

CHUITNA



Development Status Chuitna Coal Project

**Presentation to
Resource Development Council
Petroleum Club of Alaska
Anchorage, AK
December 1, 2005**

Henry Hub 11/29/05 \$10.99

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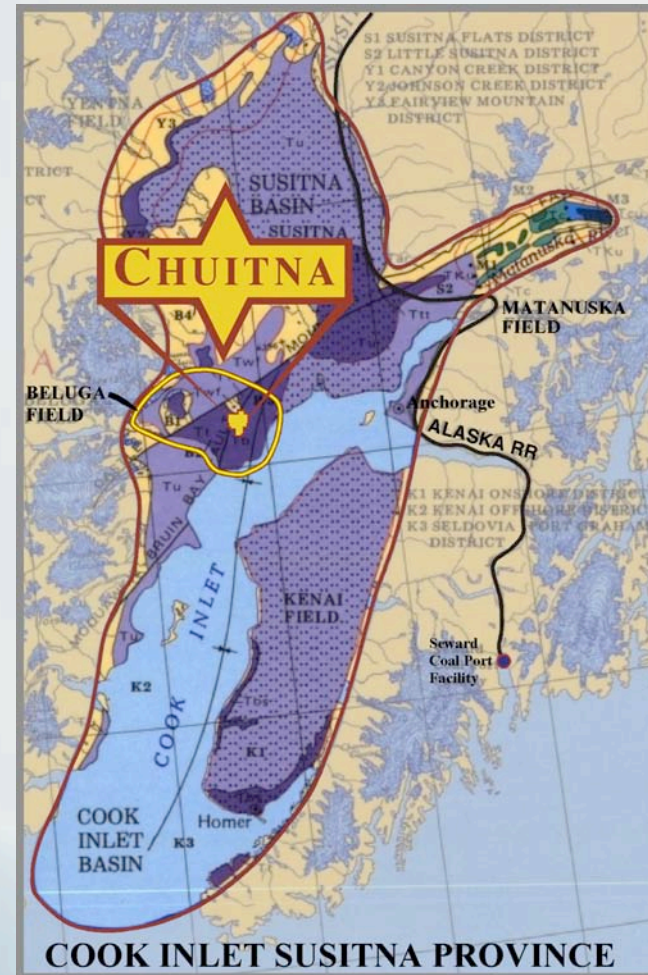


Cook Inlet Susitna Coal Province

Resource & Reserve Summary

10⁶ Tons

▪ Hypothetical Resource	64,230
▪ Identified Resource	10,550
▪ Measured Resource	1,400
▪ Chuitna Measured Reserves	1,000
▪ Chuitna Proven Reserves	700



Presentation Outline

- **Coal Development in Context.**
- **A Brief History of Chuitna 1990 - 2004.**
- **Chuitna Development Going Forward.**
- **Myths & Misperceptions.**

Coal Development in Context

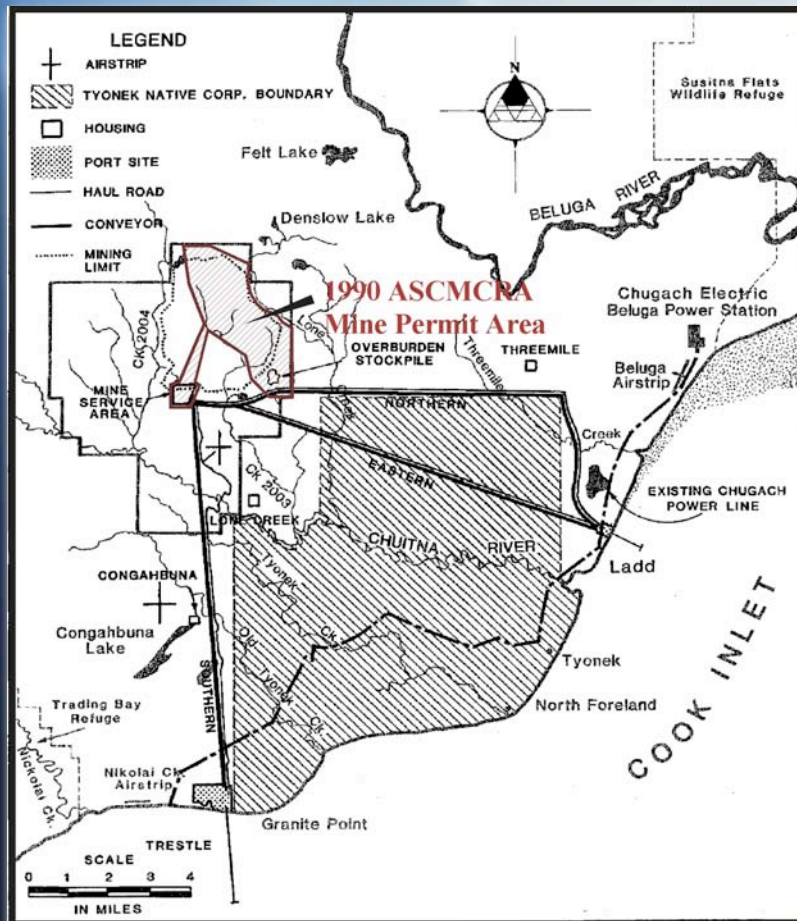
Different than other Alaska Resource Developments

