenant,

Defendant

CIVIL DIVISION

NO. 03-456-CD

COMPLAINT IN MORTGAGE
FORECLOSURE

Filed on behalf of JR. Land
Company, Inc., Plaintiff

George S. Test, Esquire
P. O. Box 706
Philipsburg, PA 16866-0706
(814) 342-4640

PA I.D. #15915

FILED

MAR 31 2003

William A. Shaw
Prothonetary

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

JR. LAND COMPANY, INC.,	:	
by Assignment from	:	CIVIL DIVISION
MANUFACTURERS AND TRADERS TRUST	:	
COMPANY (M&T), Successor in interest by	:	NO. _____
Merger to KEYSTONE FINANCIAL BANK,	:	
N.A. (Keystone), formerly known as	:	
MID-STATE BANK AND TRUST COMPANY,	:	
Plaintiff :		
vs.	:	
POWER OPERATING CO., INC., a/k/a	:	
POWER LAND CO., a/k/a	:	
POWER LAND CO., INC.	:	
and	:	
SHARON GATES, Terre Tenant,	:	
Defendant	:	
and	:	
WILLIAM WILSON, Terre Tenant,	:	
Defendant	:	

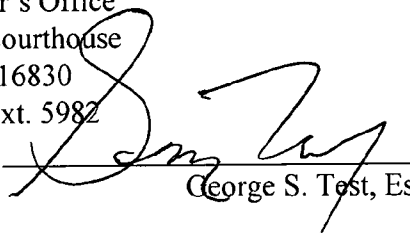
NOTICE

You have been sued in Court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this Complaint and Notice are served, by entering a written appearance personally, or by attorney and filing in writing with the Court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so, the case may proceed without you and a judgment may be entered against you by the Court without further notice for any money claimed in the Complaint or for any other claim or relief requested by the Plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT FIND ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

Court Administrator's Office
Clearfield County Courthouse
Clearfield, PA 16830
(814) 765-2641 Ext. 5982

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA


George S. Test, Esquire

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

JR. LAND COMPANY, INC.,	:	
by Assignment from	:	CIVIL DIVISION
MANUFACTURERS AND TRADERS TRUST	:	
COMPANY (M&T), Successor in interest by	:	NO. _____
Merger to KEYSTONE FINANCIAL BANK,	:	
N.A. (Keystone), formerly known as	:	
MID-STATE BANK AND TRUST COMPANY,	:	
Plaintiff	:	
vs.	:	
POWER OPERATING CO., INC., a/k/a	:	
POWER LAND CO., a/k/a	:	
POWER LAND CO., INC.	:	
and	:	
SHARON GATES, Terre Tenant,	:	
Defendant	:	
and	:	
WILLIAM WILSON, Terre Tenant,	:	
Defendant	:	

COMPLAINT IN MORTGAGE FORECLOSURE

1. Plaintiff, JR. Land Company, Inc. is successor in interest by an Assignment of Mortgages, Notes, and Other Credit Instruments, dated September 27, 2002, by Manufacturers and Traders Trust Company (M&T), recorded December 20, 2002 in Clearfield County, Pennsylvania, Instrument Number 200220434, a true and correct copy of which is attached hereto and made a part hereof as Exhibit G.

2. Manufacturers and Traders Trust Company (M&T) is the successor in interest by merger to Keystone Financial Bank, N.A. (Keystone), formerly known as Mid-State Bank and Trust Co. It is a banking association organized and existing under the laws of the United States of America with regional offices located at 1130 12th. Avenue, Altoona, Pennsylvania 16603.

3. Power Operating Co., Inc. a/k/a Power Land Co. a/k/a Power Land Co., Inc. (Power) is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with principal offices located at P. O. Box 25, Osceola Mills, Pennsylvania 16666. Its mailing

address per Corporation Bureau records is Route 322 West, Philipsburg, Pennsylvania. Power Operating Co., Inc. is the survivor of a merger with Power Land Co. which took place on December 27, 1985.

4. Sharon Gates is an adult individual residing at 512 Blue Spruce Road, Philipsburg, Pennsylvania. Sharon Gates acquired fifteen (15) acres of real property identified as Tract Number 112-P12-134 by Deed of Power Operating Co., Inc., dated October 20, 1999, recorded at Instrument Number 199917451 and twenty-five (25) acres of real property identified as Tract Number 112-P12-215 and 14.880 acres of real property identified as Tract Number 112-P12-217 by Deed of Power Operating Co., Inc., dated October 20, 1999, recorded at Instrument Number 199917452. Said conveyances were made by Power Operating Co., Inc. while it was in bankruptcy without the approval of the bankruptcy court. Said real estate is subject to Plaintiff's mortgage.

5. William Wilson is an adult individual residing at P. O. Box 16, Morann, Pennsylvania 16663. William Wilson acquired .75 acres with a house and garage identified as Tract Number 130-M15-26 and 1.276 acres of land identified as 130-M15-25 by Deed of Power Operating Co., Inc., recorded January 15, 1999 at Instrument Number 199900623. Said conveyance was made by Power Operating Co., Inc. while it was in bankruptcy without the approval of the bankruptcy court. Said real estate is subject to Plaintiff's mortgage.

6. On or about June 13, 1996, Power executed and delivered to Plaintiff's predecessor, Keystone, the "Open-Ended Mortgage Assignment of Production and Security Agreement", a true and correct copy of which is attached as Exhibit A, securing the payment of the financial obligations of Power relating to credit then and in the future extended by Keystone (the "Power Obligations") covering the premises described therein. Said mortgage is recorded in the Office of the Recorder of Deeds of Clearfield County in Record Book Volume 1767 at Page 62.

7. Portions of the aforesaid Premises are further described in Exhibit B, attached hereto,

which Exhibit represents the premises upon which foreclosure is instituted. As indicated by Exhibit B, foreclosure is instituted by this complaint as to less than the entire premises covered by the mortgage.

8. The Power Obligations heretofore referred to, which the mortgage secures, are evidenced by the following:

- (i) a Revolving Credit Note, dated June 13, 1996 in the original principal amount of \$5,000,000.00 executed by Power and delivered to Keystone Financial (the "\$5,000,000.00 Note");
- (ii) a Term Note dated June 13, 1996 in the original principal amount of \$5,893,750.00 executed by Power and delivered to Keystone Financial (the "\$5,893,750.00 Note"), as amended by (a) a First Amended Term Note dated August 1, 1996 in the principal amount of \$5,775,252.31 executed by Power and delivered to Keystone Financial; and (b) a Second Amended Term Note dated January 31, 1997 in the principal amount of \$5,775,252.31 executed by Power and delivered to Keystone Financial. (The \$5,893,750.00 Note, as amended, the "\$5,775,252.31 Note".)
- (iii) loans made pursuant to that certain Post-Petition Credit Agreement ("Post-Petition Credit Agreement") dated as of May, 1998 in the amount of \$1,231,159.91 as authorized by the United States Bankruptcy Court for the District of Delaware; a true and correct copy of the \$5,000,000.00 Note is attached hereto as Exhibit "C", a true and correct copy of the \$5,775,252.31 Note is attached hereto as Exhibit "D", and a true and correct copy of the Post-Petition Credit Agreement is attached hereto as Exhibit "E", respectively, and made a part hereof. (The \$5,000,000.00 Note, the \$5,775,252.31 Note, and the Post-Petition Credit Agreement collectively, hereinafter, the "Power Obligations".)

9. The mortgage and the Power Obligations have been assigned to Plaintiff and Plaintiff is successor to M&T and to Keystone and is the holder of the mortgage and the Power Obligations.

10. Defendant, Power, is in default for, inter alia, failure to make payments when due under the Power Obligations.

11. The amount due from the Defendant, Power, to Plaintiff, pursuant to the terms of the mortgage and the Power Obligations is \$8,082,035.10 as of February 24, 2000, computed as follows:

Unpaid principal balance under the \$5,000,000.00 Note	\$ 708,963.92
Accrued but unpaid interest through 2/24/00	<u>132,651.57</u>
SUB-TOTAL:	\$ 841,615.49
Unpaid principal balance under the \$5,775,252.31 Note	\$5,488,645.82
Accrued but unpaid interest through 2/24/00	<u>1,324,365.88</u>
SUB-TOTAL:	\$6,813,011.70
Unpaid principal under the Post-Petition Credit Agreement	<u>\$1,231,159.91</u>
SUB-TOTAL:	\$1,231,159.91
TOTAL DEBT	\$8,885,787.10
Less Proceeds of Sheriff's Sale	\$ <u>(803,752.00)</u>
GRAND TOTAL:	\$8,082,035.10

Together with additional interest from February 24, 2000 at the respective rates as set forth in the \$5,000,000.00 Note and the \$5,893,750.00 Note, plus interest as set forth in the Post-Petition Credit Agreement, additional late charges, attorneys fees and costs of suit as provided in the Power Obligations.

12. On or about May 27, 1998, Power filed a Petition in the Bankruptcy Court for the District of Delaware to No. 98-001137 pursuant to Chapter 11 of the Bankruptcy Act. Thereafter, said bankruptcy proceeding was consolidated with the Petition filed by Powell U.S.A., Inc., a Delaware Corporation, filed to No. 98-001136, also in the U. S. Bankruptcy Court for the District of Delaware. The jointly administered case was ultimately converted to a Chapter 7 case.

13. On July 22, 1998, the Bankruptcy Judge issued an Order in the jointly administered Chapter 11 case entitled, "Final Order Authorizing Use of Cash Collateral and Secured Post-

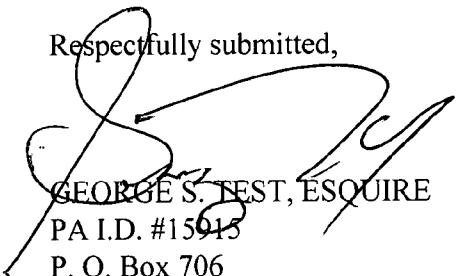
Petition Financing on a Superpriority Basis under 11 U.S.C. § 363 and 364.” As part of said Order, Keystone was granted a superpriority position with regard to post-petition advances under the post-petition credit agreement and was, in paragraph 11 thereof, granted a self-executing relief from stay in the event of default under the post-petition credit agreement. A copy of said order is attached hereto as Exhibit F.

14. Defendant defaulted on its obligations under the Post-Petition Credit Agreement thereby automatically granting Keystone and by Assignment to Plaintiff, the right without further Order of Court to exercise its rights inter alia, under the Pre-Petition Credit documents including the instant mortgage.

15. On September 21, 2000, Plaintiff's predecessor, Keystone issued and filed a Notice in accordance with paragraph 11 of the aforesaid Order of its intention to exercise its rights under the Pre-Petition Credit documents and the Order.

WHEREFORE, Plaintiff requests the Court to enter judgment of Mortgage Foreclosure against a portion of the mortgaged property described in Exhibit B for the amount set forth above, together with interest thereon, all other amounts advanced by Plaintiff and an attorneys commission of five (5%) percent.

Respectfully submitted,



GEORGE S. TEST, ESQUIRE
PA I.D. #15915
P. O. Box 706
Philipsburg, PA 16866-0706
(814) 342-4640

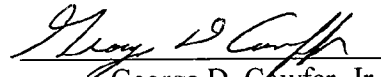
GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

COMMONWEALTH OF PENNSYLVANIA :

COUNTY OF Centre :

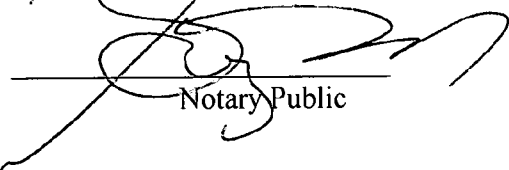
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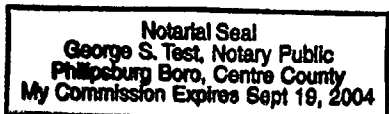
On this 28th day of March, 2003, before me, a Notary Public, personally appeared **GEORGE D. COWFER, JR.**, President of JR. LAND COMPANY, INC., the Plaintiff herein and acknowledges that he has read the foregoing Complaint and that the statements made therein are true and correct to the best of his information and belief.


George D. Cowfer, Jr.

SWORN to and SUBSCRIBED

before me, this 28th day of
March, 2003.


Notary Public



GEORGE S. TEST
ATTORNEY-AT-LAW
PHILPSBURG, PA

EXHIBIT A

OPEN-END MORTGAGE, ASSIGNMENT OF
PRODUCTION AND SECURITY AGREEMENT

THIS OPEN-END MORTGAGE, ASSIGNMENT OF PRODUCTION AND
SECURITY AGREEMENT (this "Mortgage") is made as of the 13th day of June, 1996, by
POWER OPERATING CO., INC., a Pennsylvania corporation with an address at P.O.
Box 25, Osceola Mills, Pennsylvania 16666 (the "Mortgagor") in favor of MID-STATE
BANK AND TRUST COMPANY, a Pennsylvania banking corporation with an address at
1130 Twelfth Avenue, Altoona, Pennsylvania 16601 (the "Mortgagee").

WITNESSETH:

WHEREAS, the Mortgagor is the owner of the surface and subsurface estates
described in Exhibit A attached hereto and made a part hereof; and

WHEREAS, pursuant to an Amended and Restated Credit Agreement (the "Credit
Agreement") of even date herewith, the Mortgagee has made a \$5,893,750 term loan and a
\$5,000,000 revolving credit commitment to the Mortgagor (collectively, the "Loans"), which
Loans are evidenced by notes from the Mortgagor to the Mortgagee (collectively, the
"Notes");

NOW, THEREFORE, for the purpose of securing the payment and performance of
the following obligations (collectively, the "Obligations"):

(A) the Loans, the Notes and all other loans, advances, debts, liabilities, obligations,
covenants and duties owing by the Mortgagor to the Mortgagee of any kind or nature,
present or future, whether or not evidenced by any note, guaranty or other instrument,
whether arising under any agreement, instrument or document, whether or not for the
payment of money, whether arising by reason of an extension of credit, opening of a letter
of credit, loan or guarantee or in any other manner, whether arising out of overdrafts on
deposit or other accounts or electronic funds transfers or out of the Mortgagee's non-
receipt of or inability to collect funds or otherwise not being made whole in connection
with depository transfer checks or other similar arrangements, whether direct or indirect
(including those acquired by assignment or participation), absolute or contingent, joint or
several, due or to become due, now existing or hereafter arising, and any amendments,
extensions, renewals or increases and all costs and expenses of the Mortgagee incurred in
the documentation, negotiation, modification, enforcement, collection or otherwise in
connection with any of the foregoing, including but not limited to reasonable attorneys'
fees and expenses; and

(B) any sums advanced by the Mortgagee or which may otherwise become due
pursuant to the provisions of the Notes or this Mortgage or pursuant to any other
document or instrument at any time delivered to the Mortgagee to evidence or to secure
any of the Obligations or which otherwise relate to any of the Obligations (as the same
may be amended, supplemented or replaced from time to time, the "Loan Documents").

Release 1885/322 11-6-97
Release 1899/492 1-9-98
Release 1902/413 1-23-98
Release 1924/353 4-17-98

EXHIBIT A

the Mortgagor, for good and valuable consideration, the receipt of which is hereby acknowledged, and intending to be legally bound hereby, does hereby give, grant, bargain, sell, convey, assign, transfer mortgage, hypothecate, pledge, set over and confirm unto the Mortgagee and does agree that the Mortgagee shall have a security interest in the following described property, all accretions and additions thereto, all substitutions therefor and replacements and proceeds thereof and all reversions and remainders of such property now owned or held or hereafter acquired (the "Property"), to-wit:

(a) all of the Mortgagor's interests in the land described in Exhibit A including all surface and subsurface interests or estates therein, together with all of the easements, rights of way, privileges, liberties, hereditaments, gores, streets, alleys, passages, ways, waters, watercourses, rights and appurtenances belonging or appertaining to the surface estate and all of the estate, right, title, interest, claim and demand whatsoever of the Mortgagor in the surface estate and in the public streets and ways adjacent to such estate, either in law or in equity (the "Land");

(b) the fee and leasehold coal and other like minerals, the fee and leasehold oil or gas and other like substances, all royalties and all other interests of the Mortgagor in the Land or in any of the foregoing;

(c) the coal and other like minerals and oil or gas and other like substances which are in, under, upon, produced or to be produced from, and processed or to be processed on, the Land;

(d) all sites and facilities which are now in existence or are being or hereafter will be constructed and equipped for the mining, extraction and/or processing of coal and other like minerals from the Land (the "Mine");

(e) all well sites and facilities which are now in existence or are being or hereafter will be constructed and equipped for the exploration, drilling, development or production of gas, oil or other like substances, including, but not limited to, transmission, storage and processing facilities (the "Well");

(f) all contracts now in existence or to be entered into by the Mortgagor for the sale, purchase, exchange or processing of coal and other like minerals or oil or gas and other like substances produced from the Land;

(g) all the buildings, structures and improvements of every kind and description now or hereafter erected or placed on the Land, and all facilities, fixtures, machinery, apparatus, appliances, installations, machinery and equipment, including, without limitation, all building materials to be incorporated into such buildings, all electrical equipment necessary for the operation of such buildings and heating, air conditioning and

plumbing equipment now or hereafter attached to, located in or used in connection with those buildings, structures or other improvements (the "Improvements");

(h) all surface or subsurface machinery, equipment, facilities, supplies or other property of whatsoever kind or nature now or hereafter located on or under any of the Land which are useful for excavation and restoration in connection with the mining of coal or the production, processing, storage or transportation of coal and other minerals and/or the extraction and/or production of oil, gas and other like substances, and all tools, supplies, equipment and personal property of every name, kind, sort or character, whether now owned or hereafter to be purchased or acquired by the Mortgagor, for use in connection with the Mine, the Well and the Land (the "Operating Equipment");

(i) all rents, issues and profits arising or issuing from the Land and the Improvements (the "Rents") including, but not limited to, the Rents arising or issuing from all leases and subleases now or hereafter entered into (including coal and other like minerals, and oil, gas and other like substances and leases and subleases other than the foregoing) and covering all or any part of the Land and Improvements (the "Leases"), all of which Leases and Rents are hereby assigned to the Mortgagee by the Mortgagor. The foregoing assignment extends to Rents arising both before and after the commencement by or against the Mortgagor of any case or proceeding under any Federal or State bankruptcy, insolvency or similar law. The Mortgagor will execute and deliver to the Mortgagee, on demand, such assignments and instruments as the Mortgagee may require to implement, confirm, maintain and continue the assignment hereunder;

(j) all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims; and

(k) without limiting any of the other provisions of this Mortgage, the Mortgagor, as debtor, expressly grants unto the Mortgagee, as secured party, a security interest in all those portions of the Property which may be subject to the provisions of the Pennsylvania Uniform Commercial Code (the "Code"), and the Mortgagor will execute and deliver to the Mortgagee on demand such financing statements and other instruments as the Mortgagee may require in order to perfect and maintain such security interest under the Code on the aforesaid collateral.

To have and to hold the same unto the Mortgagee, its successors and assigns, forever.

Provided, however, that if the Mortgagor shall pay to the Mortgagee the Obligations and if the Mortgagor shall keep and perform each of its other covenants, conditions and agreements set forth herein and in the other Loan Documents, then, upon the termination of all obligations, duties and commitments of the Mortgagor under the Obligations and this

Mortgage, the estate hereby granted and conveyed shall become null and void except to the extent the lien created by this Mortgage is preserved under a Loan Document.

This Mortgage is an "Open-End Mortgage" as set forth in 42 Pa. C.S.A. § 8143 and secures obligations up to a maximum principal amount of indebtedness outstanding at any time equal to Twenty Million (\$20,000,000) Dollars, plus accrued and unpaid interest, including, but not limited to, advances for the payment of taxes and municipal assessments, maintenance charges, insurance premiums, costs incurred for the protection of the Property or the lien of this Mortgage, expenses incurred by the Mortgagee by reason of default by the Mortgagor under this Mortgage and advances for construction, alteration or renovation on the Property or for any other purpose, together with all other sums due hereunder or secured hereby. All notices to be given to the Mortgagee pursuant to 42 Pa. C.S.A. § 8143 shall be given as set forth in Section 15 of this Mortgage.

1. Representations and Warranties. The Mortgagor represents and warrants to the Mortgagee that the Mortgagor has good and marketable title to an estate in fee simple absolute in the Land and Improvements and has all right, title and interest in all other property constituting a part of the Property, in each case free and clear of all liens and encumbrances, except as may otherwise be set forth on an Exhibit B hereto. This Mortgage is a valid and enforceable first lien on the Property, and the Mortgagee shall, subject to the Mortgagor's right of possession prior to an Event of Default, quietly enjoy and possess the Property. The Mortgagor shall preserve such title as it warrants herein and the validity and priority of the lien hereof and shall forever warrant and defend the same to the Mortgagee against the claims of all persons.

2. Affirmative Covenants. Until all of the Obligations shall have been fully paid, satisfied and discharged, the Mortgagor shall:

(a) Compliance with Credit Agreement. Comply with all of the representations and warranties and covenants contained in the Credit Agreement.

(b) Legal Requirements. Promptly comply with and conform to all present and future laws, statutes, codes, ordinances, orders and regulations and all covenants, restrictions and conditions which may be applicable to the Mortgagor or to any of the Property (the "Legal Requirements").

(c) Impositions. Before interest or penalties are due thereon and otherwise when due, the Mortgagor shall pay all taxes of every kind and nature, all charges for any easement or agreement maintained for the benefit of any of the Property, all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents and charges and all other charges and liens, whether of a like or different nature, imposed upon or assessed against the Mortgagor or any of the Property (the "Impositions"). Following a written request by the Mortgagee, the Mortgagor shall deliver to the Mortgagee evidence

acceptable to the Mortgagee of any Imposition. The Mortgagor's obligations to pay the Impositions shall survive the Mortgagee's taking title to the Property through foreclosure, deed-in-lieu or otherwise.

(d) Maintenance of Security. Use, and permit others to use, the Property only for its present use or such other uses as permitted by applicable law and approved in writing by the Mortgagee. The Mortgagor covenants and agrees not to take or permit any action with respect to the Property which will in any manner impair the security of this Mortgage.

3. Assignment of Production. As further security for the Obligations, the Mortgagor hereby transfers, assigns, warrants and conveys to the Mortgagee, effective upon the recording of this Mortgage, the coal and other like minerals and the oil, gas and other like substances which are thereafter produced from and which accrued to the Property and all other properties and interests of the Mortgagor and all proceeds from all of the foregoing (collectively, the "Assigned Proceeds"). The Mortgagee hereby grants to the Mortgagor a license to collect the Assigned Proceeds, which license may be revoked by the Mortgagee at any time following the occurrence of an Event of Default.

4. Leases. The Mortgagor shall not (i) execute an assignment or pledge of the Rents and/or the Leases other than in favor of the Mortgagee; (ii) accept any prepayment of an installment of any Rents prior to the due date of such installment; or (iii) enter into or amend any of the terms of any Lease without the Mortgagee's prior written consent.

5. Due on Sale Clause. The Mortgagor shall not sell, convey or otherwise transfer any interest in the Property (whether voluntarily or by operation of law), or agree to do so, without the Mortgagee's prior written consent.

6. Installments for Impositions. The Mortgagor shall, if requested by the Mortgagee, pay to the Mortgagee monthly, an amount equal to one-twelfth (1/12) of the annual premiums for the annual Impositions and any other item which at any time may be or become a lien upon the Property (the "Escrow Charges"). The amounts so paid shall be used in payment of the Escrow Charges so long as no Event of Default shall have occurred. No amount so paid to the Mortgagee shall be deemed to be trust funds, nor shall any sums paid bear interest. The Mortgagee shall have no obligation to pay any Imposition if at any time the funds being held by the Mortgagee for such Imposition are insufficient to make such payments. Upon the occurrence of an Event of Default, the Mortgagee shall have the right, at its election, to apply any amount so held against the Obligations due and payable in such order as the Mortgagee may deem fit, and the Mortgagor hereby grants to the Mortgagee a lien upon and security interest in such amounts for such purpose.

7. Condemnation. The Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation or taking by eminent domain of any

of the Property, shall notify the Mortgagee of the pendency of such proceedings. The Mortgagee may participate in any such proceedings and the Mortgagor shall deliver to the Mortgagee all instruments requested by it to permit such participation. Any award or compensation for property taken or for damage to property not taken, whether as a result of such proceedings or in lieu thereof, is hereby assigned to and shall be received and collected directly by the Mortgagee, and any award or compensation shall be applied, at the Mortgagee's option, to any part of the Obligations and in any order (notwithstanding that any of such Obligations may not then be due and payable) or to the repair and restoration of any of the Property under such terms and conditions as the Mortgagee may impose.

8. Inspection of Property. The Mortgagee shall have the right to enter upon the Property at any reasonable hour for the purpose of inspecting the order, condition and repair of the buildings and improvements erected thereon, as well as the conduct of operations and activities on the Property. The Mortgagee may enter the Property (and cause the Mortgagee's employees, agents and consultants to enter the Property) upon prior written notice to the Mortgagor, to conduct any and all environmental testing deemed appropriate by the Mortgagee in its sole discretion. The environmental testing shall be accomplished by whatever means the Mortgagee may deem appropriate. The Mortgagor shall provide the Mortgagee (and the Mortgagee's employees, agents and consultants) reasonable rights of access to the Property as well as such information about the Property and the past or present conduct of operations and activities thereon as the Mortgagee shall reasonably request.

9. Events of Default. The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder:

- (a) an Event of Default shall occur under the Credit Agreement and continue after the expiration of any applicable grace period;
- (b) the failure of the Mortgagee to have a first priority mortgage lien on the Property;
- (c) foreclosure proceedings are instituted against the Property upon any other lien or claim, whether alleged to be superior or junior to the lien of this Mortgage; and
- (d) the Mortgagor or any other obligor or guarantor of any of the Obligations, shall at any time deliver or cause to be delivered to the Mortgagee a notice pursuant to 42 Pa. C.S.A. § 8143 electing to limit the indebtedness secured by this Mortgage.

10. Rights and Remedies of Mortgagee. If an Event of Default occurs, the Mortgagee may, at its option and without demand, notice or delay, do one or more of the following:

(a) The Mortgagee may declare the entire unpaid principal balance of the Obligations, together with all interest thereon, to be due and payable immediately.

(b) The Mortgagee may (i) institute and maintain an action of mortgage foreclosure against the Property and the interests of the Mortgagor therein, (ii) institute and maintain an action on any instruments evidencing the Obligations or any portion thereof, and (iii) take such other action at law or in equity for the enforcement of any of the Loan Documents as the law may allow, and in each such action the Mortgagee shall be entitled to all costs of suit and attorneys fees.

(c) The Mortgagee may, in its sole and absolute discretion: (i) collect any or all of the Rents, including any Rents past due and unpaid, (ii) perform any obligation or exercise any right or remedy of the Mortgagor under any Lease, or (iii) enforce any obligation of any tenant of any of the Property. The Mortgagee may exercise any right under this subsection (c), whether or not the Mortgagee shall have entered into possession of any of the Property, and nothing herein contained shall be construed as constituting the Mortgagee a "mortgagee in possession", unless the Mortgagee shall have entered into and shall continue to be in actual possession of the Property. The Mortgagor hereby authorizes and directs each and every present and future tenant of any of the Property to pay all Rents directly to the Mortgagee and to perform all other obligations of that tenant for the direct benefit of the Mortgagee, as if the Mortgagee were the landlord under the Lease with that tenant, immediately upon receipt of a demand by the Mortgagee to make such payment or perform such obligations. The Mortgagor hereby waives any right, claim or demand it may now or hereafter have against any such tenant by reason of such payment of Rents or performance of obligations to the Mortgagee, and any such payment or performance to the Mortgagee shall discharge the obligations of the tenant to make such payment or performance to the Mortgagor.

(d) The Mortgagee may (and the Mortgagor shall upon the request of the Mortgagee) notify all appropriate parties to pay the Assigned Proceeds to the Mortgagee. All parties producing, purchasing or receiving coal or other like minerals and oil, gas and other like substances, or having such, or any Production Proceeds, in their possession for which they or others are accountable to the Mortgagee by virtue of the provisions of this Mortgage, are authorized and directed to treat and regard the Mortgagee as the assignee and transferee of the Mortgagor and are entitled in the Mortgagor's place and stead to receive the foregoing and all Production Proceeds, and said parties and each of them shall be fully protected in so treating and regarding the Mortgagee and shall be under no obligation to see to the application by the Mortgagee of any such proceeds or payments received by it.

(e) The Mortgagee shall have the right, in connection with the exercise of its remedies hereunder, to the appointment of a receiver to take possession and control of the Property and/or to collect the Rents, without notice and without regard to the adequacy of the Property to secure the Obligations. A receiver while in possession of the Property

shall have the right to make repairs and to make improvements necessary or advisable in its or his opinion to preserve the Property, or to make and keep them rentable to the best advantage, and the Mortgagee may advance moneys to a receiver for such purposes. Any moneys so expended or advanced by the Mortgagee or by a receiver shall be added to and become a part of the Obligations secured by this Mortgage.

11. Application of Proceeds. The Mortgagee shall apply the proceeds of any foreclosure sale of, or other disposition or realization upon, or Rents or profits from, the Property to satisfy the Obligations in such order of application as the Mortgagee shall determine in its exclusive discretion.

12. Confession of Judgment in Ejectment. AT ANY TIME AFTER THE OCCURRENCE OF AN EVENT OF DEFAULT, WITHOUT FURTHER NOTICE, REGARDLESS OF WHETHER THE MORTGAGEE HAS ASSERTED ANY OTHER RIGHT OR EXERCISED ANY OTHER REMEDY UNDER THIS MORTGAGE OR ANY OF THE OTHER LOAN DOCUMENTS, IT SHALL BE LAWFUL FOR ANY ATTORNEY OF ANY COURT OF RECORD AS ATTORNEY FOR THE MORTGAGOR TO CONFESS JUDGMENT IN EJECTMENT AGAINST THE MORTGAGOR AND ALL PERSONS CLAIMING UNDER THE MORTGAGOR FOR THE RECOVERY BY THE MORTGAGEE OF POSSESSION OF ALL OR ANY PART OF THE PROPERTY, FOR WHICH THIS MORTGAGE SHALL BE SUFFICIENT WARRANT. IF FOR ANY REASON AFTER SUCH ACTION SHALL HAVE COMMENCED THE SAME SHALL BE DISCONTINUED AND THE POSSESSION OF THE PROPERTY SHALL REMAIN IN OR BE RESTORED TO THE MORTGAGOR, THE MORTGAGEE SHALL HAVE THE RIGHT UPON ANY SUBSEQUENT DEFAULT OR DEFAULTS TO BRING ONE OR MORE AMICABLE ACTION OR ACTIONS AS HEREINBEFORE SET FORTH TO RECOVER POSSESSION OF ALL OR ANY PART OF THE PROPERTY.

13. Mortgagee's Right to Protect Security. The Mortgagee is hereby authorized to do any one or more of the following, irrespective of whether an Event of Default has occurred: (a) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Mortgagee hereunder; (b) purchase such insurance policies covering the Property as it may elect if the Mortgagor fails to maintain the insurance coverage required hereunder; and (c) take such action as the Mortgagee may determine to pay, perform or comply with any Impositions or Legal Requirements, to cure any Events of Default and to protect its security in the Property.

14. Appointment of Mortgagee as Attorney-in-Fact. The Mortgagee, or any officer of the Mortgagee, is hereby irrevocably appointed attorney-in-fact for the Mortgagor (without requiring any of them to act as such), such appointment being coupled with an interest, to do any or all of the following: (a) collect the Rents after the occurrence of an Event of Default; (b) settle for, collect and receive any awards payable under Section 8

hereof from the authorities making the same; and (c) execute, deliver and file such financing statements and other instruments as the Mortgagee may require in order to perfect and maintain its security interest under the Uniform Commercial Code on any portion of the Property.

15. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt if delivered personally to the Mortgagor or the Mortgagee, or if sent by facsimile transmission with confirmation of delivery, or by nationally recognized overnight courier service, to the address set forth above or to such other address as the Mortgagor or the Mortgagee may give to the other in writing for such purpose.

16. Preservation of Rights. No delay or omission on the part of the Mortgagee to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power or any acquiescence therein, nor will the action or inaction of the Mortgagee impair any right or power arising hereunder. The Mortgagee's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Mortgagee may have under other agreements, at law or in equity. The Mortgagee may exercise any one or more of its rights and remedies without regard to the adequacy of its security.

17. Illegality. In case any one or more of the provisions contained in this Mortgage should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

18. Changes in Writing. No modification, amendment or waiver of any provision of this Mortgage nor consent to any departure by the Mortgagor therefrom, will in any event be effective unless the same is in writing and signed by the Mortgagee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Mortgagor in any case will entitle the Mortgagor to any other or further notice or demand in the same, similar or other circumstance.

19. Entire Agreement. This Mortgage (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the Mortgagor and the Mortgagee with respect to the subject matter hereof.

20. Survival; Successors and Assigns. This Mortgage will be binding upon and inure to the benefit of the Mortgagor and the Mortgagee and their respective successors and assigns; provided, however, that the Mortgagor may not assign this Mortgage in whole or

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in part without the prior written consent of the Mortgagee and the Mortgagee at any time may assign this Mortgage in whole or in part.

IN WITNESS WHEREOF, this Mortgage has been duly executed as of the date first written above.

MID-STATE BANK AND TRUST
COMPANY

By: James G. Pollock
James G. Pollock
Vice President

ATTEST:

POWER OPERATING CO., INC.

