

0059

Sunnyside Coal Company

Operations • Highway 123 • P.O. Box 99 • Sunnyside, Utah 84539

cc: JWS
LPB
JCH
PGL
TAM
orig file
10-593

September 30, 1993

Mr. James Carter
Director
Division of Oil, Gas and Mining
State of Utah, Department of Natural Resources
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180

RECEIVED

#4

OCT 04 1993

DIVISION OF OIL, GAS & MINING

Informal Conf. File

Dear Mr. Carter:

I am writing in response to your letter of September 15, 1993 requesting the posting of additional security against the reclamation bond for the Sunnyside Coal Mine.

I have directed Ms. Denise Dragoo to request an informal conference to review the letter.

In addition to the issues addressed in Ms. Dragoo's request, I believe that the amount of additional security requested needs to be recalculated. The \$306,118.63 requested appears to be based in the Division's May 24, 1993 findings regarding Sunnyside's bonding. In those findings the Division assigned value of \$747,500 for mountain property pledged as security. The value of the property was reduced by \$406,108 for property taxes due.

Since May 24 findings were issued, Sunnyside has agreed to sell the mountain property to unrelated parties for \$1,325,000. In addition, Sunnyside has paid \$100,000 in property taxes against the \$406,108 due in May. Including these changes in the Division's calculations of the value of the security posted against the Sunnyside reclamation bond increases the value to approximately \$3,185,000 against a bonding requirement of \$2,813,562 (including the refuse pile). If the refuse pile is correctly excluded from the bond calculations the value of collateral posted by Sunnyside exceeds the bond requirement by over \$1.3 million.

Sincerely,



Robert M. Burnham
President

cc: Joe Fielder
Denise Dragoo

Corporate Offices
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