- **Permitting**
 - Comprehensive coal specific regulatory regime.
- **Financing**
 - Production off take commitments.
- **Market Perceptions**
 - Subbituminous coal
 - Alaska-Not a producing region

Brief History 1990-2004

- **Project Approval Status 1990**
- **Markets & Marketing 1990**
- **Running In Place 1990-1995**
- **Repositioning 1995-2004**

Project Approval Status 1990



- **Final EIS & ROD, 4 NPDES Permits w/ 401 Certifications issued.**
- **Draft COE 404 Permit w/401 Certification.**
- **ROD for Mine ASCMCRA permit issued but in court.**
- **Numerous secondary permits issued.**

Markets & Marketing 1990

Export Coal Markets

- Prices at or near top of a cycle.
- Steady increases in demand.
- Marine transport rates low.
- Indonesia & China beginning to make in-roads.

Chuitna Marketing

- No Marketing Effort

Rationale

- Trustees for Alaska Litigation
- Mental Health Trust Lands Litigation

No Marketing

No Off Take Commitment

No Development

Running in Place 1990-1995

- **Trustees for Alaska Litigation - Uncertainty regarding scope & timing of governmental approvals.**
- **Mental Health Trust Litigation - Uncertainty regarding royalties and validity of leases.**

**Power generators, world wide, are
risk and uncertainty adverse.**

Repositioning 1995 to 2004

Market Development

- Repositioned Chuitna in International Coal Markets.
- 95'- 03' Prices continue decline & procurement shifts to spot & term.
- 03'- 04' Paradigm change in international coal markets.

Project Development

- Continued on-going water monitoring.
- Detailed geologic model for LMU_1.
- Re-engineered/planned entire project.
- Evaluated multiple project development & investment scenarios.

