

big mine file  
the protocols  
ACT/007/007

FABIAN & CLENDENIN

A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW

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KEVIN N. ANDERSON  
JATHAN W. JANOVE

NORMAN J. YOUNKER  
MICHELE MITCHELL  
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DOUGLAS B. CANNON  
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DANIEL W. ANDERSON  
GARY E. JUBBER  
ROSEMARY J. BELESS  
W. CULLEN BATTLE

HAND DELIVERED

March 13, 1989

RECEIVED  
MAR 19 1989

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

DIVISION OF  
OIL, GAS & MINING

RE: Transfer of Sunnyside Mine Reclamation Permit  
ACT/007/007 to Sunnyside Reclamation & Salvage,  
Inc. ("SR&S") and Release of Kaiser Coal  
Corporation ("Kaiser")

Dear Director Nielson:

As you are aware, SR&S purchased the Sunnyside Mine and associated permit rights, including ACT/007/007 from Kaiser on Thursday, March 9, 1989. Enclosed for your information are the following conveyance documents which were recorded in Carbon and Emery Counties, Utah as indicated in the enclosed chart:

1. Deed of Water Rights between Kaiser Steel Resources, Inc. (formerly Kaiser Steel Corporation) and Kaiser Coal Corporation;
2. Order Approving (1) Sale of the Sunnyside Mines to Sunnyside Reclamation & Salvage, Inc. ("SR&S") Pursuant to Section 363(f) and (2) Modification of Collective Bargaining Agreement Pursuant to Section 1113;
3. Deed and Assignment by and between Kaiser Coal Corporation, et al., and Sunnyside Reclamation & Salvage, Inc.;

Dr. Dianne R. Nielson  
March 13, 1989  
Page 4

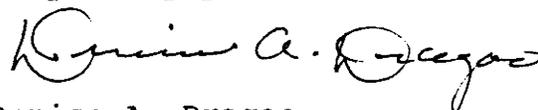
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4. Deed of Trust and Security Agreement by and between SR&S, as Trustor, and the State of Utah, as Beneficiary; and
5. Final Release and Discharge of Kaiser, et al. by the State of Utah with respect to ACT/007/007.

It is my understanding that, with the execution of a Reclamation Contract by and between SR&S and the State of Utah and the payment of the first \$250,000 installment by SR&S to the State's reclamation account, the State of Utah will allow mining to proceed at the Sunnyside Mine. Therefore, on behalf of SR&S, we respectfully request the State to lift the Temporary Cessation of Mining Activities under ACT/007/007 and allow SR&S to proceed. SR&S will submit the legal and financial information required by UMC 782 and will meet the public notice requirements for permit transfer under 788.18(b) in the near future.

We appreciate your assistance in this matter and look forward to working with the State of Utah.

Very truly yours,



Denise A. Dragoo

DAD:jmc

Enclosures

cc: Kenneth R. Oldham, Esq.  
Kenneth R. Ball  
William Balaz

*Mine file*  
*ACT/007/007*

SUNNYSIDE RECLAMATION & SALVAGE, INC.

RECORDATION OF CLOSING DOCUMENTS

MARCH 10, 1989

DOCUMENT NAME                      CARBON COUNTY                      EMERY COUNTY

DEED OF WATER RIGHTS:

ENTRY NO.	23279	
BOOK	287	(Only Carbon
PAGES	11-12	County)

ORDER APPROVING SALE:

ENTRY NO.	23280	322641
BOOK	287	176
PAGES	13-51	497-535

DEED AND ASSIGNMENT:

ENTRY NO.	23281	322642
BOOK	287	176
PAGES	52-95	536-579

DEED OF TRUST AND  
SECURITY AGREEMENT:

ENTRY NO.	23282	322643
BOOK	287	176
PAGES	96-155	580-639

FINAL RELEASE AND  
DISCHARGE:

ENTRY NO.	23283	322645
BOOK	287	176
PAGES	156-194	700-738

minefile  
ACT/007/007

DEED OF WATER RIGHTS

THIS DEED OF WATER RIGHTS (hereinafter "Deed") made and entered into as of the 9th day of March, 1989, by and between KAISER STEEL RESOURCES, INC., formerly known as Kaiser Steel Corporation, a Delaware corporation, with principal offices at 8300 Utica Avenue, Suite 301, Rancho Cucamonga, California, 91730 ("Grantor") and KAISER COAL CORPORATION, a Delaware corporation, with principal offices at P. O. Box 10, Sunnyside, Utah, 84539 ("Grantee").

FOR AND IN CONSIDERATION OF the sum of TEN DOLLARS (\$10.00), cash in hand paid to Grantor and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Grantor hereby grants, sells, assigns, sets over, transfers, quit claims and conveys to Grantee, its successors and assigns, without warranty, the following water right:

Utah State Engineer's File Number 47-15 with point of diversion located in Carbon County, Utah, within Section 2, Township 14 South, Range 14 East, SLB&M.

