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The Salt Lake Tribune

Business

Judge OKs Sale of Two Kaiser Coal Mines To Pittsburg & Midway for \$97 Million

ENGLEWOOD, Colo. (AP) — A federal bankruptcy judge has approved the sale of Kaiser Coal Corp.'s two northern New Mexico coal mines to Pittsburg & Midway Coal Mining Co. for \$97.7 million, a company official said.

Kaiser Coal also has coal reserves and operations in Sunnyside, Carbon County, Utah, and in Colorado for which it is seeking a buyer.

Geneva Steel of Utah, which operates a mill in Orem, is the apparent lone bidder for the Sunnyside operations and two parcels of coal reserves. If its bid is accepted, company officials would use the coal to make coke at the Orem mill.

But the consummation of the sale of Kaiser's two northern New Mexico coal mines hinges on the resolution of a dispute over a coal delivery contract with Arizona's Salt River

Project, said Fred Meurer, Pittsburg & Midway manager of public affairs.

U.S. Bankruptcy Judge Charles E. Matheson approved Pittsburg & Midway's purchase of the York Canyon Complex — two coal mines 35 miles west of Raton, N.M. — for \$88.1 million in cash and the assumption of \$9.6 million in Kaiser's liabilities, said Meurer.

"We're gratified at the ruling, and we'd like to close on the deal as soon as possible," Meurer said.

The bankruptcy judge's ruling was required because Kaiser Coal Corp. and its parent company, Kaiser Steel Corp., have been operating under Chapter 11 reorganization since February 1987, said Meurer.

But he said that part of the agreement calls for his company's assumption of Kaiser's 25-year agreement to supply 475,000 tons of coal per year

from the York mines to the Salt River Project — while the Salt River Project is trying to end the agreement through a petition to the bankruptcy court.

"Prior to closure of this sale, this litigation must be favorably resolved," said Meurer. He said Matheson was scheduled to hear arguments March 22 and 23.

When the deal is made final, Pittsburg & Midway, a Chevron Corp. subsidiary, will gain control of a surface mine and an underground mine that together employ 275 hourly employees and 75 salaried workers, said Meurer.

He said the Pittsburg & Midway has been managing the mines since January and laid off 74 employees Feb. 22.

The mines produced 1.75 million tons of coal last year, Meurer said.