

SRS, Inc.**Sunnyside Reclamation & Salvage, Inc.**

P.O. Box 99 — Sunnyside, Utah 84539

ACT/007/007-90B
#2

May 9, 1990

RECEIVED
MAY 16 1990DIVISION OF
OIL, GAS & MINING

Ms. Pamela Grubaugh-Littig
 Permit Supervisor
 Division of Oil, Gas & Mining
 355 West North Temple
 3 Triad Center, Suite 350
 Salt Lake City, Utah 84180-1203

Dear Pamela:

Re: Application For Additional Subsurface Acreage
 To Permit ACT/007/007

To ensure the future viability of Sunnyside Coal Company, it is necessary that additional subsurface acreage be added to our Permit ACT/007/007.

On March 12, 1990, an IBC was approved and our permit was amended. The additional 16.71 acres that are required now are still on Geneva State Lease ML-43715.

Items 3, 4, and 6 remain the same as referenced in SRS's letter dated March 1, 1990 (see enclosure). Referenced Items 1 through 6 in the March 1, 1990, letter were taken from technical memorandum for IBC dated February 6, 1990 (see enclosure). Referenced Items 2 and 5 of SRS's letter dated March 1, 1990, have been revised and are enclosed. Item 1 of SRS's letter dated March 1, 1990, remains the same but has been enclosed for your review.

Attached to the lease agreement is a 1" = 500' map which shows the affected area of State Lease ML-43715. The approval of the 16.71 acres will allow development and recovery of the 23rd Left, No. 1 Mine long-wall panel. Also enclosed is a legal description of the 16.71 acres needed.

Your efforts are greatly appreciated. If additional copies are needed or if you have any questions, please contact me.

Sincerely,

Karl R. Houskeeper

Karl R. Houskeeper
 Environmental Coordinator

KRH:th

Enclosures

cc: Bill Balaz



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangertter
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

RECEIVED
MAY 16 1990

DIVISION OF
OIL, GAS & MINING

March 12, 1990

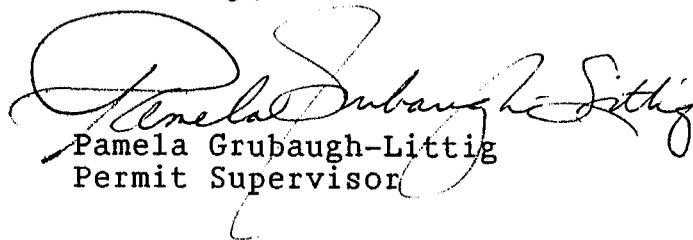
Mr. William P. Balaz
General Mine Manager
Sunnyside Reclamation and Salvage, Inc.
P. O. Box 99
Sunnyside, Utah 84539

Dear Mr. Balaz:

Re: Approval of Incidental Boundary Change, Geneva State Lease
ML-43715, Sunnyside Reclamation and Salvage, Inc., Sunnyside
Mines, ACT/007/007-90A, Folder #3, Carbon County, Utah

This letter will inform you that the above-identified
amendment was approved on March 12, 1990.

Sincerely,


Pamela Grubaugh-Littig
Permit Supervisor

djh
cc: J. Kelley, DOGM
B. Malencik, DOGM, PFO
AT45/151

RECEIVED

MAR 13 1990

Sunnyside Reclamation
& Salvage, Inc.

March 1, 1990

RECEIVED
MAY 16 1990DIVISION OF
OIL, GAS & MINING

Ms. Pamela Grubaugh-Littig
Permit Supervisor
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Dear Pamela:

Re: Incidental Boundary Change
State Lease ML-43715

Enclosed is the information you requested in your letter and technical memorandum dated February 6, 1990, for the Incidental Boundary Change, Geneva State Lease ML-43715. This Incidental Boundary Change adds 0.95 acres, bringing the cumulative figure to 7.78 acres.

Following is a list of the recommendations listed in the Technical Memorandum dated February 6, 1990, and responses:

Recommendations

1. The applicant must identify the document for right-of-entry by type and date of execution as well as the specific lands to which the document pertains and explain the legal rights claimed (UMC 782.15).

Enclosed are five copies of the Agreement for Partial Sublease of State of Utah Coal Lease ML-43715 with Geneva.

2. The surface and/or coal ownership maps must be updated to reflect this change (UMC 783.24 (a)).

Enclosed are five copies of the updated Surface Ownership Map, Plate III-1 and Subsurface Ownership Map, Plate II-2.