By: Judi Matia
Judi Matia
Secretary

By: Paul Wild
Paul Wild
President

Certificate of Residence

The undersigned certifies that the residence of the Mortgagee is Mid-State Bank and Trust Company, 1130 Twelfth Avenue, Altoona, Pennsylvania 16601

James G. Pollock
On behalf of the Mortgagee

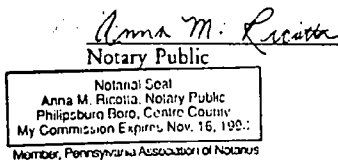
COMMONWEALTH OF PENNSYLVANIA)
COUNTY OF DAUPHIN *Antu*) ss.:

On this, the 13th day of July, 1996, before me, a notary public, the undersigned officer, personally appeared Paul Wild, who acknowledged himself to be the President of Power Operating Co., Inc., a Pennsylvania corporation, and that he, as such officer, being authorized to do so, executed the foregoing Open-End Mortgage, Assignment of Production and Security Agreement for the purposes therein contained by signing the name of such corporation by himself as such officer.

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

(NOTARIAL SEAL)

My Commission Expires:



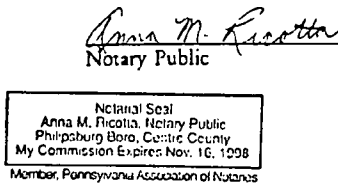
COMMONWEALTH OF PENNSYLVANIA)
COUNTY OF DAUPHIN *Antu*) ss.:

On this, the 13th day of June 1996, before me, a notary public, the undersigned officer, personally appeared James G. Pollock, who acknowledged himself to be a Vice President of Mid-State Bank and Trust Company, a Pennsylvania banking corporation, and that he, as such officer, being authorized to do so, executed the foregoing Open-End Mortgage, Assignment of Production and Security Agreement for the purposes therein contained by signing the name of such corporation by himself as such officer.

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

(NOTARIAL SEAL)

My Commission Expires:



SAWPSHAREMIDSTATEPOWERLMOB

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ALL THOSE CERTAIN lots and pieces of ground.

SITUATE in the Counties of Centre and Clearfield, Commonwealth of Pennsylvania and more fully described in the below listed Deeds of Record.

BEING the same premises which Power Contracting Co., Inc. also known or referred to as Power Contracting Company and Power Contracting Company, Inc., a Pennsylvania Corporation, Successor in interest to the Kitting Coal Company, also known or referred to as Kitting Coal Company and The Philipsburg Coal and Land Company, also known or referred to as The Philipsburg Land and Coal Company, which Corporation merged into and with Power Contracting Co., Inc. by Deed dated 4/18/1978 and recorded 4/18/1978 in the County of Centre in Deed Book 376 Page 790 conveyed unto Power Land Co., Inc., a Pennsylvania Corporation, in fee.

EXCEPTING thereout and therefrom the following outsales:

OUTSALES IN CENTRE COUNTY:

Larry W. Kanour, July 8, 1981, recorded in Deed Book Volume 403, Page 930, 3.91 acres.

Colleen L. Clark, et al., August 28, 1981, recorded in Deed Book Volume 404, Page 644, 2.55 acres.

George Tocimak, December 28, 1981, recorded in Deed Book Volume 406, Page 451, Rush Township.

Francis H. Hollis, February 17, 1982, recorded in Deed Book Volume 407, Page 296, 1.55 acres.

The Christian and Missionary Alliance Church, February 16, 1982, recorded in Deed Book Volume 407, Page 840, 5 acres.

Andrew Verast, August 6, 1984, recorded in Deed Book Volume 426, Page 740, 14.538 acres of Robert Gray Warrant.

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James Weitosh, October 5, 1984, recorded in Deed Book Volume 427, Page 50, 0.69 acres of Ferguson McElwain Warrant.

Donald Habler, October 23, 1984, recorded in Deed Book Volume 427, Page 457, 2 acres of Ferguson McElwain Warrant.

Joel L. Watson, September 28, 1984, recorded in Deed Book Volume 427, Page 469, 31,200 square feet of Christian Elher Warrant.

Shane Slother, September 28, 1984, recorded in Deed Book Volume 427, Page 892, 33,500 square feet of the Christian Elher Warrant.

R. T. Merrymon Trucking, February 28, 1985, recorded in Deed Book Volume 429, Page 828, Lot 30, Robert Gray Warrant.

R. T. Merrymon Trucking, February 28, 1985, recorded in Deed Book Volume 429, Page 832, Lot 33, Robert Gray Warrant.

E. Ronald Lobb, March 11, 1985, recorded in Deed Book Volume 429, Page 1118, 15.05 acres, Allison N. Stroust.

Thomas Mack, April 16, 1985 recorded in Deed Book Volume 430, Page 1005, Lot 5, Stony Point, Christian Elher Warrant.

Theodore Klobe, May 3, 1985, recorded in Deed Book Volume 431, Page 448, 8.739 acres of William Potter Tract.

Walter Podliski, June 14, 1985, recorded in Deed Book Volume 10.2919 acres of Fred Dorish Warrant.

Robert Snyder, August 30, 1985, recorded in Deed Book Volume 435, Page 304, Lot 1, Stony Point, Christian Elher Warrant.

Larry Knaur, August 8, 1985, recorded in Deed Book Volume 435, Page 969, 4.97 acres in Ferguson McElwain Warrant.

Herman's Properties, May 24, 1985, recorded in Deed Book Volume 435, Page 973, 2.795 acres, James Morrison Tract.

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Brenda Bailey, August 8, 1985, recorded in Deed Book Volume 435, Page 977, 1.57 acres, Christian Elher Warrant.

E. Ronald Lobb, June 23, 1986, recorded in Deed Book Volume 443, Page 427, parcel in Rush Township.

Maynard H. Gray, June 9, 1986, recorded in Deed Book Volume 443, Page 512, parcel in Rush Township.

Deed to David W. Stevens dated July 3, 1986, conveying 2.749 acres in Rush Township recited as being part of the Jacob Stoust Warrant recorded in Centre County Deed Book Volume 444, Page 647.

Deed to David A. Stevens dated July 3, 1986, conveying 4.416 acres in Rush Township recited as being part of the Jacob Stoust Warrant recorded in Centre County Deed Book Volume 444, Page 651.

Deed to Maynard H. Gray dated August 21, 1986, conveying 2.448 acres in Rush Township recited as being part of the Ferguson McElwain Warrant recorded in Centre County Deed Book Volume 445, Page 971.

Deed to Terrance C. Chrobak dated August 18, 1986, conveying 7.329 acres in Rush Township recited as being part of the Christian Elher Warrant recorded in Centre County Deed Book Volume 446, Page 179.

Deed to James H. Johnston dated August 18, 1986, conveying 1.913 acres in Rush Township recited as being part of the Christian Elher Warrant recorded in Centre County Deed Book Volume 446, Page 186.

Deed to Barry W. Shirnel dated May 30, 1986, conveying 10.918 acres in Rush Township recited as being part of the Jacob Stoust Warrant recorded in Centre County Deed Book Volume 446, Page 544.

Deed to Harold L. Morgan dated July 14, 1986, conveying 0.96 acres in Rush Township recited as being part of the Christian Elher Warrant recorded in Centre County Deed Book Volume 446, page 637.

Deed to Richard H. Nevins dated September 17, 1986, conveying Lot No. 4 in Stony Point Subdivision, 40,900 square feet, in Rush Township recited as being part of the Christian Elher Warrant recorded in Centre County Deed Book Volume 447, Page 45.

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Deed to Derek Reed dated October 7, 1986, conveying Lot No. 2 in Stony Point Subdivision, 43,400 square feet, in Rush Township recited as being part of the Christian Elher Warrant recorded in Centre County Deed Book Volume 447, Page 689.

Deed to Nancy Rudeen dated October 2, 1986, conveying property in Rush Township recited as being a conveyance in settlement of Quiet Title Action filed to Number 86-1511 in Centre County, Pennsylvania, recorded in Centre County Deed Book Volume 448, Page 650. NO EXCEPTIONS OR RESERVATIONS UNTO THE GRANTOR ARE CONTAINED IN THIS DEED.

Deed to John M. Lego dated December 22, 1986, conveying 2.04 acres in Rush Township recited as being part of the Frederick Dorsch Warrant recorded in Centre County Deed Book Volume 450, Page 942.

Deed to Earl R. Smith dated December 22, 1986, conveying 4.57 acres in Rush Township recited as being part of the Ferguson McElwain Warrant recorded in Centre County Deed Book Volume 451, Page 100.

Deed to Frederick W. Ballosh dated July 23, 1986, conveying .3 acres in Rush Township recited as being part of the Andrew Allison Warrant recorded in Centre County Deed Book Volume 453, Page 736.

Deed to W. D. Krause and Son, Inc., dated May 4, 1987, conveying 10 acres in Rush Township recited as being part of the James Morrison Warrant recorded in Centre County Deed Book Volume 454, Page 340.

Deed to Lorna E. Keith dated September 8, 1987, and recorded in Deed Book Volume 460, Page 620, for 0.6 acre.

Deed to Eleanor B. Dancho dated December 11, 1987, and recorded in Deed Book Volume 461, Page 309, for 0.19 acre.

Deed to Sheldon L. Sharpless dated March 1, 1988, and recorded in Deed Book Volume 462, Page 91, for 8.75 acres.

Deed to William H. Doran dated December 11, 1987, and recorded in Deed Book Volume 464, Page 991, for 0.146 acre.

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Deed to John F. Mekis, et al., dated March 1, 1988, and recorded in Deed Book Volume 464, Page 995, for 7.13 acre.

Deed to William H. Doran dated December 11, 1987, and recorded in Deed Book Volume 464, Page 999, for 0.358 acre.

Deed to Martha M. Cowher dated March 1, 1988, and recorded in Deed Book Volume 464, Page 1093, for 1 acre.

Deed to John F. Murphy dated September 15, 1988, and recorded in Deed Book Volume 468, Page 493, for 1.55 acres.

Deed to John T. Schultz dated September 30, 1988, and recorded in Deed Book Volume 469, Page 389, for 0.16 acre.

Deed to A. Paul Reese dated October 14, 1988, and recorded in Deed Book Volume 469, Page 377, for 19.372 acres.

Deed to John T. Shultz dated September 30, 1988, and recorded in Deed Book Volume 467, Page 385, for 0.38 acre.

Deed to Commonwealth of Pennsylvania, Department of Transportation, dated November 4, 1988, and recorded in Deed Book Volume 471, Page 52, for 9,695 square feet.

Deed to Sandy Ridge Sportsmen's, Inc., dated May 1, 1989, and recorded in Deed Book Volume 504, Page 1133, for 33.57 acres.

Deed to Larry W. Kanour dated May 1, 1989, and recorded in Deed Book Volume 504, Page 806, for 5.86 acres.

Deed to Ronald Thomas dated December 31, 1989, and recorded in Deed Book Volume 514, Page 926, for 2.875 acres.

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Deed to Krown Equipment Sales & Services Inc. dated 3/31/95 recorded in Record Book 802 page 958.

Deed to Krown Equipment Sales & Service, Inc. dated 3/31/95 and recorded in Record Book 802 page 962.

Deed to Krown Equipment dated 8/4/94 and recorded in Record Book 772 page 863.

Deed to Michael Powers dated 8/4/94 and recorded in Record Book 772 page 858.

Deeds to Grace Stratton recorded 3/1/93 in Record Book 682 page 1001.

Deed to Paul Wild recorded 6/9/92 in Record Book 634 page 730.

Deeds to Joseph Serafini dated 3/27/92 and recorded 8/1/93 in Record Book 711 pages 1121 and 1125.

Deed to Edward Longo recorded 10/20/93 in Record Book 724 page 905.

Deed to Vincent J. Renda recorded 6/14/95 in Record Book 813 page 1095.

Deed to Austin Powder Co. recorded 8/14/95 in Record Book 823 page 1166.

BEING the same premises which James H. Johnston by Deed dated 7/17/1986 and recorded 7/24/1986 in the County of Centre in Deed Book 444 Page 545 conveyed unto Power Operating Co., Inc., a Pennsylvania Corporation, in fee.

BEING the same premises which Harold L. Morgan and Patricia Morgan, his wife by Deed dated 7/16/1986 and recorded 7/24/1986 in the County of Centre in Deed Book 444 Page 541 conveyed unto Power Operating Co., Inc., a Pennsylvania Corporation, in fee.

BEING the same premises which The Supervisors of Rush, Centre County, Pennsylvania by Deed dated 7/18/1985 and recorded 8/8/1985 in the County of Centre in Deed Book 434 Page 58 conveyed unto Power Land Company, Inc., a Pennsylvania Corporation, in fee.

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BEING the same premises which Kovalchick Salvage Company by Deed dated 6/3/1986 and recorded 7/15/1986 in the County of Centre in Deed Book 191 Page 387 conveyed unto Power Operating Company, Inc., in fee.

BEING the same premises which George Tocimak and Irene Tocimak, his wife by Deed dated 12/11/1981 and recorded 1/20/1982 in the County of Centre in Deed Book 406 Page 843 conveyed unto Power Land Company, Inc., a Pennsylvania Corporation, in fee.

BEING the same premises which Charles R. Heagy and Carolyn Jean Heagy, his wife by Deed dated 5/1/1993 and recorded 5/7/1993 in the County of Centre in Deed Book 693 Page 197 conveyed unto Power Operating Company, Inc., in fee.

BEING the same premises which Power Contracting Co., Inc. also known or referred to as Power Contracting Company and Power Contracting Company, Inc., a Pennsylvania Corporation, Successor in interest to the Kitting Coal Company, also known or referred to as Kitting Coal Company and The Philipsburg Coal and Land Company, also known or referred to as The Philipsburg Land and Coal Company which Corporation merged into and with Power Contracting Co., Inc. by Deed dated 4/18/1978 and recorded 4/19/1978 in the County of Clearfield in Deed Book 758 Page 255 conveyed unto Power Land Co., Inc., a Pennsylvania Corporation, in fee.

EXCEPTING thereout and therefrom the following outsales:

OUTSALES IN CLEARFIELD COUNTY:

Frank Petriski, Sr., July 27, 1984, recorded in Deed Book Volume 962, Page 585, Morris Township, John Reed Warrant.

Gregory A. Dixon, July 27, 1984, recorded in Deed Book Volume 962, Page 590, parcel in Morris Township.

Edward Long, July 27, 1984, recorded in Deed Book Volume 963, Page 163, 10.34 acres, Morris Township, William Evans Warrant.

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John R. Mower, July 27, 1984, recorded in Deed Book Volume 963, Page 299, 8.71 acres,
William Evans Warrant, 6.25 acres, John Reed Warrant.

William J. Williams, August 20, 1984, recorded in Deed Book Volume 979, Page 222, 43.3 acres,
Sarah McMurtrie Warrant.

Robert Mitchell Oil Company, Inc., February 28, 1985, recorded in Deed Book Volume 999, Page
306, 0.24 acres, William Freeman Warrant.

Harpster Chevrolet, Inc., March 8, 1985, recorded in Deed Book Volume 1001, Page 52, 0.23
acres, March Freeman Warrant.

Leonard Tokarcik, April 15, 1985, recorded in Deed Book Volume 1006, Page 495, Lots 79, 80,
81, and 82, Whiteside, Gulich Township.

Terry A. Petrosky, March 25, 1983, recorded in Deed Book Volume 1008, Page 252, 11.55 acres,
Richard Thomas Warrant.

Michael J. Supko, March 25, 1985, recorded in Deed Book Volume 1009, Page 552, 7.714 acres,
Harrison Warrants, Decatur Township.

Frank J. Latasky, June 24, 1985, recorded in Deed Book Volume 1019, Page 71, Daniel Offley
Warrant, Gulich Township.

Richard Oliver, June 27, 1985, recorded in Deed Book Volume 1022, Page 19, 50 acres and 2.3
acres of the Offley and Meek Warrants.

Andrew Casamere, August 19, 1985, recorded in Deed Book Volume 1034, Page 45, 20.3 acres
of the Robert Gray Warrant, Morris Township.

Michael C. Acey, September 4, 1985, recorded in Deed Book Volume 1037, Page 229, 3.4 acres,
Matthew Young Warrant, Gulich Township.

Deed Book Volume 858, Page 425.

Deed Book Volume 909, Page 552.

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Deed Book Volume 914, Page 76, containing 2.6 acres.

9.43 acres in Decatur Township, as more fully described in Mortgage Book Volume 386, Page 108. Also two parcels in Morris Township as more fully described in Mortgage Book Volume 378, Page 267, and Mortgage Book Volume 374, Page 103.

Deed to Andrew R. Witkosky dated July 27, 1984, conveying .60 acres in Woodward Township recited as being part of the Joseph Ashbridge Warrant recorded in Clearfield County Deed Book Volume 1096, Page 584.

Deed to Rodney R. Krause, et ux., dated June 23, 1986, conveying 11.347 acres in Decatur Township recited as being part of the John Harrison and Elizabeth Harrison Warrant recorded in Clearfield County Deed Book Volume 1115, Page 70.

Deed to Leonard M. Witters, et ux., dated June 23, 1986, conveying Lots 27 and 28 in Osceola Mills recorded in Clearfield County Deed Book Volume 1090, Page 578.

Deed to Michael J. Supko dated June 23, 1986, conveying 1.05 acres in Decatur Township recited as being part of the John Harrison and Elizabeth Harrison Warrant recorded in Clearfield County Deed Book Volume 1099, Page 368.

Deed to Frank J. Latosky dated August 18, 1986, conveying 5.6 acres in Woodward Township recited as being part of the Timothy Paxon and Joseph Ashbridge Warrants recorded in Clearfield County Deed Book Volume 1102, Page 601.

Deed to David W. Twocy, et ux., dated August 18, 1986, conveying .4 acre in Woodward Township recited as being part of the Thomas Edmundson Tract recorded in Clearfield County Deed Book Volume 1104, Page 65.

Deed to James M. Stott Coal Company dated July 8, 1986, conveying 4.9 acres in Decatur Township recited as being part of John Slogson Number 7 Warrant recorded in Clearfield County Deed Book Volume 1112, Page 417.

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Deed to Lutz Timber Company, Inc., dated October 31, 1986, conveying 5 acres in Gulich Township recited as being part of the Daniel Olney Warrant recorded in Clearfield County Deed Book Volume 1119, Page 67.

Deed to Frank J. Latosky dated December 22, 1986, conveying 1 acre in Gulich Township recited as being part of the Christopher Hagor Warrant recorded in Clearfield County Deed Book Volume 1131, Page 382.

Deed to Robert F. Valli dated December 22, 1986, conveying 28.9 acres in Decatur and Morris Townships recited as being part of the Robert Gray and William Evans Warrants recorded in Clearfield County Deed Book Volume 1134, Page 244.

Deed to Jerry Demchak dated June 23, 1986, conveying 5.5 acres in Woodward Township recited as being part of the Joseph Ashbridge Warrant recorded in Clearfield County Deed Book Volume 1144, Page 196.

Deed to Jerry Demchak, et ux., dated June 23, 1986, conveying .7 acre in Woodward Township recited as being part of the Joseph Ashbridge Warrant recorded in Clearfield County Deed Book Volume 1144, Page 202.

Deed to Kearney Randolph, et ux., dated June 23, 1986, conveying .7 acre in Woodward Township recited as being part of the Joseph Ashbridge Warrant recorded in Clearfield County Deed Book Volume 1153, Page 309.

Deed to Robert F. Valli dated March 19, 1987, conveying 7.67 acres and 0.208 acre in Decatur Township recited as being part of the Robert Gray Warrant recorded in Clearfield County Deed Book Volume 1156, Page 173.

Deed to Cletus G. Sefchick dated May 26, 1987, conveying Lots 109, 110, 111, and a 160 foot right of way in Woodward and Gulich Townships recited as being part of the Joseph Ashbridge Warrant recorded in Clearfield County Deed Book Volume 1162, Page 366.

Deed to John Murawski, et ux., dated September 8, 1985, conveying a parcel of land in Gulich Township recited as being part of the Timothy Paxon Tract recorded in Clearfield County Deed Book Volume 1185, Page 520.

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Deed to Patrick M. Bowman, et ux., dated May 26, 1987, conveying .4 acre in Gulich Township recorded in Clearfield County Deed Book Volume 1163, Page 3.

Deed to Theodore R. Dzielski dated May 26, 1987, conveying a tract of land in Woodward Township recited as being part of the Joseph Ashbridge Warrant recorded in Clearfield County Deed Book Volume 1163, Page 453.

Deed to Theodore R. Dzielski dated May 26, 1987, conveying .27 acre in Woodward Township recited as being part of the Joseph Ashbridge Warrant recorded in Clearfield County Deed Book Volume 1163, Page 459.

Deed to Lutz Lumber Company dated September 23, 1987, conveying 3.337 acres and 0.853 acre in Gulich Township recited as being part of the Daniel Offley Warrant recorded in Clearfield County Deed Book Volume 1183, Page 364.

Deed to Ambros Murawski, et ux., dated September 8, 1987, conveying a tract situate in Woodward Township recited as being part of the Timothy Paxson Warrant recorded in Clearfield County Deed Book Volume 1185, Page 514.

Deed to Cletus G. Sefchick dated September 8, 1987, conveying a tract in Gulich Township recited as being part of the Timothy Paxson Warrant recorded in Clearfield County Deed Book Volume 1185, Page 526.

Deed to Clifford L. Speerstra, et ux., dated September 8, 1987, conveying 0.5 acre in Gulich Township recited as being part of the Matthias Young Warrant recorded in Clearfield County Deed Book Volume 1192, Page 252.

Deed to Joseph A. Amershi, et ux., dated October 29, 1987, conveying a tract in Gulich Township recited as being part of the Timothy Paxson Tract recorded in Clearfield County Deed Book Volume 1193, Page 432.

Deed to St. Mary's Orthodox Church dated December 11, 1987, and recorded in Record Book Volume 1201, Page 180, for 5 acres, Decatur Township.

Deed to Frank Latosky dated December 11, 1987, and recorded in Record Book Volume 1201, Page 351, for 100 acres, Gulich Township, and 70 acres.

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Deed to Rodney Krause dated January 29, 1988, and recorded in Record Book Volume 1210, Page 310, for 2.9 acres, Decatur Township.

Deed to Genevieve Weiss dated December 31, 1987, and recorded in Record Book Volume 1227, Page 351, for 0.45 acre, Woodward Township.

Deed to Alvin Gmerek dated September 30, 1988, and recorded in Record Book Volume 1250, Page 19, for 1 acre, Woodward Township.

Deed to Alvin Gmerek dated September 30, 1988, and recorded in Record Book Volume 1250, page 25, for 0.26 acre, Woodward Township.

Deed to Jacob George Ford Sales dated May 1, 1989, and recorded in Record Book Volume 1282, Page 35, for 15.38 acres, Woodward Township.

Deed to Glenn Walstrom dated May 1, 1989, and recorded in Record Book Volume 1285, Page 271, for 3 acres, Woodward Township.

Deed to Larry Durall dated May 1, 1989, and recorded in Record Book Volume 1294, Page 181, for 0.72 acre, Gulich Township.

Deed to Andrew Witkosky dated December 22, 1986, and recorded in Record Book Volume 1304, Page 561, for 0.6 acre and 0.4 acre, Woodward Township.

Deed to Robert S. Williams dated 12/23/93 recorded in Record Book 1584 page 21.

Deed to Houtzdale Municipal Authority dated 8/12/93 recorded in Record Book 1587 page 542. (1 acres out of 758/255.)

Deed to Philipsburg-Osceola Area School District dated 6/26/94, 19,200 sq. ft. Osceola Boro/3,046.40 sq. ft. Osceola - 1622/77.

Deed to Glyn D. Powell dated 7/29/94 recorded in Deed Book ¹⁶⁷²1672 page 303.

Deed to Zazworsky Green House Inc. dated 10/4/94 recorded in Deed Book 1637 page 242.

Deed to Paul Bezilla dated 12/5/94 recorded in Deed Book 1649 page 600.

Deed to Township of Gulick dated 5/31/94 recorded in Deed Book 1669 page 185.

SCHEDULE "C"

NUMBER:
W1693

Deed to Robert F. Valli dated 8/31/95 recorded in Deed Book 1701 page 69.

BEING the same premises which David N. Bloom and Janet I. Bloom, his wife by Deed dated 12/6/1978 and recorded 2/8/1979 in the County of Clearfield in Deed Book 776 Page 249 conveyed unto Power Land Company, Inc., in fee.

AND also by Order of Court dated 5/14/1979 and entered in #79-739-CD, Action to Quiet Title Power Land Co., Inc., Plaintiff -vs- William Bannell, his heirs and assigns and Sergio Gerardi, his heirs and assigns, the Plaintiffs were declared sole owner of the premises in question, and a full copy of said was recorded 6/15/1979 in Deed Book 782 Page 369.

BEING the same premises which John Anthony Orickasky and Helen Ann Orickasky by Deed dated 7/31/1982 and recorded 8/5/1982 in the County of Clearfield in Deed Book 846 Page 283 conveyed unto Power Land Company, Inc., in fee.

BEING the same premises which Penn Central Properties, Inc., a Pennsylvania Corporation and The Penn Central Corporation, a Pennsylvania Corporation by Deed dated 2/22/1984 and recorded 3/2/1984 in the County of Clearfield in Deed Book 937 Page 326 conveyed unto Power Land Company, Inc., a Pennsylvania Corporation, in fee.

BEING the same premises which John Paul Harris and Rosa Lea Harris, his wife by Deed dated 11/20/1984 and recorded 11/21/1984 in the County of Clearfield in Deed Book 983 Page 1 conveyed unto Power Land Company, Inc., a Pennsylvania Corporation, in fee.

BEING the same premises which Kovalchick Salvage Co. by Deed dated 6/3/1986 and recorded 10/7/1986 in the County of Clearfield in Deed Book 1113 Page 375 conveyed unto Power Operating Company, Inc., in fee.

BEING the same premises which Elliol Coal Mining Company, Inc., a Pennsylvania Corporation by Deed dated 10/1/1986 and recorded 10/7/1986 in the County of Clearfield in Deed Book 1113 Page 389 conveyed unto Power Operating Co., Inc., a Pennsylvania Corporation, in fee.

SCHEDULE "C"

NUMBER:

W1693

BEING the same premises which Elliol Coal Mining Company, Inc., a Pennsylvania Corporation by Deed dated 10/1/1986 and recorded 10/7/1986 in the County of Clearfield in Deed Book 1113 Page 392 conveyed unto Power Operating Co., Inc., a Pennsylvania Corporation, in fee.

BEING the same premises which Elliol Coal Mining Company, Inc., a Pennsylvania Corporation by Deed dated 10/1/1986 and recorded 10/7/1986 County of Clearfield in Deed Book 1113 Page 396 conveyed unto Power Operating Co., Inc., a Pennsylvania Corporation, in fee.

BEING the same premises which Elliol Coal Mining Company, Inc., a Pennsylvania Corporation by Deed dated 10/1/1986 and recorded 10/7/1986 in the County of Clearfield in Deed Book 1113 Page 399 conveyed unto Power Operating Co., Inc., a Pennsylvania Corporation, in fee.

BEING the same premises which Elliol Coal Mining Company, Inc., a Pennsylvania Corporation by Deed dated 10/1/1986 and recorded 10/7/1986 in the County of Clearfield in Deed Book 1113 Page 404 conveyed unto Power Operating Co., Inc., a Pennsylvania Corporation, in fee.

BEING the same premises which Elliol Mining Company, Inc., a Pennsylvania Corporation by Deed dated 10/1/1986 and recorded 10/7/1986 in the County of Clearfield in Deed Book 1113 Page 408 conveyed unto Power Operating Co., Inc., a Pennsylvania Corporation, in fee.

BEING the same premises which William M. Finch and George E. Finch by Deed dated 10/4/1989 and recorded 10/12/1989 in the County of Clearfield in Deed Book 1308 Page 110 conveyed unto Power Incorporated, in fee.

BEING the same premises which Victoria Yebernetsky, widow by Deed dated 12/1/1994 and recorded 12/2/1994 in the County of Clearfield in Deed Book 1647 Page 264 conveyed unto Power Operating Co., Inc., a Pennsylvania Corporation, in fee.

BEING the same premises which Paul L. Bezilla and Lenora A. Bezilla, his wife by Quit Claim Deed dated 1/13/1995 and recorded 1/20/1995 in the County of Clearfield in Deed Book 1656 Page 52 conveyed unto Power Land Co., Inc., a Pennsylvania Corporation, in fee.

I hereby CERTIFY that this document
is recorded in the Recorder's Office of
Clearfield County, Pennsylvania.



Karen L. Starck

Karen L. Starck
Recorder of Deeds

CLEARFIELD COUNTY
OFFICE OF RECORDER
TIME 11:44 AM 6-20-96
BY *Ruth E. Clough*
FEES 55.50

Karen L. Starck, Recorder

Entered of Record June 20 1996 11:44 AM Karen L. Starck, Recorder

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

FX-IBLT B.

<u>Map Number</u>	<u>Control Number</u>	<u>Assessed Acres</u>
118-M16-000-00006	118038174	5 A
118-M16-000-00001	118038389	433.96 A IN FEE EXC 1.836 A SURF
130-M15-000-00002	130080374	162.368 A
130-M15-000-00013 MN	130080358	10.8 A MIN
130-M15-000-00003	130080375	408.316 A
130-M15-000-00004	130080376	364 A
130-N14-000-00011	130080598	77.219 A
130-M15-000-00075	130036306	2.6 A
124-999-000-00004	124083975	37 A
124-999-000-00005	124083973	145 A
112-N14-000-00002	112020113	278.03 A
112-O14-000-00001	112020114	350 A IN FEE
112-P13-000-00039 MN	112020091	13.319 A COAL & MIN
112-999-000-00067	112020084	113.75 A
112-O14-000-00050	112020537	4.65 A
112-N14-000-00017	112040897	4.014 A
112-O14-000-00043	112019804	5 A
888-000-00028	112-0-19525	5.6% INT IN 100 A MIN
888-000-00029	112-0-19526	3.7% INT IN 100 A MIN
012-000-00018	112-0-19528	22.2% INT IN 88 A

EXHIBIT B

<u>Map Number</u>	<u>Control Number</u>	<u>Assessed Acres</u>
012-000-00008	112-0-19596	1.2% INT IN 148 A MIN & COAL RT EXC B Vein
999-000-00009	112-0-19961	1.9% INT IN 310 A & 3.7 INT IN L & 115 1/3 MIN
112-P12-000-00134	112-0-19532	15 A SURF
112-P12-000-00215	112-0-19533	25 A SURF
112-P12-000-00217	112-0-47338	14.88 A
130-M15-000-00026	130-0-81006	.75 A H. G. & L
130-M15-000-00025	130-0-81002	1.276 A
130-M15-000-00006	130-0-80378	360.64 A

EXHIBIT B continued

REVOLVING CREDIT NOTE

\$5,000,000

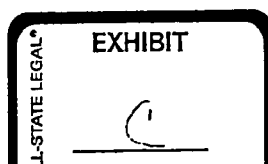
Phillipsburg, Pennsylvania
June 13, 1996

FOR VALUE RECEIVED, the undersigned, POWER OPERATING CO., INC., a Pennsylvania corporation having an office at P.O. Box 25, Osceola Mills, Pennsylvania 16666 (the "Maker"), promises to pay to the order of MID-STATE BANK AND TRUST COMPANY (the "Lender") in lawful money of the United States of America in immediately available funds at the principal office of the Lender at 1130 Twelfth Avenue, Altoona, Pennsylvania 16601 or at such other location as the holder hereof may designate from time to time, the lesser of (i) the principal sum of Five Million (\$5,000,000) Dollars or (ii) the aggregate unpaid principal amount of all loans made by the Lender to the Maker pursuant to Section 2.2 of the Credit Agreement dated of even date herewith between the Lender and the Maker (the "Credit Agreement"), together with interest from the date hereof on the unpaid balance of the principal hereof (i) until maturity, at a rate per annum (computed on the basis of a year of 360 days and actual days elapsed) which shall at all times be two percentage points (2%) above the Prime Rate, as hereinafter defined, such interest rate to change automatically from time to time effective as of the effective date of each change in the Prime Rate, payable on the first day of each calendar month after the date hereof and at maturity, and (ii) after maturity, whether by declaration, acceleration or otherwise, until paid at a rate per annum (computed on the basis of a year of 360 days and actual days elapsed) which shall at all times be four percentage points (4%) above the Prime Rate, such interest rate to change automatically from time to time effective as of the effective date of each change in the Prime Rate, until such installment is paid, payable on demand. "Prime Rate" as that term is used herein shall mean the rate per annum announced from time to time by the Lender as its then prime rate. The aforesaid interest rates shall continue to apply whether or not judgment shall have been entered on this Note.

If any payment of principal or interest on this Note shall become due on a Saturday, Sunday or on any other day on which the Lender is not open for business, such payment shall be made on the next succeeding business day, and such extension of time shall in such case be included in computing interest in connection with such payment.

This Note is the Revolving Credit Note referred to in and issued pursuant to the Credit Agreement. The Credit Agreement contains provision, among other things, for the acceleration of the stated maturity of this Note upon the happening of certain stated events recited therein and also for prepayments on account of the principal hereof prior to maturity as provided therein.

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



This Note shall bind the Maker and its successors and assigns, and the benefits hereof shall inure to the benefit of the Lender and its successors and assigns. All references herein to the "Maker" and the "Lender" shall be deemed to apply to the Maker and the Lender, respectively, and their respective successors and assigns.

