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State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

7-07

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September 19, 1994

Robert E. Mori  
American Reclamation and Dismantling  
P.O. Box 5840  
Stateline, Nevada 89449

Re: Your letter of September 13, 1994

Dear Sir:

I have before me your letter of September 2, 1994, to Mr. Robert Burnham of Sunnyside Coal, as well as your correspondence to me of September 13, 1994. It appears that you believe that the Division supports, or for that matter takes an active part in, your proposal to perform reclamation work on behalf of Sunnyside Mine. The Division does not, and indeed cannot, become involved in any negotiations between you and the debtor concerning any arrangements you may wish to enter into.

If you are seeking to become a transferee of the debtor's mining and reclamation permit for the Sunnyside Mine, I direct you to the R. 645 rules of the Utah Administrative Code concerning the requirements for permit transfer.

A permit transfer is the only means by which another permittee can stand in the shoes of the operator for purposes of meeting the operator's reclamation and bonding obligations.

So long as the debtor is a debtor-in-possession under Chapter 11 of the Bankruptcy Code, any agreements or arrangements for performing the debtor's obligations must comply not only with state and federal surface coal mining law, but also must be approved by the Bankruptcy Court after notice to all interested parties.

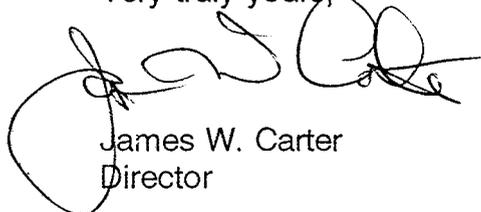
I must take exception, and state my absolute disagreement, with your characterization in the September 2, 1994, letter to Robert Burnham that the Division of Oil, Gas and Mining has agreed that the items set forth in your letter constitute 80% of the reclamation requirements required by state and federal law. I have tried to convey to you that the reclamation obligations of the debtor are vastly more complex than you have described in your letter. Unfortunately, my communications with you

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have not successfully transmitted this information. Therefore, I can only reiterate that the Division does not support or oppose, in the abstract, the selection of any particular contractor by the debtor, nor does the Division represent to you or to any other contractor the feasibility of any particular commercial arrangement you may wish to reach with the debtor. Finally, you must understand that performance bonds under the coal program must be filed on behalf of an approved permittee and must be in an amount sufficient to allow the Division of Oil, Gas and Mining to perform all reclamation obligations required by law. The amounts necessary to meet this statutory requirement are greatly in excess of those amounts set forth in your letter of September 13, 1994.

I hope this clarifies any misunderstanding you may have had and that you will make sure that any third parties with whom you have expressed any understandings concerning the Division are put on notice concerning the erroneous nature of your statements contained in the September 2, 1994, letter to Mr. Robert Burnham of Sunnyside Coal.

Very truly yours,



James W. Carter  
Director

lsj  
cc: Robert Burnham  
Counsel for Unsecured Creditor's  
AMRECDIS.LTR