3. The five-year mining plan by year must be updated to show this addition (UMC 784.23 (a)).

Enclosed are five copies of the 25-Year Mine Plan, Plate III-3a, which has been updated to show the 5-year plan.

4. The list of identification of interests Section 2.2 in the text must be updated (UMC 782.13 (a) (2)).

Enclosed are five updated copies of Section 2.2, Identification of Interest, of the permit.

Ms. Pamela Grubaugh-Littig
Page 2
March 1, 1990

5. The permit area map must be updated (UMC 771.23 (b) and (e) (1)).

Enclosed are five copies of the updated Surface Facilities, Hydrology, and Pre-Law Disturbance Vegetation Map, Plate III-1, 2 of 3, which shows the permit area.

6. The applicant must document if this change is part of the current R2P2 and if this change has been approved by the BLM.

The lease is a State Lease; therefore, notification and/or approval from the BLM is not required.

Your review and timely response is greatly appreciated.

Sincerely,



Karl R. Houskeeper
Environmental Coordinator

KRH:th

Enclosures

cc: Bill Balaz

File



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

RECEIVED
MAY 16 1990

DIVISION OF
OIL, GAS & MINING

February 6, 1990

TO: File

FROM: Pamela Grubaugh-Littig, Permit Supervisor *pgl*

RE: Incidental Boundary Change - Geneva State Lease ML-43715, Sunnyside Reclamation and Salvage, Inc., Sunnyside Mines, ACT/007/007-90A, Folder #2, Carbon County, Utah

Synopsis and Analysis

Sunnyside Reclamation and Salvage, Inc. (SRS), submitted a request for an incidental boundary change to allow development of 22nd Left, #1 Mine Longwall Panel (about 0.95 acres). A small map identifying the area indicated the location of the area.

The applicant also submitted a letter stating that Geneva Steel and SRS, Inc. are entering into agreements.

This incidental boundary change adds 0.95 acres, bringing the cumulative figure to 7.78 acres for this permit term.

Recommendations

1. The applicant must identify the document for right-of-entry by type and date of execution as well as the specific lands to which the document pertains and explain the legal rights claimed (UMC 782.15).
2. The surface and/or coal ownership maps must be updated to reflect this change (UMC 783.24[a]).
3. The five-year mining plan by year must be updated to show this addition (UMC 784.23[a]).

Page 2
Memo to File
ACT/007/007
February 6, 1990

4. The list of identification of interests in the text must be updated (UMC 782.13[a][2]).
5. The permit area map must be updated (UMC 771.23[b] and [e][1]).
6. The applicant must document if this change is part of the current R2P2 and if this change has been approved by the BLM.

Five copies of this information (text and plates) must be submitted for inclusion in the PAP.

djh
AT45/131-132

**AGREEMENT FOR
PARTIAL SUBLEASE OF STATE OF
UTAH COAL LEASE ML-43715**

This Agreement for Partial Sublease of State of Utah Coal Lease, ML-43715, (this "Agreement") is entered into this 21st day of February, 1990, between Geneva Steel, a Utah corporation ("Sublessor"), and Sunnyside Reclamation and Salvage, Inc., a Colorado corporation ("Sublessee").

RECITALS

A. Sublessor is lessee under that certain State of Utah Coal Lease, ML-43715 ("Lease ML-43715"), which Lease covers all of Section 16, T.14S., R.14E., 5LBM, located in the County of Carbon, State of Utah.

B. Sublessee owns and operates the Sunnyside Coal Mine (the "Sunnyside Mine") which is adjacent to and planned for development into Lease ML-43715.

C. The orderly development of 22 left panel and 23 left panel of the Sunnyside Mine requires that Sublessee be given the rights to mine coal from a portion of Lease ML-43715.

AGREEMENT

THEREFORE, in consideration of the premises and the covenants contained herein, Sublessor and Sublessee agree as follows:

1. Partial Sublease. On the terms and conditions set forth herein, Sublessor agrees to sublease to Sublessee and Sublessee agrees to sublease from Sublessor that portion of Lease ML-43715 which comes within 22 left panel and 23 left panel of the Sunnyside Mine ("Leased Premises") as shown on Exhibit "A" hereto and being more particularly described as follows:

A parcel of mineral land lying within the SW1/4 SW1/4 of Section 16, T14S, R14E, Salt Lake Base Meridian described as;

Beginning at the Southwest Section Corner of said Section 16; running thence N0°03'W 1,270 Ft; thence S43°08'14"E 1,770.98 Ft; thence N88°56'35"W 1,210 Ft. to the point of beginning, containing 17.64 acres more or less.

