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United States Department of the Interior
 OFFICE OF SURFACE MINING
 Reclamation and Enforcement
 BROOKS TOWERS
 1020 15TH STREET
 DENVER, COLORADO 80202

This machine is a 3M EMT 9165 located in Denver-Western Field Operations
 1020 15th Street, Denver, Colorado 80202

To confirm receipt of a FAX please call:

Confirm FTS: 8/564-2451
 Confirm Commercial: 303/844-2451
 FAX No. 8/564-4380

To: Patricia Brubagh-Littig, DOGM
(801) 359-3940

From: Victor J. Bryan, OSM-WFO

No. of pages to follow 6 Date: 3/13/90

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING

SHORT NOTE TRANSMITTAL

3/13/90

(Date)

TO : Pam Grubaugh-Littig,
FROM : ^{BOGM}
Jeri Beyon, OSM, WFO-D.
SUBJECT:

SRS assignment of deposit
form -

Pam, as we discussed
earlier, please add the
"United States Office of Surface
Mining Reclamation and
Enforcement (OSM)" as a
co-assignee / "cooperating"
on your "Assignment of Certificate
of Deposit as Collateral Security
Form". A written communication
will be forthcoming through
the AFO - Thank you,
(P.S. MOU is attached). See pg. 3,
Item J.

Note: Return this form when action is completed or attach it to data requested



United States Department of the Interior

OFFICE OF SURFACE MINING
RECLAMATION AND ENFORCEMENT
BROOKS TOWERS
1020 15TH STREET
DENVER, COLORADO 80202



In Reply Refer To:

January 19, 1990

Dr. Dianne 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

Dear Dr. Nielson:

Enclosed are two signed originals of the Utah Sunnyside Mine Bond Memorandum of Understanding (MOU). I have retained one original and it is my understanding that you will forward one original to James T. Cooper, Sunnyside Reclamation and Salvage.

Please call me at (303) 844-2459 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Raymond L. Lowrie".
Raymond L. Lowrie

Enclosures

cc: Bob Hagen

E. On or about the 28th day of August, 1989, SRS and DOGM executed an Agreement and Release of Reclamation Contract (the Agreement and Release), which instrument terminated the Contract, released SRS from certain financial obligations, and granted to DOGM certain other rights.

F. On or about the 28th day of August, 1989, SRS and DOGM also executed a Subordination Agreement (the Subordination Agreement), which agreement, inter alia, subordinated to Zions First National Bank (Zions), DOGM's first lien and security interest in and to certain tangible equipment and personal property, which lien and security interest was conveyed by SRS to DOGM in the Instrument.

G. In the Agreement and Release, and notwithstanding the fact that OSM was not a party thereto, a recital was made that OSM and DOGM had determined that the Instrument, as modified by the Subordination Agreement, provided adequate security for ensuring SRS's reclamation of the Mine and the Tailings.

H. The Cooperative Agreement between the Governor of the State of Utah and the Secretary of the United States Department of the Interior (the Cooperative Agreement), 30 C.F.R. § 944.30, in Article IX states that DOGM and the Secretary will require each operator who conducts operations on Federal lands to submit a single performance bond payable to Utah and the United States to cover the operator's responsibilities under the Surface Mining Control and Reclamation Act of 1977 (SMCRA), 30 U.S.C. §§ 1201 et seq., and the State program.

I. The Mine and the Tailings are operations involving Federal lands, and the Instrument, as modified by the Agreement and Release and the Subordination Agreement, comprises a collateral security bond which, under the terms of the Cooperative Agreement, should accrue jointly to the benefit of DOGM and OSM.

J. The purposes of this Memorandum of Understanding are, without limitation, to (1) set forth the express intent, acknowledgment, understanding and agreement of the parties with respect to the terms of the Instrument, the Agreement and Release, and the Subordination Agreement; (2) include OSM as a co-beneficiary to the first lien and security interest conveyed by SRS to DOGM in the Instrument; and (3) include OSM as a co-beneficiary to any and all other rights accruing to DOGM in the Agreement and Release.

AGREEMENT

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Irrespective of the date on which this Memorandum of Understanding is executed by the parties, it shall retroactively be effective, nunc pro tunc, as of the effective date of the Instrument.

2. It is the express intent and understanding of the parties that this Memorandum of Understanding shall, and hereby does, constitute the agreement of the parties concerning the

Agreement, the express agreement of the parties being that all rights conferred upon DOGM by SRS in the Instrument and the Agreement and Release shall and hereby do accrue jointly to DOGM and OSM as if OSM had originally been a party to said documents, it being the express intent and understanding of the parties that by execution of this Memorandum of Understanding, privity of contract as to said documents shall be and hereby is established among DOGM, SRS and OSM.

3. The parties expressly understand and hereby acknowledge that by executing this Memorandum of Understanding OSM does not release, waive or otherwise discharge, either expressly or impliedly, Kaiser Coal Corporation, Kaiser Coal Corporation of Sunnyside, or Kaiser Coal Corporation of Utah, or said entities' officers or directors, from any reclamation liability enforceable by OSM under SMCRA.

4. By execution of this Memorandum of Understanding, OSM claims no interest in the personal property and tangible equipment described in the Subordination Agreement.

UTAH DIVISION OF OIL, GAS, AND MINING

By: Danuel P. Nelson

SUNNYSIDE RECLAMATION AND SALVAGE

By: James T. Cooper

OFFICE OF SURFACE MINING RECLAMATION
AND ENFORCEMENT

By: Raymond J. Francis