UPON THE OCCURRENCE OF AN EVENT OF DEFAULT (AS THAT TERM IS DEFINED IN THE CREDIT AGREEMENT), THE MAKER DOES HEREBY EMPOWER THE PROTHONOTARY OR ANY ATTORNEY OF ANY COURT OF RECORD WITHIN THE COMMONWEALTH OF PENNSYLVANIA TO APPEAR FOR THE MAKER AND, WITH OR WITHOUT ONE OR MORE COMPLAINTS FILED, CONFESS JUDGMENT OR JUDGMENTS AGAINST THE MAKER IN ANY COURT OF RECORD WITHIN THE COMMONWEALTH OF PENNSYLVANIA IN FAVOR OF THE LENDER, ITS SUCCESSORS AND ASSIGNS, FOR THE UNPAID PRINCIPAL BALANCE OF THIS NOTE AND ALL INTEREST ACCRUED HEREON, TOGETHER WITH COSTS OF SUIT AND AN ATTORNEY'S COMMISSION OF 5% FOR COLLECTION OF SUCH SUMS, AND THE MAKER HEREBY FOREVER WAIVES AND RELEASES ANY AND ALL ERRORS IN SAID PROCEEDINGS AND WAIVES STAY OF EXECUTION AND STAY, CONTINUANCE OR ADJOURNMENT OF SALE ON EXECUTION. THE AUTHORITY AND POWER TO APPEAR FOR AND ENTER JUDGMENT AGAINST THE MAKER SHALL NOT BE EXHAUSTED BY ONE OR MORE EXERCISES THEREOF AND MAY BE EXERCISED FROM TIME TO TIME AND AS OFTEN AS THE LENDER OR ITS SUCCESSORS AND ASSIGNS SHALL DEEM NECESSARY OR DESIRABLE.

WITNESS the due execution hereof on the date first above written with the intention that this Note shall constitute a sealed instrument.

ATTEST:

POWER OPERATING CO., INC.

By: Judi Maria
Judi Maria
Secretary

By: Paul Wild
Paul Wild
President

S:\WP SHARE\MIDSTATE\POWREL.V.NOT

Philipsburg, Pennsylvania
Dated as of August 1, 1996

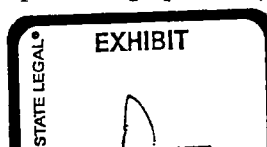
FOR VALUE RECEIVED, the undersigned, POWER OPERATING CO., INC., a Pennsylvania corporation with an office at P.O. Box 25, Osceola Mills, Pennsylvania 16666 (the "Maker"), promises to pay to the order of MID-STATE BANK AND TRUST COMPANY (the "Lender") in lawful money of the United States of America in immediately available funds at the principal office of the Lender at 1130 Twelfth Avenue, Altoona, Pennsylvania 16601, or at such other location as the holder hereof may designate from time to time, the principal sum of Five Million Seven Hundred Seventy-Five Thousand Two Hundred Fifty-Two and 31/100 (\$5,775,252.31) Dollars, payable as follows:

(i) commencing on August 1, 1996 and on the first day of each calendar month thereafter to and including January 1, 1997, interest only on the unpaid principal balance due under this Note (the "Note") (computed on the basis of a year of 360 days and actual days elapsed) which shall at all times be two percentage points (2%) above the Prime Rate, as hereinafter defined, such interest rate to change automatically from time to time effective as of the effective date of each change in the Prime Rate;

(ii) commencing on February 1, 1997 and on the first day of each calendar month thereafter to and including October 1, 2000 the sum of One Hundred Fourteen Thousand Six Hundred Seventy-Nine and 40/100 (\$114,679.40) Dollars, and the entire balance of the outstanding principal of this Note on November 1, 2000, together with interest from the date hereof on the unpaid balance of each of the installments of principal per annum (computed on the basis of a year of 360 days and actual days elapsed) which shall at all times be two percentage points (2%) above the Prime Rate, such interest rate to change automatically from time to time effective as of the effective date of each change in the Prime Rate, payable with each principal payment;

(iii) in addition to the principal payments required paragraph (ii) above, on February 1, 1997, the Maker shall make a payment of Five Hundred Thousand (\$500,000) Dollars to the Lender, which payment shall be applied to the principal amount outstanding under this Note; and

(iv) in the event the Maker fails to make any payment required under this Note within fifteen (15) days of its due date, a late payment fee equal to four percentage points (4%) of the payment past due.



"Prime Rate" as that term is used herein shall mean the rate per annum announced from time to time by the Lender as its then prime rate.

If any payment of principal or interest on this Note shall become due on a Saturday, Sunday or on any other day on which the Lender is not open for business, such payment shall be made on the next succeeding business day and such extension of time shall in such case be included in computing interest in connection with such payment.

This Note is issued pursuant to the Credit Agreement dated of even date herewith between the Lender and the Maker. The Credit Agreement contains a provision, among other things, for the acceleration of the stated maturity of this Note upon the happening of certain stated events recited therein and also for prepayments on account of the principal hereof prior to maturity as provided therein.

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

This Note amends and restates that certain Term Note, dated June 13, 1996, from the Maker to the Lender in the original principal amount of \$5,893,750.

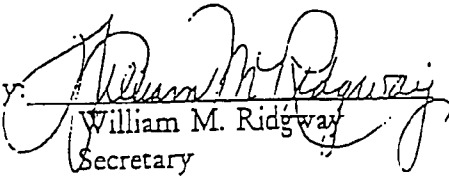
This Note shall bind the Maker and its successors and assigns, and the benefits hereof shall inure to the benefit of the Lender and its successors and assigns. All references herein to the "Maker" and the "Lender" shall be deemed to apply to the Maker and the Lender, respectively, and their respective successors and assigns.

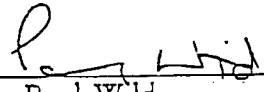
UPON THE OCCURRENCE OF AN EVENT OF DEFAULT (AS THAT TERM IS DEFINED IN THE CREDIT AGREEMENT), THE MAKER DOES HEREBY EMPOWER THE PROTHONOTARY OR ANY ATTORNEY OF ANY COURT OF RECORD WITHIN THE COMMONWEALTH OF PENNSYLVANIA TO APPEAR FOR THE MAKER AND, WITH OR WITHOUT ONE OR MORE COMPLAINTS FILED, CONFESS JUDGMENT OR JUDGMENTS AGAINST THE MAKER IN ANY COURT OF RECORD WITHIN THE COMMONWEALTH OF PENNSYLVANIA IN FAVOR OF THE LENDER, ITS SUCCESSORS AND ASSIGNS, FOR THE UNPAID PRINCIPAL BALANCE OF THIS NOTE AND ALL INTEREST ACCRUED HEREON, TOGETHER WITH COSTS OF SUIT AND AN ATTORNEY'S COMMISSION OF 5% FOR COLLECTION OF SUCH SUMS, AND THE MAKER HEREBY FOREVER WAIVES AND RELEASES ANY AND ALL ERRORS IN SAID PROCEEDINGS AND WAIVES STAY OF EXECUTION AND STAY, CONTINUANCE OR ADJOURNMENT OF SALE ON EXECUTION. THE AUTHORITY AND POWER TO APPEAR FOR AND ENTER JUDGMENT AGAINST THE MAKER SHALL NOT BE EXHAUSTED BY ONE OR MORE EXERCISES THEREOF AND MAY BE EXERCISED FROM TIME TO TIME AND AS OFTEN AS THE LENDER OR ITS SUCCESSORS AND ASSIGNS SHALL DEEM NECESSARY OR DESIRABLE.

WITNESS the due execution hereof on the date first above written with the intention that this Note shall constitute a sealed instrument.

ATTEST:

POWER OPERATING CO., INC.

By: 
William M. Ridgway
Secretary

By: 
Paul Wild
President

S:\WP\SHARE\MIDSTATE\POWER\METER

POST-PETITION CREDIT AGREEMENT

among

POWER OPERATING CO., INC., Debtor and Debtor in Possession, and POWELL U.S.A., INC.

as Borrower,

GLYN D. POWELL, and MARY POWELL,

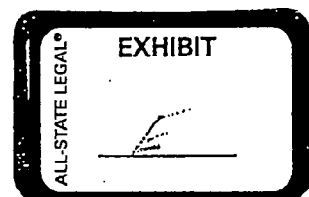
as Guarantors,

and

MID-STATE BANK AND TRUST COMPANY

as Lender

Dated as of May __, 1998



THIS POST-PETITION CREDIT AGREEMENT ("Credit Agreement") dated as of May __, 1998, among Powell U.S.A., Inc., a Delaware corporation and a debtor and debtor in possession and POWER OPERATING CO., INC., a Pennsylvania corporation and a debtor and debtor in possession (collectively and individually the "Borrower"); and MID-STATE BANK AND TRUST COMPANY, a banking organization organized under the laws of the Commonwealth of Pennsylvania (the "Lender").

PRELIMINARY STATEMENTS:

A. The Borrower is a party to various loans and letters of credit provided by Lender (the "Pre-Petition Obligations") as more fully set forth in the paragraph below and in the notes, security agreements, mortgages and other documents executed in connection therewith (the "Pre-Petition Credit Documents").

B. Under the Pre-Petition Obligations and Pre-Petition Credit Documents, the Lender provided the Borrower with secured credit facilities including loans and letters of credit as follows:

<u>Credit Accommodation</u>	<u>Outstanding Amount</u>
#02948-30006 - Term Loan	\$5,488,645.82
#02948-30007 - Line of Credit	\$ 897,676.88
#02948-30008 - Line of Credit	\$ 60,274.24
#02948-30005 - Term Loan	<u>\$ 58,147.77</u>
	\$6,504,744.71
Letters of Credit	<u>\$3,174,093.00</u>
TOTAL	\$9,678,837.71

C. To secure the Pre-Petition Obligations, the Borrower granted to Lender mortgages upon and security interests in substantially all of its real and personal assets, including but not limited to all of Debtor's real estate and coal reserves and all of Borrower's accounts, inventory, chattel paper, equipment, documents, and instruments, and the proceeds and products thereof.

D. The security interests granted by the Borrower to secure the Pre-Petition Obligations were properly perfected and are subject to no prior liens or security interests, and the liquidation value of the Borrower's assets securing the Pre-Petition Obligations presently exceeds the outstanding amount of the Pre-Petition Obligations.

E. On May __, 1998 (the "Petition Date"), the Borrower filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330 (as amended, the "Bankruptcy Code") with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") at Case No. 98-1136 for Powell U.S.A., Inc. and No. 78-1137 for Power Operating Company., Inc. (the "Bankruptcy Case").

F. The Borrower is continuing to operate its business and manage its properties as a debtor in possession under sections 1107 and 1108 of the Bankruptcy Code.

G. An immediate and on-going need exists for Borrower to obtain additional funds to continue the operation of its business as debtor in possession under the Bankruptcy Code, and accordingly the Borrower has requested that the Lender authorize Borrower's use of cash collateral and further to extend post-petition financing to the Borrower.

H. To secure such post-petition financing, the Borrower has agreed to grant to the Lender on a post-petition basis a security interest in all of the Borrower's assets, real and personal.

I. The Lender is willing to provide such post-petition financing on the terms and conditions set forth in this Credit Agreement and the other Credit Documents (hereinafter defined).

J. The Borrower and the Lender contemplate that on or after the Petition Date the Bankruptcy Court will enter the Interim Financing Order (hereinafter defined), which will approve this Credit Agreement and will authorize the Borrower to incur interim superpriority lien and superpriority administrative claim indebtedness under the terms and conditions of this Credit Agreement and pursuant to sections 363 and 364 of the Bankruptcy Code.

K. In accordance with the Interim Financing Order, the Permanent Financing Order (hereinafter defined) when entered into by the Bankruptcy Court and this Credit Agreement, the Lender will make post-petition loans and other financial accommodations to the Borrower.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained in this Credit Agreement, the Borrower and the Lender hereby agree as follows:

ARTICLE 1. DEFINITIONS.

1.1 General Definitions.

Asset Disposition means any sale, transfer, conveyance, assignment, exchange, liquidation or other disposition of all or any portion of any asset of the Borrower or any interest therein outside the ordinary course of business of the Borrower (including, without limitation, any disposition of any real property or interest in real property).

Auditors means a firm of independent public accountants selected by the Borrower and reasonably satisfactory to the Lender.

Bankruptcy Court has the meaning set forth in the Preliminary Statements and includes any other court having competent jurisdiction over the Borrower's chapter 11 case.

Benefit Plan means a "defined benefit plan" (as defined in Section 3(33) of ERISA) for which the Borrower or any ERISA Affiliate has been an "employer" (as defined in Section 3(3) of ERISA) within the past six years.

Business Day means any day that is not a Saturday, a Sunday or a day on which commercial banks in Philipsburg, Pennsylvania are required or permitted by law to be closed.

Capital Expenditure means, for any Person for any period, the sum of all expenditures capitalized by such Person for financial statement purposes in accordance with GAAP during such period (whether payable in cash or other property or accrued as a liability), including the capitalized portion of Capital Leases and that portion of Investments made by such Person allocable to property, plant or equipment.

Cash Equivalents means either of the following, so long as the same are maintained in accounts in which the Lender has a perfected security interest: (i) securities issued, guaranteed or insured by the full faith and credit of the United States and having maturities of not more than one year; (ii) certificates of deposit having maturities of not more than one year issued by a United States national or state chartered commercial bank of recognized standing whose combined capital and unimpaired surplus is in excess of \$20,000,000 and whose short-term commercial paper rating, or that of its parent holding company, is at least "A-1" or the equivalent by S&P and at least "Prime-1" or the equivalent by Moody's.

Change of Control means the occurrence of any of the following:

(a) the acquisition by a person, entity or group of beneficial ownership of thirty-three percent (33%) or more of the combined voting power of the then outstanding voting securities of the Borrower; and

(b) the approval by the stockholders of the Borrower of a merger, consolidation or reorganization involving the Borrower.

Claim has the meaning set forth in section 101(3) of the Bankruptcy Code.

Closing Date means the date of execution and delivery of this Credit Agreement by all of the parties hereto, or if later, the date on which the initial Borrowing is advanced.

Collateral means the Accounts, Inventory, Equipment, General Intangibles, Instruments, Chattel Paper, Fixtures, Documents and all other real and personal property identified in the Collateral Documents as security for the Post-petition Obligations, including all causes of action but excluding the proceeds of all causes of action arising under Chapter 5 of the Bankruptcy Code.

Collateral Documents means, collectively, the Post-petition Security Agreement, and all other contracts, instruments and other documents pursuant to which Liens are now or hereafter granted to the Lender to secure any or all of the Post-petition Obligations.

Contingent Obligation means, with respect to any Person, any direct, indirect, contingent or non-contingent guaranty or obligation of such Person for the indebtedness of another Person, except for endorsements in the ordinary course of business.

Credit Documents means, collectively, this Credit Agreement, the Notes, each of the Collateral Documents and all other documents, agreements and instruments now or hereafter executed in connection herewith or therewith, in each case as modified, amended, extended, restated or supplemented from time to time.

Default means an event, condition or default that with the giving of notice, the passage of time, or both, would be an Event of Default.

ERISA means the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1000 et seq., amendments thereto, successor statutes, and regulations or guidance promulgated thereunder.

ERISA Affiliate means any entity required to be aggregated with the Borrower under Sections 414 (b), (c), (m) or (o) of the Internal Revenue Code.

Existing Letters of Credit has the meaning set forth in Section 2.4.

Expenses means all reasonable costs and expenses of the Lender incurred in connection with the Credit Documents and the transactions contemplated therein, including, without limitation, (i) the costs of conducting record searches, examining collateral, opening bank accounts and lockboxes, depositing checks, and receiving and transferring funds (including charges for checks for which there are insufficient funds), (ii) the reasonable fees and expenses of legal counsel and paralegals, accountants, appraisers and other consultants, experts or advisors retained by the Lender, (iii) fees and taxes in connection with the filing of financing statements, and (iv) the costs of preparing and recording Collateral Documents, releases of Collateral, and waivers, amendments, and terminations of any of the Credit Documents. Expenses also means all reasonable costs and expenses (including the reasonable fees and expenses of legal counsel and other professionals) paid or incurred by the Lender and any Lender (i) during the continuance of an Event of Default, (ii) in enforcing or defending its rights under or in respect of this Credit Agreement, the other Credit Documents or any other document or instrument now or hereafter executed and delivered in connection herewith, (iii) collecting the Loans, (iv) foreclosing or otherwise collecting upon the Collateral or any part thereof and (v) in obtaining any legal, accounting or other advice in connection with any of the foregoing.

Expiration Date means the earlier of (i) the first anniversary of the Closing Date and (ii) the date on which this Credit Agreement is terminated pursuant to Section 8, or the effective date of a confirmed Plan of Reorganization.

Financial Statements means the consolidated and consolidating balance sheets, statements of operations, statements of cash flows and statements of changes in shareholder's equity of the Borrower for the period specified, prepared in accordance with GAAP and consistently with prior practices.

GAAP means generally accepted accounting principles in the United States as in effect from time to time.

Governing Documents means certificates or articles of incorporation, by-laws and other similar organizational or governing documents.

Governmental Authority means any government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

Indebtedness of a Person means, without duplication, (a) indebtedness for borrowed money or for the deferred purchase price of property or services (other than trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices), whether on open account or evidenced by a note, bond, debenture or similar instrument, (b) obligations under capital leases, (c) reimbursement obligations for letters of credit, or other credit accommodations, (d) Contingent Obligations, (f) Indebtedness secured by any Lien on any property of that Person, even if that Person has not assumed such Indebtedness.

Interim Financing Order means the order entered by the Bankruptcy Court pursuant to section 364(c) and (d) of the Bankruptcy Code and Bankruptcy Rule 4001(c), authorizing the Borrower to incur post-petition secured and superpriority administrative claim indebtedness in accordance with this Credit Agreement on an interim basis in form and substance satisfactory to the Lender.

Internal Revenue Code means the Internal Revenue Code of 1986, amendments thereto, successor statutes, and regulations or guidance promulgated thereunder.

Letters of Credit means all letters of credit issued by Lender for the account of the Borrower as account party and all amendments, renewals, extensions or replacements thereof.

Lien means any lien, claim, charge, pledge, security interest, assignment, hypothecation, deed of trust, mortgage, lease, conditional sale, retention of title, or other preferential arrangement having substantially the same economic effect as any of the foregoing, whether voluntary or imposed by law.

Material Adverse Effect means a material adverse effect on (i) the business, prospects, operations, results of operations, assets, liabilities or condition (financial or otherwise) of any Credit Party, or (ii) or on the ability of the Lender to enforce the Post-petition Obligations or realize upon the Collateral, or (iii) on the value of the Collateral, or the amount which the Lender would be likely to receive (after giving consideration to delays in payment and costs of enforcement) in the liquidation of such Collateral.

Material Contract means any contract or other arrangement to which the Borrower is a party (other than the Credit Documents) for which breach, nonperformance, cancellation or failure to renew could reasonably be expected to have a Material Adverse Effect.

Multiemployer Plan means a "multiemployer plan" (as defined in Section 4001(a) (3) of ERISA) to which the Borrower, any of its Subsidiaries or any ERISA Affiliate has contributed within the past six years or with respect to which the Borrower could reasonably be expected to incur any liability.

Permanent Financing Order means an order entered by the Bankruptcy Court in form and substance substantially similar to the Interim Financing Order, authorizing the incurrence by the Borrower of permanent post-petition superpriority lien and superpriority claim indebtedness in accordance with this Credit Agreement and the other Credit Documents and containing such findings and provisions as are satisfactory in form and substance to the Lender, including, without limitation, provisions requiring the Borrower to repay in full the Pre-Petition Obligations and provisions relating to the Post-Petition Obligations.

Permitted Expenses means, collectively, (i) fees required to be paid to the Office of the United States Trustee pursuant to 28 U.S.C. section 1930(a), (ii) compensation for services rendered or reimbursement of expenses incurred that are permitted to be paid by the Bankruptcy Court under sections 330 or 331 of the Bankruptcy Code after the date of the occurrence of an Event of Default to professionals retained pursuant to an order of the Bankruptcy Court by the Borrower or any official creditors' committee appointed pursuant to section 1102 of the Bankruptcy Code in an amount not to exceed \$500,000 in the aggregate.

Permitted Liens means the Liens referred to Section 7.3.

Person means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party or government (including any division, agency or department thereof), and its successors, heirs, personal representatives and assigns.

Petition Date has the meaning set forth in the Preliminary Statements.

Petition means the voluntary petition filed by the Borrower for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court on the Petition Date.

Plan means any Benefit Plan, Multiemployer Plan, or Retiree Health Plan, or any employee pension plan, fund, program or arrangement as defined in Section 3(2) of ERISA, whether oral or written, maintained or contributed to by the Borrower, or with respect to which any of them could reasonably be expected to incur liability.

Plan of Reorganization means a plan or plans of reorganization or liquidation for the Borrower promulgated and filed pursuant to section 1121 et seq. of the Bankruptcy Code.

Post-petition Charge means any charge arising or levied after the Petition Date.

Post-petition Obligations means the unpaid principal and interest hereunder (including interest accruing on or after the occurrence of an Event of Default) in respect of Loans, reimbursement obligations under letters of credit, fees and expenses and all other obligations and liabilities of the Borrower to the Lender under this Credit Agreement, the Notes or any of the other Credit Documents.

Post-petition Security Agreement means the Post-petition Security Agreement of even date herewith executed by the Borrower in favor of the Lender.

Loan Documents has the meaning set forth in the Preliminary Statements.

Pre-Petition Indebtedness means Indebtedness of the Borrower outstanding on the Petition Date.

Pre-Petition Liens means Liens made by the Borrower or existing on its property prior to the Petition Date.

Prime Lending Rate means the rate which Lender announces as its prime lending rate, from time to time. The Prime Lending Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. Lender may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate.

Reportable Event means any of the events described in Section 4043 of ERISA and the regulations thereunder other than those events for which the 30-day notice period has been waived.

Requirement of Law means, with respect to any Person, (a) the Governing Documents of such Person, (b) any material law, treaty, rule or regulation or determination of an arbitrator, court or other Governmental Authority binding on such Person, or (c) any material franchise, license, lease, permit, certificate, authorization, qualification, easement, right of way, right or approval binding on a Person or any of its property.

Retiree Health Plan means an "employee welfare benefit plan" within the meaning of Section 3(1) of ERISA, and any other plan, program or arrangement, whether oral or written, sponsored or maintained by the Borrower, any of its Subsidiaries or any ERISA Affiliate, that provides health benefits to persons after termination of employment, other than as required by Section 601 of ERISA.

Note means a promissory note of the Borrower payable to the order of Lender.

Subsidiary of a Person means a corporation or other entity in which that Person directly or indirectly owns or controls the shares of stock or other ownership interests having ordinary voting power to elect a majority of the board of directors or appoint other managers of such corporation or other entity.

1.2 Accounting Terms and Determinations.

Unless otherwise defined or specified herein, all accounting terms used in this Credit Agreement shall be construed in accordance with GAAP.

1.3 Other Terms; Headings.

Terms used herein and not otherwise defined in Article 1 that are defined in the Uniform Commercial Code in effect in the State of Pennsylvania (the "Code") shall have the meanings given in the Code. Each of the words "hereof," "herein," and "hereunder" refer to this Credit Agreement as a whole. An Event of Default shall "continue" or be "continuing" until such Event of Default has been waived in writing by Lender. References to Articles, Sections, Annexes, Schedules, and Exhibits are internal references to this Credit Agreement, and to its attachments, unless otherwise specified. The headings are for convenience only and shall not affect the meaning or construction of any provision of this Credit Agreement.

ARTICLE 2. LOANS

2.1 Credit Commitments.

Base Loans and Letter of Credit. Subject to the terms and conditions set forth in this Credit Agreement, and in reliance on the representations and warranties of the Borrower set forth herein, on and after the Closing Date and to and excluding the Expiration Date, Lender agrees to make advances to the Borrower (each a "Loan") in an amount not to exceed \$500,000 in the aggregate outstanding at any time and to issue its irrevocable letter in favor of the Pennsylvania Department of Environmental protection in the amount of \$269,700.

Supplemental Loan. In the event Lender is authorized by the Bankruptcy Court to setoff the amount of \$219,809.80 which was the balance in Borrower's deposit accounts with Lender and which was the subject of a levy in favor of the Internal Revenue Service received by Lender on May 18, 1998, Lender agrees to lend such sum to Borrower as a supplemental loan and increase in the amount available under and in accordance with this Credit Agreement.

Maturity of Pre-Petition Loans and Pre-Petition Loans. All amounts due from Borrower to Lender, whether under this Credit Agreement or Pre-Petition Obligations, of any nature or description, shall be payable immediately upon the effective date of any Plan of Reorganization in the Bankruptcy Case.

2.2 Advances.

Advances shall be subject to the determination by the Lender that the conditions for borrowing contained herein are satisfied.

2.3 Superpriority Claims and Liens.

The Post-petition Obligations shall constitute, in accordance with Section 364(c)(1) of the Bankruptcy Code, claims against the Borrower in its Chapter 11 case which are administrative expense claims having priority over any and all administrative expenses including administrative expenses of the kind and specified in section 303(b) or 307(b) of the Bankruptcy Code. The Post-petition Obligations shall at all times be secured by Liens on all Collateral as follows:

(A) pursuant to Bankruptcy Code section 364(c)(2), a first priority, perfected Lien upon all of the Borrower's right, title and interest in, to and under all Collateral that are not otherwise encumbered by a validly perfected Lien or security interest, including without limitation, all personal and real property; and

(B) pursuant to Bankruptcy Code section 364(c)(3), a second priority, perfected Lien upon all of the Borrower's right, title and interest in, to and under all Collateral that is subject to a validly perfected security interest or Lien in existence as of the Petition Date, junior to such validity perfected Lien or security interest.

2.4 Payments Under Existing Letters of Credit.

Effective as of the date the Interim Financing Order is entered by the Bankruptcy Court and thereafter (i) payments made by Lender in connection with the letters of credit issued by Lender and set forth in the Preliminary Statements (such letters of credit called the "Existing Letters of Credit") will be deemed to be and treated as Loans made under this Credit Agreement and availability hereunder increased thereby and (ii) such payments made under the Existing Letters of Credit and the reimbursement and other obligations of the Borrowers with respect thereto will be Post-petition Obligations and will no longer constitute Pre-Petition Obligations. In the event that drafts drawn under the Existing Letters of Credit for any reason shall not constitute Post-Petition Obligations, the presentation of such drafts shall be a material event of default hereunder.

ARTICLE 3. COMPENSATION, REPAYMENT AND REDUCTION OF COMMITMENTS

3.1 Interest on Loans.

Interest on the unpaid principal amount of Loans shall be payable monthly in arrears, on the first Business Day of each month; at an interest rate per annum equal to the Prime Lending Rate plus two percent (2%) calculated on the net balance due to Lender at the close of business each day during such month. The rate hereunder shall change each day the Prime Lending Rate changes.

3.2 Interest After Event of Default.

From the date of occurrence of an Event of Default until the earlier of the date upon which (i) all Post-petition Obligations shall have been paid and satisfied in full or (ii) such Event of Default shall have been waived, interest on the Loans shall each be payable monthly at the close of each calendar month at a rate per annum equal to, with respect to the Loans, the rate in effect under Section 3.1, plus two percent (2%).

3.3 Reasonable Expenses.

The Borrower shall reimburse the reasonable expenses of the Lender incurred in connection with the Post-petition Obligations, including legal fees and expenses, promptly upon demand.

ARTICLE 4. CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Loan.

The obligation of Lender is subject to the satisfaction or waiver of the following conditions precedent:

(A) Closing Document List. The Lender shall have received each of the agreements, opinions, reports, approvals, consents, certificates and other documents set forth on the closing document list attached hereto as Schedule A (the "Closing Document List").

(B) Fees and Expenses. All Fees and Expenses payable by the Borrower hereunder on the Closing Date shall have been paid in full (or provision shall have been made for payment thereof with proceeds of the initial borrowing hereunder).

(C) Interim Financing Order. The Bankruptcy Court shall have entered the Interim Financing Order in form and substance satisfactory to the Lender and shall be in full force and effect.

(D) Payments. The Borrower shall have paid all accrued interest, fees and expenses with respect to the Pre-Petition Obligations (or provision shall have been made for the payment thereof with proceeds of the initial borrowing).

(E) Releases. Bank shall have received from Borrower, all of its affiliates and Glyn D. Powell releases of lender liability claims in form satisfactory to Bank.

4.2 Conditions Precedent to All Loans.

The obligation of Lender to fund any requested Loan is subject to the satisfaction of the conditions precedent set forth below. Each borrowing shall constitute a representation and warranty by the Borrower that such conditions are satisfied.

(A) All representations and warranties contained in this Credit Agreement and the other Credit Documents are true and correct in all material respects;

(B) No Default or Event of Default shall have occurred or could reasonably be expected to result, which has not been waived pursuant to the terms hereof; and

(C) Since the date of this Credit Agreement, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect.

ARTICLE 5. REPRESENTATIONS AND WARRANTIES

To induce the Lender to enter into this Credit Agreement and to induce the Lender to make the Loans and other financial accommodations described herein, the Borrower hereby represents and warrants to the Lender that the representations and warranties contained in this Credit Agreement are true and correct. Such representations and warranties, and all other representations and warranties made by the Borrower in any other Credit Documents, shall survive the execution and delivery of this Credit Agreement and such other Credit Documents.

5.1 Organization and Qualification.

The Borrower (i) are corporations duly organized, validly existing and in good standing under the laws of the respective states of their incorporation, (ii) have the power and authority to own their respective properties and assets and to transact their respective businesses in which they presently are, or propose to be, engaged and (iii) are duly qualified and are authorized to do business and are in good standing in each of the respective jurisdictions where they presently are, or propose to be, engaged in business.

5.2 Authority, Execution.

The execution, delivery and performance by the Borrower of the Credit Documents and all instruments and documents to be delivered by the Borrower; (i) are within the Borrower's corporate power; (ii) have been duly authorized by all necessary or proper corporate action and by the Closing Date will be authorized by the Interim Financing Order pursuant to sections 363 and 364 of the Bankruptcy Code; (iii) are not in contravention of any provision of the Borrower's certificates or articles of incorporation or by-laws; (iv) will not, upon the entry of the Interim Financing Order by the Bankruptcy Court, violate any law or regulation, or any order or decree of any court or governmental instrumentality; (v) will not conflict with or result in the breach or termination of, constitute a default under or accelerate any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which the Borrower is a party or by which the Borrower or any of its property is bound; (vi) will not result in the creation or imposition of any Lien upon any of the property of the Borrower (other than the Liens existing or created under or in connection with this Credit Agreement; and (vii) do not require the consent or approval of any governmental body, agency, authority or any other Person other than the entry by the Bankruptcy Court of the Interim Financing Order, which by the Closing Date will be in full force and effect, and the Permanent Financing Order. Each of the Credit Documents has been duly executed and delivered for the benefit of or on behalf of the Borrower and each constitutes a legal, valid and binding obligation of the Borrower, enforceable against Borrower in accordance with its terms.

5.3 Enforceability.

This Credit Agreement and each of the other Credit Documents are the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, and Borrower represents, warrants and agrees that it is truly and justly indebted to Bank, without defense, counterclaim or offset of any kind, in the amounts set forth in Preliminary Statement B hereof.

5.4 Consents and Filings.

No consent, authorization, permit or filing is required in connection with the execution, delivery and performance of this Credit Agreement or any Credit Document by the Borrower that are parties thereto, except those that have been obtained or made.

5.5 Government Regulation.

Borrower is not subject to any regulation that limits its ability to incur indebtedness or consummate the transactions contemplated in this Credit Agreement and the other Credit Documents.

5.6 Rights in Collateral; Priority of Liens.

All property constituting Collateral is owned or leased by the Borrower. Upon entry of the Interim Financing Order, the security interests granted pursuant to the Credit Documents constitute valid, enforceable and perfected Liens on the Collateral, including, without limitation, all of the Borrower's interests in real property, with the priority set forth in the Interim Financing Order.

5.7 Locations of Offices, Records and Inventory.

The address of the principal place of business and chief executive office of the Borrower is set forth herein respecting notices. The books and records of the Borrower, and all its chattel paper, if any, and records of Accounts, are maintained exclusively at the location set forth herein respecting notices. There is no jurisdiction in which the Borrower has any Collateral other than those jurisdictions identified on Schedule B, Part 5.8. All of Debtor's tangible assets are in the possession of Borrower at locations owned by Borrower.

5.8 Subsidiaries; Ownership of Stock.

As of the Closing Date, Power Operating Co. Inc. is a wholly-owned subsidiary of Powell U.S.A., Inc. Power Operating Co., Inc. has no direct or indirect Subsidiaries.

5.9 No Judgments or Litigation.

Except as set forth on Schedule B, Part 5.9, no judgments, orders, writs or decrees are outstanding against the Borrower, nor is there now pending or, to the best of the Borrower's knowledge, threatened, any litigation, contested claim, investigation, arbitration, or governmental proceeding by or against the Borrower that could reasonably be expected singly or in the aggregate to have a Material Adverse Effect.

5.10 Labor Matters.

Schedule B, Part 5.10 accurately sets forth all labor contracts to which the Borrower is a party as of the Closing Date (including their dates of expiration). There are no existing or, to the knowledge of the Borrower, threatened strikes, lockouts or other disputes relating to any collective bargaining or similar agreement to which the Borrower is a party.

5.11 Compliance with Law.

The Borrower has not violated nor failed to comply in any material respect with any Requirements of Law, including without limitation ERISA and environmental laws.