2. Term of Agreement. This Agreement is effective as of the date hereof and shall expire when Sublessee has completed its coal mining activities within the Leased Premises or upon ten (10) years from the date first above written, whichever occurs first.

3. Royalties. Sublessor shall charge no royalty for the removal of coal by Sublessee from the Leased Premises; provided, however, that Sublessee shall be responsible for payment to the State of Utah for any royalties that it may assess for the removal of coal from the Leased Premises.

4. Use and Possession. Sublessee shall have possession of the Leased Premises during the term hereof only for the purposes of mining coal. Sublessor shall have the right to enter upon the Leased Premises at reasonable times for the purpose of inspecting the same. The exercise of said right of inspection shall be conducted in such a way as not to unreasonably interfere or conflict with Sublessee's use of the Leased Premises.

5. Compliance with Laws and Regulations. Sublessee shall comply with all applicable State and Federal laws and regulations which pertain to its activities on the Leased Premises and Sublessee agrees to indemnify and hold Sublessor harmless from and against any loss or damage resulting from said Lessee's failure to so comply. The obligations of Sublessee hereunder with respect to its mining activities on the Leased Premises shall continue beyond the term of this Agreement.

6. Liability. Sublessee hereby agrees to indemnify, defend and hold harmless Sublessor from and against all obligations, claims, demands, losses, damages, liabilities, actions, lawsuits and other proceedings, judgments, awards, costs and expenses, directly or indirectly related to, connected with or arising from the occupancy or use of the Leased Premises by Sublessee.

7. Assignment. Sublessee shall not assign, mortgage or pledge this Agreement nor sublet the whole or any part of the Leased Premises without the prior written consent of the Sublessor, which consent shall not be unreasonably withheld.

8. Severability. If any provision hereof shall to any extent be held invalid, the remainder of this Agreement shall not be affected thereby. Each provision hereof shall be valid and enforceable to the fullest extent permitted by law.

9. Miscellaneous. The captions to the Paragraphs of this Agreement are for convenience of reference only and shall not be deemed relevant in resolving questions of construction or interpretation hereunder. Sublessee shall not record this Agreement or a memorandum hereof without the prior written consent of Sublessor. This Agreement and any Exhibits hereto shall constitute the entire agreement between the parties. No amendment to this Agreement shall be binding upon the Sublessor unless reduced to writing and signed by both parties. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

IN WITNESS WHEREOF, Sublessor and Sublessee have executed this Agreement as of the day and year first above written.

GENEVA STEEL, a Utah corporation

By: Robert A. [Signature]

Its: VP

Sublessor

SUNNYSIDE RECLAMATION AND SALVAGE, INC.

By: James T. Cooper

Its: President

Sublessee

P. 4

EXHIBIT "A"

SUNNYSIDE UT.

JAN 29 '90 15:10 SRS, INC.

SRS, Inc.

1 Mine

Scale 1"=500'

