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cc P. Col  
D. Naddock  
J. Velford  
CB  
573-94

MOSER MINE SALVAGE, Inc.  
2727 West 92nd Avenue, Suite 103A  
Denver, CO 80221-5214  
(303) 428-9964  
FAX (303) 428-3817

ATT/007/007  
#2

Copy Jim  
Lowell  
Randy

FACSIMILE TRANSMISSION

Company: DGM - State of UT Natural Res. Page 1 of 6  
Attention: Lowell Braxton Date: 5-13-94  
FAX No.: (801) 359-3940 From: Robert Moser  
re: \_\_\_\_\_ cc: \_\_\_\_\_

Moser File Reference: Sunnyside Agreement File

Please contact sender at (303) 428-9964 if this transmission is incomplete or illegible.

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Message:

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**MOSER MINE SALVAGE, INC.**  
2727 West 92nd Avenue, Suite 103A  
Denver, CO 80221-5214  
(303) 428-9964  
Fax (303) 428-3817

Mr. Bob Burnham, President  
Sunnyside Coal Company  
1113 Spruce Street  
Boulder, CO 80302

Mr. Duane H. Gillman  
Attorney for Unsecured Creditor's Committee  
McDowell & Gillman, P.C.  
Twelfth Floor, 50 West Broadway  
Salt Lake City, UT 84101

**VIA FAX - HARD COPY MAILED**

Dear Mr. Burnham & Mr. Gillman:

Moser Mine Salvage, Inc. (Moser) has developed this preliminary proposal to recover and salvage the assets of Sunnyside Coal Company's Sunnyside mine. This preliminary proposal could also be the basis for a joint reorganization plan. Based on the information obtained from the Bankruptcy Court documents and our knowledge on the mine, the potentially marketable assets include:

- o Westfalia Longwall system
- o Underground conveyor systems
- o Remaining Coal in the longwall panel
- o Mobile Equipment (Underground and surface)
- o Power distribution systems (underground & surface)
- o Preparation Plant
- o Main Mine fans and associated facilities
- o Other Surface Buildings

Moser proposes to advance the longwall approximately sixty-five (65) feet, support the roof and then extract the face. While the longwall is being advanced salvage operations would commence in the bottom of # 3 mine and on the surface. While some coal would be mined as part of the longwall salvage, it is not Moser's intent to mine the remaining portion of the panel as there does not appear to be a market for the coal at this time. However, if a coal buyer should wish to purchase coal, Moser will petition the court to accept the coal contract and allow mining of the coal thereby increasing the return to the estate. Once the longwall is extracted, the remaining areas of the # 1 and # 3 mines would be salvaged.

Moser anticipates that it will either use the equipment in the mine

or rent as necessary to perform the salvage work. Local labor will be hired for this project.

### PROJECT SCHEDULE

This salvage operation is projected to last six months as outlined below:

- o 0-4 weeks - Repair Headgate Drive and other existing problems on face, Salvage area below 12th Left in # 3 mine, Begin salvage of non essential surface assets, Begin advancing the longwall.
- o 5-9 weeks - Advance longwall to next crosscut, support roof and extract the face.
- o 10-20 weeks - Complete salvage of # 1 and # 3 mines.
- o 21-24 weeks - Salvage surface facilities including sealing shafts and portals.

### PROJECT REVENUE

The potential return to the estate is presented below:

#### Sale of Assets

<u>Asset Description</u>	<u>Revenue 000's</u>
Longwall	\$ 3,250
Conveyor System - Underground	1,000
Mobile Equipment - Underground & Surface	1,000
Other underground Assets	750
Surface Assets	800
<b>Total Revenue</b>	<b>\$ 6,800</b>
<b>Less</b>	
Moser's Estimated Salvage Costs	2,400
Moser's Commission	1,360
<b>Total Salvage and Recovery Costs</b>	<b>\$ 3,760</b>
<b>Net Proceeds to Estate</b>	<b>\$ 3,040</b>

Additional proceeds or net benefit to the estate may be realized by the following:

- o Salvage operations of the surface facilities will reduce the reclamation liability, estimated reduction \$600,000 - \$800,000.

- o Sale of Land: 24,000 Acres @ \$ 100/Acre \$ 2,400,000.
- o Sale of Water Rights: \$ 1,600,000.