5.12 Compliance with Environmental Laws.

Except as disclosed on Schedule B, Part 5.12, (i) the operations of the Borrower comply in all material respects with all applicable material federal, state and local environmental permits, statutes, regulations, directions, ordinances, criteria and guidelines to which Borrower is subject; (ii) the Borrower has not received

notice that any of the operations of the Borrower is the subject of any judicial or administrative proceeding alleging a material violation of any material federal, state or local environmental permit, statute, regulation, direction, ordinance, criteria or guideline.

5.13 Licenses and Permits.

The Borrower has obtained and holds in full force and effect, all franchises, licenses, leases, permits, certificates, authorizations, qualifications, easements, rights of way and other rights and approvals which are material to the operation of its business as presently conducted.

5.14 Taxes and Tax Returns.

(A) Except as set forth on Schedule B, Part 5.14, the Borrower has timely filed all income tax returns it is required to file. The information filed is complete and accurate in all material respects. All deductions taken in such income tax returns are appropriate and in accordance with applicable laws and regulations, except deductions that may have been disallowed but are being challenged in good faith and for which adequate reserves have been made in accordance with GAAP.

(B) Except as set forth on Schedule B, Part 5.14, neither the Borrower has no obligation under any written income tax sharing agreement or agreement regarding payments in lieu of income taxes.

5.15 Material Contracts.

Prior to the date on which the Permanent Financing Order is entered, Borrower shall provide a true, correct and complete list of all the Material Contracts in effect on the Closing Date. Except as described on Schedule B, Part 5.15, all of the Material Contracts are in full force and effect and no material defaults currently exist thereunder by the Borrower (other than defaults that need not be cured under section 363(b)(2) of the Bankruptcy Code), or to the Borrower's knowledge, any other party.

5.16 Accuracy and Completeness of Information.

All factual information furnished by or on behalf of the Borrower in writing to the Lender, or any Credit Documents or any transaction contemplated hereby or thereby taken as a whole is or will be true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information taken as a whole not misleading at such time.

5.17 No Change.

Since the date of this Credit Agreement, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect.

ARTICLE 6. AFFIRMATIVE COVENANTS

Until termination of this Credit Agreement and payment and satisfaction of all Pre-Petition Obligations and Post-petition Obligations due hereunder:

6.1 Financial Reporting.

The Borrower shall timely deliver to the Lender, in addition to any materials to be provided to Lender pursuant to the Pre-Petition Credit Documents, such annual, quarterly, monthly, and weekly information and financial statements as lender may reasonably request.

6.2 Notification Requirements.

The Borrower shall timely give to the Lender the following notices:

(A) Notice of Defaults. Promptly, and in any event within one (1) Business Day after becoming aware of the occurrence of a Default or Event of Default, a certificate of the chief executive officer or chief financial officer of the Borrower specifying the nature thereof and the proposed response of the Borrower thereto, each in reasonable detail.

(B) Proceedings or Adverse Changes. Promptly, and in any event within three (3) Business Days after the Borrower becomes aware of (i) any material proceeding being instituted or threatened to be instituted by or against the Borrower in any federal, state, local or foreign court or before any commission or other regulatory body (federal, state, local or foreign), (ii) any order, judgment or decree being entered against the Borrower or any of its respective properties or assets or (iii) any actual or prospective change, development or event which has had or could reasonably be expected to have a Material Adverse Effect, a written statement describing such proceeding, order, judgment, decree, change, development or event and any action being taken with respect thereto by the Borrower or any such Subsidiary.

(C) Environmental Notices. Promptly, and in any event within two (2) Business Days after receipt by the Borrower of any notice, complaint or order alleging any actual or prospective violation of any environmental Requirement of Law or alleging responsibility for costs of a cleanup, together with a copy of such notice, complaint, or order and a written statement describing any action being taken with respect thereto by the Borrower.

(D) Material Contracts. Promptly, and in any event within three (3) Business Days after any Material Contract of the Borrower is terminated or amended or any new Material Contract is entered into, a written statement describing such event, with copies of amendments or new contracts, and an explanation of any actions being taken with respect thereto.

(E) Collateral Matters. At least twenty (20) Business Days prior written notice to the Lender of any change in the location of any Collateral or in the location of the chief executive office or place of business of the Borrower from the locations specified in Schedule B, Part 6.2. At least ten (10) Business Days prior to any such change, the Borrower shall cause to be executed and delivered to the Lender any financing statements, Landlords' and Mortgagees' Waivers or other documents required by the Lender, all in form and substance satisfactory to the Lender.

6.3 Corporate Existence.

The Borrower shall, and shall cause each of its Subsidiaries to, (i) maintain its corporate existence, (ii) maintain in full force and effect all of its material licenses, bonds, franchises, leases, trademarks and qualifications to do business, and all patents, contracts and other rights which are material to the operation of their respective businesses as presently conducted, (iii) continue in, and limit their operations to, the same

general lines of business as presently conducted by them and (iv) in the case of the Borrower, maintain all material terms and provisions of its corporate charter and bylaws in the form in effect on the Closing Date.

6.4 Books and Records; Inspections.

The Borrower agrees to maintain books and records pertaining to the Collateral in such detail, form and scope as is consistent with good business practice. The Borrower agrees that the Lender or its Lender may enter upon the premises of the Borrower at any time and from time to time, during normal business hours and upon reasonable notice under the circumstances, and at any time at all upon the occurrence and during the continuance of an Event of Default, for the purposes of (i) inspecting and verifying the Collateral, (ii) inspecting and/or copying (at the expense of the Borrower) any and all records pertaining thereto, and (iii) discussing the affairs, finances and business of the Borrower with any officers, employees and directors of the Borrower or with the Auditors.

6.5 Insurance.

The Borrower agrees to maintain public liability insurance, third party property damage insurance and replacement value insurance on the Collateral under such policies of insurance, with such insurance companies, in such amounts and covering such risks as are at all times satisfactory to the Lender in its commercially reasonable judgment. As of the Closing Date, the deductibles in effect with respect to the Borrower's insurance policies as disclosed to the Lender, are acceptable to the Lender. All policies covering the Collateral are to name the Lender as a lender loss payee in case of loss, and are to contain such other provisions as the Lender may reasonably require to fully protect the Lender's interest in the Collateral and to any payments to be made under such policies.

6.6 Post-petition Charges.

(A) The Borrower shall pay and discharge or cause to be paid and discharged promptly all Post-petition Charges payable by it, including (i) Post-petition Charges imposed upon it, its income and profits, or any of its property (real, personal or mixed) and all Post-petition Charges with respect to tax, social security and unemployment withholding with respect to its employees, and (ii) lawful claims incurred after the Petition Date for labor, materials, supplies and services or otherwise, before any thereof shall become past due.

(B) The Borrower may in good faith contest, by appropriate proceedings, the validity or amount of any Post-petition Charges or claims described in Section 7.6(a); provided that (i) at the time of commencement of any such contest no Event of Default shall have occurred and be continuing; (ii) adequate reserves with respect to such contest are maintained on the books of such Borrower, in accordance with GAAP; (iii) such contest is maintained and prosecuted continuously and with diligence and operates to suspend collection or enforcement of such Post-petition Charges or claims or any Lien in respect thereof; (iv) no Lien shall be imposed to secure payment of such Post-petition Charges or claims other than Permitted Liens; (v) such Borrower shall promptly pay or discharge such contested Post-petition Charges or claims and all additional charges, interest, penalties and expenses, if any, and shall deliver to Lender evidence acceptable to Lender of such compliance, payment or discharge, if such contest is terminated or discontinued adversely to such Borrower or the conditions set forth in this Section 6.6 are no longer met; and (vi) Lender has not advised Borrower in writing that Lender reasonably believes that nonpayment or nondischarge thereof could have or result in a Material Adverse Effect.

6.7 Compliance with Laws.

The Borrower agrees to comply in all material respects with all Requirements of Law applicable to the Collateral or any part thereof, or to the operation of its business or its assets generally, unless the Borrower contests any such Requirements of Law in a reasonable manner and in good faith.

6.8 Use of Proceeds.

The Borrower agrees that the proceeds of the Loans may be used only for enabling Borrower to mine the so-called Beaver tract (as more fully described in the exhibits hereto) and for general corporate working capital purposes, and Permitted Expenses. Permitted Expenses shall not include, fees and disbursements incurred by professionals including, without limitation, any professionals retained by the Borrower or any official committee, to the extent incurred to contest in any proceeding or any other action (i) the validity, binding effect or enforceability of any of the Pre-Petition Credit Documents, the Pre-Petition Obligations, or the Post-petition Obligations outstanding hereunder or (ii) any other rights or interests of the Lender under the Pre-Petition Credit Documents. Nothing herein shall in any way prejudice or prevent the Lender from objecting, for any reason, to any requests or applications made by any party for compensation or reimbursement of expenses pursuant to section 330 or 331 of the Bankruptcy Code.

6.9 Maintenance of Property.

The Borrower agrees to keep, all property useful and necessary to their respective businesses and assets in good working order and condition (ordinary wear and tear excepted) in accordance with sound operating practices and not to commit or suffer any waste with respect to any of their assets or properties.

6.10 Environmental and Other Matters.

(A) The Borrower will conduct their businesses so as to comply in all material respects with all material environmental, land use, laws, regulations, directions, ordinances, criteria and guidelines in all jurisdictions in which any of them is or may at any time be doing business, except to the extent that the Borrower is contesting, in good faith by appropriate legal proceedings, any such law, regulation, direction, ordinance, criteria, guideline, or interpretation thereof or application thereof; provided, that the Borrower shall comply with the order of any court or other Governmental Authority relating to such laws unless the Borrower shall currently be prosecuting an appeal or proceedings for review and shall have secured a stay of enforcement or execution or other arrangement postponing enforcement or execution pending such appeal or proceedings for review.


(B) If the Lender reasonably believes, that the facts or circumstances evidence or suggest that the Borrower is in material non-compliance with any environmental law and that such non-compliance could reasonably be expected to have a Material Adverse Effect, then at the written request of the Lender, which request shall specify in reasonable detail the basis therefor, at any time and from time to time, the Borrower will provide at its sole cost and expense an environmental site assessment report concerning the site owned, operated or leased by the Borrower in respect of which such material non-compliance is believed to have occurred and be continuing, such report to be prepared by an environmental consulting firm approved by the Lender, indicating the presence, release or absence of hazardous materials on or from such site and the potential cost of any removal, remedial or corrective action in connection with any such hazardous materials on such site.

ARTICLE 8. EVENTS OF DEFAULT AND REMEDIES

8.1 Events of Default.

The occurrence of any of the following events shall constitute an event of default (each an "Event of Default") hereunder and under the Pre-Petition Obligations:

(A) Failure to Pay. The Borrower shall fail to pay any Post-petition Obligation when the same shall become payable or shall fail to pay, within three (3) days after the same shall become payable, any Expenses.

(B) Breach of Material Covenants. The Borrower shall fail to comply with any material covenant contained in this Credit Agreement. AND FAILS TO CURE THE SAME WITHIN 15 DAYS AFTER OCCURRENCE. 

(C) Breach of Material Representation or Warranty. Any material representation or warranty made or deemed to be made by the Borrower in this Credit Agreement or in any other Credit Document (and in any statement or certificate given under this Credit Agreement or any other Credit Document), shall be false or misleading in any material respect when made or deemed to be made.

(D) Dissolution. The Borrower shall dissolve, wind up or cease its business operations.

(E) Change of Control. A Change of Control shall occur.

(F) Failure of Enforceability of Credit Documents; Security. Any covenant, agreement or obligation contained in or evidenced by any of the Credit Documents shall cease to be enforceable in accordance with their terms, or shall be determined to be unenforceable, in accordance with its terms; or, any Lien granted in any of the Collateral shall be determined to be void, voidable, invalid or unperfected, subordinated or not given the priority contemplated by this Credit Agreement.

(G) Material Adverse Effect. There shall occur any event that would have a Material Adverse Effect that has not been stayed as a consequence of the Chapter 11 case of the Borrower.

(H) Appointment of Trustee. A Trustee is appointed under section 1104(a) of the Bankruptcy Code in the Borrower's Chapter 11 case or the Bankruptcy Court otherwise enters such an order.

(I) Bankruptcy Court Orders. (i) The Interim Financing Order shall cease to be in full force and effect and the Permanent Financing Order shall not have been entered prior to such cessation, or (ii) the Permanent Financing Order shall fail to provide for the priority and security for the Post-Petition Obligations as set forth herein (iii) the Permanent Financing Order shall cease to be in full force and effect, or (iv) Borrower shall fail to comply with the terms of the Interim Financing Order or the Permanent Financing Order in any material respect, or (v) the Interim Financing Order or the Permanent Financing Order shall be amended, supplemented, stayed, reversed, vacated or otherwise modified (or the Borrower shall apply for authority to do so).

(J) Appointment of Examiner. An order appointing a responsible officer or an examiner with powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code or under

section 1106(b) of the Bankruptcy Code, in the Borrower's chapter 11 case or the Bankruptcy Court otherwise enters such an order.

(K) Plan of Reorganization. The Bankruptcy Court shall enter an order confirming a Plan of Reorganization in the Borrower's Chapter 11 case and such Plan of Reorganization shall not provide for the payment in full of all Pre-Petition Obligations and all amounts outstanding in connection with this Credit Agreement.

(L) Other Claims. There shall arise any other Claim having priority senior to or pari passu with the claims of the Lender under the Credit Documents or any other claim having priority over any and all administrative expenses of the kind specified in section 303(b) or 307(b) of the Bankruptcy Code (other than Permitted Expenses), or there shall arise any Lien on any property of the Borrower, except as expressly permitted under the terms of the Credit Documents; provided, however, that it will not constitute an Event of Default under this Section 9.1(o) if the Borrower immediately contests the priority treatment of such Claim with the Bankruptcy Court in good faith.

(M) Conversion of Chapter 11 Case. The Borrower files with the Bankruptcy Court seeking the entry of an order converting the Borrower's chapter 11 case to a case under chapter 7 of the Bankruptcy Code or the Bankruptcy Court enters an order dismissing the Borrower's chapter 11 case.

(N) Drafts under Existing Letters of Credit. In the event drafts under the Existing Letters of Credit are presented to lender for payment and the amounts of such drafts are not treated as Post-Petition Obligations, the presentation of such drafts shall be a material default hereunder.

8.2 Acceleration, Termination of Commitments and Cash Collateralization.

(A) Suspension of Additional Credit. If any Event of Default shall have occurred and be continuing or if a Default shall have occurred and be continuing, the Lender may determine not to make any Loans so long as that specific Default is continuing.

(B) Termination and Acceleration. If any Event of Default shall have occurred and be continuing, the Lender may immediately (i) terminate the ability of the Borrower under this Credit Agreement to borrow any further; (ii) declare all or any portion of the Post-petition Obligations to be immediately due and payable, all without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Borrower; and (iii) exercise any rights and remedies provided to the Lender under the Credit Documents and/or at law or equity; provided that the Lender may not exercise any of the rights and remedies referred to in clause (iii) above without first providing the Borrower, the United States Trustee and counsel for any statutorily appointed committee three (3) Business Days' prior written notice of its intent so to exercise; it being understood that during such three day period, the Borrower may seek a determination by the Bankruptcy Court whether an Event of Default has occurred.

(C) Automatic Stay. Upon the occurrence and during the continuation of an Event of Default, after three (3) business days written notice by the Lender to the Borrower, the automatic stay provided by Section 362 of the Bankruptcy Code shall be deemed automatically vacated without further order of the Bankruptcy Code and the Lender shall be immediately permitted to, inter alia, pursue any and all of their remedies and seek payment in respect of all Post-petition Obligations and Pre-Petition Obligations.

8.3 Right of Setoff.

In addition to and not in limitation of all rights of offset that any Lender may have under applicable law, upon the occurrence and during the continuance of any Event of Default, Lender shall have the right to setoff, appropriate and apply to the payment of the Post-petition Obligations of the Borrower except to the extent of Permitted Expenses all deposits and other deposit account balances and obligations then or thereafter owing by Lender to the Borrower; provided, that Lender may not exercise any such rights of setoff without first providing the Borrower, counsel to the Borrower, the United States Trustee and counsel for any statutorily appointed committee three (3) Business Days' prior written notice of its intent to so exercise; it being understood that during such three day period, the Borrower may seek a determination by the Bankruptcy Court whether an Event of Default has occurred.

8.4 Application of Proceeds; Surplus; Deficiencies.

The net cash proceeds resulting from the Lender's exercise of any of the foregoing rights against any Collateral (after deducting all of the Lender's Expenses related thereto) shall be applied by the Lender to the payment of the Post-petition Obligations and Pre-Petition Obligations, whether due or to become due. The Borrower shall remain liable to the Lender for any deficiencies, and the Lender in turn agrees to remit to the Borrower or its successors or assigns, any surplus resulting therefrom.

ARTICLE 9. MISCELLANEOUS

9.1 GOVERNING LAW.

THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS CREDIT AGREEMENT AND THE REVOLVING NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS AND DECISIONS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

9.2 SUBMISSION TO JURISDICTION.

ALL DISPUTES AMONG THE BORROWER AND THE LENDER, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED BY THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, AND THE COURTS TO WHICH AN APPEAL THEREFROM MAY BE TAKEN; PROVIDED, HOWEVER, THAT THE LENDER SHALL HAVE THE RIGHT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TO PROCEED AGAINST THE BORROWER OR ITS RESPECTIVE PROPERTIES IN ANY LOCATION REASONABLY SELECTED BY THE LENDER IN GOOD FAITH TO ENABLE THE LENDER TO REALIZE ON SUCH PROPERTY, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE LENDER. THE BORROWER WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH THE LENDER HAS COMMENCED A PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON FORUM NON CONVENIENS.

9.3 JURY TRIAL.

THE BORROWER AND THE LENDER EACH HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY. INSTEAD, ANY DISPUTES WILL BE RESOLVED IN A BENCH TRIAL.

9.4 LIMITATION OF LIABILITY.

LENDER SHALL HAVE NO LIABILITY TO THE BORROWER (WHETHER SOUNDING IN TORT, CONTRACT, OR OTHERWISE) FOR LOSSES SUFFERED BY THE BORROWER IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY RELATED TO THE TRANSACTIONS OR RELATIONSHIPS CONTEMPLATED BY THIS CREDIT AGREEMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, UNLESS IT IS DETERMINED BY A FINAL AND NONAPPEALABLE JUDGMENT OR COURT ORDER BINDING ON THE LENDER, THAT THE LOSSES WERE THE RESULT OF ACTS OR OMISSIONS CONSTITUTING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

9.5 Delays.

No delay or omission of the Lender or the Lender to exercise any right or remedy hereunder shall impair any such right or operate as a waiver thereof.

9.6 Notices.

Except as otherwise provided herein, all notices and correspondences hereunder shall be in writing and sent by certified or registered mail, return receipt requested, or by overnight delivery service, with all charges prepaid, if to the Lender at Mid-State Bank, 1130 Twelfth Avenue, P. O. Box 2007, Altoona, PA 16603 Attention: Special Assets Department, and to Lender's counsel and if to the Borrower, then to Power Operating Co. Inc., Route 322 West, Philipsburg, PA 16866 Attention: Glyn Powell, and to Borrower's counsel, or by facsimile transmission, promptly confirmed in writing sent by first class mail, if to the Lender at (814) 946-6821 and Lender's counsel at (412)263-4369 and if to the Borrower at (814)342-6116 and Borrower's counsel at (302)656-8865. All such notices and correspondence shall be deemed given (i) if sent by certified or registered mail, three Business Days after being postmarked, (ii) if sent by overnight delivery service, when received at the above stated addresses or when delivery is refused and (iii) if sent by telex or facsimile transmission, when receipt of such transmission is acknowledged.

9.7 Assignments and Participations.

(A) Borrower Assignment. The Borrower shall have no right to assign this Credit Agreement, or any rights or obligations hereunder, without the prior written consent of the Lender.

(B) Lender Assignments. Lender may assign to one or more banks or other financial institutions all or a portion of its rights and obligations under this Credit Agreement and the other Credit Documents.

9.8 Indemnification.

The Borrower hereby indemnifies and agrees to defend and hold harmless the Lender and its parent Keystone Financial, Inc. and their respective directors, officers, agents, employees and counsel from and against any and all losses, claims, damages, liabilities, deficiencies, judgments or expenses incurred by any of them (except to the extent that it is finally judicially determined to have resulted from their own gross negligence or willful misconduct) arising out of or by reason of (a) any litigation, investigation, claim or proceeding which arises out of or is in any way related to (i) this Credit Agreement or the transactions contemplated hereby, (ii) any actual or proposed use by the Borrower of the proceeds of the Loans or (iii) the Lender's entering into this Credit Agreement, the other Credit Documents or any other agreements and documents relating hereto,

including, without limitation, amounts paid in settlement, court costs and the fees and disbursements of counsel incurred in connection with any such litigation, investigation, claim or proceeding or any advice rendered in connection with any of the foregoing and (b) any remedial or other action taken by the Borrower or Lender in connection with compliance by the Borrower, or any of their respective properties, with any federal, state or local environmental laws, acts, rules, regulations, orders, directions, ordinances, criteria or guidelines.

9.9 Lender Liability Release.

The Borrower and the Guarantors hereby release, and forever discharge Lender and its officers, employees, directors, agents and stockholders, of and from any and all actions, causes and causes of action, suits, debts, controversies, promises, damages, claims, and demands, whatsoever, at law or in equity, and particularly, without limiting the generality of the foregoing, all claims relating to in any way any credit transaction or other financial accommodation between Borrower and Lender, and any alleged promise of Lender to advance funds to Borrower, which Borrower and Guarantors and their respective heirs, personal representatives, successors, and assigns ever had, now have, or may in the future have, through and including the date of this Credit Agreement.

9.10 Amendments and Waivers.

No amendment or waiver of any provision of this Credit Agreement, including any part of Schedule B, or any other Credit Document shall be effective unless in writing and signed by the Borrower and Lender.

9.11 Counterparts and Effectiveness.

This Credit Agreement and any waiver or amendment hereto may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. This Credit Agreement shall become effective on the date on which the Interim Financing Order and Final Financing Order, as appropriate become effective, and all of the parties hereto shall have signed a copy hereof (whether the same or different copies) and shall have delivered the same to the Lender or, shall have given to the Lender written, telecopied or telex notice (actually received) at such office that the same has been signed and mailed to it.

9.12 Severability.

In case any provision in or obligation under this Credit Agreement or the other Credit Documents shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

9.13 Entire Agreement; Successors and Assigns.

This Credit Agreement and the other Credit Documents constitute the entire agreement among the Borrower, the Lender, supersede any prior agreements among them, and shall bind and benefit each of such Persons and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be executed and delivered in Philipsburg, Pennsylvania by their proper and duly authorized officers as of the date first set forth above.

POWER OPERATING CO., INC.

By: [Signature]

Title: President

POWELL U.S.A., INC.

By: [Signature]

Title: President

MID-STATE BANK AND TRUST COMPANY

By: [Signature]

Title: VICE PRESIDENT

Acknowledged, agreed and affirmed:

[Signature]
GLYN POWELL

[Signature]
MARY POWELL

BK 1167PG0959

13-3
33.50

ENTERED FOR FILING
JOSEPH L. DAVENPORT
RECORDED & INDEXED
CENTRE COUNTY

ORIGINAL

00545

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In Re:

POWELL U.S.A., INC. and
POWER OPERATING CO., INC.,

Debtors.

Chapter 11

Case No. 98-1136 (PJW)

(Jointly Administered)

CERTIFIED:
AS A TRUE COPY: 7/6/00
ATTEST:

DAVID D. BIRD, CLERK
U.S. BANKRUPTCY COURT

BY: *[Signature]*
Deputy Clerk

**FINAL ORDER AUTHORIZING USE OF CASH COLLATERAL
AND SECURED POSTPETITION FINANCING
ON A SUPERPRIORITY BASIS UNDER 11 U.S.C. §§ 363 AND 364**

Upon the motion (the "Motion") dated May 27, 1998, of Powell U.S.A., Inc., a Delaware corporation, and Power Operating Co., Inc., a Pennsylvania corporation, as debtors and debtors in possession (the "Debtors"): (i) seeking this Court's authorization under §§ 363(c) and 364(c) of Title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as amended, the "Bankruptcy Code"), and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") for the Debtor to, among other things: (a) use cash collateral of Mid-State Bank (the "Bank") and the Internal Revenue Service (the "IRS") within the meaning of § 363(a) of the Bankruptcy Code ("Cash Collateral"); (b) obtain postpetition financing (the "Postpetition Financing") up to an aggregate principal amount not to exceed \$989,209.80 from Mid-State Bank (the "Bank"), and for the Debtors to execute a Credit Agreement with respect thereto (as amended, restated or otherwise modified from time to time, the "Postpetition Credit Agreement" and, together with all collateral and ancillary documents at any time executed in connection with the Postpetition Credit Agreement, the "Postpetition Credit Documents"); (c) grant the Bank, under § 364(c) of the Bankruptcy Code, security interests in all of the Debtor's currently owned and after acquired property to secure the Debtor's obligations under the Postpetition Credit Documents; (d) grant the Bank

priority in payment with respect to such obligations over any and all administrative expenses of the kinds specified in §§ 503(b) and 507(b) of the Bankruptcy Code other than as described in paragraph 7 below; and (e) grant the Bank and the IRS certain superpriority administrative expense claims and liens as adequate protection for the Debtors' use of Cash Collateral; (ii) seeking a preliminary hearing (the "Preliminary Hearing") on the Motion to consider entry of an interim order under Bankruptcy Rule 4001 (this "Order") authorizing the Debtor to use Cash Collateral and to borrow from the Bank under the Postpetition Financing up to an aggregate of \$769,400 on the Filing Date (as defined below) pending the Final Hearing; (iii) requesting that the Court confirm that the Bank has setoff the Debtors' bank accounts against the Prepetition Obligations prior to the attachment of any lien of the IRS; and (iv) requesting that a final hearing (the "Final Hearing") be scheduled by this Court to consider entry of this Order as a final order (the "Final Order"); and the Preliminary Hearing having been held before this Court on May 28, 1998 and the Final Hearing having been held on June 29, 1998; and upon the entire record made at the Final Hearing, and this Court having found good and sufficient cause appearing therefor;

IT IS HEREBY FOUND that:

A. On May 27, 1998 (the "Filing Date"), the Debtors filed voluntary petitions for relief with this Court under chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases"). The Debtors are continuing in possession of their properties and are operating and managing their businesses as debtors in possession under §§ 1107 and 1108 of the Bankruptcy Code.

B. This Court has jurisdiction over the Chapter 11 Case and the Motion under 28 U.S.C. §§ 157(b) and 1334. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2).

C. Prior to the Filing Date, Power entered into various financing arrangements and agreements (as amended, restated, supplemented or otherwise modified prior to the Filing Date, and together with collateral and ancillary documents executed in connection therewith, the "Prepetition Credit Documents"), with the Bank, providing for loans to the Debtor in the aggregate outstanding principal amount of \$6,791,467.24 as of the Filing Date (together with all interest, fees, expenses and other amounts owing under the Prepetition Credit Documents, the "Prepetition Obligations").

D. Without prejudice to the rights of any other party (but subject to the limitations described in paragraph 16, below), the Debtors admit that:

1. In accordance with the terms of the Prepetition Credit Documents, the Debtors are truly and justly indebted to the Bank, without defense, counterclaim or offset of any kind, and that as of the Filing Date (i) the Debtors were liable to the Bank in the aggregate principal amount of \$6,791,467.24 under the Prepetition Credit Agreement, together with interest accrued and unpaid thereon, and (ii) the Debtors were contingently liable to the Bank in the aggregate principal amount of \$3,541,603 with respect to letters of credit issued under the Prepetition Credit Agreement and that remained outstanding as of the Filing Date (the "Letters of Credit"); and

2. The Prepetition Obligations are secured by valid, perfected, enforceable and unavoidable liens and security interests granted by the Debtors to the Bank, upon and in substantially all of the Debtors' assets and property (including the setoff rights described below, the "Prepetition Collateral"), including without limitation, real property, mineral rights, equipment, inventory, accounts receivable, instruments, chattel paper and general intangibles, and the proceeds

and products thereof. Substantially all cash of the Debtors now in existence or hereafter acquired constitutes the Cash Collateral of the Bank.

E. The Debtors do not have sufficient available sources of working capital and financing to carry on the operation of their business without the Postpetition Financing and use of Cash Collateral. The ability of the Debtors to pay employees, maintain business relationships with suppliers, and otherwise finance operations, is essential to the Debtors' ability to maximize the value of their estates to the benefit of all of the Debtors' creditors. In addition, the Debtors' need for financing and their need to use Cash Collateral is immediate and critical. In the absence of the Postpetition Financing and the ability to use Cash Collateral, the continued operation of the Debtors' business would not be possible, and serious and irreparable harm to the Debtors and their estates would occur.

F. Given the Debtors' current financial condition and capital structure, the Debtors are unable to sustain their operations with the use of Cash Collateral alone and are unable to obtain unsecured credit allowable under § 503(b)(1) of the Bankruptcy Code as an administrative expense. Financing on a postpetition basis is not otherwise available without the Debtors granting, under § 364(c)(1) of the Bankruptcy Code, claims having priority over any and all administrative expenses of the kinds specified in §§ 503(b) and 507(b) of the Bankruptcy Code, other than as described below, and securing such obligations with the security interests in and the liens upon the property described below under § 364(c) of the Bankruptcy Code.

G. Notice of the Final Hearing and the relief requested in the Motion has been given to: (i) the office of the United States Trustee; (ii) the creditors holding the 20 largest unsecured claims against the Debtor; (iii) Mid-State Bank; (iv) counsel to the Official Committee of Unsecured

Creditors, (v) all parties requesting notices pursuant to Fed.R.Bankr.P. 2002, and (vi) the Internal Revenue Service. Notice of the Final Hearing and the relief requested in the Motion has been given under §§ 102(1), 363(c) and 364(c) of the Bankruptcy Code and Bankruptcy Rules 2002 and 4001 as provided in the Motion.

H. Based on the record before this Court, it appears that the Postpetition Financing has been negotiated in good faith and at arms-length between the Debtors and the Bank, and any loan made to the Debtors under the Postpetition Credit Agreement is deemed to have been made in good faith within the meaning of § 364(e) of the Bankruptcy Code.

I. The Internal Revenue Service (the "IRS") has released its pre-petition levy on the bank accounts of the Debtors.

J. Based on the record before this Court, it appears that the terms of the Postpetition Financing are fair and reasonable, reflect the Debtors' exercise of prudent business judgment and are supported by fair consideration.

Based upon the foregoing findings and conclusions, and upon the record made before this Court at the Preliminary Hearing, and good and sufficient cause appearing therefor;

IT IS HEREBY ORDERED that:

1. The Motion is granted, subject to the terms and conditions set forth in this Order.

2. The Debtors are authorized to use Cash Collateral.

3. The Debtors are authorized to execute and deliver the Postpetition Credit Agreement and any other Postpetition Credit Documents. The Debtors are authorized to perform all of the terms and conditions contained in the Postpetition Credit Documents. All loans made under

the Postpetition Credit Agreement (the "Loans") and interest thereon, and all fees, costs, expenses, indebtedness, obligations and liabilities of the Debtors to the Bank under or in respect of the Postpetition Credit Documents and this Order, are referred to as the "Postpetition Obligations."

4. The Debtors are expressly authorized to borrow from the Bank, on the terms and subject to the conditions set forth in the Postpetition Credit Documents and this order, a total of \$989,209.80 of Loans (comprising a cash advance of \$719,809.80 and the issuance on the Debtors' behalf of a \$269,400 letter of Credit). The Debtors are authorized to use the proceeds of the Loans in the operation of the Debtors' businesses.

5. If an Event of Default (as defined in the Postpetition Credit Agreement) occurs, the Bank may terminate the Postpetition Financing (the date of any such termination, the "Termination Date"), and the automatic stay under § 362(a) of the Bankruptcy Code will be deemed automatically lifted and modified without further order of this Court (subject to the provisions of paragraph 11 below), to permit the Bank to exercise any and all of its rights and remedies under the Postpetition Credit Agreement, the other Postpetition Credit Documents and this Order. Notwithstanding anything in this Order to the contrary, no Loans, Cash Collateral or any portion of the Carve-Out (as defined below) may be used to object to or contest in any manner, or raise any defenses to, the validity, perfection, priority or enforceability of the Prepetition Obligations, the Postpetition Obligations or the liens securing the same, or to assert any claims or causes of action against the Bank.

6. In accordance with § 364(c)(1) of the Bankruptcy Code, subject to paragraph 7 below, the Post-Petition Obligations will constitute claims (the "Superpriority Claims") with priority in payment over any and all administrative expenses of the kinds specified or ordered under any

provision of the Bankruptcy Code, and will at all times be senior to the rights of the Debtors, and any successor trustee or any creditor, in the Chapter 11 Cases or any subsequent proceedings under the Bankruptcy Code, subject only to the Carve-Out. No cost or expense of administration under the Bankruptcy Code, including those resulting from the conversion of the Chapter 11 Cases under § 1112 of the Bankruptcy Code, will be senior to, or pari passu with, the Superpriority Claims of the Bank arising out of the Post-Petition Obligations, subject only to the Carve-Out. As long as no Event of Default or Default (as defined in the Postpetition Credit Agreement) has occurred, the Debtors will be permitted to pay compensation and reimbursement of expenses allowed and payable under §§ 330 and 331 of the Bankruptcy Code.

