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White Pine Resources, Inc.

Real Estate Investments

120 S. Alcaniz Street
Pensacola, FL 32501
904-434-0224

JOHN R. GRASS
President

RECEIVED
AUG 25 1988

DIVISION OF
OIL, GAS & MINING

August 22, 1988

MS. BARBARA ROBERTS
c/o Attorney General's Office
Room #236, State Capitol
Salt Lake City, Utah 84114
RE: KAISER COAL COMPANY OF SUNNYSIDE

RE: KAISER COAL OF SUNNYISIDE

Dear Ms. Roberts:

This letter is to follow up our telephone conference of August 18th. I forgot to provide you with copies of the resumes completed by my brother and I. My brother would be operating this mine since he has a Master's Degree in mining engineering from Michigan Technological University and 25 years in the mining business. I would handle the legal and administrative matters involving this mine once the sale with Kaiser was consumated.

It is difficult to understand the position of the State of Utah concerning the Reclamation Bond. We know of no company/operator that would be either willing or able to post a \$2 M dollar bond prior to commencing operations. The money is basically "dead" whereas additional expenditures must be incurred in operations, payroll and getting into production. This bond requirement basically ensures that Sunnyside mine will stay shut down ad infinum. Since it will remain in a shut-down status, it is an absolute certainty that there would be no reclamation or steps undertaken to protect the environment.

We are more than willing to pay into a bond fund with the State of Utah based upon tons of coal produced after operations commence. You had previously mentioned the figure of \$3.50 per ton that may be reasonable under the circumstances. As long time environmentalists we are concerned about insuring the safety of future generations along with the quality of life that might be jeopardized by a haphazard operation. Maybe the state could consider a bond based upon production, whereas a few months or years of

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operations a professional or cash bond could be posted. We would like to discuss this matter with you or the Division of Oil, Gas and Minerals at greater length. Yet, we would hope that the state could be more flexible in light of the stark realities involving this mine. We feel that the mine can be operated in a profitable fashion and become an asset to the community and viable contributor to the state, but it must be given that opportunity. Please advise. Thank you again.

Sincerely,



JOHN R. GRASS, ESQUIRE, P.A.

JRG:amr

cc: MR. LOEL BRAXTON
State of Utah Division of Oil, Gas & Minerals
355 W North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

NAME: RICHARD I. GRASS

EDUCATION: BS, Mining Engineering
Michigan Technological University
MS, Mining Engineering
Michigan Technological University

ASSOCIATIONS: Society of Mining Engineers of A.I.M.E.

YEARS OF EXPERIENCE: 25

WORK EXPERIENCE:

MORRISON-KNUDSEN ENGINEERS, INC., Boise, Idaho.

1980 - Present PROJECT MANAGER -

- o Project Manager - Serves as project director for Texaco Inc in negotiation for an AVF exchange under provisions or SMCRA of 1977. Study includes detailed evaluations (geological & economic) of numerous federal coal tracts to be offered in exchange for Texaco's Shell Creek site. Study consists of geologic interpretation, field exploration, cost analysis and economic evaluations.
- o Serving as project manager for Newmont Gold Mining Co., Elko, Nevada. Performing detailed cost and economic evaluations of Newmont's mining operations including, ore haulage, drilling, blasting, in-pit dispatching systems and support engineering services.
- o Project Manager for the 3rd Lignite Handling System at the Mae Moh Mine, Lampang, Thailand. Responsible for detailed engineering, preparation of bid specification packages, bidding documents and contracts for a lignite handling system consisting of 5.6 km of field conveyor, semi-portable crusher, .stacker and bucket wheel reclaimer capable of handling 1,600 tons/hr. to a mine-mouth power plant. System construction cost estimated at \$25,000,000. Scheduled for completion in 1991.
- o Project manager for a U/G coal project in West Virginia consisting of design and evaluation of slopes or shafts to access a major coal field adjacent to American Electric Power's Martinka Mine at Fairmont, W.V. Work includes design and engineering cost estimates for two,