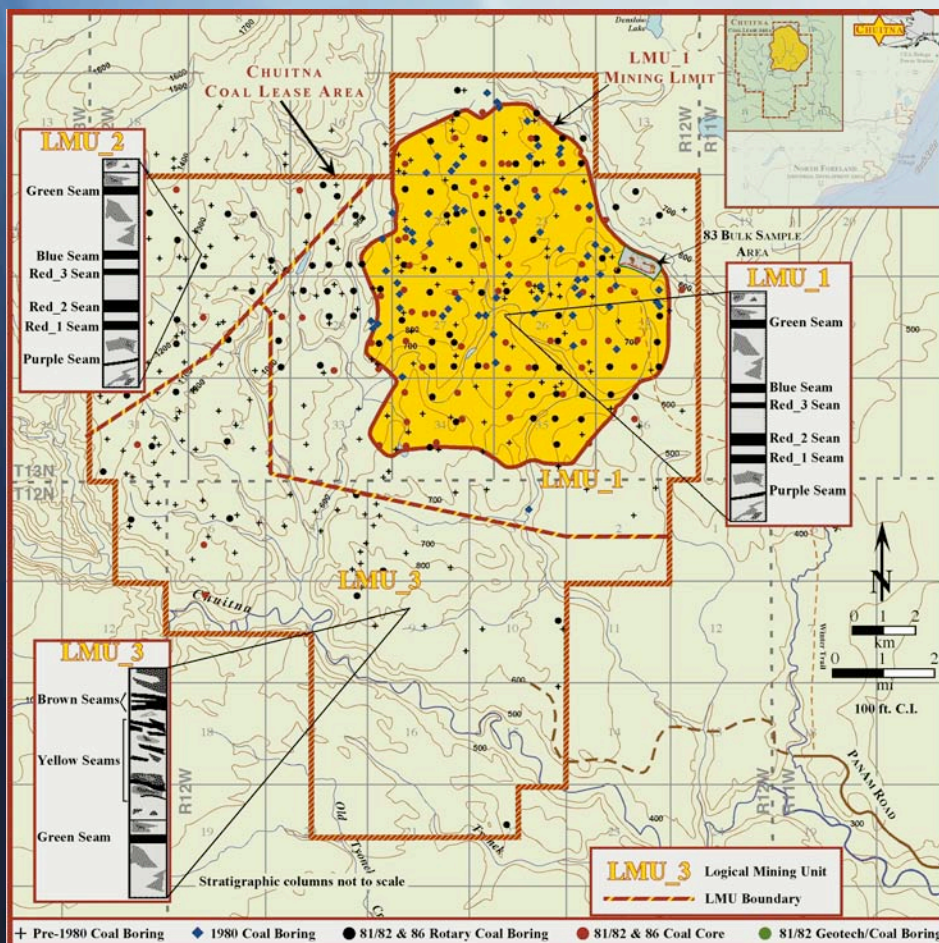
Chuitna Going Forward

- **1,000 MMT Coal Reserve**
- **Development Enterprise - PacRim Coal, LP**
- **Chuitna Coal Project Scope**
- **Permitting/EIS Strategy**
- **Development Schedule**

CHUITNA



1,000 MMT Coal Reserve



Lease Area Reserves

Mining Unit	Area		Reserves (1,000,000 Tons)		
	Acres	Hectares	Proven	Indicated	TOTAL
LMU 1	9,650	3,860	655		655
LMU 2	2,500	1,000	154		154
LMU 3	8,350	3,340		254	254
TOTAL	20,500	8,200	809	254	1,063

Based on + 500 Borings

LMU 1 Summary

COAL SEAM	MINEABLE		RECOVERABLE		
	Waste (10 ⁶ m ³)	Coal (10 ⁶ Tons)	Waste (10 ⁶ m ³)	Coal (10 ⁶ Tons)	% of Total Recoverable
Green	21	5	21	5	1.7%
Blue	257	50	260	47	15.7%
Red 3	357	71	360	68	22.7%
Red 2	437	119	442	114	38.0%
Red 1	98	70	102	66	22.0%
Total	1,170	315	1,185	300	100.1%

PacRim Coal, LP

- **Delaware Limited Partnership**
- **Managing General Partner is PacRim Coal-GP, LLC, Delaware limited liability company.**
- **PacRim Coal, LP is the owner/developer of the Chuitna Coal Project**
- **Partners in PacRim, LP**
 - **Richard D. Bass**
 - **William Herbert Hunt**
 - **William Herbert Hunt Trust Estate.**
 - **Other participants (TBD)**
- **Bass & Hunt - Coal Leaseholders 1972 to present, involved in the property since 1968.**