7. As security for the Postpetition Obligations, and as provided in the Postpetition Credit Documents, the Bank is granted (effective upon the date of this Order and without the necessity of the execution by the Debtors of mortgages, security agreements, pledge agreements, financing statements or otherwise), valid and perfected security interests in, and liens upon (collectively, the "Postpetition Liens"), all present and after-acquired personal and real property of the Debtors of any nature whatsoever, wherever located (collectively with all proceeds and products of any or all of the foregoing, whether or not the underlying Prepetition Liens are valid, the "Postpetition Collateral"), as follows:

(i) under § 364(c)(2) of the Bankruptcy Code, a first priority, perfected Lien upon all of the Debtors' right, title and interest in, to and under all Postpetition Collateral that is not otherwise encumbered by a validly perfected lien or security interest, including without limitation, all personal and real property (excluding all causes of action arising under Chapter 5 of the Bankruptcy Code and the proceeds thereof); and

(ii) under § 364(c)(3) of the Bankruptcy Code, a second priority, perfected Lien upon all of the Debtor's right, title and interest in, to and under all Postpetition Collateral which is subject to a validly perfected security interest or lien in existence as of the Filing Date junior to such validly perfected liens or security interests.

8. Notwithstanding any provision of this Order or the Postpetition Credit Agreement to the contrary, the Postpetition Liens and Superpriority Claims granted to the Bank under this Order are subject and subordinate only to (i) following the occurrence and during the pendency of a Default or an Event of Default, the payment of allowed professional fees and disbursements incurred by the professionals retained under §§ 327 or 1103(a) of the Bankruptcy Code by the Debtors and any creditors' committee appointed in the Chapter 11 Cases, in an aggregate amount not to exceed \$500,000, and (ii) quarterly fees required to be paid under 28 U.S.C. § 1930(a)(6) and any fees payable to the Clerk of the Bankruptcy Court and any agent thereof (collectively, the "Carve-Out"); provided, however, that the Carve-Out will not include professional fees and disbursements incurred in connection with asserting any claims or causes of action against the Bank, including formal discovery proceedings in anticipation thereof, or challenging any lien of the Bank.

9. Except as otherwise agreed by the Bank in writing, the Debtors will not assert a claim under § 506(c) of the Bankruptcy Code for any costs and expenses incurred in connection with the preservation, protection or enhancement of, or realization by the Bank upon the Postpetition Collateral. In no event will the Bank be subject to the equitable doctrine of "marshaling" or any other similar doctrine with respect to any Postpetition Collateral. The Bank is not required to file or serve financing statements, notices of lien or similar instruments which otherwise may be required under federal or state law in any jurisdiction, or take any action, including taking possession, to validate and

perfect the Postpetition Liens. If, however, the Bank, in its sole discretion, determines to file any such financing statements, notices of lien or similar instruments, or to otherwise confirm perfection of such Postpetition Liens, the Debtors are directed to cooperate with and assist in such process, the stay imposed by § 362(a) of the Bankruptcy Code is lifted by this order to allow the filing and recording of a certified copy of this order or any such financing statements, notices of lien or similar instruments, and all such documents are deemed to have been filed or recorded at the time of and on the date of this Order.

10. As adequate protection to the Bank for the Debtor's use of the Bank's Cash Collateral:

a. The Bank is hereby granted, to the extent, and only to the extent of any post-petition use of Cash Collateral of the Bank and any diminution (without duplicating the foregoing) in the value of the otherwise allowable prepetition secured claims of the Bank as determined under section 506(a) as of the Petition Date (collectively, the "Bank Cash Collateral Claim"), (a) a superpriority administrative expense claim having priority over any and all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code, subject and subordinate only to the Carve-Out and the Postpetition Obligations, and (b) subject and subordinate only to the Carveout, the Postpetition Obligations and Permitted Liens (as defined in the Credit Agreement):

(1) a first priority, perfected lien upon all of the Debtors' right, title and interest in, to and under all Postpetition Collateral that is not otherwise encumbered by a validly perfected lien or security interest, including without limitation, all personal and real property (excluding the proceeds of all causes of action arising under the Bankruptcy Code); and

(2) a second priority, perfected Lien upon all of the Debtor's right, title and interest in, to and under all Postpetition Collateral which is subject to a validly perfected security interest or lien in existence as of the Filing Date junior to such validly perfected liens or security interests.

11. As long as any portion of the Postpetition Obligations remains unpaid, upon the occurrence of and during the continuance of an Event of Default under the Postpetition Credit Agreement, the Bank may exercise rights and remedies and take all or any of the following actions without further modification of the automatic stay under § 362 of the Bankruptcy Code (which is deemed modified and vacated by this Order to the extent necessary to permit such exercise of rights and remedies and the taking of such actions) or further order of or application to this Court: (i) cease to make Loans to the Debtor; (ii) declare the Postpetition Obligations to be due and payable; (iii) to the extent of the Postpetition Obligations, set-off amounts in any of the Debtors' accounts maintained with Bank or otherwise enforce rights against any other Postpetition Collateral in the possession of the Bank; or (iv) take any other action or exercise any other right or remedy permitted to the Bank under the Postpetition Credit Documents or Prepetition Credit Documents, this order or by operation of law; provided, however, that the Bank may take the actions described in clauses (iii) or (iv) above only after providing five business days' prior written notice to the Debtors, the United States Trustee and any statutory committee of creditors appointed in the Chapter 11 Cases; it being understood that during such five day period, the Debtors may seek a determination by this Court whether an Event of Default has occurred.

12. The Debtors are authorized to perform all acts, and execute and comply with the terms of such other documents, instruments and agreements in addition to the Postpetition Credit

Documents, as the Bank may reasonably require to effectuate the terms and conditions of this Order and the Postpetition Credit Documents. The Debtors and the Bank are authorized to implement any non-material modifications of the Postpetition Credit Agreement without further order of this Court.

13. The Bank is entitled to the full protection of § 364(e) of the Bankruptcy Code with respect to the Postpetition Obligations and the Postpetition Liens created or authorized by this Order in the event that this Order or any authorization contained in this Order is stayed, vacated, reversed or modified on appeal. Notwithstanding any such stay, modification, reversal or vacation, all Postpetition Obligations incurred by the Debtors under this Order and the Postpetition Credit Agreement prior to the effective date of such stay, modification, reversal or vacation will be governed in all respects by the original provisions of this Order and the Bank will be entitled to all the rights, privileges and benefits, including, without limitation, the security interests and priorities granted in this Order with respect to all such Postpetition Obligations.

14. The provisions of this Order and any actions taken under this Order will survive entry of any order which may be entered (i) confirming any plan of reorganization in the Chapter 11 Cases (and, to the extent not satisfied in full, the Postpetition Obligations will not be discharged by the entry of any such order or, under § 1141(d)(4) of the Bankruptcy Code, the Debtors having waived such discharge by this Order), (ii) converting the Chapter 11 Cases to a chapter 7 case or (iii) dismissing the Chapter 11 Cases, and the terms and provisions of this Order as well as the Superpriority Claims and Postpetition Liens granted under this Order will continue in full force and effect notwithstanding the entry of such order, and such Superpriority Claims and Postpetition Liens will maintain their priority as provided by this Order until all of the Postpetition Obligations are indefeasibly paid in full and discharged.

15. Entry of this Order is without prejudice to any and all rights, remedies, claims and causes of action which the Bank may have against the Debtors or third parties, and without prejudice to the right of the Bank to seek relief from the automatic stay in effect under § 362 of the Bankruptcy Code, or any other relief in the Chapter 11 Cases, and the rights of the Debtors or any other party to oppose any such relief. The provisions of this Order are binding upon and inure to the benefit of the Bank, the Debtors and their respective successors and assigns, including any trustee or other fiduciary hereafter appointed in the Chapter 11 Cases as a legal representative of the Debtors or their estates.

16. Any party in interest in these cases, (other than the Debtors, who are deemed to have admitted the validity, extent and priority of the Bank's Prepetition Obligations and the liens securing the same, as set forth herein) shall have until August 31, 1998 to file any complaint contesting the validity, extent or priority of the Bank's Prepetition Obligations and the liens securing the same, as set forth herein, failing which such claims shall be forever barred.

17. The Bank shall conclusively be deemed to have effectuated the Setoff (as defined in the Motion) prior to the attachment of any liens asserted by the IRS in the Debtors' prepetition bank accounts.

18. Notwithstanding anything to the contrary contained in the Credit Agreement, draws of up to \$600,000 in the aggregate under the Letters of Credit shall not constitute an Event of Default under the Prepetition Credit Documents and Postpetition Credit Documents, but such draws instead shall be deemed to be Postpetition Obligations secured by the Postpetition Liens and Superpriority Claims granted herein to the same extent and with the same priority as all other

Postpetition Obligations. All draws in excess of \$600,000 shall be Events of Default under the
Prepetition Credit Documents and Postpetition Credit Documents.

Dated: Wilmington, Delaware
July 22 1998


UNITED STATES BANKRUPTCY JUDGE

WL: #38879 v5 (TZZ011.WPD)

Recorded in Centre County Records Office
In Rec Book 1167 Page 959 This 12 Day of
July AD 20 00. Witness my hand & seal of
office. Joseph L. Davidson Recorder

ASSIGNMENT OF MORTGAGES, NOTES,
AND OTHER CREDIT INSTRUMENTS

Manufacturers and Traders Trust Company successor by merger to Mid-State Bank and Trust Company, a banking association organized and existing under the laws of the United States of America with regional offices located at 1331 12th Avenue, Altoona, PA, hereinafter referred to as "Assignor", in consideration of the sum of TWO HUNDRED AND TWENTY-FOUR THOUSAND, ONE HUNDRED TWENTY AND 00/100 (\$224,120.00) DOLLARS, and other good and valuable considerations, heretofore agreed to, receipt of which is acknowledged, hereby assigns and transfers to **Jr. Land Company, Inc.** of RD #3, Box 225A, Philipsburg, Pennsylvania 16866, hereinafter referred to as "Assignee", that certain mortgage made and executed on June 13, 1996 by Power Operating Company to Mid-State Bank and Trust Company and recorded in the office of the Recorder of Deeds of Clearfield County, Pennsylvania in Mortgage Book Volume 1767 Page 62 and in the office of the Recorder of Deeds of Centre County, Pennsylvania in Mortgage Book 873 Page 924 together with the following notes and credit documents and the money due thereon with interest:

- (i) a Revolving Credit Note dated June 13, 1996 in the original principal amount of \$5,000,000.00 executed by Power and delivered to Keystone Financial (the "\$5,000,000 Note");
- (ii) a Term Note dated June 13, 1996 in the original principal amount of \$5,893,750.00 executed by Power and delivered to Keystone Financial (the "\$5,893,750 Note"), as amended by (a) a First Amended Term Note dated August 1, 1996 in the principal amount of \$5,775,252.31 executed by Power and delivered to Keystone Financial; and (b) a Second Amended Term Note dated January 31, 1997 in the principal amount of \$5,775,252.31 executed by Power and delivered to Keystone Financial. (The \$5,893,750 Note, as amended, the "\$5,775,252.31 Note".)
- (iii) loans made pursuant to that certain Post-Petition Credit Agreement ("Post-Petition Credit Agreement") dated as of May, 1998 in the amount of \$1,231,159.91 as authorized by the United States Bankruptcy Court for the District of Delaware.

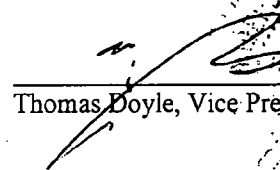
In addition, Assignor hereby makes, constitutes, and appoints Assignee, its attorney in fact, irrevocably, in Assignor's name or otherwise but at the expense of Assignee, to have, use, and take all lawful means for the recovery of the principal and interest secured by the above stated mortgage, and in

case of payment to discharge the mortgage as fully as Assignor might, or could, do if this assignment were not made.


IN WITNESS WHEREOF, Assignor has executed this Assignment on the 27th day of September, 2002 in duplicate.

Manufacturers and Traders Trust Company

By:


Thomas Doyle, Vice President

On this, the 27th day of September, 2002, before me, a notary public, the undersigned officer, personally appeared THOMAS DOYLE, who acknowledged himself to be the Vice President of Manufacturers and Traders Trust Company, a Pennsylvania corporation, and that he, as such officer, being authorized to do so, executed the foregoing Assignment of Mortgage for the purposes therein contained by signing the name of such corporation by himself as such officer.


Notary Public

(NOTARIAL SEAL)

My Commission Expires:

NOTARIAL SEAL
KAREN A. PLEVA, NOTARY PUBLIC
Allegheny Township, Blair County
My Commission Expires Oct 28, 2003

KAREN L. STARCK
REGISTER AND RECORDER
CLEARFIELD COUNTY
Pennsylvania

INSTRUMENT NUMBER
200220434

RECORDED ON

Dec 20, 2002
2:17:07 PM

Total Pages: 2

RECORDING FEES - \$13.00
RECORDER

COUNTY IMPROVEMENT \$2.00
FUND

RECORDER IMPROVEMENT \$3.00
FUND

JCS/ACCESS TO \$10.00
JUSTICE

STATE WRIT TAX \$0.50

TOTAL \$28.50

CUSTOMER
TEST, GEORGE S.

FILED

(12/11)

Atty Test

01 11:15 EDT

03.85.00

MAR 31 2003

3 cc Atty Test

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY
PENNSYLVANIA

JR. LAND COMPANY, INC.	:	CIVIL DIVISION
By Assignment from	:	
MANUFACTURERS AND TRADERS TRUST	:	NO. <u>03-456-CD</u>
COMPANY (M&T). Successor in interest by	:	
Merger to KEYSTONE FINANCIAL BANK.	:	
N.A. (Keystone), formerly known as	:	
MID-STATE BANK AND TRUST COMPANY,	:	RESPONSE TO COMPLAINT
Plaintiff,	:	IN MORTGAGE FORECLOSURE
	:	
vs.	:	
POWER OPERATING CO., INC., a/k/a	:	
POWER LAND CO., a/k/a	:	
POWER LAND CO., INC.	:	
and	:	
SHARON GATES, Terre Tenant,	:	
	:	
Defendant	:	
and	:	
WILLIAM WILSON, Terre Tenant,	:	
	:	
Defendant	:	

Filed by SHARON GATES
Defendant

Sharon Gates
512 Blue Spruce Rd.
Philipsburg, PA 16866
(814) 342-7296

FILED

MAY 21 2003

William A. Shaw
Prothonotary

Sharon Gates
512 Blue Spruce Road
Philipsburg, PA 16866
342-7296 (Leave message)
May 20, 2003

Clearfield County Court of Common Pleas
Clearfield, PA 16830

FILED

RE: JR Land Co., Inc. vs. Sharon Gates

No. 03-456-CD

Response to Complaint in Mortgage Foreclosure

MAY 21 2003

0/10:10/10
WILLIAM A. SHAW
Prothonotary

EX-105

2 CNT TO DEF.

The following is my response to the complaint served on May 1, 2003. On Wednesday, May 14, 2003 Mr. George Cowfer, principal owner of JR Land Co., Inc. (plaintiff) met me at my home per my request. Mr. Cowfer acknowledged that he was aware of the motion by the Bankruptcy Court of the State of Delaware (which had been sent to Mr. Test by my attorney). Mr. Cowfer then stated that he would speak to Mr. Test the following day and resolve this situation. Unfortunately, I have yet to receive confirmation that he has dismissed his claim.

1. On May 7, 1999, I negotiated with Power Operating Co., Inc. for the purchase of three (3) parcels of land identified as Tract Number 112-P12-134 recorded at Instrument Number 199917451 and Tracts Numbered 112-P12-215 & 112-P12-217 recorded at Instrument Number 199917452 as evidenced by an agreement of sale. A copy of said agreement is attached hereto as Exhibit A.
2. Power Operating Co., Inc. notified me in August of 1999 that the Bankruptcy Court of the State of Delaware had approved the agreement of sale. A copy of said motion is hereto attached as Exhibit B.
3. On October 20, 1999 I closed on the purchase of the property as described in paragraph 1 and evidenced by Settlement Statement executed October 20, 1999. A copy of said Settlement Statement is hereto attached as Exhibit C.

4. Proceeds from the purchase of aforementioned property were remitted to MIDSTATE BANK, the mortgage holder at the time of the transaction. A copy of the check of these proceeds is hereto attached as Exhibit D.
5. On October 30, 1999, I received deeds for the three (3) parcels I purchased as Tract Number 112-P12-134 recorded at Instrument Number 199917451 and Tracts Numbered 112-P12-215 & 112-P12-217 recorded at Instrument Number 199917452. Copies of said deeds are hereto attached as Exhibit E.
6. On June 2, 2000, I entered into a lease agreement with Junior Coal Contracting Inc., which shares common ownership with JR Land Co., the plaintiff. Copy of said lease agreement is hereto attached as Exhibit F.
7. Furthermore, the plaintiff is beginning mining operations on the aforementioned parcels of property. It is my contention that said plaintiff has brought this lawsuit as a thinly veiled attempt to circumvent the Lease Agreement of June 2, 2000 in order to elude payment of royalties due under aforementioned lease. In addition, the plaintiff was a member of the credit committee in the Power Operating bankruptcy and had knowledge of the fact that all land sales of Power Operating Co. required approval of not only the mortgage holder and Power Operating Co., but also the Bankruptcy Court.

WHEREFORE, the defendant requests the court to dismiss, with prejudice, JR Land Company's complaint for Mortgage Foreclosure and due to the frivolity of said complaint award the defendant attorney's fees and court costs.

The above statements, with respect to above referenced complaint, are true and correct to the best of my knowledge.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sharon Gates", with a stylized, cursive script.

Sharon Gates

4. NOTICES AND ASSESSMENTS (7-08)

- (A) Seller represents, as of the execution of this Agreement, that no public improvement, condemnation or homeowner association assessments have been made against the Property which remain unpaid and no notice by any government or public authority has been served upon the Seller or anyone on the Seller's behalf, including notices relating to violations of zoning, housing, building, safety or fire ordinances which remain uncorrected unless otherwise specified herein.
- (B) Seller will be responsible for any notice of improvements or assessments received on or before the execution of this Agreement, unless improvements consist of sewer or water lines not in use.
- (C) Buyer will be responsible for any written notice served upon Seller after the execution of this Agreement and for the payment thereafter of any public improvement and condemnation or homeowner association assessments, including regularly imposed association fees (provided in paragraph 11).
- (D) Buyer is advised that access to a public road may require issuance of a highway occupancy permit from the Department of Transportation.
- (E) If required by law, Seller shall deliver to Buyer on or before settlement, a certification from the appropriate municipal department or departments disclosing notice of any uncorrected violations of zoning, housing, building, safety or fire ordinances.

7. TITLE, SURVEYS, AND COSTS (7-98)

- (A) The Property is to be conveyed free and clear of all liens, encumbrances, and easements. EXCEPTING HOWEVER, the following: existing building restrictions, ordinances, easements of roads, easements visible upon the ground, privileges or rights of public service companies. If any; otherwise the title to the above described real estate shall be good and marketable and such as will be insured by a reputable Title Insurance Company at the regular rates.
- (B) In the event the Seller is unable to give a good and marketable title and such as will be insured by a reputable Title Company, subject to aforesaid, Buyer shall have the option of taking such title as the Seller can give without abatement of price or of being repaid all monies paid by Buyer to Seller on account of the purchase price and the Seller will reimburse the Buyer for any costs incurred by Buyer for those items specified in paragraph 7(D) and in paragraph 7(E) items (1), (2), (3); and in the latter event there shall be no further liability or obligation on either of the parties hereto and this Agreement shall become NULL AND VOID and all copies will be returned to Agent for Seller for cancellation.
- (C) Formal tender of an executed deed and purchase money is hereby waived.
- (D) Any survey or surveys which may be required by the Title Insurance Company or the Buyer's attorney, for the preparation of an adequate legal description of the Property for the correction thereof shall be secured and paid for by the parties. However, any survey or surveys desired by the Buyer or required by the mortgage lender shall be secured and paid for by the Buyer.
- (E) Buyer will pay for the following: (1) the premium for mechanics lien insurance and/or title search, or fee for cancellation of same, if any; (2) The premium for flood insurance and/or fire insurance with extended coverage, insurance binder charges or cancellation fee, if any; (3) Appraisal fees and charges paid in advance to mortgage lender, if any; (4) Buyer's normal settlement costs and accruals.

2. DEPOSIT AND RECOVERY FUND (4-93)

- (A) Deposits, regardless of the form of payment and the person designated as payee, shall be paid to Agent for Seller who shall retain them in an escrow account until consummation or termination of this Agreement in conformity with all applicable laws and regulations. Agent for Seller may, at his or her sole option, hold any uncashed check tendered as deposit, pending the acceptance of this offer. In the event of litigation for the return of deposit monies, Agent for Seller will disburse the monies pursuant to a final order of court or the written agreement of the parties. Buyer and Seller agree that, in the event any Agent and/or Subagent herein is joined in litigation for the return of deposit monies, the Agent's and/or Subagent's attorneys fees and costs will be paid by the party joining the Agent or Subagent.
- (B) A Real Estate Recovery Fund exists to reimburse any person who has obtained a final civil judgment against a Pennsylvania real estate licensee owing to fraud, misrepresentation, or deceit in a real estate transaction and who have been unable to collect the judgment after exhausting all legal and equitable remedies. For complete details about the Fund, call (717) 483-3658.

9. POSSESSION (7-08)

- (A) Possession is to be delivered by deed, keys and physical possession in a vacuum building (if any) broom clean, free of debris as of date of settlement, or by deed and assignment of existing lease(s), together with any security deposits and interest, as time of settlement if Property is vacant occupied at the execution of this Agreement, or unless otherwise specified herein. Buyer will acknowledge existing lease(s) by initialing said lease(s) at time of signing of this Agreement of Sale, if Property is tenanted, occupied.
- (B) Seller will not enter into any new leases, written extension of existing leases, if any, or additional leases for the Property without expressed written consent of the Buyer.

10. MAINTENANCE AND RISK OF LOSS (7-08)

- (A) Seller shall maintain the Property, fixtures, and any personal property specifically scheduled herein in its present condition, normal wear and tear excepted.
- (B) Buyer reserves the right to make a pre-settlement inspection of the Property.
- (C) Seller shall bear risk of loss from fire or other casualties until time of settlement. In the event of damage to any property included in this sale by fire or other casualties, not repaired or replaced prior to settlement, Buyer shall have the option of rescinding this Agreement and receiving all monies paid on account of or accepting the Property in its then condition together with the proceeds of any insurance recovery obtainable by Seller. Buyer is hereby notified that Buyer may insure Buyer's equitable interest in this Property as of the time of the execution of this Agreement.

11. RECORDING (3-87)

- This Agreement shall not be recorded in the Office of the Recording of Deeds or in any other office or place of public record and if Buyer causes or permits this Agreement to be recorded, Seller may elect to treat such act as a breach of this Agreement.

12. ASSIGNMENT (3-87)

- This Agreement shall be binding upon the parties, their respective heirs, personal representatives, guardians and successors, and to the extent assignable, on the assigns of the parties hereto, it being expressly understood, however, that Buyer shall not transfer or assign this Agreement without the written consent of Seller.

13. DEFAULT-TIME OF THE ESSENCE (1-79)

- The said time for settlement and all other times referred to for the performance of any of the obligations of this Agreement are hereby agreed to be of the essence of this Agreement. Should Buyer:

- (A) Fail to make any additional payments as specified in paragraph 1, or
- (B) Furnish false or incomplete information to the Seller, Agent for Seller or the mortgage lender, concerning the Buyer's legal or financial status, or fail to cooperate in the processing of the mortgage loan application, which act would result in the failure to obtain the approval of a mortgage loan commitment, or

- (C) Violate or fail to fulfill and perform any other terms or conditions of this Agreement, then in such case, all deposit monies and other sums paid by the Buyer on account of the purchase, whether required by this Agreement or not, may be retained by the Seller; (1) On account of the purchase; or (2) As monies to be applied to Seller's damages; or (3) As liquidated damages for each breach, as Seller may elect, and in the event that Seller elects to retain the monies as liquidated damages in accordance with paragraph 13(C), Seller shall be released from all liability or obligations and this Agreement shall be NULL AND VOID and all copies will be returned to Agent for Seller for cancellation.

14. AGENTS (3-88)

- It is expressly understood and agreed between the parties that the named Agent, Broker, and any Subagent, Broker and their salespeople, employees, officers and/or partners, are Agents for Seller, not Buyer, however, the Agent(s) may perform services for Buyer in connection with financing, insurance and documents preparation.

15. REPRESENTATIONS (4-84)

- (A) Buyer understands that any representations, claims, advertising, promotional activities, brochures or plans of any kind made by Seller, Agents or their employees are not a part of this Agreement, unless expressly incorporated or stated in this Agreement.

- (B) It is understood that Buyer has inspected the Property (including fixtures and any personal property specifically scheduled herein), or hereby waives the right to do so, and has agreed to purchase it in its present condition. Buyer acknowledges that the Agents have not made an independent examination or determination of the structural soundness of the Property, the age or condition of the components, environmental conditions, the permitted uses, or of conditions existing in the locale where the Property is situated; nor have they made a mechanical inspection of any of the systems contained therein.

- (C) It is further understood that this Agreement contains the whole agreement between Seller and Buyer and there are no other terms, obligations, covenants, representations, statements or conditions, oral or otherwise of any kind whatsoever concerning this sale. Furthermore, this Agreement shall not be altered, amended, changed, or modified except in writing executed by the parties.

NOTICE TO PARTIES: WHEN SIGNED, THIS AGREEMENT IS A BINDING CONTRACT. Return by facsimile transmission (FAX) of this Agreement of Sale, and all addenda, bearing the signatures of all parties, constitutes acceptance of this Agreement. Parties to this transaction are advised to consult an attorney before signing if they desire legal advice.

WITNESS [Signature] BUYER Sharon Gates (SEAL) DATE 5/2/99
WITNESS [Signature] BUYER [Signature] (SEAL) DATE _____
WITNESS [Signature] BUYER [Signature] (SEAL) DATE _____

Seller hereby approves the above contract this _____ day of _____ A.D. 19____
and in consideration of the services rendered in procuring the Buyer, Seller agrees to pay the named Agent for Seller a fee of _____
all from the herein specified sale price. In the event Buyer defaults hereunder, any monies paid on account shall be divided _____ Seller.
_____ Agent for Seller, but in no event will the sum paid to the Agent for Seller be in excess of the above specified Agent's fee.

WITNESS [Signature] SELLER [Signature] (SEAL) DATE 5/4/99
WITNESS [Signature] SELLER [Signature] (SEAL) DATE _____
WITNESS [Signature] SELLER [Signature] (SEAL) DATE _____

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In Re:

POWELL U.S.A., INC. and
POWER OPERATING CO., INC.

Debtors.

Chapter 11

Case No. 98-1136 (MFW)

(Jointly Administered)

**ORDER AUTHORIZING SALE OF CERTAIN UNIMPROVED
REAL PROPERTY FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES**

This matter coming before the Court on the Motion for an Order (i) Authorizing Sale of Certain Unimproved Real Property Free and Clear of Liens, Claims and Encumbrances (the "Motion") filed by the above-captioned debtors and debtors in possession (collectively, the "Debtor"); the Court having reviewed the Motion and having heard the statements of counsel in support of the relief requested in the Motion; the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (c) notice of the Motion was sufficient under the circumstances; and (d) the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein.

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. The Debtor is hereby authorized to sell, transfer and assign all of its right, title and interest in the Property (as defined in the Motion) to Sharon Gates for the gross price of \$24,700.00, pursuant to the terms of the Agreement of Sale attached as Exhibit A to the Motion, free and clear of all liens, claims, and encumbrances with any such liens, claims, and

now valid.

The Buyer is a good faith purchaser within the meaning of 11 U.S.C.
§ 541 and is entitled to the protections of that section.

Dated: June 25, 1999


UNITED STATES BANKRUPTCY JUDGE

W:\050050\01\178-001\wpd

CERTIFICATE OF SERVICE - I Certify
I mailed by First - Class Mail
Copy of this Document on: 6/29/99

cc: D. Fournier, Esq.

Movant to send copies to all
parties and file certificate
of service with the court.

TOTAL P.03

39 07:37 FROM GFL/GENCO
03 00

POWER-JEN

08/30/98 10:41 FAX 8143422118

Settlement Statement

U.S. Department of Housing
and Urban Development

OMB No. 2502-0265

B. Type of Loan

1. ☐ FHA 2. ☐ FmHA 3. ☐ Conv. Unins.
4. ☐ VA 5. ☐ Conv. Ins. NONE

6. File Number

7. Loan Number

8. Mortgage Insurance Case Number

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name and Address of Borrower

Buyer

E. Name and Address of Seller

F. Name and Address of Lender

Sharon Gates
R. R. 1, Box 415
Phillipsburg, PA. 16866

Power Operating Co., Inc.
P. O. Box 25
Osceola Mills, PA. 16666

NONE

G. Property Location

Decatur Township, Clearfield County, PA.

H. Settlement Agent

Ronald E. Archer, Esq.

I. Settlement Date

711 Hannah St.
Houtzdale, PA. 16651

J. Summary of Borrower's Transaction

100. Gross Amount Due From Borrower

101. Contract sales price	\$24,700.00
102. Personal property	
103. Settlement charges to borrower (line 1400)	628.08
104.	
105.	

Adjustments for items paid by seller in advance

106. City/town taxes to	
107. County taxes 10/21/99 to 12/31/99	16.49
108. Assessments to	
109.	
110.	
111.	
112.	

120. Gross Amount Due From Borrower \$25,344.57

200. Amounts Paid By Or In Behalf Of Borrower

201. Deposit or earnest money	
202. Principal amount of new loan(s)	
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208.	
209.	

Adjustments for items unpaid by seller

210. City/town taxes to	
211. County taxes to	
212. Assessments to	
213.	
214.	
215.	
216.	
217.	
218.	
219.	

220. Total Paid By/For Borrower ()

K. Summary of Seller's Transaction

400. Gross Amount Due To Seller

401. Contract sales price	\$24,700.00
402. Personal property	
403.	
404.	
405.	

Adjustments for items paid by seller in advance

406. City/town taxes to	
407. County taxes 10/21/99 to 12/31/99	16.49
408. Assessments to	
409.	
410.	
411.	
412.	

420. Gross Amount Due To Seller \$24,716.49

500. Reductions In Amount Due To Seller

501. Excess deposit (see instructions)	
502. Settlement charges to seller (line 1400)	\$335.55
503. Existing loan(s) taken subject to	
504. Payoff of first mortgage loan	
505. Payoff of second mortgage loan	
506. Clearfield County Tax Claim	
507. Bureau - returned taxes for	
508. 1996, 1997, 1998 as per	
509. attached statements	1,173.43

Adjustments for items unpaid by seller

510. City/town taxes to	
511. County taxes to	
512. Assessments to	
513.	
514.	
515.	
516.	
517.	
518.	
519.	

520. Total Reduction Amount Due Seller \$1,508.98

300. Cash At Settlement From/To Borrower

301. Gross Amount due from borrower (line 120)	\$25,344.57
302. Less amounts paid by/for borrower (line 220)	()
303. Cash <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$25,344.57

600. Cash At Settlement To/From Seller

601. Gross amount due to seller (line 420)	\$24,716.49
602. Less reductions in amt. due seller (line 520)	(1,508.98)
603. Cash <input checked="" type="checkbox"/> To <input type="checkbox"/> From Seller *	\$23,207.51

*To be paid to Midstate Bank

We, the undersigned hereby acknowledge receipt of a copy of this completed Settlement Statement.

Borrower:

Sharon Gates

Seller:

Hynd Powell

The terms of your loan require you to have an escrow account to assure that certain obligations relating to the mortgaged property, such as taxes, insurance premiums and other charges, are paid. The amount specified to the right will be collected, along with your mortgage principal and interest payments during the first 12 months after your account is opened to pay these anticipated expenses:

Escrow Account

Beginning Date

Your escrow account payment will be \$ per ☐ month ☐ year.

SA

Payee	Purpose	Anticipated Due Date	Estimated Amount
			\$
			\$
			\$
			\$
			\$
			\$
Annual Total Due			\$

Previous Edition Is Obsolete

MORTGAGOR'S COPY BUYER

HUD-1
RESPA, HB 4305.2

L. Settlement Charges

700. Total Sales/Broker's Commission based on price \$ @ % =				Paid From Borrower's Funds At Settlement	Paid From Seller's Funds At Settlement
Division of Commission (line 700) as follows:					
701.	\$	to			
702.	\$	to			
703. Commission paid at Settlement					
704.					
800. Items Payable In Connection With Loan					
801.	Loan Origination Fee	%			
802.	Loan Discount	%			
803.	Appraisal Fee	to			
804.	Credit Report	to			
805.	Lender's Inspection Fee				
806.	Mortgage Insurance Application Fee	to			
807.	Assumption Fee				
808.					
809.					
810.					
811.					
900. Items Required By Lender To Be Paid In Advance					
901.	Interest from	to	@ \$	/day	
902.	Mortgage Insurance Premium for			months to	
903.	Hazard Insurance Premium for			years to	
904.				years to	
905.					
1000. Reserves Deposited With Lender					
1001.	Hazard Insurance	months @ \$		per month	
1002.	Mortgage Insurance	months @ \$		per month	
1003.	City property taxes	months @ \$		per month	
1004.	County property taxes	months @ \$		per month	
1005.	Annual assessments	months @ \$		per month	
1006.		months @ \$		per month	
1007.		months @ \$		per month	
1008.		months @ \$		per month	
1100. Title Charges					
1101.	Settlement or closing fee	to	Ronald E. Archer		\$150.00
1102.	Abstract or title search	to			
1103.	Title Examination	to			
1104.	Title insurance binder	to			
1105.	Document preparation	to			
1106.	Notary fees	to			
1107.	Attorney's fees	to	Ronald E. Archer		
	(includes above items numbers:)		
1108.	Title insurance	to			
	(includes above items numbers:)		
1109.	Lender's coverage	\$			
1110.	Owner's coverage	\$			
1111.					
1112.					
1113.					
1200. Government Recording And Transfer Charges					
1201.	Recording fees: Deed \$ 31.00	Mortgage \$		Releases \$	31.00
1202.	City/county tax/stamps: Deed \$ 247.00	Mortgage \$			247.00
1203.	State tax/stamps: Deed \$ 247.00	Mortgage \$			
1204.					
1205.					
1300. Additional Settlement Charges					
1301.	Survey	to			
1302.	Pest inspection	to			
1303.	Seller's share of 1999/2000 school taxes 7/1/99-10/20/99				
1304.	Buyer's share of 1999/2000 school taxes 10/21/99-6/30/2000				200.08
1305.					
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)					\$628.08

We, the undersigned hereby acknowledge receipt of a copy of this completed Settlement Statement.