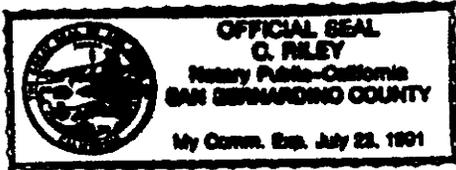
IT WITNESS WHEREOF, the Grantor caused its corporate name and seal to be affixed hereto by the duly authorized officer as of the date first above written.

KAISER STEEL RESOURCES, INC.,  
formerly KAISER STEEL  
CORPORATION

By   
Daniel N. Larson, President

State of California            )  
  ) ss.  
County of San Bernardino    )

On this 9th day of March, 1989, personally appeared before me Daniel N. Larson, whose identity is personally known to or proved to me on the basis of satisfactory evidence, and who, being by me duly sworn, did say that he is the President of KAISER STEEL RESOURCES, INC., formerly known as KAISER STEEL CORPORATION, and that said document was signed by him on behalf of said corporation by authority of its bylaws, and said Daniel N. Larson acknowledged to me that said corporation executed the same.



*G. Riley*  
\_\_\_\_\_  
Notary Public  
Residing at 6322 North Azalea  
San Bernardino, CA 92407

mine file ACT/007/007

FILED  
UNITED STATES BANKRUPTCY COURT  
DISTRICT OF COLORADO

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO IN BANKRUPTCY FEB 7 1989

In re: )  
 )  
KAISER STEEL CORPORATION, )  
 )  
Debtors. )

BRADFORD L. BOLTON, Clerk  
BY ..... DEPUTY CLERK  
Bankruptcy No. 87 B 01552 E  
(Jointly Administered)

ORDER APPROVING (1) SALE OF THE SUNNYSIDE MINES TO  
SUNNYSIDE RECLAMATION & SALVAGE, INC. ("SRS")  
PURSUANT TO SECTION 363(f) AND (2) MODIFICATION  
OF COLLECTIVE BARGAINING AGREEMENT PURSUANT TO  
SECTION 1113

These matters came before the Court initially upon two applications by Kaiser Coal Corporation, Kaiser Coal Corporation of Utah and Kaiser Coal Corporation of Sunnyside ("Kaiser"). The first application was for approval of a License Agreement with SRS to operate and reclaim the Sunnyside Mines, which was filed December 9, 1988. On January 17, Pike Coal Company filed objections to the SRS License Agreement and on January 26, a related company, Sunnyside Coal Corporation, filed a counteroffer proposing an option to purchase the Sunnyside Mines.

In connection with the SRS License Agreement, Kaiser filed on January 24, 1989, an application pursuant to Section 1113 of the Bankruptcy Code to modify its 1984 collective bargaining agreement (as extended) with the United Mine Workers of America ("UMWA"). The requested modification was a condition to and requirement of the SRS proposal. That application sought, among other things, a determination that the UMWA 1974 Benefit Plan and Trust (the "Trust") would become responsible for providing the health and welfare benefits of Kaiser Sunnyside retirees and pensioners in the event the SRS transaction was approved and the collective bargaining agreement was modified to relieve Kaiser of such responsibility.

All matters pertaining to these applications were set for hearing on February 3, 1989.

At the hearing on February 3, counsel for Kaiser announced that, after further negotiations, SRS had agreed to an outright purchase of the Sunnyside Mines; Sunnyside Coal Corporation declined to match the improved SRS offer and withdrew its counteroffer. Kaiser's counsel also advised the Court that its Section 1113 application would be restricted solely to retiree health and welfare benefits and the responsibility of the Trust for such benefits in the future, since the

I hereby attest and certify on 2/10/89 that this is a true and correct copy of the original on file in my office and in my legal custody.

Clark, U.S. Bankruptcy Court  
District of Colorado  
By Cheryl Blum-Pookus  
Deputy Clerk

33056

initial Section 1113 application had been resolved pursuant to agreements between the UMWA and SRS.

The Court then instructed counsel to re-notice the terms of the new SRS offer and scheduled a hearing on that proposed sale for February 20. Counsel for Kaiser, the UMWA, and the Trust agreed to have the Section 1113 application heard at the same time. The Court required objections to the SRS sale to be filed by February 16, 1989, and briefs on the Section 1113 issues to be filed by February 17, 1989.

