

0005

**KAISER  
COAL**

KAISER COAL CORPORATION  
OF YORK CANYON  
P. O. BOX 1107  
RATON, NEW MEXICO 87740  
(505) 445-5531

ACT 067/007

orig  
cc BBO  
Paw Roberts

**RECEIVED**  
DEC 07 1988

DIVISION OF  
OIL, GAS & MINING

December 2, 1988

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

Nathaniel H. Dickerson  
Vice President  
The Chase Manhattan Bank, N.A.  
1 Chase Manhattan Plaza-30th Fl.  
New York, NY 10081

Dear Dianne and Nate:

On November 1, 1988 Judge Matheson approved the sale of certain used equipment and scrap materials owned by Kaiser Coal Corporation of Sunnyside.

This sales agreement between Kaiser Coal, the Secured Lenders, and the State of Utah (DOGM) includes a requirement that Kaiser provide an accounting to the Secured Lenders and DOGM on a monthly basis regarding the sale of equipment (materials) and the expenditure of the proceeds.

Attached as Exhibit A is a complete accounting of the sales proceeds and use of these funds to date. As you can see, because of the continued delays in getting this Agreement approved, Kaiser was forced to seek funds from other sources to meet certain compliance requirements until Kaiser received approval to sell these items. Attached as Exhibit B is a listing and the status of compliance projects underway or scheduled to be done by January 1989.

Because the Agreement was amended so that additional sales of items under \$5,000 could not be made, Kaiser Coal Corporation of Sunnyside is again in the same predicament that it was in when we made the original request.

Another sale of specific items must be approved immediately to obtain more funding or Kaiser will not be able to continue to comply with certain regulations because of a lack of funds.

An alternate would be to have the above parties finally approve the Reclamation and Settlement Agreement which has been in the drafting stage for over eight months. This inaction continues to place the operation at York Canyon in jeopardy if additional Cessation Orders are written because of non-compliance in Utah.

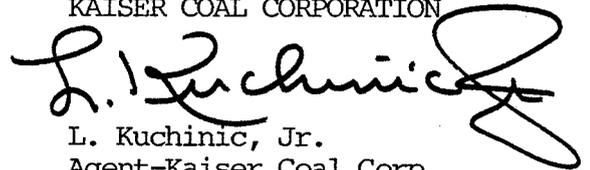
Diane Nielson/Nathaniel Dickerson  
December 2, 1988  
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It would be greatly appreciated if each party involved would give this problem serious and immediate attention. The continued threat of violations and other problems associated with trying to maintain the Utah properties in compliance has required an excessive amount of management time, effort, and money that could have been more wisely utilized.

If you have any questions or comments, please do not hesitate to call me.