Borrower: Sharon Gates

Seller: ✓ [Signature] J Powell

NBOC BANK
HOUTZDALE, PENNSYLVANIA 16651

LAWYERS TRUST ACCOUNT BOARD

IOLTA FOR RONALD E. ARCHER

P.O. BOX 276

HOUTZDALE, PA 16651

6911

DATE October 20, 1999 60-682-433

PAY
TO THE
ORDER OF MIDSTATE BANK

\$ 23,207.51

TWENTY-THREE THOUSAND TWO HUNDRED SEVEN AND 51/100

DOLLARS ☒ Security Features
Change in Color

Proceeds of sale -		
Power to Gates		

RONALD E. ARCHER
ATTORNEY ACCOUNT

Ronald E. Archer NP

THIS CHECK IS DELIVERED FOR PAYMENT ON THE ACCOUNTS LISTED

⑈006911⑈ ⑆043306826⑆⑈11 0002997 5⑈

County Parcel No. _____

**This Deed,**

MADE the

20th

day of

October

in the year nineteen hundred and — ninety-nine. —

BETWEEN POWER OPERATING CO., INC., a Corporation, created and existing under the laws of the Commonwealth of Pennsylvania, with its office or principal place of business at P. O. Box 25, Osceola Mills, Pennsylvania 16666, Grantor and Party of the First Part, _____

AND _____

SHARON GATES, an adult individual, of R. R. 1, Box 415, Philipsburg, Pennsylvania 16866, Grantee and Party of the Second Part. _____

WITNESSETH, That in consideration of

SIX THOUSAND SEVEN HUNDRED FIFTY-ONE AND 10/100 (\$6,751.10) DOLLARS ----- Dollars, in hand paid, the receipt whereof is hereby acknowledged, the said grantor does - hereby grant and convey to the said grantee, — her heirs and assigns. ----

ALL that certain piece or parcel of land situate, lying and being in Decatur Township, Clearfield County, Pennsylvania, bounded and described as follows: _____

On the North by right-of-way line now or formerly of Pennsylvania Railroad; on the East by land now or formerly of Middle Pennsylvania Coal Corporation, et al; on the South by land now or formerly of Edward and Theon Hughes; and on the West by land now or formerly of Phyllis and Robert Dixon. CONTAINING 15 acres, and identified by Clearfield County Assessment Map Number 112-P12-000-00134. _____

SUBJECT to express and/or implied exceptions, conditions, easements, covenants, restrictions, conveyances and limitations as are contained in all prior deeds. _____

BEING the same premises as were conveyed unto Grantor by deed of Elliot Coal Mining Company, Inc., dated October 1, 1986, and entered for record in the Office for the Recording of Deeds of Clearfield County, Pennsylvania, in Deeds and Records Volume 1113, Page 396, on October 7, 1986. _____

KAREN L. STARCK
REGISTER AND RECORDER
CLEARFIELD COUNTY
Pennsylvania

INSTRUMENT NUMBER

199917451

RECORDED ON

Oct 20, 1999

3:03:15 PM

RECORDING FEES - \$13.00

RECORDER

COUNTY IMPROVEMENT \$1.00

FUND

RECORDER \$1.00

IMPROVEMENT FUND

STATE TRANSFER TAX \$67.51

STATE WRIT TAX \$0.50

DECATUR TOWNSHIP \$33.75

PHILIPSBURG-OSCEOL \$33.76

SCHOOLS

TOTAL \$150.52

K. Starck

NOTICE

In accordance with the provisions of "The Bituminous Mine Subsidence and Land Conservation Act of 1966", I, we, the undersigned grantee/grantees, hereby certify that I, we know and understand that I/we may not be obtaining the right of protection against subsidence resulting from coal mining operations and that the purchased property may be protected from damage due to mine subsidence by a private contract with the owners of the economic interest in the coal. I/we further certify that this certification is in a color contrasting with that in the deed proper and is printed in twelve point type preceded by the word: "notice" printed in twenty-four point type.

Witness:

Sharon Gates
Sharon Gates

This 20th day of October, 1999.

THIS DOCUMENT MAY NOT SELL, CONVEY, TRANSFER, INCLUDE OR INSURE THE TITLE TO THE COAL AND RIGHT OF SUPPORT UNDERNEATH THE SURFACE LAND DESCRIBED OR REFERRED TO HEREIN, AND THE OWNER OR OWNERS OF SUCH COAL MAY HAVE THE COMPLETE LEGAL RIGHT TO REMOVE ALL OF SUCH COAL AND, IN THAT CONNECTION, DAMAGE MAY RESULT TO THE SURFACE OF THE LAND AND ANY HOUSE, BUILDING OR OTHER STRUCTURE ON OR IN SUCH LAND. THE INCLUSION OF THIS NOTICE DOES NOT ENLARGE, RESTRICT OR MODIFY ANY LEGAL RIGHTS OR ESTATES OTHERWISE CREATED, TRANSFERRED, EXCEPTED OR RESERVED BY THIS INSTRUMENT. (This Notice is set forth pursuant to Act No. 255, approved September 10, 1965, as amended.)

AND the said grantor will SPECIALLY WARRANT AND FOREVER DEFEND the property hereby conveyed.

IN WITNESS WHEREOF, the said Grantor has caused this Deed to be signed by its President or a Vice President, and also by its Secretary, or by an Assistant Secretary, or by its Treasurer, or by an Assistant Treasurer, and its Corporate Seal to be hereunto affixed, the day and year first above written.

Attest:

[Signature]

Secretary

(CORPORATE SEAL)

POWER OPERATING CO., INC.

By

[Signature]

President

CERTIFICATE OF RESIDENCE

I hereby certify, that the precise residence of the grantee herein is as follows:

R. R. 1, Box 415
Philipsburg, PA. 16866

[Signature]

Attorney or Agent for Grantee

NTS

Commonwealth of Pennsylvania
County of *Clearfield*

ss:

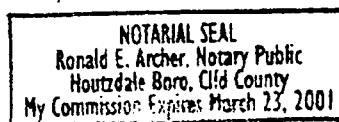
On this, the *20th* day of *October*, 1999, before me, the undersigned officer, personally appeared *Glyn D. Powell*, who acknowledged himself to be the *President* of POWER OPERATING CO., INC. the foregoing corporation, and that as such, he, being authorized by such corporation to do so, executed the foregoing deed for the purpose therein contained by signing his name thereon as such.

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

[Signature]

My Commission Expires

, 19



Commonwealth of Pennsylvania
County of } ss:

I HEREBY CERTIFY that on this day of
A.D. 19, before me, the subscriber, a
Notary Public in and for said Commonwealth and County, personally appeared
....., the attorney named in the foregoing Indenture.
and by virtue and in pursuance of the authority therein conferred upon him, acknowledged the said
INDENTURE to be the act and deed of the said
to the intent that the same may be duly recorded.

WITNESS my hand and Notary Seal the day and year aforesaid.

My Commission Expires
Notary Public

I HEREBY CERTIFY, that the precise address of the grantee herein is

.....
.....

Commonwealth of Pennsylvania
County of } ss:

RECORDED in the Office for Recording of Deeds, etc., in and for said County, in

Deed Book No. Vol., Page

WITNESS my Hand and Official Seal this day of, 19

Recorder of Deeds

County Parcel No. _____

**This Deed,**

MADE the

20th

day of October

in the year nineteen hundred and—ninety-nine. —

BETWEEN POWER OPERATING CO., INC., a Corporation, created and existing under the laws of the Commonwealth of Pennsylvania, with its office or principal place of business at P. O. Box 25, Osceola Mills, Pennsylvania 16666, Grantor and Party of the First Part, _____

AND

SHARON GATES, an adult individual, of R. R. 1, Box 415, Philipsburg, Pennsylvania 16866, Grantee and Party of the Second Part. _____

WITNESSETH, That in consideration of

SEVENTEEN THOUSAND NINE HUNDRED FORTY-EIGHT AND 90/100 (\$17,948.90) --- Dollars, in hand paid, the receipt whereof is hereby acknowledged, the said grantor does - hereby grant and convey to the said grantee, — her heirs and assigns. ---

ALL those certain pieces or parcels of land situate, lying and being in Decatur Township, Clearfield County, Pennsylvania, bounded and described as follows: _____

THE FIRST THEREOF: BEGINNING at a post 25 feet South of the center line of the Mapleton Branch No. 2 of the Tyrone and Clearfield Railroad, and being the Northeast corner of the property now or late of John H. Hughes; thence by said Railroad South 69° 20' East 445 feet to post; thence by same South 64° East 424 feet to post corner of property now or late of Benjamin Hughes; thence by property now or late of Benjamin Hughes, South 33° 10' West 1,471 feet to post; thence by same, North 71° 20' West 706 feet to post; thence by same, North 5° East 385 feet to post on line of property now or late of John Hughes; thence by property now or late of John Hughes, South 85° East 462 feet to post; thence by same, North 5° East 1,096 feet to post and the place of beginning. ~~CONTAINING 25 acres.~~ _____

BEING further identified by Clearfield County Assessment Map Number 112-P12-000-00215. _____

SUBJECT to express and/or implied exceptions, conditions, easements, covenants, restrictions, conveyances and limitations as are contained in all prior deeds. -----

BEING the same premises identified as Tract 4 - Twenty-five acres, as was conveyed unto Grantor by deed of Elliot Coal Mining Company, Inc., dated October 1, 1986, and entered for record in the Office for the Recording of Deeds of Clearfield

County, Pennsylvania, in Deeds and Records Volume 1113, Page 399, on October 7, 1986.

THE SECOND THEREOF: ALL that certain piece or parcel of land situate, lying and being in Decatur Township, Clearfield County, Pennsylvania, bounded and described as follows:

BOUNDED on the East by land of Power Operating Co., Inc., and land now or formerly of Edward and Theon Hughes; on the South by land now or formerly of Edward and Theon Hughes; and land now or formerly of Charles and Dorothy Moore; on the West by land now or formerly of Edward and Theon Hughes; and on the North by land now or formerly of Henry Walker, and land now or formerly of Thomas and Catherine Ridgeway, and land now or formerly of Thomas and Elizabeth Ridgeway. **CONTAINING** 14.880 acres and identified by Clearfield County Assessment Map Number 112-P12-000-00217.

SUBJECT to express and/or implied exceptions, conditions, easements, covenants, restrictions, conveyances and limitations as are contained in all prior deeds.

BEING part of the premises identified as The First Tract as was conveyed unto Grantor by deed of Elliot Coal Mining Company, Inc., dated October 1, 1986, and entered for record in the Office for the Recording of Deeds of Clearfield County, Pennsylvania, in Deeds and Records Volume 1113, Page 399, on October 7, 1986.

NOTICE

In accordance with the provisions of "The Bituminous Mine Subsidence and Land Conservation Act of 1966", I/we, the undersigned grantee/grantees, hereby certify that I/we know and understand that I/we may not be obtaining the right of protection against subsidence resulting from coal mining operations and that the purchased property may be protected from damage due to mine subsidence by a private contract with the owners of the economic interest in the coal. I/we further certify that this certification is in a color contrasting with that in the deed proper and is printed in twelve point type preceded by the word "notice" printed in twenty-four point type.

Witness:

Ronald B. Archer

Sharon Gates
Sharon Gates

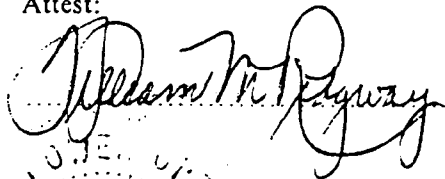
This 20th day of October, 1999.

THIS DOCUMENT MAY NOT SELL, CONVEY, TRANSFER, INCLUDE OR INSURE THE TITLE TO THE COAL AND RIGHT OF SUPPORT UNDERNEATH THE SURFACE LAND DESCRIBED OR REFERRED TO HEREIN, AND THE OWNER OR OWNERS OF SUCH COAL MAY HAVE THE COMPLETE LEGAL RIGHT TO REMOVE ALL OF SUCH COAL AND, IN THAT CONNECTION, DAMAGE MAY RESULT TO THE SURFACE OF THE LAND AND ANY HOUSE, BUILDING OR OTHER STRUCTURE ON OR IN SUCH LAND. THE INCLUSION OF THIS NOTICE DOES NOT ENLARGE, RESTRICT OR MODIFY ANY LEGAL RIGHTS OR ESTATES OTHERWISE CREATED, TRANSFERRED, EXCEPTED OR RESERVED BY THIS INSTRUMENT. (This Notice is set forth pursuant to Act No. 255, approved September 10, 1965, as amended.)

AND the said grantor will WARRANT AND FOREVER DEFEND the property hereby conveyed.

IN WITNESS WHEREOF, the said Grantor has caused this Deed to be signed by its President or a Vice President, and also by its Secretary, or by an Assistant Secretary, or by its Treasurer, or by an Assistant Treasurer, and its Corporate Seal to be hereunto affixed, the day and year first above written.

Attest:

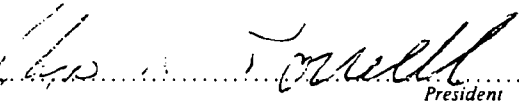


Secretary

(CORPORATE SEAL)

POWER OPERATING CO., INC.

By




President

CERTIFICATE OF RESIDENCE

I hereby certify, that the precise residence of the grantee herein is as follows:

R. R. 1, Box 415
Philipsburg, PA. 16866



Attorney or Agent for Grantee

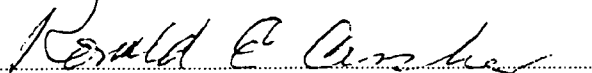
NTS

Commonwealth of Pennsylvania
County of Clearfield

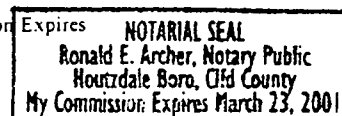
ss:

On this, the 20th day of October, 19 99, before me, the undersigned officer, personally appeared Glyn D. Powell, who acknowledged himself to be the President of POWER OPERATING CO., INC. the foregoing corporation, and that as such, he, being authorized by such corporation to do so, executed the foregoing deed for the purpose therein contained by signing his name thereon as such.

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



My Commission Expires



. 19

Commonwealth of Pennsylvania } ss:
County of

I HEREBY CERTIFY that on this _____ day of _____ A.D. 19____, before me, the subscriber, a Notary Public in and for said Commonwealth and County, personally appeared _____, the attorney named in the foregoing Indenture, and by virtue and in pursuance of the authority therein conferred upon him, acknowledged the said INDENTURE to be the act and deed of the said _____ to the intent that the same may be duly recorded.

WITNESS my hand and Notary Seal the day and year aforesaid.

My Commission Expires Notary Public

I HEREBY CERTIFY, that the precise address of the grantee herein is

.....
.....

Commonwealth of Pennsylvania } ss:
County of

RECORDED in the Office for Recording of Deeds, etc., in and for said County, in

Deed Book No. _____ Vol. _____, Page _____

WITNESS my Hand and Official Seal this _____ day of _____, 19____

Recorder of Deeds

RONALD E. ARCHER
ATTORNEY AT LAW
HOUTZDALE, PENNSYLVANIA

KAREN L. STARCK
REGISTER AND RECORDER
CLEARFIELD COUNTY
Pennsylvania

INSTRUMENT NUMBER
199917452

RECORDED ON
Oct 20, 1999
3:03:16 PM

RECORDING FEES -	\$13.00
RECORDER	
COUNTY IMPROVEMENT FUND	\$1.00
RECORDER IMPROVEMENT FUND	\$1.00
STATE TRANSFER TAX	\$179.49
STATE WRIT TAX	\$0.50
DECATUR TOWNSHIP	\$89.74
PHILIPSBURG-OSCEOLA SCHOOLS	\$89.75
TOTAL	\$374.48

R. Archer

LEASE AGREEMENT

MADE AND ENTERED into this *2ND* day of *June*, 2000 by and between **SHARON L. GATES**, R.R. 1, Box 415, Philipsburg, Pennsylvania hereinafter referred to as "LESSOR" and Parties of the First Part,

AND

JUNIOR COAL CONTRACTING, INC., a Pennsylvania corporation with an address of R.D. 3, Box 225A, Philipsburg, Pennsylvania, hereinafter referred to as "LESSEE" and Party of the Second Part.

WITNESSETH:

1. Lease: That for and in consideration of the undertaking and covenants to be kept and performed by the Lessee as well as in consideration of the sum of One (\$1.00) Dollar in hand paid, receipt whereof is hereby acknowledged, Lessors do hereby lease, let and demise unto the Lessee with the exclusive right to mine and take away by the strip mining method, all of the merchantable and minable coal underlying all that certain parcels of land situate in Decatur Township, Clearfield County, Pennsylvania being identified as Assessment Map No. 112-P12-000-00215 containing approximately 25 acres of surface rights as shown in red on the attached map hereto and incorporated herein by reference and Assessment Map No. 112-P12-000-00217 containing approximately 14.88 acres of surface rights as shown in red on the attached map hereto and incorporated Herein by reference.

Lessee shall have the right to enter upon said property for the purpose of examining, testing, mining by the strip mining method, removing and carrying away said coal by such ways and means as may be necessary in the judgment of the Lessee for the successful mining and taking away of the same, together

with all and singular the mining, operation, drainage, surface and other rights and privileges and such release of damages as are owned by or vested in the Lessors so fully as the same were acquired by said Lessors with full release of damage to the surface and water flowing on, in, under or through said premises herein demised or from adjoining tracts of lands owned, operated or controlled by the same Lessee under the terms and conditions herein set forth.

2. Lessors' Warranties: Lessors warrant that they are the owners of the surface rights only on parcels 112-P12-000-000215 and 112-P12-000-00217. In the event this warranty is untrue in any respect, the Lessee shall be relieved from any obligation of further payment hereunder or may, at Lessee's option, apply any royalty due to the defense of Lessors' title or the release or satisfaction of any liens or encumbrances which may arise or be found to exist.

3. Mining: The right to strip mine shall include all practical methods now in use or which may hereafter be used, and the use of improved machinery and fixtures and appliances for said purpose, and the right to strip the surface for, excavate, dig, quarry or otherwise explore for and mine and remove said coal with a release of any and all damages for injuries caused to the Lessors by the exercise of any of the rights granted to the Lessee, weather said injuries shall be direct or consequential.

(a) The Lessee shall have the right to auger mine upon receipt of specific consent from Lessors.

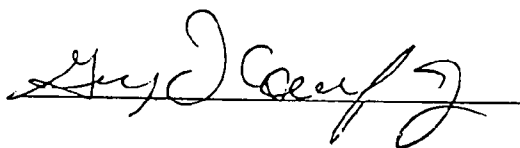
4. Term: This lease shall become effective upon the signing hereof. This lease shall continue thereafter for a period of two (2) years or until all of the merchantable and minable coal that can be mined by the strip mining or auger mining method has been mined, removed and shipped, which ever shall first occur. If Lessee has complied with all of the covenants and agreements herein contained at the expiration of the initial term, then this lease shall automatically

17. Entire Agreements and Amendments: This Agreement, together with any documents expressly incorporated herein by reference, constitutes the entire and only agreement between the parties, and there are no other understandings, representations or warranties, oral or written, relating to the subject matter hereof which shall be deemed to exist or to bind any of the parties. This Agreement may not be changed, modified or amended, in whole or in part, except in writing signed by all of the parties.

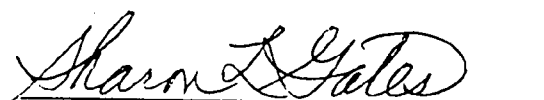
18. Binding Effect: It is the attention of the parties hereto to be legally bound hereby and this agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, parties hereto have unto set their hands and respective seals as of the day and year first above written.

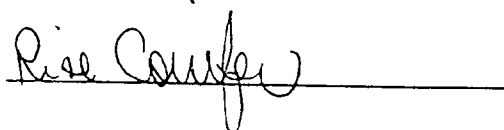
Attest:



"Lessors"


Sharon L. Gates

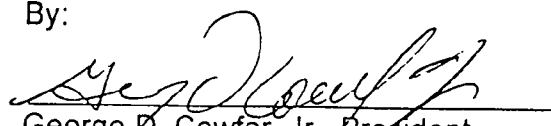
Attest:



"Lessee"

Junior Coal Contracting, Inc.

By:


George D. Cowfer, Jr., President

drainage requirements of said property. During any re-entry, the Lessee shall have no rights to mine or remove coal.

13. Timber: Any timber on the Leasehold Premises may be removed by Lessors in advance of mining operations so long as such removal does not interfere with the mining operations of Lessee and Lessee shall not be liable for damage to or destruction of the timber which is not removed by Lessors in advance of mining operations. Lessee agrees to give Lessor Sixty (60) days notice of its intention to commence mining operations in order to give Lessors an opportunity to remove the timber.

14. Assignment: Lessee may not assign this Lease without the prior written consent of the Lessors.

15. Payments and Notices:

(a) All payments shall be made according to the proportions listed below and all payments and notices hereunder shall be made to Lessors directed to:

Lessors directed to:

Sharon L. Gates
R.R. 1, Box 415
Philipsburg, PA 16866

at the address hereinbefore set forth or at such other address as the Lessors shall give notice to Lessee in writing.

16. Delivery of Notices: All notices herein provided for shall be considered having been given if sent by United States postpaid, certified mail, addressed to Lessee at its address as set forth at the beginning of this document and Lessors as directed in paragraph 15(a) or at such subsequent address as the parties may request in writing directed to the other.

continue for additional one (1) year terms provided Lessee is continuously mining the demised premises or other properties which are a part of a single strip mining operation of which this property is also a part. However, Lessee may, at any time, terminate this lease by giving notice thereof in writing, thirty (30) days prior to the effective date of such termination.

- (a). Continuous mining shall be interpreted to mean the active production of coal from the strip mining operation of which the demised premise is a part except that the Lessee's shall be excused from any requirement of continuously mining for those periods when the Lessee's performance shall be prevented or prohibited by law, ordinance, or governmental regulation or restraint, or court order; by inability to obtain permits or licenses; by scarcity or inability to obtain equipment, material, or fuel; by strike, lockout, or industrial disturbance; by failure of carriers to transport or to furnish facilities for transportation; by opération of force majeure (including, without limitation, lightning, or breakage or accident to machinery or facilities; or by any cause beyond Lessee's control.

5. Minimum Royalty: Lessee covenants and agrees to pay Lessors the additional minimum royalty of One Hundred (\$100.00) per month commencing on the twenty-fifth (25th) day of the month beginning the first full month after the execution of this Agreement. This minimum monthly royalty shall be paid whether sufficient coal has been mined and removed to provide such amount of royalty as provided in Paragraph 6 hereof. If for any month the payment of the monthly minimum royalty required is greater than would be the payment provided under Paragraph 6 hereof, then such excess payment shall be credited to the account of Lessee and may be applied to the payment for coal mined and

removed in any subsequent month after the minimum requirement for such coal has been met. The parties hereto also agree that the advanced prepaid royalty as provided herein shall be credited to the account of Lessee and may be applied to the payment for coal mined and removed in any subsequent month after the monthly minimum royalty requirement has been met. The parties further agree that Lessee shall not be credited with excess tonnage produced in any lease month as against any monthly minimum royalty in any subsequent month.

6. Production Royalty: The Lessee does covenant and agree that it will pay as royalty for low grade coal (greater than 18% ash content by weight) mined and removed from the said premises the following:

- (a) Five Percent (5%) of the selling price
f.o.b. the pit per net ton of two thousand
pounds of coal.

The Lessee does covenant and agree that it will pay as royalty for all other coal (less than 18% ash content by weight) mined and removed from the said premises, the greater of:

- (a) Where Lessors own the surface rights only:

- I. One Dollar and Fifty Cents
(\$1.50) per net ton of two thousand
pounds of coal.

or

- II. Five Percent (5%) of the selling price
f.o.b. the pit per net ton of two thousand
pounds of coal.

Such payments shall be made on the 25th day of the month for all coal removed and shipped from the demised premises during the previous calendar month and to be accompanied by a true and correct statement showing the truck pit weights of all coal shipped from the lands herein leased during such monthly period. The weight of all coal removed from the said premises shall be determined by truck pit weights on legally licensed truck scales. It being understood and agreed by and between the parties hereto that the Lessee shall not be required to mine, remove, ship or pay for coal which, in its judgment, is not merchantable and minable at a profit.

7. Inspection: The Lessors shall have the right at all reasonable times to enter said operations themselves or through their agents or engineers. Lessors shall also have the right personally or through said agents or representatives to examine the books of the Lessee showing the coal mined and shipped from the demised premises at reasonable times during regular business hours.

8. Taxes: The Lessors shall promptly pay all taxes, including real estate, assessed against the property covered by this Lease and if the Lessors fail to so pay, the Lessee may, but shall not be required to, pay the same, and in the event of payment by the Lessee, the Lessee may reimburse itself for all sums so paid by deducting such sums from royalties thereafter accruing to the Lessors under the terms hereof.

The Lessee agrees to pay any taxes assessed upon the premises by virtue of the operations conducted by the Lessee in pursuance of the provisions of the within lease agreement.

9. Lawful Mining: Lessee agrees to mine the coal herein leased in a lawful manner and that it will comply with and observe the laws now existing or that may hereafter be passed by any local, state or federal governmental

authority regulating the working of strip mines, the safety of persons employed therein or any other regulatory laws governing the operation of such mines.

10. Indemnification: The Lessee agrees to hold, save and indemnify the Lessors harmless of, from and against any and all liabilities of any kind or nature, including but not limited to environmental liabilities of any kind or nature, that may arise from the Lessee's activities on the herein leased premises.

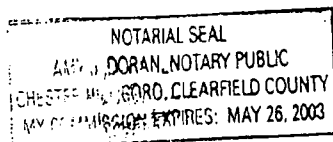
11. Breach of Terms: If (I) Lessee shall default in the payment of any sum required to be paid by it here under when and as the same shall become due and payable, and any such default shall continue for a period of thirty (30) days after written demand by Lessors for such payment; or (II) Lessee shall default in the performance of any other covenant or condition herein contained to be performed by it, and such default shall continue for a period of sixty (60) days (except for any default not susceptible to being cured within such sixty (60) day period, in which event the time permitted to cure such default shall be extended for so long as shall be reasonably necessary to cure the same, provided Lessee commences promptly and proceeds diligently to cure such default) after written notice by Lessors for the performance thereof, then and in any such event, Lessors may declare Lessee to be in default hereunder, and Lessors may successively or cumulatively exercise any and all rights and remedies available to Lessors to recover possession of the Leasehold Premises and for the recovery of damages from the Lessee.

12. Completion of Mining: Upon the completion of the mining operation upon the said premises, the Lessee herein shall have the right to re-enter the same premises and/or continue in possession thereof for a period of time as may be necessary in order to comply with the Laws of the Commonwealth of Pennsylvania and the United States in meeting the backfilling, planting, and

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

On this, the 30 day of May, 2000, before me, a Notary Public, personally appeared Sharon L. Gates, who acknowledges herself to be the person whose name is subscribed to the within instrument, and states that she has executed the foregoing instrument for the purposes therein contained by signing his name.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year first above written.

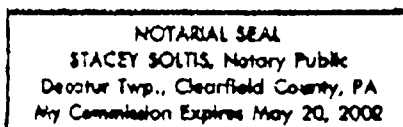


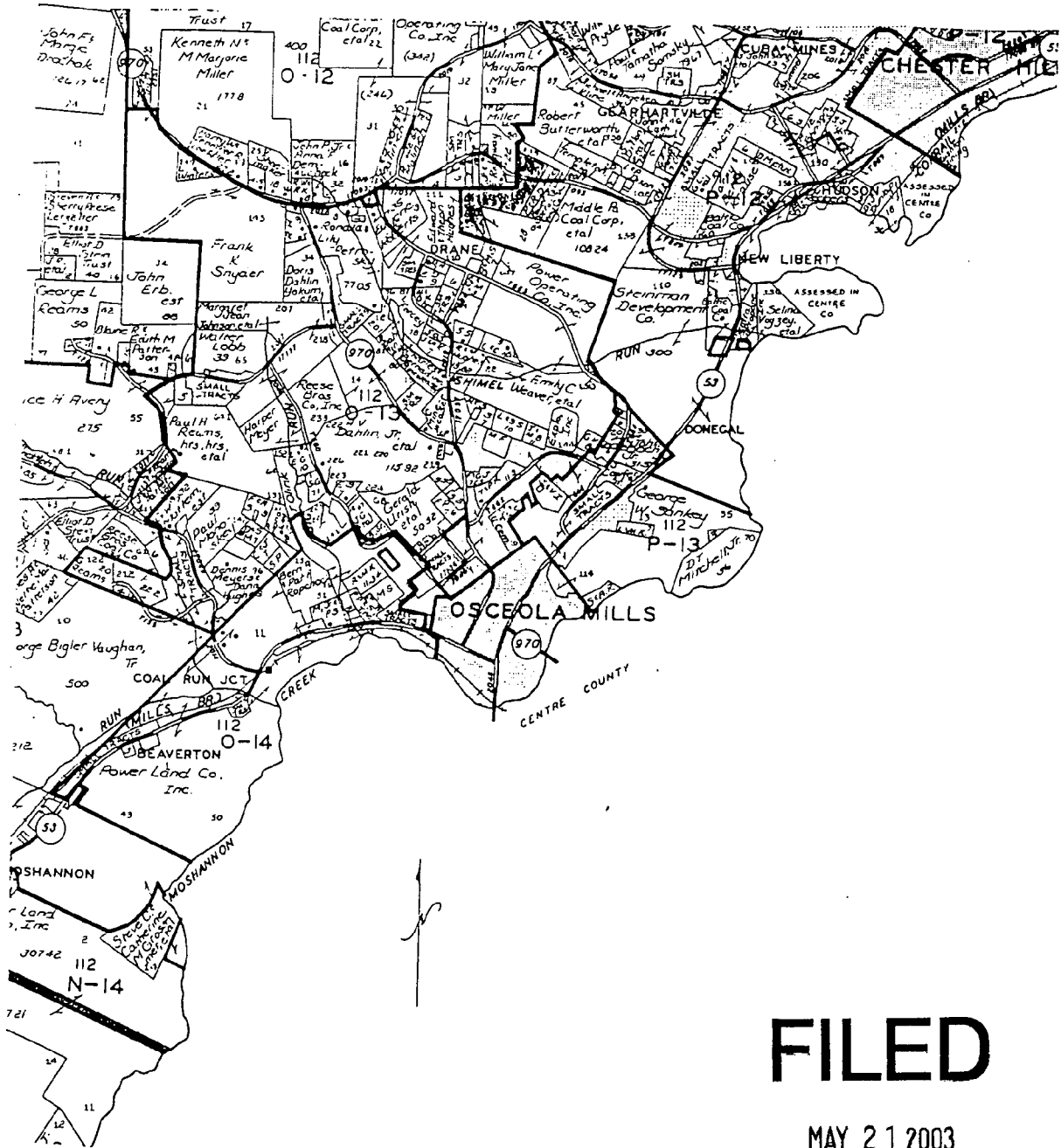
A handwritten signature in cursive script, reading "Amy J. Doran", written over a horizontal line.

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

On this, the 2nd day of JUNE, 2000, before me, a Notary Public, personally appeared George D. Cowfer Jr., who acknowledges himself to be the President of JUNIOR COALCONTRACTING, INC., and as such President states that he is authorized to execute and has executed the foregoing instrument for the purpose therein contained by signing his named as President.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year first above written.

A handwritten signature in cursive script, reading "Stacey Soltis", written over a horizontal line.
JUN 02 2000



FILED

MAY 21 2003

William A. Shaw
Prothonotary

EXHIBIT "A"

CERTIFICATE OF SERVICE

I certify that a copy of this Response to Complaint in Mortgage Foreclosure
was served at

the office of George Test, Esq.
3rd Floor Moshannon Bldg., Philipsburg, PA
Attorney for JR LAND COMPANY, INC.

with Reference to Case No. 03-456-CD

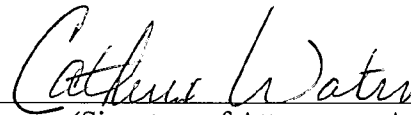
JR. LAND COMPANY, INC., et.al.

vs.

SHARON GATES, et. al

In the Court of Common Pleas of Clearfield Co.,
Pennsylvania

on May 22, 2003



(Signature of Attorney or Agent)

C. WATER

FILED

MAY 21 2003

William A. Shaw
Prothonotary

FILED

MAY 22 2003

01948 a-m
William A. Shaw
Prothonotary

1 cc to B. H.



