



Engineers and Environmental Consultants

7012 MacCorkle Avenue, SE, Charleston, WV 25304 • (304)342-1400 • FAX (304)343-9031; www.potesta.com

July 24, 2006

Mr. Ron Gallimore
Kanawha Eagle Coal, LLC
One Carbon Center, Suite 200
Chesapeake, West Virginia 25315

RE: Notification of Transfer and Procession
Portable Nuclear Density Gauge, Troxler-Model 3430

Dear Mr. Gallimore:

This letter has been prepared at your request to indicate that Potesta & Associates, Inc.'s (POTESTA) intent to take procession of a portable nuclear density gauge (Troxler Model 3430) on Friday, July 24, 2006. The details related to POTESTA's offer to purchase this gauge were included in previously prepared correspondence dated June 7, 2006. POTESTA has completed the required forms for submittal to the US Nuclear Regulatory Commission (NRC) requesting termination of Kanawha Eagle Coal's (KEC) current U.S. Nuclear Regulatory Commission (NRC) materials license (NRC Form 314, Certificate of Disposition of Materials). POTESTA has indicated on this form KEC's intent to transfer the portable nuclear gauge to POTESTA's Charleston, WV office.

POTESTA has contacted Mr. Jim Schmidt of the NRC-Region II, Division of Nuclear Materials Safety located in King of Prussia, PA to discuss the specific reporting requirements to terminate KEC's current license as well as any additional requirements or notifications that may be required for POTESTA to take procession of the gauge. Mr. Schmidt indicated that the only requirement was submittal of NRC Form 314 to terminate KEC's current license and that there would be no additional submittals required for POTESTA to take procession of the gauge.

Following submittal of the attached Form 314, the NRC as part of the review and confirmation process will contact POTESTA to confirm that the gauge is indeed in our procession. Please notify me when the form is submitted and follow-up by providing a copy of the authorized form. POTESTA has attached a check to this correspondence in the amount of \$3,500 as agreed to purchase the gauge.

POTESTA & ASSOCIATES, INC.

Charleston, West Virginia

• Morgantown, West Virginia

• Winchester, Virginia

139188
NMSS/RGNI MATERIALS-002

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Should you have any additional questions regarding this matter please do not hesitate to call. I look forward to hearing from you.

Sincerely,

POTESTA & ASSOCIATES, INC.



Chris Grose, RSO

Senior Engineering Associate I

CAG/tcf

 POTESTA

BILL OF SALE

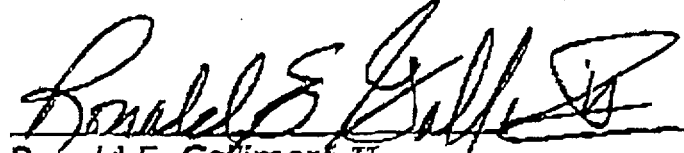
This BILL OF SALE, made this the 26th day of July, 2006, between KANAWHA EAGLE COAL, party of the first part, and POTEITA & ASSOCIATES, INC. party of the second part,

WITNESSETH:

That for and in consideration of the sum of Three Thousand Five Hundred Dollars (\$3,500.00), cash in hand, paid by the party of the second part to the party of the first part, the receipt of which is hereby acknowledged, the party of the first part does hereby sell and assign unto the party of the second part, the following described personal party and sold in its "as is, where is" condition:

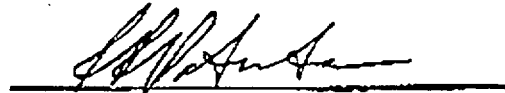
USED 3430 Troxler Nuclear Gauge (serial #33675)

KANAWHA EAGLE COAL



Ronald E. Gallimore II
General Manager

POTEITA & ASSOCIATES, INC.



By: President 8/2/06