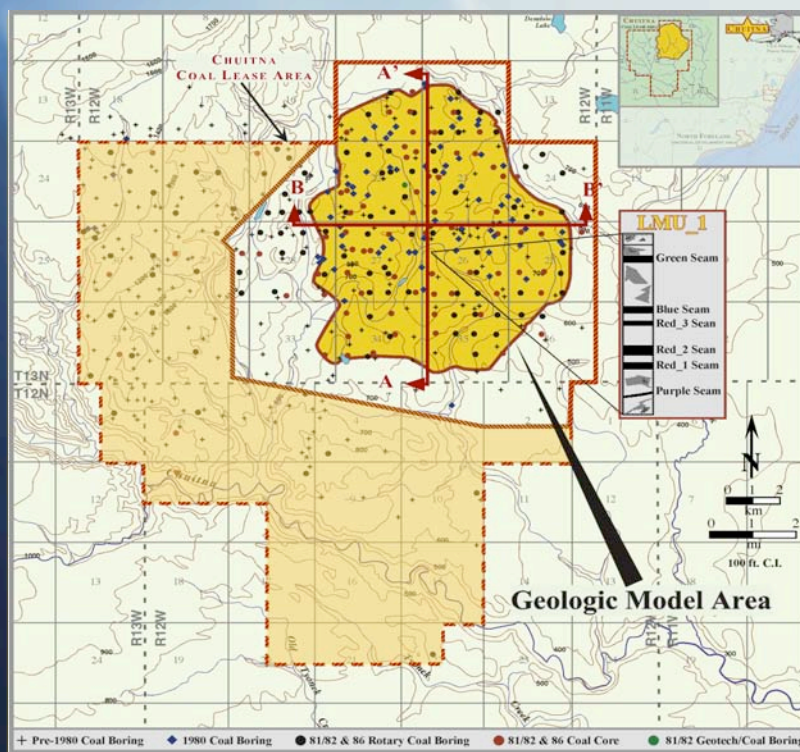
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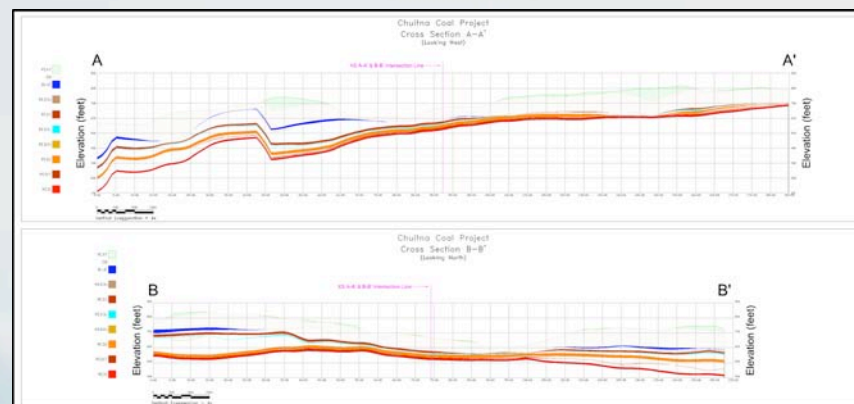
LMU_1 Geologic Model