In The Court of Common Pleas of Clearfield County, Pennsylvania

JR. LAND COMPANY, INC.

Sheriff Docket #

13894

VS.

03-456-CD

POWER OPERATING CO. INC. a/k/a POWER LAND CO.

COMPLAINT IN MORTGAGE FORECLOSURE

SHERIFF RETURNS

NOW APRIL 17, 2003 AT 9:32 AM SERVED THE WITHIN COMPLAINT IN MORTGAGE FORECLOSURE ON POWER OPERATING CO. INC. A/K/A POWER LAND CO. A/K/A POWER LAND CO. INC., DEFENDANT AT EMPLOYMENT, RT. 322 W. PHILIPSBURG (PO BOX 25, OSCEOLA MILLS), CLEARFIELD COUNTY, PENNSYLVANIA BY HANDING TO JUSTIN POWELL, OWNER, A TRUE AND ATTESTED COPY OF THE ORIGINAL COMPLAINT IN MORTGAGE FORECLOSURE AND MADE KNOWN TO HIM THE CONTENTS THEREOF.

SERVED BY: DAVIS/MORGILLO

NOW APRIL 28, 2003 AT 8:08 PM SERVED THE WITHIN COMPLAINT IN MORTGAGE FORECLOSURE ON WILLIAM WILSON, TERRE TENANT AT RESIDENCE, PO BOX 16, MORANN, CLEARFIELD COUNTY, PENNSYLVANIA BY HANDING TO ATTA WILSON, WIFE A TRUE AND ATTESTED COPY OF THE ORIGINAL COMPLAINT IN MORTGAGE FORECLOSURE AND MADE KNOWN TO HER THE CONTENTS THEREOF.

SERVED BY: NEVLING

NOW APRIL 30, 2003 SERVED THE WITHIN COMPLAINT IN MORTGAGE FORECLOSURE ON SHARON GATES, TERRE TENANT AT RESIDENCE, 512 BLUE SPRUCE ROAD, PHILIPSBURG, CLEARFIELD COUNTY, PENNSYLVANIA BY HANDING TO SHARON GATES A TRUE AND ATTESTED COPY OF THE ORIGINAL COMPLAINT IN MORTGAGE FORECLOSURE AND MADE KNOWN TO HER THE CONTENTS THEREOF.

SERVED BY: SNYDER

FILED

BY 0 9:54 30
MAY 28 2003

William A. Shaw
Prothonotary

Return Costs

Cost	Description
82.21	SHERIFF HAWKINS PAID BY: ATTY
30.00	SURCHARGE PAID BY: ATTY CK# 6844

Sworn to Before Me This

28 Day Of May 2003
William A. Shaw

So Answers,

Chester A. Hawkins
by Marilyn Harris
Chester A. Hawkins
Sheriff

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

JR. LAND COMPANY, INC.,
by Assignment from
MANUFACTURERS AND TRADERS TRUST
COMPANY (M&T), Successor in interest by
Merger to KEYSTONE FINANCIAL BANK,
N.A. (Keystone), formerly known as
MID-STATE BANK AND TRUST COMPANY,
Plaintiff

vs.

POWER OPERATING CO., INC., a/k/a
POWER LAND CO., a/k/a
POWER LAND CO., INC.
Defendant

CIVIL DIVISION

NO. 2003-00456-CD

PRAECIPE TO ENTER
DEFAULT JUDGMENT

Filed on behalf of Plaintiff:
JR. Land Company, Inc.

Counsel of Record of this Party:
George S. Test, Esquire
P. O. Box 706
Philipsburg, PA 16866-0706
(814) 342-4640

PA I.D. #15915

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

FILED

SEP 25 2003

William A. Shaw
Prothoniary/Clerk of Courts

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

JR. LAND COMPANY, INC.,	:	
by Assignment from	:	CIVIL DIVISION
MANUFACTURERS AND TRADERS TRUST	:	
COMPANY (M&T), Successor in interest by	:	NO. <u>2003-00456-CD</u>
Merger to KEYSTONE FINANCIAL BANK,	:	
N.A. (Keystone), formerly known as	:	
MID-STATE BANK AND TRUST COMPANY,	:	
Plaintiff	:	
vs.	:	
POWER OPERATING CO., INC., a/k/a	:	
POWER LAND CO., a/k/a	:	
POWER LAND CO., INC.	:	
Defendant	:	

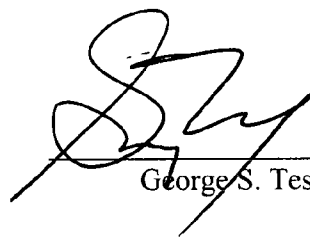
PRAECIPE TO ENTER DEFAULT JUDGMENT

TO THE PROTHONOTARY:

Please enter judgment by default for the Plaintiff, JR. Land Company, Inc. and against the Defendant, Power Operating Co., Inc., a/k/a Power Land Co., a/k/a Power Land Co., Inc. in the amount of \$8,082,035.10 with interest and record costs. Notice of the intention to enter judgment by default was mailed to the Defendant at its last known addresses and returned as not deliverable and unable to be forwarded because the Defendant is no longer in business. True and correct copies of the envelopes are attached hereto as Exhibit A. Attached hereto as Exhibit B is the Affidavit of Service of George D. Cowfer, Jr., stating that he, personally, delivered said Notice to Glyn D. Powell, President and Owner of Defendant. Attached hereto as Exhibit C is a true and correct copy of the Notice of intention to enter judgment by default.

Date:

9/25/03



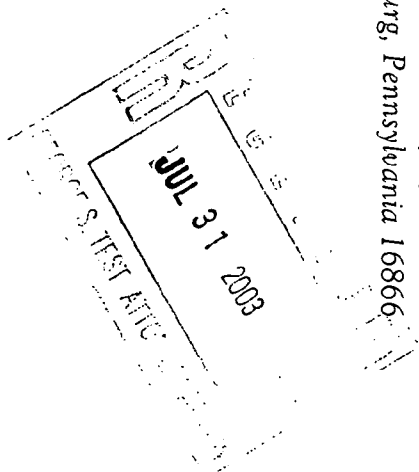
George S. Test, Esquire

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

George S. Test
 Attorney at Law
 Moshannon Building
 P.O. Box 706
 Philipsburg, Pennsylvania 16866

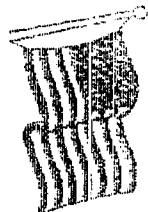
JUL 31 2003

George S. Test
 Attorney at Law
 Moshannon Building
 P.O. Box 706
 Philipsburg, Pennsylvania 16866



POWER OPERATING CO., INC.,
 a/k/a POWER LAND CO.,
 a/k/a POWER LAND CO., INC.
 Route 322 W/
 Philipsburg,
☐ A ☐ INSUFFICIENT ADDRESS
☐ C ☐ ATTEMPTED NOT KNOWN
☒ S ☐ NO SUCH NUMBER/STREET
☒ - NOT DELIVERABLE AS ADDRESSED
☐ - UNABLE TO FORWARD

RTS
 RETURN TO SENDER



UNITED STATES POSTAGE
 16866
 00.370 JUL 28 03
 MAILED FROM ZIP CODE 16866

POWER OPERATING CO., INC.,
 a/k/a POWER LAND CO.,
 a/k/a POWER LAND CO., INC.
 P.O. Box 706
 Osceola, WI 53599

RTS
 RETURN TO SENDER

☐ INSUFFICIENT ADDRESS
☐ ATTEMPTED NOT KNOWN
☒ NO SUCH NUMBER/STREET
☒ - NOT DELIVERABLE AS ADDRESSED
☐ - UNABLE TO FORWARD

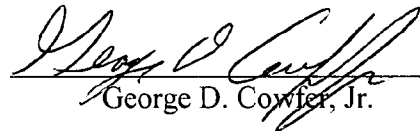
RTS
 RETURN TO SENDER

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

JR. LAND COMPANY, INC.,	:	
by Assignment from	:	CIVIL DIVISION
MANUFACTURERS AND TRADERS TRUST	:	
COMPANY (M&T), Successor in interest by	:	NO. <u>2003-00456-CD</u>
Merger to KEYSTONE FINANCIAL BANK,	:	
N.A. (Keystone), formerly known as	:	
MID-STATE BANK AND TRUST COMPANY,	:	COMPLAINT IN MORTGAGE
	Plaintiff :	FORECLOSURE
vs.	:	
POWER OPERATING CO., INC., a/k/a	:	
POWER LAND CO., a/k/a	:	
POWER LAND CO., INC.	:	
	Defendant :	

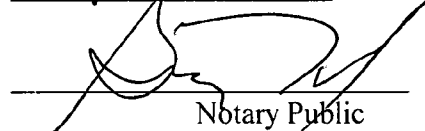
AFFIDAVIT OF SERVICE

GEORGE D. COWFER, JR., being duly sworn according to law, deposes and states that on September 4, 2003, he personally handed Glyn D. Powell, President and Owner of Power Operating Co., Inc., a/k/a Power Land Co., a/k/a Power Land Co., Inc., a true and correct copy of a Notice of Default in the above captioned matter.


George D. Cowfer, Jr.

SWORN TO and SUBSCRIBED

before me, this 11th day of
September, 2003.


Notary Public

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

JR. LAND COMPANY, INC.,	:	
by Assignment from	:	CIVIL DIVISION
MANUFACTURERS AND TRADERS TRUST	:	
COMPANY (M&T), Successor in interest by	:	NO. <u>2003-00456-CD</u>
Merger to KEYSTONE FINANCIAL BANK,	:	
N.A. (Keystone), formerly known as	:	
MID-STATE BANK AND TRUST COMPANY,	:	
Plaintiff :	:	
vs.	:	
POWER OPERATING CO., INC., a/k/a	:	
POWER LAND CO., a/k/a	:	
POWER LAND CO., INC.	:	
Defendant :	:	

NOTICE OF DEFAULT

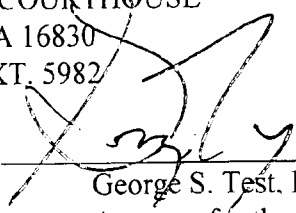
To: Power Operating Co., Inc.
a/k/a Power Land Co.,
a/k/a Power Land Co., Inc.

Date of Notice: July 28, 2003

IMPORTANT NOTICE

YOU ARE IN DEFAULT BECAUSE YOU HAVE FAILED TO ENTER A WRITTEN APPEARANCE PERSONALLY OR BY ATTORNEY AND FILE IN WRITING WITH THE COURT YOUR DEFENSES OR OBJECTIONS TO THE CLAIMS SET FORTH AGAINST YOU. UNLESS YOU ACT WITHIN TEN (10) DAYS FROM THE DATE OF THIS NOTICE, A JUDGMENT MAY BE ENTERED AGAINST YOU WITHOUT A HEARING AND YOU MAY LOSE YOUR PROPERTY OR OTHER IMPORTANT RIGHTS. YOU SHOULD TAKE THIS NOTICE TO A LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE FOLLOWING OFFICE TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

COURT ADMINISTRATOR'S OFFICE
CLEARFIELD COUNTY COURTHOUSE
CLEARFIELD, PA 16830
(814) 765-2641 EXT. 5982


George S. Test, Esquire
Attorney for the Plaintiff
P. O. Box 706
Philipsburg, PA 16866

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

FILED

Atty Test

pt. 20.00

SEP 18:53
SEP 25 2003

Statement to Atty

Notice to Def.

William A. Shaw
Prothonotary/Clerk of Courts



NOTICE OF JUDGMENT

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA

CIVIL DIVISION

Jr. Land Company, Inc., by Assignment from
Manufacturers and Traders Trust Company (M&T),
Successor in interest by Merger to Keystone Financial
Bank, N.A. (Keystone), Mid-State Bank and Trust
Company

Vs.

No. 2003-00456-CD

Power Operating Co., Inc., a/k/a
Power Land Co., a/k/a
Power Land Co., Inc.

To: DEFENDANT(S)

NOTICE is given that a JUDGMENT in the above captioned matter has been entered
against you in the amount of \$8,082,035.10 on the September 25, 2003.

William A. Shaw
Prothonotary

William A. Shaw

COPY

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY ,
PENNSYLVANIA
STATEMENT OF JUDGMENT

CCNY

Jr. Land Company, Inc., by assignment from
Manufacturers and Traders Trust Company
(M&T), Successor in interest by Merger to
Keystone Financial Bank, N.A. (Keystone),
formerly known as Mid-State Bank and Trust
Company
Plaintiff(s)

No.: 2003-00456-CD

Real Debt: \$8,082,035.10

Atty's Comm: \$

Vs.

Costs: \$

Int. From: \$

Power Operating Co., Inc., a/k/a
Power Land Co., a/k/a
Power Land Co., Inc.
Defendant(s)

Entry: \$20.00

Instrument: Default Judgment

Date of Entry: September 25, 2003

Expires: September 25, 2008

Certified from the record this 25th day of September, 2003.

William A. Shaw, Prothonotary

SIGN BELOW FOR SATISFACTION

Received on _____, _____, of defendant full satisfaction of this Judgment,
Debt, Interest and Costs and Prothonotary is authorized to enter Satisfaction on the same.

Plaintiff/Attorney

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

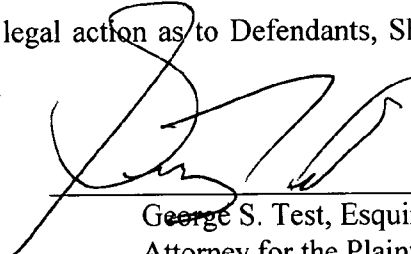
JR. LAND COMPANY, INC.,	:	
by Assignment from	:	CIVIL DIVISION
MANUFACTURERS AND TRADERS TRUST	:	
COMPANY (M&T), Successor in interest by	:	NO. <u>2003-00456-CD</u>
Merger to KEYSTONE FINANCIAL BANK,	:	
N.A. (Keystone), formerly known as	:	
MID-STATE BANK AND TRUST COMPANY,	:	
	Plaintiff :	COMPLAINT IN MORTGAGE
vs.	:	FORECLOSURE
POWER OPERATING CO., INC., a/k/a	:	
POWER LAND CO., a/k/a	:	
POWER LAND CO., INC.	:	
and	:	
SHARON GATES, Terre Tenant,	:	
	Defendant :	
and	:	
WILLIAM WILSON, Terre Tenant,	:	
	Defendant :	

PRAECIPE

TO THE PROTHONOTARY:

Please discontinue the above captioned legal action as to Defendants, Sharon Gates, Terre Tenant and William Wilson, Terre Tenant.

Date: 6/23/03


George S. Test, Esquire
Attorney for the Plaintiff

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

FILED

0/2:00/1ms
JUN 23 2003

William A. Shaw
Prothonotary/Clerk of Courts

1 CENT TO ATT



IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

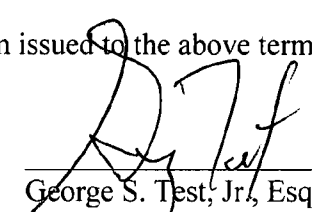
JR. LAND COMPANY, INC.,	:	
by Assignment from	:	CIVIL DIVISION
MANUFACTURERS AND TRADERS TRUST	:	
COMPANY (M&T), Successor in interest by	:	NO. <u>2003-00456-CD</u>
Merger to KEYSTONE FINANCIAL BANK,	:	
N.A. (Keystone), formerly known as	:	
MID-STATE BANK AND TRUST COMPANY,	:	
Plaintiff	:	
vs.	:	
POWER OPERATING CO., INC., a/k/a	:	
POWER LAND CO., a/k/a	:	
POWER LAND CO., INC.,	:	
Defendants	:	

PRAECIPE TO REISSUE WRIT OF EXECUTION

TO THE PROTHONOTARY:

Please reissue the Writ of Execution issued to the above term and number.

Date: 12.13.04


George S. Test, Jr., Esquire
Attorney for the Plaintiff

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

FILED ^{EBK}
m/2:08/10 CC & 6 writs
DEC 15 2004 to Sheriff
William A. Shaw
Prothonotary/Clerk of Courts
Aug pd. 7.00

COPY

**WRIT OF EXECUTION and/or ATTACHMENT
COMMONWEALTH OF PENNSYLVANIA, COUNTY OF CLEARFIELD
CIVIL ACTION - LAW**

JR. LAND COMPANY, INC.,
by Assignment from
MANUFACTURERS AND TRADERS TRUST
COMPANY (M&T), Successor in interest by
Merger to KEYSTONE FINANCIAL BANK,
N.A. (Keystone), formerly known as
MID-STATE BANK AND TRUST COMPANY,

NO. 2003-00456-CD

Vs.

POWER OPERATING CO., INC., a/k/a
POWER LAND CO., a/k/a
POWER LAND CO., INC.

TO THE SHERIFF OF CLEARFIELD COUNTY:

To satisfy the debt, interest and costs due MANUFACTURERS AND TRADERS TRUST COMPANY (M&T), KEYSTONE FINANCIAL BANK, N.A. (KEYSTONE), MID-STATE BANK AND TRUST COMPANY, assigned to JR. LAND COMPANY, INC., Plaintiff(s) from POWER OPERATING CO., INC., a/k/a POWER LAND CO., a/k/a POWER LAND CO., INC., Defendant(s):

- (1) You are directed to levy upon the property of the defendant(s) and to sell interest(s) therein:
See Attached Exhibit "A"
- (2) You are also directed to attach the property of the defendant(s) not levied upon in the possession of:
Garnishee(s) as follows:
and to notify the garnishee(s) that: (a) an attachment has been issued; (b) the garnishee(s) is/are enjoined from paying any debt to or for the account of the defendant(s) and from delivering any property of the defendant(s) or otherwise disposing thereof;
- (3) If property of the defendant(s) not levied upon and subject to attachment is found in the possession of anyone other than a named garnishee, you are directed to notify him/her that he/she has been added as a garnishee and is enjoined as above stated.

AMOUNT DUE \$8,082,035.10

INTEREST Plus additional interest from February 24, 2000 at the respective rates as set forth in the \$5,000,000.00 Note and the \$5,893,750.00 Note, plus interest as set forth in the Post-Petition Credit Agreement, additional late charges, attorneys fees and costs of suit as provided in the Power Obligations.

PROTH. COSTS \$ 132.00 PAID

ATTY'S COMM \$

DATE _____

PAID \$
SHERIFF \$
OTHER COSTS \$

William A. Shaw
Prothonotary/Clerk Civil Division

Received this writ this _____ day
of _____ A. D. 2004
At _____ A.M./P.M.

Requesting Party: George S. Test, Esquire

12-15-04 Document
~~Reinstated/Reissued to Sheriff/Attorney~~
for service.

Deputy Prothonotary

<u>Map Number</u>	<u>Control Number</u>	<u>Assessed Acres</u>
118-M16-000-00006	118038174	5 A
118-M16-000-00001	118038389	433.96 A IN FEE EXC 1.836 A SURF
130-M15-000-00002	130080374	162.368 A
130-M15-000-00013 MN	130080358	10.8 A MIN
130-M15-000-00003	130080375	408.316 A
130-M15-000-00004	130080376	364 A
130-N14-000-00011	130080598	77.219 A
130-M15-000-00075	130036306	2.6 A
124-999-000-00004	124083975	37 A
124-999-000-00005	124083973	145 A
112-N14-000-00002	112020113	278.03 A
112-O14-000-00001	112020114	350 A IN FEE
112-P13-000-00039 MN	112020091	13.319 A COAL & MIN
112-999-000-00067	112020084	113.75 A
112-014-000-00050	112020537	4.65 A
112-N14-000-00017	112040897	4.014 A
112-O14-000-00043	112019804	5 A
888-000-00028	112-0-19525	5.6% INT IN 100 A MIN
888-000-00029	112-0-19526	3.7% INT IN 100 A MIN
012-000-00018	112-0-19528	22.2% INT IN 88 A

EXHIBIT A

<u>Map Number</u>	<u>Control Number</u>	<u>Assessed Acres</u>
012-000-00008	112-0-19596	1.2% INT IN 148 A MIN & COAL RT EXC B Vein
999-000-00009	112-0-19961	1.9% INT IN 310 A & 3.7 INT IN L & 115 1/3 MIN
112-P12-000-00134	112-0-19532	15 A SURF
112-P12-000-00215	112-0-19533	25 A SURF
112-P12-000-00217	112-0-47338	14.88 A
130-M15-000-00026	130-0-81006	.75 A H. G. & L
130-M15-000-00025	130-0-81002	1.276 A
130-M15-000-00006	130-0-80378	360.64 A

**AND ALL OTHER INTERESTS IN SURFACE, COAL, CLAY, OIL, OR GAS IN
CLEARFIELD COUNTY, PENNSYLVANIA, OWNED BY THE DEFENDANTS.**

WILLIAM A. SHAW
PROTHONOTARY
and CLERK of COURTS
P.O. BOX 549
CLEARFIELD, PENNSYLVANIA 16830



Power Operating Co., Inc.
PO Box 25
Osceola N

☐ INSUFFICIENT ADDRESS
☐ ATTEMPTED NOT KNOWN
☐ NO SUCH NUMBER/ STREET
☒ NOT DELIVERABLE AS ADDRESSED
☐ UNABLE TO FORWARD

RTS
RETURN TO SENDER

A
C
S

FILED
m 10:38
SEP 30 2003

William A. Shaw
Prothonotary/Clerk of Courts

106432060243

NOTICE OF JUDGMENT

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA

CIVIL DIVISION

Jr. Land Company, Inc., by Assignment from
Manufacturers and Traders Trust Company (M&T),
Successor in interest by Merger to Keystone Financial
Bank, N.A. (Keystone), Mid-State Bank and Trust
Company

Vs.

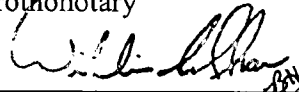
No. 2003-00456-CD

Power Operating Co., Inc., a/k/a
Power Land Co., a/k/a
Power Land Co., Inc.

To: DEFENDANT(S)

NOTICE is given that a JUDGMENT in the above captioned matter has been entered
against you in the amount of \$8,082,035.10 on the September 25, 2003.

William A. Shaw
Prothonotary

A handwritten signature in black ink, appearing to read 'William A. Shaw', is written over a horizontal line.

William A. Shaw

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

JR. LAND COMPANY, INC.,
by Assignment from
MANUFACTURERS AND TRADERS TRUST
COMPANY (M&T), Successor in interest by
Merger to KEYSTONE FINANCIAL BANK,
N.A. (Keystone), formerly known as
MID-STATE BANK AND TRUST COMPANY,
Plaintiff

CIVIL DIVISION

NO. 2003-00456-CD

vs.

POWER OPERATING CO., INC., a/k/a
POWER LAND CO., a/k/a
POWER LAND CO., INC.,
Defendants

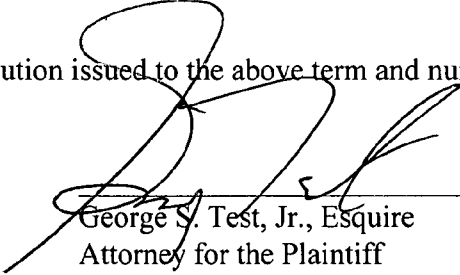
PRAECIPE TO REISSUE WRIT OF EXECUTION

TO THE PROTHONOTARY:

Please reissue the Writ of Execution issued to the above term and number.

Date:

4-19-05


George S. Test, Jr., Esquire
Attorney for the Plaintiff

⁶⁰
FILED *Atty pd.*
m/12:55/pd 7:00
APR 20 2005 *ICCD*

William A. Shaw *6e reissued*
Prothonotary/Clerk of Courts *writs*
to Shiff

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

**WRIT OF EXECUTION and/or ATTACHMENT
COMMONWEALTH OF PENNSYLVANIA, COUNTY OF CLEARFIELD
CIVIL ACTION - LAW**

JR. LAND COMPANY, INC.,
by Assignment from
MANUFACTURERS AND TRADERS TRUST
COMPANY (M&T), Successor in interest by
Merger to KEYSTONE FINANCIAL BANK,
N.A. (Keystone), formerly known as
MID-STATE BANK AND TRUST COMPANY,

NO. 2003-00456-CD

Vs.

POWER OPERATING CO., INC., a/k/a
POWER LAND CO., a/k/a
POWER LAND CO., INC.

TO THE SHERIFF OF CLEARFIELD COUNTY:

To satisfy the debt, interest and costs due MANUFACTURERS AND TRADERS TRUST COMPANY (M&T), KEYSTONE FINANCIAL BANK, N.A. (KEYSTONE), MID-STATE BANK AND TRUST COMPANY, assigned to JR. LAND COMPANY, INC., Plaintiff(s) from POWER OPERATING CO., INC., a/k/a POWER LAND CO., a/k/a POWER LAND CO., INC., Defendant(s):

- (1) You are directed to levy upon the property of the defendant(s) and to sell interest(s) therein:
See Attached Exhibit "A"
- (2) You are also directed to attach the property of the defendant(s) not levied upon in the possession of:
Garnishee(s) as follows:
and to notify the garnishee(s) that: (a) an attachment has been issued; (b) the garnishee(s) is/are enjoined from paying any debt to or for the account of the defendant(s) and from delivering any property of the defendant(s) or otherwise disposing thereof;
- (3) If property of the defendant(s) not levied upon and subject to attachment is found in the possession of anyone other than a named garnishee, you are directed to notify him/her that he/she has been added as a garnishee and is enjoined as above stated.

AMOUNT DUE \$8,082,035.10

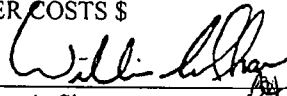
INTEREST Plus additional interest from February 24, 2000 at the respective rates as set forth in the \$5,000,000.00 Note and the \$5,893,750.00 Note, plus interest as set forth in the Post-Petition Credit Agreement, additional late charges, attorneys fees and costs of suit as provided in the Power Obligations.

PROTH. COSTS \$ 134.00 PAID

ATTY'S COMM \$

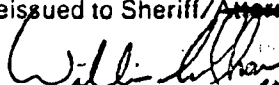
DATE _____

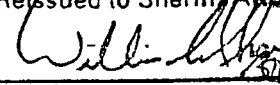
PAID \$
SHERIFF \$
OTHER COSTS \$


William A. Shaw
Prothonotary/Clerk Civil Division

Received this writ this _____ day
of _____ A. D. 2004
At _____ A.M./P.M.

Requesting Party: George S. Test, Esquire

4-20-05 Document
~~Reinstated~~/Reissued to Sheriff/Attorney
for service. 
Deputy Prothonotary

12-15-04 Document
~~Reinstated~~/Reissued to Sheriff/Attorney
for service. 
Deputy Prothonotary

<u>Map Number</u>	<u>Control Number</u>	<u>Assessed Acres</u>
118-M16-000-00006	118038174	5 A
118-M16-000-00001	118038389	433.96 A IN FEE EXC 1.836 A SURF
130-M15-000-00002	130080374	162.368 A
130-M15-000-00013 MN	130080358	10.8 A MIN
130-M15-000-00003	130080375	408.316 A
130-M15-000-00004	130080376	364 A
130-N14-000-00011	130080598	77.219 A
130-M15-000-00075	130036306	2.6 A
124-999-000-00004	124083975	37 A
124-999-000-00005	124083973	145 A
112-N14-000-00002	112020113	278.03 A
112-O14-000-00001	112020114	350 A IN FEE
112-P13-000-00039 MN	112020091	13.319 A COAL & MIN
112-999-000-00067	112020084	113.75 A
112-014-000-00050	112020537	4.65 A
112-N14-000-00017	112040897	4.014 A
112-O14-000-00043	112019804	5 A
888-000-00028	112-0-19525	5.6% INT IN 100 A MIN
888-000-00029	112-0-19526	3.7% INT IN 100 A MIN
012-000-00018	112-0-19528	22.2% INT IN 88 A

EXHIBIT A

<u>Map Number</u>	<u>Control Number</u>	<u>Assessed Acres</u>
012-000-00008	112-0-19596	1.2% INT IN 148 A MIN & COAL RT EXC B Vein
999-000-00009	112-0-19961	1.9% INT IN 310 A & 3.7 INT IN L & 115 1/3 MIN
112-P12-000-00134	112-0-19532	15 A SURF
112-P12-000-00215	112-0-19533	25 A SURF
112-P12-000-00217	112-0-47338	14.88 A
130-M15-000-00026	130-0-81006	.75 A H. G. & L
130-M15-000-00025	130-0-81002	1.276 A
130-M15-000-00006	130-0-80378	360.64 A

**AND ALL OTHER INTERESTS IN SURFACE, COAL, CLAY, OIL, OR GAS IN
CLEARFIELD COUNTY, PENNSYLVANIA, OWNED BY THE DEFENDANTS.**

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

JR. LAND COMPANY, INC.,
by Assignment from
MANUFACTURERS AND TRADERS TRUST
COMPANY (M&T), Successor in interest by
Merger to KEYSTONE FINANCIAL BANK,
N.A. (Keystone), formerly known as
MID-STATE BANK AND TRUST COMPANY,
Plaintiff

vs.

POWER OPERATING CO., INC., a/k/a
POWER LAND CO., a/k/a
POWER LAND CO., INC.,
Defendants

CIVIL DIVISION

NO. 2003-00456-CD

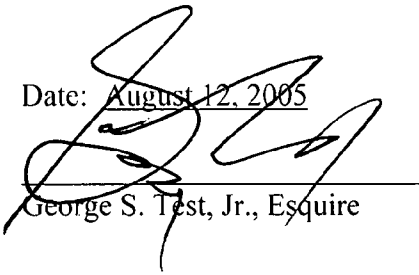
**PRAECIPE TO REISSUE
WRIT OF EXECUTION**

Filed on behalf of JR. Land
Company, Inc., Plaintiff

Filed by:
George S. Test, Esquire
Moshannon Bldg.-Room 311
203 North Front Street
P. O. Box 706
Philipsburg, PA 16866-0706
(814) 342-4640

PA I.D. #15915

Date: August 12, 2005


George S. Test, Jr., Esquire

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

FILED

AUG 16 2005

W/10:50/10
William A. Shaw
Prothonotary

1 CEN
4/6 WRIT
TO SHA

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

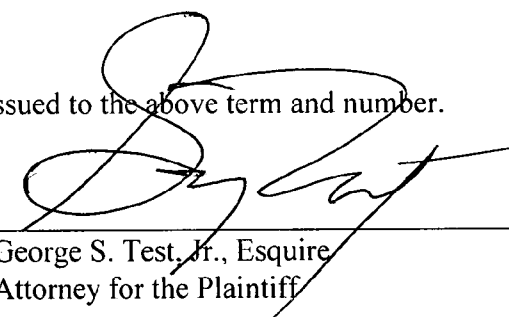
JR. LAND COMPANY, INC.,	:	
by Assignment from	:	CIVIL DIVISION
MANUFACTURERS AND TRADERS TRUST	:	
COMPANY (M&T), Successor in interest by	:	NO. <u>2003-00456-CD</u>
Merger to KEYSTONE FINANCIAL BANK,	:	
N.A. (Keystone), formerly known as	:	
MID-STATE BANK AND TRUST COMPANY,	:	
Plaintiff	:	
vs.	:	
POWER OPERATING CO., INC., a/k/a	:	
POWER LAND CO., a/k/a	:	
POWER LAND CO., INC.,	:	
Defendants	:	

PRAECIPE TO REISSUE WRIT OF EXECUTION

TO THE PROTHONOTARY:

Please reissue the Writ of Execution issued to the above term and number.

Date: 8-12-03


George S. Test, Jr., Esquire
Attorney for the Plaintiff

FILED

AUG 16 2005

William A. Shaw
Prothonotary

**WRIT OF EXECUTION and/or ATTACHMENT
COMMONWEALTH OF PENNSYLVANIA, COUNTY OF CLEARFIELD
CIVIL ACTION - LAW**

JR. LAND COMPANY, INC.,
by Assignment from
MANUFACTURERS AND TRADERS TRUST
COMPANY (M&T), Successor in interest by
Merger to KEYSTONE FINANCIAL BANK,
N.A. (Keystone), formerly known as
MID-STATE BANK AND TRUST COMPANY,
Vs.

NO. 2003-00456-CD

POWER OPERATING CO., INC., a/k/a
POWER LAND CO., a/k/a
POWER LAND CO., INC.

TO THE SHERIFF OF CLEARFIELD COUNTY:

To satisfy the debt, interest and costs due MANUFACTURERS AND TRADERS TRUST COMPANY (M&T), KEYSTONE FINANCIAL BANK, N.A. (KEYSTONE), MID-STATE BANK AND TRUST COMPANY, assigned to JR. LAND COMPANY, INC., Plaintiff(s) from POWER OPERATING CO., INC., a/k/a POWER LAND CO., a/k/a POWER LAND CO., INC., Defendant(s):

- (1) You are directed to levy upon the property of the defendant(s) and to sell interest(s) therein:
See Attached Exhibit "A"
- (2) You are also directed to attach the property of the defendant(s) not levied upon in the possession of:
Garnishee(s) as follows:
and to notify the garnishee(s) that: (a) an attachment has been issued; (b) the garnishee(s) is/are enjoined from paying any debt to or for the account of the defendant(s) and from delivering any property of the defendant(s) or otherwise disposing thereof;
- (3) If property of the defendant(s) not levied upon and subject to attachment is found in the possession of anyone other than a named garnishee, you are directed to notify him/her that he/she has been added as a garnishee and is enjoined as above stated.