- 3000' rock tunnels and dual access slopes (1,600') to allow expansion of this 2,500,000 ton/year conventional/longwall underground mining operation.
- o Managed mine and plant engineering for development of hydrocarbon and industrial minerals resources. Included geologic evaluations and prefeasibility studies for the Wiang Haeng Coal Deposit and Southern Lignite Development (Khian Sa) Project in the Kingdom of Thailand. The project consisted of field support, geologic evaluations, core logging and analysis, as well as developing mine plans, facilities, utilities, and infrastructure design and cost evaluations.
 - o Alaska Gas Exploration Associates (AGEA). Directed the solicitation and sale of AGEA's natural gas holdings on Alaska's Kenai Peninsula. Sale was ordered by the California Public Utilities Commission (CPUC) to divest AGEA, a joint venture between Pacific Gas & Electric Co. and Southern California Gas Co., upon termination of the Energy Exploration and Development Adjustment (EEDA) program. Sale of AGEA's assets to a major oil company was successfully negotiated.
 - o Served as project manager for a coal evaluation study being performed for the U.S. Department of Justice/Bureau of Land Management. This study consists of geologic data interpretation, field exploration, reserve verification, mine planning, equipment selection, utilities, facilities and manning for a 4.0-million-tpy coal mine in Wyoming's Powder River Basin. Cost analyses, capital requirements and economic evaluations will be performed to arrive at a fair project market price. Cost estimates were performed at bankable feasibility level ($\pm 20\%$).
 - o Conceptual design and economic evaluation of the Timahdit Oil Shale Project in the Kingdom of Morocco. Project included field programs for geologic geotechnical and hydrological data, development of open-pit and underground mine designs, design of materials handling and crushing systems, and facilities. Developed retorted shale disposal and reclamation design and cost estimates and project financial analysis. The project goal was a bankable feasibility study.
 - o Managed Southern California Edison-San Diego Gas and Electric Company's evaluation of all energy properties for the purpose of disposal, as mandated by the California Public Utilities Commission. The project recommended the best methods for divestiture, coupled with economic evaluation of the numerous uranium, coal, and tar sand projects being operated, developed, or held by the companies.

RICHARD I. GRASS, Continued

- o Performed engineering evaluations for Georgia-Kaolin (G-K) Company's Illinois Minerals Division. Evaluations led to modifications of crushing, sizing, and grinding systems for this amorphous silica producer located at Elco, Illinois. In 1984 and 1985, developed flow sheets and plant general arrangements for a joint venture industrial silica project with G-K and Yuba Natural Resources Company, Marysville, California. The plant is now on-stream and will produce in excess of 150,000 tpy of glass and flour-quality silica sand for the northern California marketplace. Presently providing technical assistance for on-going process modifications.
- o Project manager for Tenn Luttrell granular plant expansion and modernization. Preliminary evaluations led to recommendations for a 50% increase in granular limestone production by modifying existing flowsheets, installation of a 110-tph fluid-bed dryer and a pneumatic material handling system. The project will allow Tenn Luttrell to meet EPA air quality standards, increase capacity, and reduce operating labor. The project is in the final design phase.
- o Served as project director on the NICOR Sylvania Silica Sand Project located at South Rockwood, Michigan. Responsible for final design, procurement, and construction of a \$12,500,000 facility designed to produce high-grade glass and foundry sands for the Detroit market area.
- o Lead a team in the 1984 evaluation of Sunshine Mining Company's proposed development plan for their New Burgin project. Capital requirements, operating plans, reserve analysis, environmental and permitting aspects were reviewed, with recommendations for this lead, zinc, and silver prospect.
- o Managed mining aspects of a large-scale underground/open-pit shale mine development project in Colorado's Piceance Basin, for Chevron Shale Oil Company. The combination mine was designed to produce more than 250,000 tpd of oil shale (100,000 bbl per day of shall oil). Directed and coordinated the overall engineering and design efforts to develop detailed long-term plans for mining and processing, retorted shale disposal and reclamation. Also directed the evaluation of the most applicable, economical, and safe methods of oil shale mining with particular emphasis on grade control, geological and geotechnical conditions, and equipment selection. Involved in numerous optimization studies, capital and operating cost estimates, sensitivity studies and financial analyses concerned with the oil shale projects.