Reserves & Ratios

In-Place (10 ⁶ Tons)	655
Recoverable (10 ⁶ Tons)	300
Average Ratio (BCY/T)	5.2



X Section Through Geologic Model Area

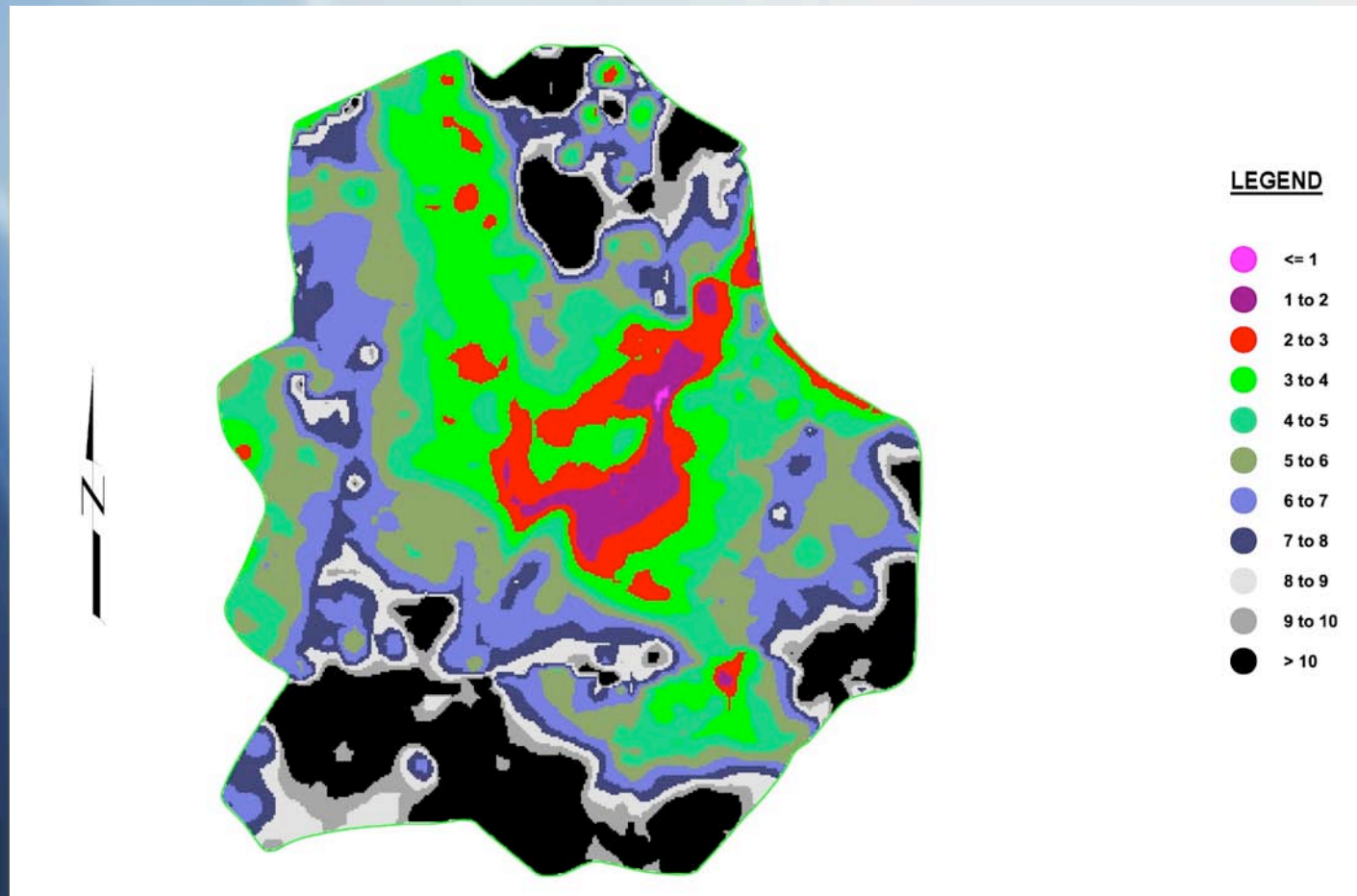


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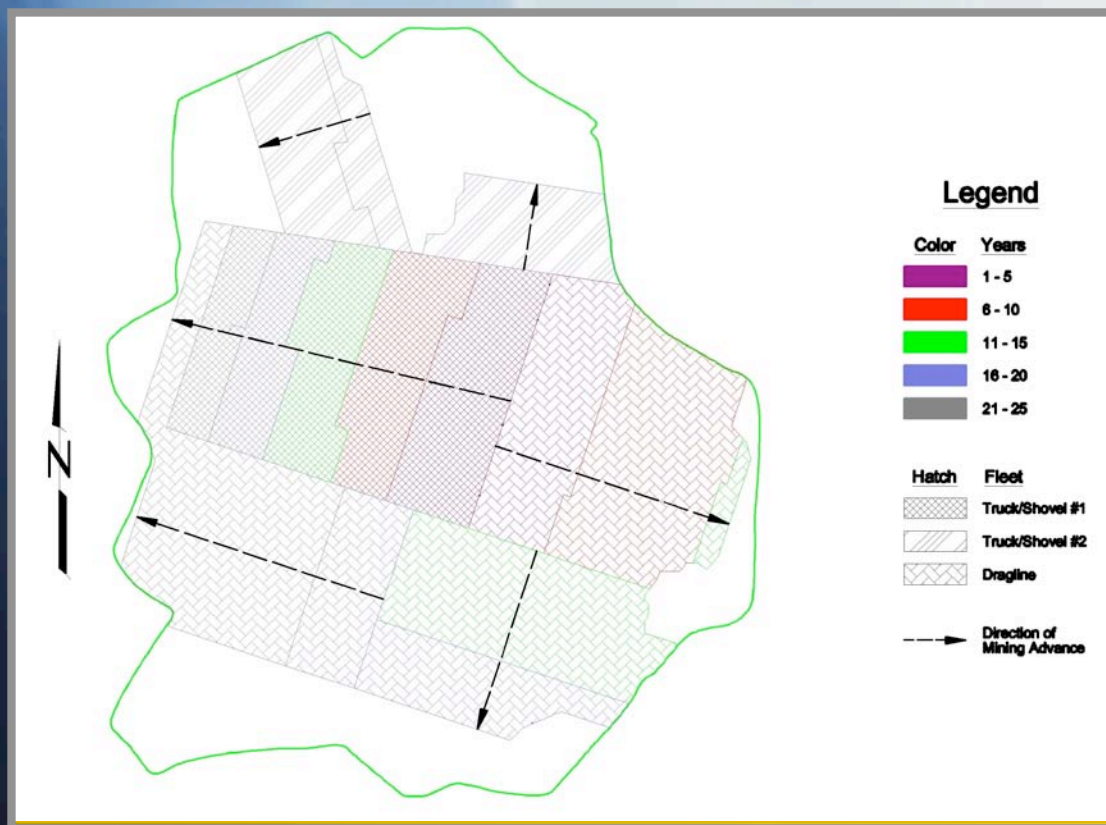