Proper notice of the SRS sale was given by Kaiser, certain objections were filed, and briefs on the Section 1113 issues were filed by the UMWA and the Trust. On February 20, 1989, the Court reconvened the hearing, received testimony, and heard arguments of counsel. After consideration of those matters, as well as the briefs and pleadings filed by the parties, the Court issued findings of fact and conclusions of law with respect to the SRS sale, the modification of the collective bargaining agreement and the responsibility of the Trust with respect to health and welfare benefits for the retirees. Those findings of fact and conclusions of law are incorporated in this Order by reference, as if fully reproduced herein.

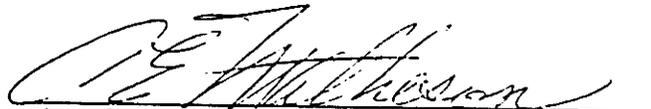
THEREFORE, IT IS ORDERED as follows:

1. The sale of the Sunnyside Mines to SRS pursuant to the terms and conditions detailed in the notice of said sale given by Kaiser is approved in all respects and the proper officers of Kaiser are authorized to take any and all actions required to execute, deliver and consummate an Acquisition Agreement for the Sunnyside Mines in accordance and consistent with such terms.
2. As provided in Paragraph 7 of the Notice of the SRS sale, certain liens, claims and encumbrances are to become the responsibility of SRS. Except for such obligations, the SRS sale is authorized pursuant to Section 363(f) of the Bankruptcy Code to be free and clear of all other liens, interests, claims and encumbrances. Those liens, interests, claims and encumbrances of which the property is being sold free and clear shall attach to the proceeds of sale.
3. The proposal by SRS to acquire the Sunnyside Mines has been made in good faith.
4. The application of Kaiser to modify its National Bituminous Coal Wage Agreement of 1984 with the UMWA fulfills the requirements of Section 1113(b)(1) of the Bankruptcy Code.
5. The obligation of Kaiser (or SRS as successor) pursuant to Article XX, Section (c)(3) of the 1984 Bituminous

Coal Wage Agreement to establish a benefit plan or to provide health and other non-pension benefits for Kaiser retirees or pensioners is eliminated in its entirety. The obligation to continue such health and other non-pension benefits for Employees (as such term is defined in the 1984 Wage Agreement) other than Kaiser retirees or pensioners is not modified. From and after the entry of this Order, the UMWA 1974 Benefit Plan and Trust shall be the party responsible for providing health and welfare benefits for claims incurred from and after the date of entry of this Order with respect to Kaiser's Sunnyside retirees and pensioners. These modifications shall take effect upon the entry of this Order.

DATED this 27 day of February, 1989.

BY THE COURT:

  
Charles E. Matheson  
United States Bankruptcy Judge

NOTICE OF ENTRY ON DOCKET

Notice is Hereby Given that Pursuant to Rule 9022,  
F.R.B.P., the Foregoing Order of Judgment was

Entered on 3-7-89

By Sharon P. Nelson

DEED AND ASSIGNMENT

THIS DEED AND ASSIGNMENT (hereinafter "Deed") made and entered into as of the 9 day of March, 1989 by and between KAISER COAL CORPORATION, KAISER COAL CORPORATION OF UTAH and KAISER COAL CORPORATION OF SUNNYSIDE (collectively "Kaiser"), and KAISER FUEL CORORATION, all Delaware corporations with principal offices at P.O. Box 10, Sunnyside, Utah 84539 ("Grantor"), and SUNNYSIDE RECLAMATION & SALVAGE, INC., a Colorado corporation authorized to do business in the State of Utah ("Grantee").

RECITALS:

A. Kaiser is debtor in possession in jointly administered bankruptcy proceedings designated as Case No. 87B-01552-E pending before the United States Bankruptcy Court for the District of Colorado ("Bankruptcy Court").

B. Grantor is the owner of the Sunnyside Coal Mines 1, 2, 3, the North Lease property and associated real property, coal mining leases, gob, tailings, waste coal (whether characterized as real property or personal property), water rights, real property leases, licenses, servitudes, easements, rights-of-way and royalty interests located in Carbon and Emery Counties, Utah, more particularly described in Exhibit "A" attached hereto and made a part hereof (hereinafter referred to as the "Coal Properties"); certain real property in and around Sunnyside, Utah, including but not limited to those properties described in Exhibit "A", attached hereto and made a part hereof

(hereinafter the Town of Sunnyside Property); and environmental permits associated with the Coal Properties described on Exhibit "B", attached hereto and made a part hereof.

C. Grantee desires to purchase all right, title and interest of Grantor in and to the Coal Properties and related assets.

D. By Order dated February 27, 1989, the Bankruptcy Court approved sale of the Coal Properties and related assets to Grantor.

