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ACT/007/007 #2

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[illegible]RD L. BOLTON, Clerk
DEPUTY CLERK

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO IN BANKRUPTCY

In re	)	
	)	
KAISER STEEL CORPORATION,	)	Bankruptcy No. 87 B 01552 E
	)	(Jointly Administered)
Debtor(s).	)	

NOTICE PURSUANT TO RULE 23 OF APPLICATION BY KAISER COAL FOR APPROVAL OF ACQUISITION AGREEMENT OF THE SUNNYSIDE MINE WITH SUNNYSIDE RECLAMATION & SALVAGE, INC. ("SR&S") PURSUANT TO SECTION 363(f)

NOTICE IS HEREBY GIVEN that Kaiser Coal Corporation, Kaiser Coal Corporation of Utah, Kaiser Coal Corporation of Sunnyside (collectively "Kaiser Coal") will be filing a motion to approve the sale of Kaiser Coal's Sunnyside Mine to SR&S pursuant to Section 363(f) of the Bankruptcy Code.

On December 9, 1988, Kaiser Coal filed a motion for the approval of a License Agreement with SR&S to operate the Sunnyside Mine. That motion was set for hearing by this court on February 3, 1989. At that hearing, Kaiser Coal informed the court that SR&S has now offered to purchase the Sunnyside Mine. Kaiser Coal and SR&S are drafting an acquisition agreement which will be submitted to the bankruptcy court for approval at a later date. A copy of the acquisition agreement will be available upon request when it is finalized.

The terms of the SR&S acquisition agreement are summarized as follows:

1. SR&S will purchase Kaiser Coal's Sunnyside property and the North Lease except for the debtor's interest, if any, in B Canyon. Further, the purchase will not impair the rights of any equipment lessor or creditor secured by equipment to remove their equipment from the Sunnyside Mine. SR&S will not have the right to use any leased or liened equipment until and unless they make arrangements with the appropriate equipment lessor or secured creditor in regard to the equipment to be used.

2. The sale will be subject to all accrued property taxes which SR&S will assume and be obligated to pay.

I hereby attest and certify on 4/5/89 that the foregoing/affixed document(s) hereto is/are a full, true and correct copy of the original on file in my office and in my legal custody.
Clerk, U.S. Bankruptcy Court
District of Colorado
By [signature]
Deputy Clerk

3. At closing, SR&S will either provide funds to cure all the lease defaults for those leases to be assumed and assigned by Kaiser Coal pursuant to Section 365 of the Bankruptcy Code or will hold Kaiser Coal harmless for such obligations and post an appropriate letter of credit in an amount up to $1.1 million.

4. Each party will be obligated for black lung liability as provided by law.

5. SR&S will have two options as to reclamation liability for the Sunnyside permitted area, which includes property previously sold to Environmental Power Corporation (for which Environmental Power Corporation has not met the reclamation liability to date). SR&S can deliver to Kaiser a general release from the state of Utah for the permitted area. The release will release Kaiser Coal, any related or affiliated entities, and their boards of directors, and their officers. Alternatively, SR&S can hold Kaiser Coal harmless and post a letter of credit to secure its promise to hold harmless Kaiser Coal (and the above-specified entities) in the amount of $3.3 million.

6. The sale to SR&S will be subject to all mechanics' liens on the Sunnyside properties.

7. With the exception of the interests previously specified, the sale will be free and clear of all remaining liens, interests, claims, and encumbrances, including, but not limited to The Chase Manhattan Bank (National Association), Mellon Bank, N.A., The Royal Bank of Canada and Banque Paribas. All liens, interests, claims and encumbrances will attach to the proceeds of the sale in the same amount, priority, and validity as they presently attach to the Sunnyside property.

8. SR&S will pay a purchase price in accordance with the terms of payment under the previously-submitted license agreement.

9. SR&S' purchase of the Sunnyside Mine will be contingent upon Kaiser Coal obtaining an order of the bankruptcy court modifying the collective bargaining agreement between Kaiser Coal and the United Mine Workers of America by deleting retiree medical benefits. Otherwise the collective bargaining agreement remains the same. SR&S and Kaiser Coal will close the acquisition as soon as is practicable after bankruptcy

court approval of the modification to the collective bargaining agreement (which will be heard at the same time as the motion to approve the sale to SR&S) has been approved by the bankruptcy court and the bankruptcy court has approved the SR&S acquisition agreement. In no event will the closing be more than twenty days after bankruptcy court approval.

10. Pending closing, SR&S will continue to maintain the Sunnyside Mine. Further, at SR&S' sole risk and expense, SR&S may take the steps necessary to place the Sunnyside Mine in production.

11. To protect against the transaction falling apart over disputes on the contract language, any dispute will be resolved by the court. Each party will submit a proposed resolution of the disputed provision and the court will chose one provision based on the presentation of the terms of the acquisition agreement at the February 3 hearing.

The court has shortened the notice period and set the debtor's motion for approval of the SR&S acquisition agreement for hearing on February 20, 1989, at 9:30 a.m. in Courtroom A of the United States Bankruptcy Court, 1845 Sherman Street, Room 400, Denver, Colorado 80203. Any party desiring to oppose Kaiser Coal's motion to approve the SR&S acquisition agreement must file a written response or objection with the court on or before February 16, 1989, and serve a copy of the written response or objection upon the undersigned counsel for Kaiser Coal so that it is received in the offices of Sherman & Howard on February 16, 1989.

Respectfully submitted this 6th day of February, 1989.

SHERMAN & HOWARD

By _____

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