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

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August 17, 1994

Robert M. Burnham, President
Sunnyside Coal Company
1113 Spruce Street
Boulder, Colorado 80302

Re: Division Order 94B, Sunnyside Coal Company, Sunnyside Mine,
ACT/007/007, Folder #5, Carbon County, Utah

Dear Bob:

I am writing to follow-up on our on-site mine visit last Thursday, August 11, 1994. I appreciate the time you and Jim Semborski took to go through the Division Order issues with me and to tour the mine site.

To recap, I understand that the activities at the Sunnyside Mine include ongoing environmental compliance with permit conditions, which has included the maintenance of sediment control structures, performance of required water sampling, and the recent enlargement of several sediment ponds. With regard to reclamation and site clean-up, I understand that three of seven shafts have been sealed, that most of 100 drums of used oil and related materials have been removed from the site for disposal, and that the balance will be removed sometime this week. In addition, I observed employees of Mountain States Machinery on-site dismantling track and power poles and salvaging other scrap metal items.

You provided me with a pre-demolition clean-up plan prepared by J.B.R. Environmental Consultants dated July 1, 1994, which proposes to perform sampling and testing of oil field electrical equipment, the removal of two five thousand gallon underground storage tanks, and the performance of an asbestos survey for a bid price of \$25,310. You indicated during our conversations that Sunnyside plans to fund that work with proceeds of the sale of scrap metal.

You also provided me with a copy of a salvage bid from Mountain States Machinery dated April 7, 1994, proposing to pay Sunnyside \$55 per ton for scrap iron removed from the property. That bid estimates the value of the scrap iron contained in structures on the property to be \$421,250. You also provided me with a July 25, 1994, letter from Mountain States setting forth other terms of the scrap bid. I understand that Sunnyside plans to seek bankruptcy court approval before directing Mountain States to begin dismantling and salvaging of the prep



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plant, the first of the structures on the site to be demolished. I encourage you to file the necessary pleadings to obtain court approval as soon as possible.

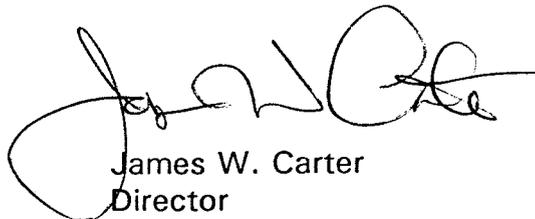
During my visit, we also discussed the disturbed area boundary issue. We agreed to schedule an on-site meeting between representatives of Sunnyside and the Division to reach agreement as to the appropriate location of disturbed area boundaries within the permit area. I propose that meeting take place within the next two weeks, and solicit your suggestion as to the best date.

As we also discussed, Sunnyside is in the process of preparing a revised reorganized plan for submittal to the bankruptcy court on August 26, 1994. I would request that Sunnyside also submit a request for court approval of the demolition of the prep plant on or before that date as well.

Given the reclamation efforts made to date and the commitments made during the course of the site visit, this letter will operate to extend the time for performance under Division Order 94B through the close of business on Friday, September 2, 1994. Between now and that date, the Division and Sunnyside must reach a firm commitment to a schedule for performance of the requirements of the Division Order or enforcement action will be required. I would suggest that commitment take the form of a stipulation to the Division Order, and that the stipulation serve as the basis for revising the Division Order's time frames. I am in the process of having such a stipulation prepared and will forward it to you for your review as soon as it is available.

Again, thank you for meeting with me at the mine site for what I believed was a productive meeting.

Very truly yours,



James W. Carter
Director

jbe
cc: L. Braxton
P. Grubaugh-Littig
J. Helfrich
H:SUNDO94B.LTR