NOW, THEREFORE, for and in consideration of the sum of TEN DOLLARS (\$10.00), cash in hand paid to Grantor and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Grantor hereby grants, sells, assigns, sets over, transfers, quitclaims and conveys to Grantee, its successors and assigns, without warranty, the following:

**COAL PROPERTIES**

All of Grantor's interest in the Sunnyside Coal Mines 1, 2 and 3; the North Lease Property and associated real property, coal mining leases, gob, tailings, waste coal (whether characterized as real property or personal property), water rights, real property leases, licenses and servitudes, easements, rights-of-way and royalty interests located in Carbon County and Emery County, Utah, more particularly described in Exhibit "A" attached hereto and made a part hereof.

STATE OF Colorado )  
City: Denver : ss.  
COUNTY OF Denver )

On this 9th day of March, 1989, personally appeared before me Claude A. Bradford, whose identity is personally known to or proved to me on the basis of satisfactory evidence, and who, being by me duly sworn, did say that he/she is the President of KAISER COAL CORPORATION, and that said document was signed by him/her in behalf of said corporation by authority of its bylaws, and said President acknowledged to me that said corporation executed the same.

  
Betty J. Ellis  
Notary Public  
Residing at Denver, Colorado

My Commission Expires:

My Commission Expires Oct. 12, 1991

STATE OF Colorado )  
City: Denver : ss.  
COUNTY OF Denver )

On this 9th day of March, 1989, personally appeared before me Claude A. Bradford, whose identity is personally known to or proved to me on the basis of satisfactory evidence, and who, being by me duly sworn, did say that he/she is the vice president of KAISER COAL CORPORATION OF UTAH, and that said document was signed by him/her in behalf of said corporation by authority of its bylaws, and said vice president acknowledged to me that said corporation executed the same.

  
Betty J. Ellis  
Notary Public  
Residing at Denver, Colorado

My Commission Expires:

My Commission Expires Oct. 12, 1991

TOWN OF SUNNYSIDE PROPERTY

All of Grantor's interest in real property in and around Sunnyside, Utah, including but not limited to those properties described in Exhibit "A."

PERMITS

Grantor's interest in all environmental permits associated with the Coal Properties, as more particularly described in the attached Exhibit "B", subject to approval of the local, state and federal government to transfer if such approval is required.

The officers who sign this Deed hereby certify that this Deed and the transfer represented thereby was duly authorized under a resolution duly adopted by the board of directors of the Grantor at a lawful meeting duly held and attended by a quorum.

IN WITNESS WHEREOF, the Grantor has caused its corporate name and seal to be affixed by its duly authorized officers this 9 day of March, 1989.

KAISER COAL CORPORATION

BY CA Bradford  
ITS President

KAISER COAL CORPORATION OF UTAH

BY CA Bradford  
ITS Vice President

KAISER COAL CORPORATION OF SUNNYSIDE

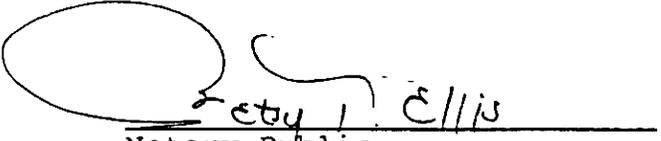
BY C. A. Bradford  
ITS Vice President

KAISER FUEL CORPORATION

BY C. A. Bradford  
ITS Vice President

STATE OF Colorado )  
City: \_\_\_\_\_ ) ss.  
COUNTY OF Denver )

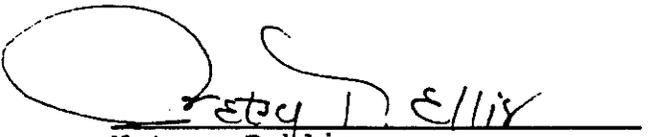
On this 9th day of March, 1989, personally appeared before me Claude A. Madjed, whose identity is personally known to or proved to me on the basis of satisfactory evidence, and who, being by me duly sworn, did say that he/she is the vice president of KAISER COAL CORPORATION OF SUNNYSIDE, and that said document was signed by him/her in behalf of said corporation by authority of its bylaws, and said vice president acknowledged to me that said corporation executed the same.

  
Betty D. Ellis  
Notary Public  
Residing at Denver, Colorado

My Commission Expires:  
My Commission Expires Oct. 12, 1991

STATE OF Colorado )  
City: \_\_\_\_\_ ) ss.  
COUNTY OF Denver )

On this 9th day of March, 1989, personally appeared before me Claude A. Madjed, whose identity is personally known to or proved to me on the basis of satisfactory evidence, and who, being by me duly sworn, did say that he/she is the vice president of KAISER FUEL CORPORATION, and that said document was signed by him/her in behalf of said corporation by authority of its bylaws, and said vice president acknowledged to me that said corporation executed the same.

  
Betty D. Ellis  
Notary Public  
Residing at Denver, Colorado

My Commission Expires:  
My Commission Expires Oct. 12, 1991

DAD:022189A