AMOUNT DUE \$8,082,035.10

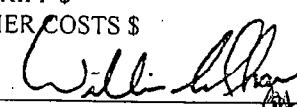
INTEREST Plus additional interest from February 24, 2000 at the respective rates as set forth in the \$5,000,000.00 Note and the \$5,893,750.00 Note, plus interest as set forth in the Post-Petition Credit Agreement, additional late charges, attorneys fees and costs of suit as provided in the Power Obligations.

PROTH. COSTS \$ ~~146.00~~ PAID

ATTY'S COMM \$

DATE _____

PAID \$
SHERIFF \$
OTHER COSTS \$


William A. Shaw
Prothonotary/Clerk Civil Division

Received this writ this _____ day
of _____ A. D. 2004
At _____ A.M./P.M.

Requesting Party: George S. Test, Esquire

Aug. 16, 2005 Document

Reinstated/Reissued to Sheriff/Attorney
for service.


Deputy Prothonotary

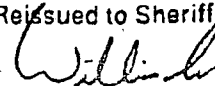
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Deputy Prothonotary

12-15-04 Document

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EXHIBIT A

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**AND ALL OTHER INTERESTS IN SURFACE, COAL, CLAY, OIL, OR GAS IN
CLEARFIELD COUNTY, PENNSYLVANIA, OWNED BY THE DEFENDANTS.**

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

JR. LAND COMPANY, INC.,
by Assignment from
MANUFACTURERS AND TRADERS TRUST
COMPANY (M&T), Successor in interest by
Merger to KEYSTONE FINANCIAL BANK,
N.A. (Keystone), formerly known as
MID-STATE BANK AND TRUST COMPANY,
Plaintiff

vs.

POWER OPERATING CO., INC., a/k/a
POWER LAND CO., a/k/a
POWER LAND CO., INC.,
Defendants

CIVIL DIVISION

NO. 2003-00456-CD

WAIVER OF THIRTY DAY
NOTICE OF SHERIFF SALE

Filed on behalf of JR. Land
Company, Inc., Plaintiff

Filed by:
George S. Test, Esquire
Moshannon Bldg.-Room 311
203 North Front Street
P. O. Box 706
Philipsburg, PA 16866-0706
(814) 342-4640

PA I.D.#15915

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

FILED ^{NO} _{CC}
m 11:07 AM
OCT 28 2005

William A. Shaw
Prothonotary/Clerk of Courts

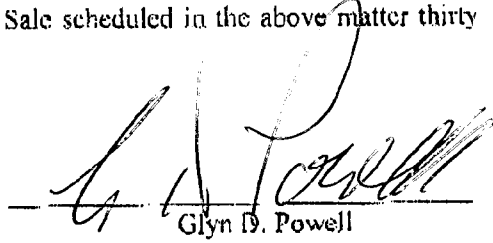
IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

JR. LAND COMPANY, INC.,	:	
by Assignment from	:	CIVIL DIVISION
MANUFACTURERS AND TRADERS TRUST	:	
COMPANY (M&T), Successor in interest by	:	NO. <u>2003-00456-CD</u>
Merger to KEYSTONE FINANCIAL BANK,	:	
N.A. (Keystone), formerly known as	:	
MID-STATE BANK AND TRUST COMPANY,	:	
Plaintiff	:	
vs.	:	
POWER OPERATING CO., INC., a/k/a	:	
POWER LAND CO., a/k/a	:	
POWER LAND CO., INC.,	:	
Defendants	:	

WAIVER OF THIRTY (30) DAY NOTICE OF SHERIFF SALE

I, J. GLYN D. POWELL, Owner and President of Power Operating Co., Inc. hereby waive the right to service of Notice of the Sheriff Sale scheduled in the above matter thirty (30) days prior to the date scheduled for said sale.

Date:

10/19/05
Glyn D. Powell

FILED

OCT 28 2005

U.S. District Court
Southern District of New York
U.S. District Court

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

JR. LAND COMPANY, INC.,
by Assignment from
MANUFACTURERS AND TRADERS TRUST
COMPANY (M&T), Successor in interest by
Merger to KEYSTONE FINANCIAL BANK,
N.A. (Keystone), formerly known as
MID-STATE BANK AND TRUST COMPANY,
Plaintiff

vs.

POWER OPERATING CO., INC., a/k/a
POWER LAND CO., a/k/a
POWER LAND CO., INC.,
Defendants

CIVIL ACTION LAW

NO. 2003-00456-CD

AFFIDAVIT PURSUANT
TO RULE 3129.1

Filed on behalf of JR. LAND
COMPANY, INC., Plaintiff

Filed by:
George S. Test, Esquire
Moshannon Bldg. - Room 311
203 North Front Street
P. O. Box 706
Philipsburg, PA 16866-0706
(814) 342-4640

PA I.D. #15915

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

FILED
m/11:07
OCT 28 2005
MICHAEL A. Shaw
Prothonotary Clerk of Courts

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

JR. LAND COMPANY, INC.,	:	
by Assignment from	:	CIVIL ACTION LAW
MANUFACTURERS AND TRADERS TRUST	:	
COMPANY (M&T), Successor in interest by	:	NO. <u>2003-00456-CD</u>
Merger to KEYSTONE FINANCIAL BANK,	:	
N.A. (Keystone), formerly known as	:	
MID-STATE BANK AND TRUST COMPANY,	:	
Plaintiff	:	
vs.	:	
POWER OPERATING CO., INC., a/k/a	:	
POWER LAND CO., a/k/a	:	
POWER LAND CO., INC.,	:	
Defendants	:	

AFFIDAVIT PURSUANT TO RULE 3129.1

George S. Test, Attorney for the Plaintiff in the above action sets forth as of the date the Praeipce for Writ of Execution was filed, the following information concerning the real property located in Gulich, Woodward and Decatur Townships, Clearfield County, Pennsylvania, more fully described in Exhibit A which is attached hereto and made a part hereof.

1. Name of the owners or reported owners are Power Operating Co., Inc., a/k/a Power Land Co., a/k/a Power Land Co., Inc.. The Defendants are no longer in business and do not have a mailing address.
2. Name of the Defendant or reported Defendants are Power Operating Co., Inc., a/k/a Power Land Co., a/k/a Power Land Co., Inc.. The Defendants are no longer in business and do not have a mailing address. Attached hereto as Exhibit B is a Waiver of Thirty (30) Day Notice of Sheriff Sale executed by Glyn D. Powell, who Plaintiff believes is the owner and President of Power Operating Co., a/k/a Power Land Co., a/k/a Power land Co., Inc. Glyn D. Powell was served with Notice of the Sheriff's Sale prior to his execution of the aforesaid Waiver but not thirty (30) days prior to the scheduled date of the sale.

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

3. The names and addresses of every Judgment Creditor whose Judgment is a record lien on the real property to be sold are:

- a. Commonwealth of Pennsylvania
Unemployment Compensation Bureau
Labor and Industry Building
Harrisburg, PA 17120

4. The name and address of last recorded holder of every mortgage of record:

- a. None.

5. The name and address of every other person who has any record lien on the property:

- a. None.

6. The name and address of every other person who has any record interest in the property whose interest may be affected by the sale is:

None

7. The name and address of every other person of whom the Plaintiff has knowledge who has any interest in the property which may be affected by the sale is:

None

I verify that the statements made in this affidavit are true and correct to the best of my personal knowledge or information and belief. I understand that false statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

10/27/05
Date

GEORGE S. TEST
ATTORNEY-AT-LAW
PHILIPSBURG, PA

JR. LAND COMPANY, INC.

By: [Signature]
George S. Test, Esquire
Attorney for the Plaintiff

By: [Signature]
George D. Cowler, Jr., President

EXHIBIT "A"

All the right, title and interest of Power Operating Co., Inc., a/k/a Power Land Co., a/k/a Power Land Co., Inc. in and to the various premises located in Gulich Township, Woodward Township, Morris Township and Decatur Township identified and described by the following tax map and control numbers:

<u>Township</u>	<u>Map Number</u>	<u>Control Number</u>	<u>Assessed Acres</u>
Gulich	118-M16-000-00006	118038174	5 A
Gulich	118-M16-000-00001	118038389	433.96 A IN FEE
Gulich	118-M16-000-0000TL01		EXC 1.836 A SURF Trailer
Woodward	130-M15-000-00002	130080374	162.368 A
Woodward	130-M15-000-00013 MN	130080358	10.8 A MIN
Woodward	130-M15-000-00003	130080375	408.316 A
Woodward	130-M15-000-00004	130080376	364 A
Woodward	130-N14-000-00011	130080598	77.219 A
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Woodward	130-M15-000-00006	130-0-80378	360.64 A
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Morris	124-999-000-00005	124083973	145 A
Decatur	112-N14-000-00002	112020113	278.03 A
Decatur	112-O14-000-00001	112020114	350 A IN FEE Cleaning Plant
Decatur	112-P13-000-00039 MN	112020091	13.319 A COAL & MIN
Decatur	112-999-000-00067	112020084	113.75 A
Decatur	112-014-000-00050	112020537	4.65 A
Decatur	112-N14-000-00017	112040897	4.014 A
Decatur	112-O14-000-00043	112019804	5 A
Decatur	112-O14-000-00028 TL		Trailer

**AND ALL OTHER INTERESTS IN SURFACE, COAL, CLAY, OIL, OR GAS IN
CLEARFIELD COUNTY, PENNSYLVANIA, OWNED BY THE DEFENDANTS.**

EXHIBIT "B"

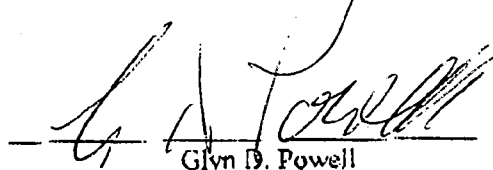
IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

JR. LAND COMPANY, INC.,	:	
by Assignment from	:	CIVIL DIVISION
MANUFACTURERS AND TRADERS TRUST	:	
COMPANY (M&T), Successor in interest by	:	NO. <u>2003-00456-CD</u>
Merger to KEYSTONE FINANCIAL BANK,	:	
N.A. (Keystone), formerly known as	:	
MID-STATE BANK AND TRUST COMPANY,	:	
Plaintiff	:	
vs.	:	
POWER OPERATING CO., INC., a/k/a	:	
POWER LAND CO., a/k/a	:	
POWER LAND CO., INC.,	:	
Defendants	:	

WAIVER OF THIRTY (30) DAY NOTICE OF SHERIFF SALE

I, J. GLYN D. POWELL, Owner and President of Power Operating Co., Inc. hereby waive the right to service of Notice of the Sheriff Sale scheduled in the above matter thirty (30) days prior to the date scheduled for said sale.

Date:

10/19/05
Glyn D. Powell

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

DOCKET # 20045

NO: 03-456-CD

PLAINTIFF: JR. LAND COMPANY, INC., BY ASSIGNMENT FROM MANUFACTURERS AND TRADERS TRUST COMPANY (M&T), SUCCESSOR IN INTEREST BY MERGER TO KEYSTONE FINANCIAL BANK, N.A. (KEYSTONE), FORMERLY KNOWN AS MID-STATE BANK AND TRUST COMPANY
vs.

DEFENDANT: POWER OPERATING CO., INC., A/K/A POWER LAND CO. A/K/A POWER LAND CO., INC.

Execution REAL ESTATE

SHERIFF RETURN

DATE RECEIVED WRIT: 08/16/2005

LEVY TAKEN 09/02/2005 @ 9:45 AM

POSTED 09/02/2005 @ 9:45 AM

SALE HELD 11/04/2005

SOLD TO JR. LAND COMPANY, INC.

SOLD FOR AMOUNT \$1.00 PLUS COSTS

WRIT RETURNED 03/08/2006

DATE DEED FILED 03/08/2006

PROPERTY ADDRESS PROPERTIES AS LISTED ON WRIT , PA

SERVICES

09/28/2005 @ SERVED POWER OPERATING CO., INC., A/K/A POWER LAND CO.,
SERVED CHRISTINE C. SHUBERT FOR POWER OPERATING BY REGULAR AND CERTIFIED MAIL #70033110000193800923 AT 10
TEABERRY DRIVE MEDFORD, NJ 08055 SIGNED FOR BY CHRISTINE SHUBERT WITH

A TRUE AND ATTESTED COPY OF THE ORIGINAL WRIT OF EXECUTION, NOTICE OF SALE AND COPY OF THE LEVY.

10/14/2005 @ 11:35 AM SERVED GLEN POWELL

SERVED GLEN POWELL, DEFENDANT, AT HIS RESIDENCE 1060 SPRING STREET, HOUTZDALE, CLEARFIELD COUNTY, PENNSYLVANIA
BY HANDING TO MARY POWELL, WIFE/AAR

A TRUE AND ATTESTED COPY OF THE ORIGINAL WRIT OF EXECUTION, NOTICE OF SALE, AND COPY OF THE LEVY AND BY MAKING
KNOW TO HIM / HER THE CONTENTS THEREOF.

@ SERVED

GEORGE TEST ATTORNEY FOR THE PLAINTIFF FILLED A WAIVER OF 30 DAY NOTICE FOR GLEN POWELL, DEFENDANT, WITH THE
PROTHONOTARY OFFICE.

@ SERVED

NOW, MARCH 9, 2006 RETURN THE WRIT ISSUED ON SEPTEMBER 17, 2004 AS TIME EXPIRED.

@ SERVED

NOW, MARCH 9, 2006 RETURN THE WRIT REISSUED ON DECEMBER 15, 2004 AS TIME EXPIRED.

FILED
03:48/04
MAR 09 2006
William A. Shaw
Prothonotary/Clerk of Courts

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

DOCKET # 20045

NO: 03-456-CD

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DATE DEED FILED 03/08/2006

FILED
03:48 PM
MAR 09 2006
William A. Shaw
Prothonotary/Clerk of Courts

PROPERTY ADDRESS PROPERTIES AS LISTED ON WRIT , PA

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PROTHONOTARY OFFICE.

@ SERVED

NOW, MARCH 9, 2006 RETURN THE WRIT ISSUED ON SEPTEMBER 17, 2004 AS TIME EXPIRED.

@ SERVED

NOW, MARCH 9, 2006 RETURN THE WRIT REISSUED ON DECEMBER 15, 2004 AS TIME EXPIRED.

@ SERVED

NOW MARCH 9, 2006 RETURN THE WRIT REISSUED ON APRIL 20, 2005 AS TIME EXPIRED.

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

DOCKET # 20045
NO: 03-456-CD

PLAINTIFF: JR. LAND COMPANY, INC., BY ASSIGNMENT FROM MANUFACTURERS AND TRADERS TRUST COMPANY (M&T), SUCCESSOR IN INTEREST BY MERGER TO KEYSTONE FINANCIAL BANK, N.A. (KEYSTONE), FORMERLY KNOWN AS MID-STATE BANK AND TRUST COMPANY

vs.

DEFENDANT: POWER OPERATING CO., INC., A/K/A POWER LAND CO. A/K/A POWER LAND CO., INC.

Execution REAL ESTATE

SHERIFF RETURN

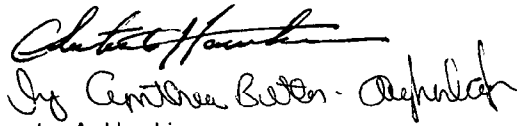
SHERIFF HAWKINS \$1,203.28

SURCHARGE \$40.00 PAID BY PLAINTIFF

Sworn to Before Me This

_____ Day of _____ 2006

So Answers,



Chester A. Hawkins
Sheriff

WRIT OF EXECUTION and/or ATTACHMENT
COMMONWEALTH OF PENNSYLVANIA, COUNTY OF CLEARFIELD
CIVIL ACTION - LAW

JR. LAND COMPANY, INC.,
by Assignment from
MANUFACTURERS AND TRADERS TRUST
COMPANY (M&T), Successor in interest by
Merger to KEYSTONE FINANCIAL BANK,
N.A. (Keystone), formerly known as
MID-STATE BANK AND TRUST COMPANY,
Vs.

NO. 2003-00456-CD

POWER OPERATING CO., INC., a/k/a
POWER LAND CO., a/k/a
POWER LAND CO., INC.

TO THE SHERIFF OF CLEARFIELD COUNTY:

To satisfy the debt, interest and costs due MANUFACTURERS AND TRADERS TRUST COMPANY (M&T), KEYSTONE FINANCIAL BANK, N.A. (KEYSTONE), MID-STATE BANK AND TRUST COMPANY, assigned to JR. LAND COMPANY, INC., Plaintiff(s) from POWER OPERATING CO., INC., a/k/a POWER LAND CO., a/k/a POWER LAND CO., INC., Defendant(s):

- (1) You are directed to levy upon the property of the defendant(s) and to sell interest(s) therein:
See Attached Exhibit "A"
- (2) You are also directed to attach the property of the defendant(s) not levied upon in the possession of:
Garnishee(s) as follows:
and to notify the garnishee(s) that: (a) an attachment has been issued; (b) the garnishee(s) is/are enjoined from paying any debt to or for the account of the defendant(s) and from delivering any property of the defendant(s) or otherwise disposing thereof;
- (3) If property of the defendant(s) not levied upon and subject to attachment is found in the possession of anyone other than a named garnishee, you are directed to notify him/her that he/she has been added as a garnishee and is enjoined as above stated.

AMOUNT DUE \$8,082,035.10

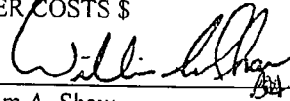
INTEREST Plus additional interest from February 24, 2000 at the respective rates as set forth in the \$5,000,000.00 Note and the \$5,893,750.00 Note, plus interest as set forth in the Post-Petition Credit Agreement, additional late charges, attorneys fees and costs of suit as provided in the Power Obligations.

PROTH. COSTS \$ ~~130.00~~ PAID

ATTY'S COMM \$ 146.00

DATE _____

PAID \$
SHERIFF \$
OTHER COSTS \$


William A. Shaw
Prothonotary/Clerk Civil Division

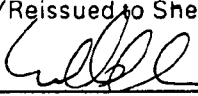
Received this writ this 16th day
of August A. D. 2004 2005

At 3:45 A.M./P.M.

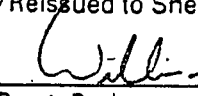
Chester A. Housens
by Andrew B. Beller - Clerk

Requesting Party: George S. Test, Esquire

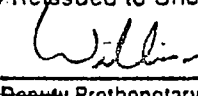
Aug. 16, 2005 Document
~~Reinstated/Reissued to Sheriff/Attorney~~
or service.


Deputy Prothonotary

4-20-05 Document
~~Reinstated/Reissued to Sheriff/Attorney~~
for service.


Deputy Prothonotary

12-15-04 Document
~~Reinstated/Reissued to Sheriff/Attorney~~
for service.


Deputy Prothonotary

<u>Map Number</u>	<u>Control Number</u>	<u>Assessed Acres</u>
118-M16-000-00006	118038174	5 A
118-M16-000-00001	118038389	433.96 A IN FEE EXC 1.836 A SURF
130-M15-000-00002	130080374	162.368 A
130-M15-000-00013 MN	130080358	10.8 A MIN
130-M15-000-00003	130080375	408.316 A
130-M15-000-00004	130080376	364 A
130-N14-000-00011	130080598	77.219 A
130-M15-000-00075	130036306	2.6 A
124-999-000-00004	124083975	37 A
124-999-000-00005	124083973	145 A
112-N14-000-00002	112020113	278.03 A
112-O14-000-00001	112020114	350 A IN FEE
112-P13-000-00039 MN	112020091	13.319 A COAL & MIN
112-999-000-00067	112020084	113.75 A
112-014-000-00050	112020537	4.65 A
112-N14-000-00017	112040897	4.014 A
112-O14-000-00043	112019804	5 A
888-000-00028	112-0-19525	5.6% INT IN 100 A MIN
888-000-00029	112-0-19526	3.7% INT IN 100 A MIN
012-000-00018	112-0-19528	22.2% INT IN 88 A

EXHIBIT A

<u>Map Number</u>	<u>Control Number</u>	<u>Assessed Acres</u>
012-000-00008	112-0-19596	1.2% INT IN 148 A MIN & COAL RT EXC B Vein
999-000-00009	112-0-19961	1.9% INT IN 310 A & 3.7 INT IN L & 115 1/3 MIN
112-P12-000-00134	112-0-19532	15 A SURF
112-P12-000-00215	112-0-19533	25 A SURF
112-P12-000-00217	112-0-47338	14.88 A
130-M15-000-00026	130-0-81006	.75 A H. G. & L
130-M15-000-00025	130-0-81002	1.276 A
130-M15-000-00006	130-0-80378	360.64 A

**AND ALL OTHER INTERESTS IN SURFACE, COAL, CLAY, OIL, OR GAS IN
CLEARFIELD COUNTY, PENNSYLVANIA, OWNED BY THE DEFENDANTS.**

**WRIT OF EXECUTION and/or ATTACHMENT
COMMONWEALTH OF PENNSYLVANIA, COUNTY OF CLEARFIELD
CIVIL ACTION - LAW**

JR. LAND COMPANY, INC.,
by Assignment from
MANUFACTURERS AND TRADERS TRUST
COMPANY (M&T), Successor in interest by
Merger to KEYSTONE FINANCIAL BANK,
N.A. (Keystone), formerly known as
MID-STATE BANK AND TRUST COMPANY,

NO. 2003-00456-CD

Vs.

POWER OPERATING CO., INC., a/k/a
POWER LAND CO., a/k/a
POWER LAND CO., INC.

TO THE SHERIFF OF CLEARFIELD COUNTY:

To satisfy the debt, interest and costs due MANUFACTURERS AND TRADERS TRUST COMPANY (M&T), KEYSTONE FINANCIAL BANK, N.A. (KEYSTONE), MID-STATE BANK AND TRUST COMPANY, assigned to JR. LAND COMPANY, INC., Plaintiff(s) from POWER OPERATING CO., INC., a/k/a POWER LAND CO., a/k/a POWER LAND CO., INC., Defendant(s):

- (1) You are directed to levy upon the property of the defendant(s) and to sell interest(s) therein:
See Attached Exhibit "A"
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AMOUNT DUE \$8,082,035.10

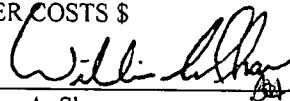
INTEREST Plus additional interest from February 24, 2000 at the respective rates as set forth in the \$5,000,000.00 Note and the \$5,893,750.00 Note, plus interest as set forth in the Post-Petition Credit Agreement, additional late charges, attorneys fees and costs of suit as provided in the Power Obligations.

PROTH. COSTS \$ 134.00 PAID

ATTY'S COMM \$

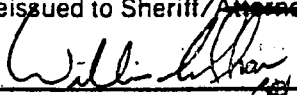
DATE _____

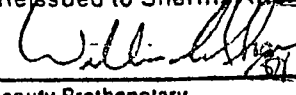
PAID \$
SHERIFF \$
OTHER COSTS \$


William A. Shaw
Prothonotary/Clerk Civil Division

Received this writ this 20th day
of April A. D. 2004 2005
At 2:00 A.M. P.M.

Requesting Party: George S. Test, Esquire

4-20-05 Document
~~Reinstated~~/Reissued to Sheriff/Attorney
for service. 
Deputy Prothonotary

12-15-04 Document
~~Reinstated~~/Reissued to Sheriff/Attorney
for service. 
Deputy Prothonotary

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130-M15-000-00013 MN	130080358	10.8 A MIN
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130-M15-000-00004	130080376	364 A
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130-M15-000-00075	130036306	2.6 A
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124-999-000-00005	124083973	145 A
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112-O14-000-00001	112020114	350 A IN FEE
112-P13-000-00039 MN	112020091	13.319 A COAL & MIN
112-999-000-00067	112020084	113.75 A
112-014-000-00050	112020537	4.65 A
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112-O14-000-00043	112019804	5 A
888-000-00028	112-0-19525	5.6% INT IN 100 A MIN
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130-M15-000-00025	130-0-81002	1.276 A
130-M15-000-00006	130-0-80378	360.64 A

**AND ALL OTHER INTERESTS IN SURFACE, COAL, CLAY, OIL, OR GAS IN
CLEARFIELD COUNTY, PENNSYLVANIA, OWNED BY THE DEFENDANTS.**

**WRIT OF EXECUTION and/or ATTACHMENT
COMMONWEALTH OF PENNSYLVANIA, COUNTY OF CLEARFIELD
CIVIL ACTION - LAW**

JR. LAND COMPANY, INC.,
by Assignment from
MANUFACTURERS AND TRADERS TRUST
COMPANY (M&T), Successor in interest by
Merger to KEYSTONE FINANCIAL BANK,
N.A. (Keystone), formerly known as
MID-STATE BANK AND TRUST COMPANY,

NO. 2003-00456-CD

Vs.

POWER OPERATING CO., INC., a/k/a
POWER LAND CO., a/k/a
POWER LAND CO., INC.

TO THE SHERIFF OF CLEARFIELD COUNTY:

To satisfy the debt, interest and costs due MANUFACTURERS AND TRADERS TRUST COMPANY (M&T), KEYSTONE FINANCIAL BANK, N.A. (KEYSTONE), MID-STATE BANK AND TRUST COMPANY, assigned to JR. LAND COMPANY, INC., Plaintiff(s) from POWER OPERATING CO., INC., a/k/a POWER LAND CO., a/k/a POWER LAND CO., INC., Defendant(s):

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See Attached Exhibit "A"
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AMOUNT DUE \$8,082,035.10

INTEREST Plus additional interest from February 24, 2000 at the respective rates as set forth in the \$5,000,000.00 Note and the \$5,893,750.00 Note, plus interest as set forth in the Post-Petition Credit Agreement, additional late charges, attorneys fees and costs of suit as provided in the Power Obligations.

PROTH. COSTS \$ 132.00 PAID

ATTY'S COMM \$

DATE _____

PAID \$
SHERIFF \$
OTHER COSTS \$

William A. Shaw
Prothonotary/Clerk Civil Division

Received this writ this 15th day
of December A. D. 2004
At 3:30 A.M./P.M.

Requesting Party: George S. Test, Esquire

12-15-04 Document
~~Reinstated~~/Reissued to Sheriff/~~Attorney~~
for service. William A. Shaw
Deputy Prothonotary

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EXHIBIT A

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COMMONWEALTH OF PENNSYLVANIA, COUNTY OF CLEARFIELD
CIVIL ACTION - LAW**

JR. LAND COMPANY, INC.,
by Assignment from
MANUFACTURERS AND TRADERS TRUST
COMPANY (M&T), Successor in interest by
Merger to KEYSTONE FINANCIAL BANK,
N.A. (Keystone), formerly known as
MID-STATE BANK AND TRUST COMPANY,
Vs.

NO. 2003-00456-CD

POWER OPERATING CO., INC., a/k/a
POWER LAND CO., a/k/a
POWER LAND CO., INC.

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To satisfy the debt, interest and costs due MANUFACTURERS AND TRADERS TRUST COMPANY (M&T), KEYSTONE FINANCIAL BANK, N.A. (KEYSTONE), MID-STATE BANK AND TRUST COMPANY, assigned to JR. LAND COMPANY, INC., Plaintiff(s) from POWER OPERATING CO., INC., a/k/a POWER LAND CO., a/k/a POWER LAND CO., INC., Defendant(s):

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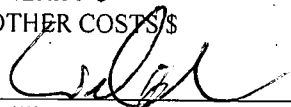
INTEREST Plus additional interest from February 24, 2000 at the respective rates as set forth in the \$5,000,000.00 Note and the \$5,893,750.00 Note, plus interest as set forth in the Post-Petition Credit Agreement, additional late charges, attorneys fees and costs of suit as provided in the Power Obligations.

PROTH. COSTS \$ 125.00 PAID.

ATTY'S COMM \$

DATE Sept. 17, 2004

PAID \$
SHERIFF \$
OTHER COSTS \$


William A. Shaw
Prothonotary/Clerk Civil Division

Received this writ this 17th day
of September A. D. 2004
At 3:00 A.M. PM

Requesting Party: George S. Test, Esquire

<u>Map Number</u>	<u>Control Number</u>	<u>Assessed Acres</u>
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EXHIBIT A

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130-M15-000-00025	130-0-81002	1.276 A
130-M15-000-00006	130-0-80378	360.64 A

**AND ALL OTHER INTERESTS IN SURFACE, COAL, CLAY, OIL, OR GAS IN
CLEARFIELD COUNTY, PENNSYLVANIA, OWNED BY THE DEFENDANTS.**

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

POWER OPERATING CO., INC.
A/K/A POWER LAND CO.
C/O CHRISTINE C. SHUBERT
10 TEABERRY DRIVE
MEDFORD, NJ 08055

2. Article Number


(Transfer from service label)

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature  ☒ Agent ☐ Addressee

B. Received by Christine C. Shubert C. Date of Delivery 09/28/05

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

7003 3110 0001 9360 0923

**U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$	\$0.82
Certified Fee	\$	\$2.30
Return Receipt Fee (Endorsement Required)	\$	\$1.75
Restricted Delivery Fee (Endorsement Required)	\$	\$0.00
Total Postage & Fees	\$	\$4.88

0836

07 Postmark Here

09/26/2005

Sent To POWER OPERATING CO., INC.
Street, Apt. No., A/K/A POWER LAND CO.
or PO Box No. C/O CHRISTINE C. SHUBERT
City, State, Zip+4 10 TEABERRY DRIVE
MEDFORD, NJ 08055

PS Form 3800, June 2002

See Reverse for Instructions

7003 3110 0001 9360 0923

GEORGE S. TEST, ESQ.

COPY

Moshannon Building - Room 311
203 North Front Street
P. O. Box 706
Philipsburg, Pennsylvania 16866-0706
Phone (814) 342-4640
Fax (814) 342-3775
E-mail address: geortest@webnmore.net

October 27, 2005

Mr. William A. Shaw
PROTHONOTARY of Clearfield County
P. O. Box 549
Clearfield, PA 16830-0549

**Re: JR. Land Company, Inc. et al.
vs. Power Operating Co., Inc. et al.
No. 2003-00456-CD**

Dear Sir:

Enclosed is a Waiver of Thirty (30) Day Notice of Sheriff Sale and an Affidavit Pursuant to Rule 3129.1 in the above matter.

Please make these documents a part of the record in this matter.

Sincerely,

GEORGE S. TEST, ESQUIRE

GST:cw

Enclosures

cc: Chester A. Hawkins, Sheriff of Clearfield County (w. copies of enclosures)

**REAL ESTATE SALE
SCHEDULE OF DISTRIBUTION**

NAME POWER OPERATING CO., INC., A/K/A POWER LAND CO.,

NO. 03-456-CD

NOW, March 09, 2006, by virtue of the Writ of Execution hereunto attached, after having given due and legal notice of time and place of sale by publication in a newspaper published in this County and by handbills posted on the premises setting for the date, time and place of sale at the Court House in Clearfield on November 04, 2005, I exposed the within described real estate of Power Operating Co., Inc., A/K/A Power Land Co. A/K/A Power Land Co., Inc. to public venue or outcry at which time and place I sold the same to JR. LAND COMPANY, INC. he/she being the highest bidder, for the sum of \$1.00 plus costs and made the following appropriations, viz:

SHERIFF COSTS:

RDR	15.00
SERVICE	15.00
MILEAGE	17.46
LEVY	15.00
MILEAGE	72.75
POSTING	15.00
CSDS	10.00
COMMISSION	0.00
POSTAGE	9.69
HANDBILLS	15.00
DISTRIBUTION	25.00
ADVERTISING	15.00
ADD'L SERVICE	15.00
DEED	30.00
ADD'L POSTING	420.00
ADD'L MILEAGE	52.38
ADD'L LEVY	420.00
BID AMOUNT	1.00
RETURNS/DEPUTIZE	
COPIES	15.00
	5.00
BILLING/PHONE/FAX	20.00
CONTINUED SALES	
MISCELLANEOUS	
TOTAL SHERIFF COSTS	\$1,203.28

DEED COSTS:

ACKNOWLEDGEMENT	5.00
REGISTER & RECORDER	32.50
TRANSFER TAX 2%	0.00
TOTAL DEED COSTS	\$32.50

PLAINTIFF COSTS, DEBT AND INTEREST:

DEBT-AMOUNT DUE	8,082,035.10
INTEREST @ %	0.00
FROM 02/24/2000 TO 11/04/2005	
PROTH SATISFACTION	
LATE CHARGES AND FEES	
COST OF SUIT-TO BE ADDED	
FORECLOSURE FEES	
ATTORNEY COMMISSION	
REFUND OF ADVANCE	
REFUND OF SURCHARGE	40.00
SATISFACTION FEE	
ESCROW DEFICIENCY	
PROPERTY INSPECTIONS	
INTEREST	
MISCELLANEOUS	
TOTAL DEBT AND INTEREST	\$8,082,075.10

COSTS:

ADVERTISING	349.32
TAXES - COLLECTOR	
TAXES - TAX CLAIM	231,693.24
DUE	
LIEN SEARCH	300.00
ACKNOWLEDGEMENT	5.00
DEED COSTS	32.50
SHERIFF COSTS	1,203.28
LEGAL JOURNAL COSTS	252.00
PROTHONOTARY	146.00
MORTGAGE SEARCH	410.00
MUNICIPAL LIEN	
TOTAL COSTS	\$234,391.34

DISTRIBUTION WILL BE MADE IN ACCORDANCE WITH THE ABOVE SCHEDULE UNLESS EXCEPTIONS ARE FILED WITH THIS OFFICE **WITHIN TEN (10) DAYS FROM THIS DATE.**

CHESTER A. HAWKINS, Sheriff

FILED

MAR 09 2006

William A. Shaw
Prothonotary/Clerk of Courts