Sincerely,

KAISER COAL CORPORATION



L. Kuchinic, Jr.  
Agent-Kaiser Coal Corp.

LK:mcs

cc: Hal Morris  
Hal Lewis  
Stonie Barker  
Denise Dragoo

KAISER COAL CORPORATION OF UTAH  
 UTAH COMPLIANCE  
 ACCOUNT NO. 1

DATE	CHECK # DEPOSIT #	DESCRIPTION	DEPOSIT	EXPENDITURES	BALANCE	COMMENTS
09-23-88	21288	UPS		54.95	(54.95)	SHIP WATER SAMPLES
09-23-88	21289	KARL HOUSEKEEPER		1,737.50	(1,792.45)	COLLECT WATER SAMPLES
09-23-88	21290	BYRON ALLRED		1,500.00	(3,292.45)	SUBSIDENCE SURVEY
10-06-88	21301	CHEMTECH		3,900.00	(7,192.45)	WATER SAMPLE ANALYSIS
10-06-88	21304	NORTH AMERICAN CONSULTANTS		4,933.11	(12,125.56)	VEGETATION SAMPLING - WELLINGTON
10-18-88	21306	W. R. WHITE CO.		286.20	(12,411.76)	COMPLIANCE SUPPLIES
10-18-88	21309	TAWNIE HINTZE		258.72	(12,670.48)	TYPING REPORTS/LETTERS TO DOGM
10-18-88	21310	CHEMTECH		3,530.00	(16,200.48)	WATER SAMPLE ANALYSIS
10-18-88	21311	UTAH DOGM		180.00	(16,380.48)	SUBSIDENCE PENALTY
10-24-88	21315	UPS		19.36	(16,399.84)	SHIP WATER SAMPLES
10-24-88	21316	KARL HOUSEKEEPER		1,100.00	(17,499.84)	COLLECT WATER SAMPLES
11-04-88	1	WEST COAST CONVEYOR SVC.	24,000.00		6,500.16	SALE OF SCRAP CONVEYOR BELTING
11-07-88	21318	B & B RECLAMATION SPECIALISTS		3,000.00	3,500.16	SUNNYSIDE & WELLINGTON RE-VEGETATION
11-07-88	21319	KARL B. HOUSEKEEPER		175.00	3,325.16	DRAFTING AND WATER SAMPLE COLLECTIONS
11-07-88	21320	TAWNIE HINTZE		61.99	3,263.17	SECRETARIAL SERVICES
11-18-88	21324	CHEMTECH		2,698.00	565.17	SUNNYSIDE WATER ANALYSIS
11-18-88	21327	HORIZON LABORATORIES		4,918.50	(4,353.33)	WELLINGTON WATER ANALYSIS
11-18-88	21328	MAPLE LEAF IND.		764.02	(5,117.35)	SUNNYSIDE & WELLINGTON RE-VEGETATION
11-18-88	21330	CASTLE COUNTRY OIL		280.50	(5,397.85)	GASOLINE FOR VEHICLE FAN RUNS
11-18-88	21332	B & B RECLAMATION SPECIALISTS		2,290.00	(7,687.85)	SUNNYSIDE & WELLINGTON RE-VEGETATION
11-22-88	21346	W. R. WHITE CO.		95.40	(7,783.25)	SILT FENCE MATERIAL FOR SUNNYSIDE
11-30-88	5	KAISER COAL CORP. OF YORK CANYON	9,000.00		1,216.75	SALE OF PC'S AND JEEP WAGONER

KAISER COAL CORPORATION  
UTAH DOGM COMPLIANCE SCHEDULE  
 AS OF NOVEMBER 30, 1988

Item No.	Date Due	Description	Estimated Cost		Status
			Man Shifts	\$	
1	Weekly	Inspect Slurry Ponds at Sunnyside	1/2/wk	In House	
2	Weekly	Inspect Slurry Ponds at Wellington	1/2/wk	In House	
3	11/30/88	2nd Quarter Hydrology Report Sunnyside	1	\$320	In Progress
4	11/30/88	2nd Quarter Hydrology Report Wellington	1	\$320	
5	11/30/88	2nd Quarter Hydrology Report Horse Canyon	1	\$320	
6	12/09/88	3rd Quarter Hydrology Report Sunnyside	1	\$320	In Progress
7	12/09/88	3rd Quarter Hydrology Report Wellington	1	\$320	
8	12/09/88	3rd Quarter Hydrology Report Horse Canyon	1	\$320	
9		Recalculate Reclamation Bond for Wellington			Submitted/Awaiting Reply
10		Recalculate Reclamation Bond For Sunnyside	15	In House	
11	1989	Annual Revegetation Study--Sunnyside	5	\$4,000	Postponed to 1989
12	Monthly	Water Monitoring - B Canyon	8	\$2,000	Postponed to 1989
13		Clean Sediment Ponds and Diversion Ditch at Wellington	4	In House	In Progress