Proceeds from the sale of the water rights would be deposited in an escrow account to secure the balance of the reclamation bond.

### CORPORATE OVERVIEW

Moser Mine Salvage, Inc. started business in June 1991 as a sole proprietorship and subsequently incorporated in April 1992. Moser Mine Service, Inc. (an affiliated company) brokers new and used equipment through a national and international network which provides the capability to liquidate assets at market prices.

### KEY PROJECT PERSONNEL

#### **Robert W. Moser, President and CEO**

Mr. Moser has nine years experience in the mining industry. His responsibilities have included supervision of mine accounting departments and joint venture analysis. For the last four years, Mr. Moser has successfully sold used mining equipment nationwide.

#### **Gary J. Neff, Vice President Marketing and Administration**

Mr. Neff has over eleven years experience in the mining industry as well as seven years experience in industrial fixed and heavy mobile equipment environments. His responsibilities have included coal supply contract negotiation and administration and inventory and cost controls. Mr. Neff also has seven years experience in marketing services and products to the mining industry.

#### **William P. Balaz, Jr., P.E.**

Mr. Balaz is a graduate mining engineer with over 22 years experience in the mining industry. His responsibilities have been in engineering, regulatory and operations positions including Mine Manager at Sunnyside. As mine manager, Mr. Balaz was responsible for the start up of the Westfalia longwall after it was idled for 10 months. Mr. Balaz was also responsible for salvaging the Thyssen longwall in # 3 mine after it was idle for an extensive period.

Additional information on Moser's capabilities is attached.

### CONTINGENCIES

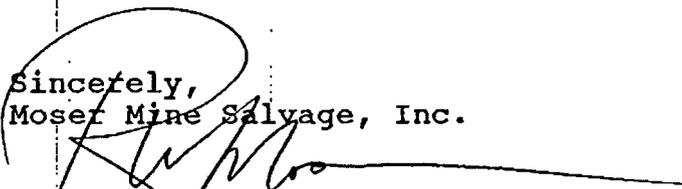
This proposal is contingent on the following conditions or agreements.

1. Debtor and Unsecured Creditor's Committee agree to this course of action and will work on a mutually acceptable reorganization plan.
2. Moser will be given a super priority status by the Bankruptcy Court.
3. Moser proposes to hire non union labor from the local area. The short duration of the project will not support an above average wage rate and benefit schedule.
4. Moser will not assume any of the liabilities associated with the Sunnyside mine. Upon acceptance of this proposal by the Bankruptcy Court, Moser will assume responsibility for operating, mine maintenance and those expenses required by law incurred as part of the salvage project.
5. Moser will not accept reclamation liability. However, Moser will contract with the debtor to perform any work necessary to for the reclamation of the Sunnyside Mine.
6. An agreement providing exclusive salvage and brokerage rights needs to be negotiated between Moser, the Debtor, the Unsecured Creditors Committee, and other appropriate parties.
7. Moser will need to negotiate an agreement with Geneva Steel to mine coal on their State lease.
8. The Joy shearer, the headgate shields, mainline belts and other equipment necessary for advancing the longwall are not removed from the mine. The removal of this equipment will cause the remaining longwall components to be left in the mine resulting in the loss of revenue to the estate.
9. A mine visit is needed to allow Moser to appraise the equipment condition to better estimate the potential revenues to the estate.
10. Contingent upon final approval by Moser's legal counsel.
11. Upon the execution of an exclusive salvage and brokerage agreement, Moser will set up a joint checking (salvage) account and fund that account at that time.

The salvage revenues are based on our knowledge of market conditions as of the date of this preliminary proposal and without the benefit of a mine visit. These potential revenues are subject to revision based on changing market and/or mine conditions.

We respectfully submit this proposal for your consideration.

Sincerely,  
Moser Mine Salvage, Inc.



Robert W. Moser  
President

cc: Craig Johnson  
Jack Smith - Holland and Hart  
W.P. Balaz  
BXG, Inc.  
Bureau of Land Management  
Cate Carbon Equipment Company  
DOGM  
IBM Credit  
Joy Technologies, Inc.  
Intermountain Electronic, Inc.  
Carbon County Treasurer