LMU_1 Mining Area Ratio

(Bank Cubic Yards/Ton = BCY/Ton)



LMU_1 Pit Layout



Year	Coal (10 ⁶ Tons)	Overburden (10 ⁶ BCY)	Ratio (BCY/Ton)
2009-2013	21.8	61.8	2.83
2014-2018	43.5	209.7	4.82
2019-2023	40.4	218.3	5.40
2024-2028	40.2	249.0	6.20
2029-2033	44.8	267.5	5.98
25 yr Total	190.7	1,006.3	5.28

Ladd Landing Development

Construction

- Mobilization & Staging Area
- Central Receiving & Distribution Point During Construction

Operations

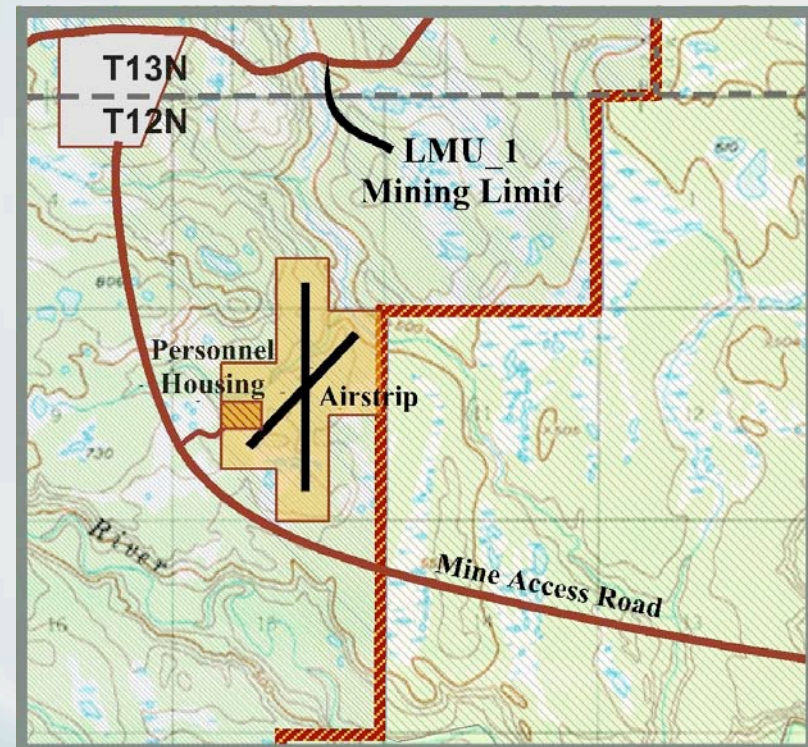
- Centralized Receiving Storage, Warehousing & Distribution During Operations



Personnel Housing & Airstrip

Main Elements

- **Single Status Housing Facility w/ Mess Hall & Rec. Facilities.**
- **Management & Administrative Offices**
- **5000' main strip with 3,500' crosswind**
- **O&M equipment**
- **Access road.**