KAISER COAL CORPORATION  
UTAH DOGM COMPLIANCE SCHEDULE

AS OF NOVEMBER 30, 1988

Item No.	Date Due	Description	Estimated Cost		Status
			Man Shifts	\$	
14		Topsoil Pile, North Ditch--Repair Berm and Ditch--Wellington			
15		Complete Pond Inventory--Sunnyside			Contractor Required
16		Clean Sediment Ponds at Sunnyside		?	
17		Slurry Pipeline Pond--Repair Ditch and Rills			
18	12/31/88	Replace Sign by Main Gate			Completed
19	Oct.	Water Monitoring at Horse Canyon	5	\$1,200	Completed
	Nov.		5	\$1,200	
	Dec.		5	\$1,200	
20	Quarterly 12/88	Inspect Sediment Ponds at Horse Canyon	1	In House	
21	12/31/88	Visual Subsidence Survey	1	In House	
22	Quarterly 12/31/88	Inspect Sediment Ponds at Sunnyside	2	In House	
23	Quarterly 12/31/88	Inspect Refuse Piles at Sunnyside	2	In House	Completed 9/30/88
24	12/16/88	Construct Sediment Pond for Borrow Area at Sunnyside		\$50,000	In Progress
				In House	
25	12/16/88	Repair Silt Fences North Side Lower Gate			
26	12/16/88	#2 Canyon Install Silt Fence and Check Dam			

## KAISER COAL CORPORATION

UTAH DOGM COMPLIANCE SCHEDULE

AS OF NOVEMBER 30, 1988

Item No.	Date Due	Description	Estimated Cost		Status
			Man Shifts	\$	
27	09/30/88	Install Disturbed Area Signs at Railroad Culvert Area			In House
28	09/30/88	Regrade Access Ramp			In House
29	09/30/88	Revegetate Railroad Culvert Area		\$2,500	Completed 11/11/88
30	09/30/88	Install Silt Fence in Railroad Culvert Area		In House \$295 MTL	Completed 11/11/88
31	09/30/88	Clean West Slurry Cell			In House
32	09/30/88	Clean Water Canyon Drainage Ditch			In House In Progress
33	09/30/88	Repair and Revegetate Rills and Gullies-#2 Canyon, SSSF Pond, and Clean Coal Stockpile Areas			In House Completed
34	09/30/88	Send Copy of Grassy Trail Dam Survey to DNR-Water Rights			In House
35	11/15/88	Collect Soil Samples from Vegetation Plots at Wellington		\$150	Completed
36	12/15/88	Analyze Soil Samples - Wellington		\$1,500	
37	Monthly	Water Monitoring-Sunnyside		\$2,000	
38	Monthly	NPDES Monitoring - Sunnyside			
39	Monthly	NPDES Monitoring - Horse Canyon			
40	11/11/88	Revegetate Disturbed Area at Wellington		\$2,500	Completed

KAISER COAL CORPORATION  
UTAH DOGM COMPLIANCE SCHEDULE

AS OF NOVEMBER 30, 1988

Item No.	Date Due	Description	Estimated Cost		Status
			Man Shifts	\$	
41	10/31/88	Respond to Second Completeness Review - Horse Canyon			Awaiting Decision on IPA Purchase
42	10/31/88	Install Gates on All Idle Portals		\$500	#2 Mine Completed; #3 and #1 Mines in Progress
43	12/31/88	Reorganize Wellington Permit			Awaiting Decision On Sale
44	Quarterly 12/31/88	Sediment Pond Inspection-Wellington		In House	Completed
45	Quarterly 12/31/88	Slurry Pond Inspection-Wellington		In House	Completed
46	12/31/88	Water Sampling-Wellington		\$1,500	Completed
47	12/31/88	Biomonitoring Discharge-Sunnyside			
48	12/29/88	Transfer Permits to Sunnyside Cogeneration Associates			In Process, Denise Dragoo Assisting
49		Proposal to Recover Equipment and Seal and Reclaim #2 Mine			Russett Industries Proposal Being Re-evaluated
50		Modify Sediment Pond Spillways at Sunnyside			Design Submitted. No Further Action Required per DOGM Letter 11/21/88. Completed