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**KAISER  
COAL**

KAISER COAL CORPORATION  
102 SOUTH TEJON STREET, SUITE 800 ■ P.O. BOX 2679  
COLORADO SPRINGS, COLORADO 80901-2679  
(303) 475-7005 ■ TELEX 289 909

*Greg mine file  
c. L. Broughton*

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**NOV 18 1985**

**DIVISION OF  
GAS & MINING**

November 15, 1985

Mr. Allen Klein  
Office of Surface Mining  
Region V  
Brooks Towers  
1020 15th Street  
Denver, CO 80202

*ACT/007/007  
#2*

Dear Mr. Klein:

Earlier this afternoon Mr. Rick Lawton, of your office, contacted me to explain that during his review of the Sunnyside Mines permit material he discovered some inconsistencies regarding annual coal production figures. He suggested to me that Kaiser Coal submit a letter explaining the revised production scenario in lieu of making page changes to various existing documents, including the Sunnyside Mines permit application package and the Resource Recovery and Protection Plan (RRPP).

For years, the Sunnyside Mine was operated by the Kaiser Steel Corporation as a captive mine producing metallurgical grade coal for the Kaiser steel mill in Fontana, California. The mine has always had a capacity of 2.0 million tons per year, however, production was tied to the requirements of the steel mill. During the recent recession, the steel mill was idled which subsequently resulted in the slow-down of the operations at the Sunnyside Mine and production figures of 1.1 to 1.4 million tons per year contained in earlier documents reflect this period of reduced activity.

Perma Resources, Inc. acquired the Sunnyside Mine during a 1984 purchase of the Kaiser Steel Corporation. The acquisition of the Kaiser Steel Corporation was completed by Perma Resources, Inc. and Kaiser Coal Corporation was formed. Immediately following the acquisition of the Sunnyside Mine and other Kaiser Steel coal properties, Kaiser Coal embarked on an aggressive marketing campaign. Over the course of the last 18 months, Kaiser Coal has been able to market substantial amounts of coal from the various Kaiser Steel properties in a coal market which is generally in a slump. The ability to market coal in a period of economic

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downturn in the mining business is a result of the aggressive philosophy of the Perma Resources/Kaiser Coal Corporation management.

Opportunities have arisen which will allow Kaiser to maximize the annual production capacity of the Sunnyside Mines to 2.0 million tons. This figure is presented on the Mine Plan Information form which is contained in the State of Utah's Revised Final Technical Analysis (TA) for the Sunnyside Mines, dated November 7, 1985.

We hope this information is sufficient and satisfies your needs. Please let me know if you have any questions or require additional information.

Sincerely



Martin P. Holmes  
Manager Permits and  
Regulatory Compliance

MPH/klk

cc: D. Nielson - Utah Division of Oil, Gas & Mining ✓  
C. McGlothlin - Kaiser Coal, Sunnyside Mines