21st Left

22nd Left

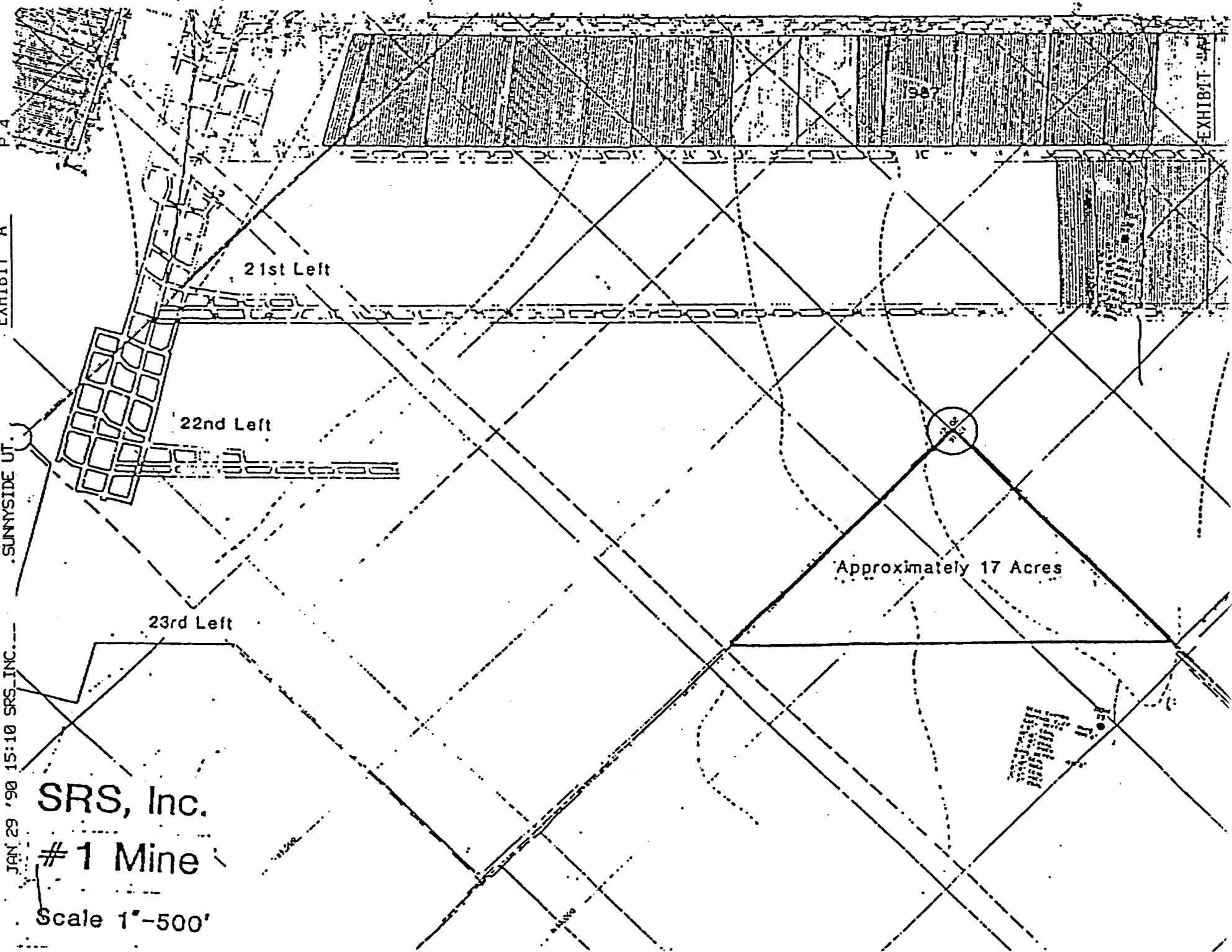
23rd Left

Approximately 17 Acres

987

EXHIBIT "A"

PROPERTY
OF
SRS, INC.



PARCEL 1 (IBC)

LEGAL DESCRIPTION OF STATE-OWNED GENEVA COAL LEASE

A parcel of mineral land lying within the SW1/4 SW1/4 of Section 16, T14S, R14E, Salt Lake Base Meridian described as;

Beginning at the Southwest Section Corner of said Section 16; running thence $N0^{\circ}03'W$ 284.84 Ft; thence $S45^{\circ}00'02"E$ 410.40 Ft; thence $N88^{\circ}56'35"W$ 290 Ft. to the point of beginning, containing 0.95 acres more or less.

PARCEL 2 (PERMIT REVISION)

LEGAL DESCRIPTION OF STATE-OWNED GENEVA COAL LEASE

A parcel of mineral land lying within the SW1/4 SW1/4 of Section 16, T14S, R14E, Salt Lake Base Meridian described as;

Beginning at a point that is $S88^{\circ}56'36"W$ 290 Ft. from the Southwest section corner of said Section 16; running thence $N45^{\circ}00'02"W$ 410.40 Ft; thence $N0^{\circ}03'W$ 944.57 Ft; thence $S45^{\circ}00'02"E$ 1,771.31 Ft; thence $N88^{\circ}56'35"W$ 961.66 Ft. to the point of beginning, containing 16.71 acres more or less.

PARCEL 1 AND 2 (COMBINED)

LEGAL DESCRIPTION OF STATE-OWNED GENEVA COAL LEASE

(TOTAL AREA OF GENEVA LEASE)

A parcel of mineral land lying within the SW1/4 SW1/4 of Section 16, T14S, R14E, Salt Lake Base Meridian described as;

Beginning at the Southwest Section Corner of said Section 16; running thence $N0^{\circ}03'W$ 1,229.41 Ft; thence $S45^{\circ}00'02"E$ 1,771.31 Ft; thence $N88^{\circ}56'35"W$ 1,251.66 Ft. to the point of beginning, containing 17.66 acres more or less.