RICHARD I. GRASS, Continued

UNIMIN CORPORATION, New Caanan, Connecticut.

1977 - 1980

VICE PRESIDENT OF OPERATIONS - Full managerial responsibility for six industrial silica processing facilities and a short-line railroad. Coordinated the design and construction of two new industrial silica plants, each with a rated capacity of 750,000 tons annually. Managed an exploration and acquisition program leading to the development of a major industrial silica deposit. As Vice President, negotiated four separate union labor contracts, within corporate goals, without a work stoppage. Developed corporate safety and mandatory MSHA training programs. Also responsible for design and relocation of a silica processing facility at a substantial reduction in capital cost.

OTTAWA SILICA COMPANY, Ottawa, Illinois.

1973 - 1977

OPERATIONS MANAGER - Held autonomous management and engineering responsibility for four industrial silica plants with combined outputs exceeding 2.7 million tons annually. Developed long range mining plans, and engineered and installed a flotation circuit which significantly improved product quality, enabling new market penetration. In developing new market areas, was largely responsible for increasing profits from less than \$450,000/year to more than \$1,100,000/year. Also developed a 700,000 tpy limestone quarry in the floor of an existing industrial silica sand open-pit mine and negotiated long term sales contracts for the products. Reclamation plans were developed which became a model under new state statutes.

WHITE PINE COPPER COMPANY, White Pine, Michigan.

1965 - 1973

DIVISION SUPERINTENDENT - Directly responsible for supervising the production of 12,000 tpd of copper ore from an room-and-pillar underground mine. Served as Assistant Services Superintendent, responsible for the construction, operation and maintenance of an underground crushing and conveying system of 11.3 miles. Was also responsible for providing all supplies and utilities to the mining areas on a daily basis, and for the operation of the ventilation and pumping systems. Also supervised completion of an 8,000-foot-long bored tunnel, 18 feet in diameter. Direct supervisory responsibility for a long wall mining section.

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RESUME

OF

JOHN R. GRASS

NAME: JOHN R. GRASS

PROFESSIONAL ADDRESS: 120 South Alcaniz Street
Pensacola, Florida 32501

AGE: 40

FORMAL EDUCATION: Juris Degree, Ohio State University (Columbus, Ohio); Licensed to practice Law in the State of Florida (1973) and the United States District Court for the Northern and Middle Districts of Florida, along with the United States Court of Appeals - Fifth Circuit; Member of the American Trial Lawyers Association since 1978;

B. S. in Secondary Education from Central Michigan Unniversity (Mt. Pleasant, Michigan - 1969), Cum Laude Graduate with a Major in Political Science and a Minor in History.

PROFESSIONAL AND BUSINESS ACTIVITIES:

Owner of John R. Grass, Esquire, P.A. Law firm since 1975. This firm specializes in Commercial Contracts, Corporation and Business Law, and Labor Law along with Worker's Compensation coverage and Claims. List of representative clients includes American Finance, Inc., Amway Employees Credit Union, American Risk Assurance Co., Inc., Boston Safe Deposit & Trust Co., Florida Verification Bureau, Inc., Gordon's Jeweler's, Inc., Parisian, Inc., and U. S. Fire Insurance, Co, Inc.

President and sole stockholder of White Pine Resources, Inc. This corporation was organized under the laws of the State of Florida in 1986 and specializes in real estate acquisitions and investments. The Corporation has made offers to bid on certain oil and gas leases in Colorado, Utah and the State of Alaska. Also, this Corporation has been engaged for over two years in real estate acquisitions and conveyances including single family dwellings, mortgages and leases.

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