

CUSTOMER IDENTIFICATION BLOCK			
Customer Name and Code: _____			
Lease No: _____			
Mine Name: _____			
Facility ID No: _____			
Segment ID No: _____			
Period:	20	to	20

**SCHEDULE 1A -- NON-ARM'S-LENGTH
 TRANSPORTATION SYSTEM/
 SEGMENT OPERATIONS,
 MAINTENANCE AND OVERHEAD
 EXPENDITURES**

Estimated Costs - Check when estimating costs for system/segment start-up.

A. Lessee's Operating Costs for System / Segment

Operations Supervision and Engineering	\$ _____	<input type="text" value="1"/>
Operations Labor	_____	<input type="text" value="2"/>
Utilities	_____	<input type="text" value="3"/>
Materials and Supplies	_____	<input type="text" value="4"/>
Ad Valorem Property Taxes	_____	<input type="text" value="5"/>
Rent / Leasing	_____	<input type="text" value="6"/>
Other (specify). Attach Supplemental Schedule 1A as necessary	_____	<input type="text" value="7"/>
Total Operating Costs -- Subtotal	\$ _____	<input type="text" value="8"/>

B. Lessee's Maintenance Costs

Maintenance Supervision	\$ _____	<input type="text" value="9"/>
Maintenance Labor	_____	<input type="text" value="10"/>
Materials	_____	<input type="text" value="11"/>
Other (specify). Attach Supplemental Schedule 1A as necessary	_____	<input type="text" value="12"/>
Total Maintenance Costs -- Subtotal	\$ _____	<input type="text" value="13"/>

C. Lessee's Overhead Allocation (specify)

_____	\$ _____	<input type="text" value="14"/>
_____	_____	<input type="text" value="15"/>
Other (specify) use Supplemental Schedule 1A	_____	<input type="text" value="16"/>
Total Overhead Allocation	\$ _____	<input type="text" value="17"/>

D. Total Operating and Maintenance Costs

\$ _____

INSTRUCTIONS FOR COMPLETING FORM MMS-4293, SCHEDULE 1A

Use Schedule 1A to record reasonable, actual operating, maintenance, and overhead costs for a transportation segment for the prior reporting period. You must complete a separate Schedule 1A for each segment in the transportation facility. Accumulate the costs for all transportation facility segments to determine the total operating costs for the facility. On the following page of instructions is a list of allowable and nonallowable costs to use as a guide in determining operating, maintenance, and overhead costs. You must use this schedule only when the transportation segments are non-arm's length, either because your affiliate is performing the service or you are transporting the coal yourself.

Customer Information Block – Enter the same customer name and code as used on page 1 of the Form MMS-4293, Coal Transportation Allowance Report.

Enter the same lease number and mine name as used on page 1 of the Form MMS-4293.

Enter a transportation name or facility number unique to the transportation facility.

Enter the transportation segment name or identification number unique to the transportation segment. (For a transportation facility consisting of only one segment, the segment name or number will be the same as the facility name or number.)

Enter the same reporting period as shown in item 5 on page 1 on Form MMS-4293.

Part A and Part B – Identify and list on Part A and Part B all operating and maintenance costs directly attributable to the transportation facility/segment during the reporting period. If you need additional space to identify or explain other cost items, complete and attach a Supplemental Schedule 1A noting the nature and amount of the cost.

Total Operating Costs – Subtotal (8) – Sum lines 1-7.

Total Maintenance Costs – Subtotal (13) – Sum lines 9-12.

Part C – Identify and list all overhead costs directly allocable and attributable to the operations and maintenance of the transportation facility/segment. If you need additional space, complete and attach a Supplemental Schedule 1A noting the nature and amount of the expenditure.

Total Overhead Allocation - (17) – Sum lines 14-16.

Part D, Total Operating and Maintenance Costs – Sum lines 8, 13, and 17.

ALLOWABLE AND NONALLOWABLE OPERATING, MAINTENANCE, AND CAPITAL COSTS

Allowable Capital Costs – Allowable capital costs are generally those costs for depreciable fixed assets (including costs of delivery and installation of capital equipment) which are an integral part of the transportation system. The following capital items are generally considered allowable: garages and warehouses, rail haulage equipment including rail spurs, trucks, and roads.

Nonallowable Capital Costs – Nonallowable capital costs include costs incidental to marketing (e.g., storage and treatment). Also, schools, hospitals, roads, sewer and other capital improvements or equipment not an integral part of the transportation facility are not allowable capital costs. The capital cost associated with the preparation of an environmental impact statement is not allowable. However, capital costs for environmental equipment that are an integral part of the transportation facility are allowable.

Allowable Operating Costs – Allowable operating and maintenance costs are those nondepreciable costs that are directly attributable to the operation and maintenance of a transportation facility/segment. These expenditures include:

- Salaries and wages paid to employees and supervisors while engaged in the operation and maintenance of equipment and facilities
- Fuel and utility costs directly related to transporting lease products
- Chemicals aiding in the transportation of the coal
- Repairs, labor, materials, and supplies directly related to transportation equipment and facilities
- Port and toll fees, insurance and ad valorem property taxes (Federal and State income taxes are not allowable deductions)
- Arm's length rental, leasing, or contract service costs for equipment, facilities, on-site location or maintenance of equipment and facilities
- General administrative overhead costs (headquarters, personnel, telephone service, payroll taxes, employee benefits, vehicle expenses, office supplies, etc.). The total of these costs is limited to those reasonable expenditures directly attributable and allocable to the operation and maintenance of the transportation equipment and facilities.

Nonallowable Operating Costs – Nonallowable operating costs include:

- Costs incidental to marketing, and other operating costs associated with nonallowable capital expenditures which are not directly allocable or attributable to the transportation of lease products.
- Federal and State income taxes, production taxes, royalty payments, or fees such as State severance taxes
- Costs for services that you are obligated to perform at no cost to the lessor.