Permitting/EIS Strategy

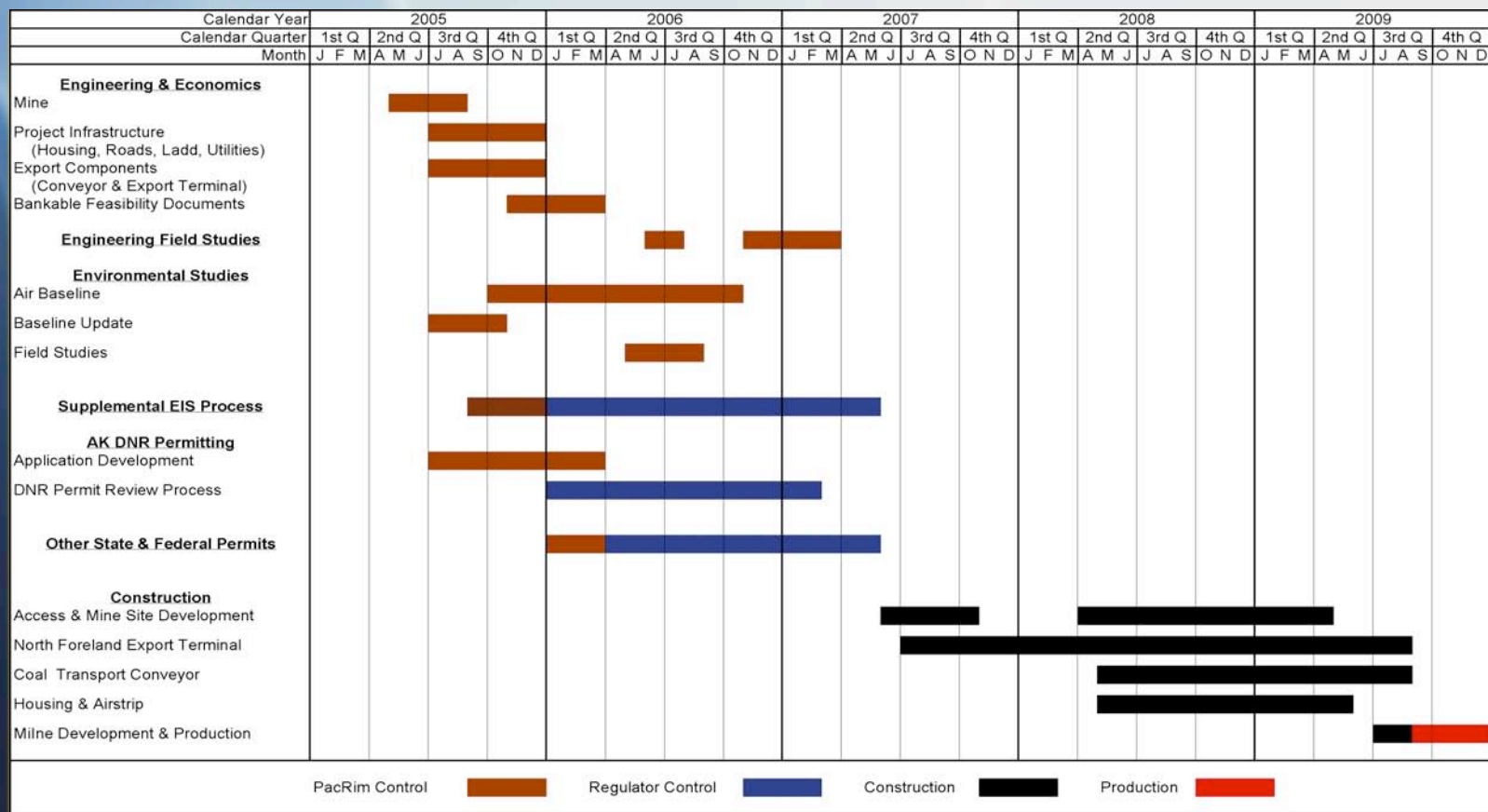
Strategy-Permitting

- **AK DNR Large Mine Project Group designated as Lead for all Alaska Agencies.**
- **Apply for 3-4 separate ASCMCRA Permits for specific Project Components.**
- **Submit a single Project wide permit application for evaluation of cumulative effects evaluation.**

Strategy-EIS

- **EPA designated as the lead federal agency for development of a Supplemental EIS (in the works).**
- **EPA conducts “scoping” during 1st Qtr. 2006.**
- **EPA selects 3rd party EIS contractor in 1st Qtr. 2006.**
- **EPA publishes Draft Supplemental EIS in 2nd Qtr. 2007.**
- **Final Supplemental EIS published in 2nd-3rd Qtr 2007.**

Development Schedule



Myths and Misperceptions

- **Coal Quality: Usibelli v. Chuitna.**
- **Export Market: Usibelli v. Chuitna**
- **350 new jobs (not 3,000).**
- **Upgrading, Processing, etc.**
- **Surface coal mine \neq pit mine.**