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Reg mine file
cc L Braxton
K Gray
DRN

KAISER COAL

KAISER COAL CORPORATION
Sunnyside Coal Mines
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DIV. OIL, GAS, MINING

October 20, 1987

Dr. Dianne R. Nielson, Director
Utah Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Dear Dr. Nielson:

Re: Sunnyside No. 5 Permit
ACT/007/007
Folder No. 2

A permit application for the Sunnyside No. 5 Mine was submitted to the Division on August 1, 1986, by Mr. Martin P. Holmes of Kaiser Coal's Colorado Springs office. The Division responded to this application promptly by transmitting the Initial Completeness Review and Technical Deficiencies to Mr. Holmes on October 7, 1986. It is my desire to help you understand what, as regards the application, has transpired since that time.

Unfortunately, the Colorado Springs office did not inform the Sunnyside Mines of receipt of the ICR until mid-March of this year. At that time, efforts of selling the coal properties were commencing following Kaiser Coal's declaration of Chapter 11 bankruptcy on February 13, 1987. The lack of funds and impetus to sell the property demanded maximum attention, diverting it from other activities not critical to operating the mines.

In spite of the intense activity, no buyer is currently qualified to purchase the Sunnyside properties. However, to protect the interests of the eventual buyer, it is desired to maintain the No. 5 Mine permit application in its current status. To assist with that, Kaiser Coal is agreeable to a resumption of baseline hydrologic monitoring. Assuming a buyer does purchase the mines, Kaiser Coal will commit to responding to the ICR by April 30, 1988.

Although the picture is not as bright as we might like, I do believe that the Sunnyside Mines will continue to be a factor in Utah coal production and that the No. 5 Mine will be key to that production. The continued forbearance of the Division is requested to assist in making this mine a reality.

Sincerely,

C. W. McGlothlin, Jr.
General Manager

CWM:th