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cc JWG
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February 16, 1996

U.S. Bankruptcy Court
District of Colorado
U.S. Custom House
721 19th Street
Denver, CO 80202-2508

VIA FEDERAL EXPRESS

ACT/007/007 #2

Re: Sunnyside Coal Company - Case No. 94-12794 CEM - Chapter 7

Dear Clerk of the Court:

Enclosed please find an original and two copies of Sunnyside Cogeneration Associates' Objection to / Request for Clarification of Trustee's Motion for Approval to Sell Assets Free and Clear of Liens, Interests, Encumbrances, and Claims to Penta Creeks, L.L.C.

Please file this document in the above referenced matter and stamp and return one copy to me in the enclosed self-addressed, stamped envelope.

Thank you for your cooperation in this regard. If you have any questions, please feel free to contact me.

Very truly yours,

CALLISTER NEBEKER & McCULLOUGH



Brian W. Burnett

BWB:ias

Enclosures

cc: Penrod Keith, Esq.
Ralph Petty, Esq.
Jim Carter, Esq.
Tom Mitchell, Esq.

John Hurt, Esq.
Tom Harnden, Esq.
Jack Arnold, Esq.
Mike Krikava, Esq.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:)	Case No. 94-12794 CEM
)	
SUNNYSIDE COAL COMPANY,)	Chapter 7
)	
Debtor.)	
)	

**SUNNYSIDE COGENERATION ASSOCIATES' OBJECTION TO /
REQUEST FOR CLARIFICATION OF TRUSTEE'S MOTION FOR
APPROVAL TO SELL ASSETS FREE AND CLEAR OF LIENS,
INTERESTS, ENCUMBRANCES, AND CLAIMS TO PENTA CREEKS,
L.L.C.**

Please take notice that Sunnyside Cogeneration Associates ("SCA") hereby objects to / requests clarification of Kenneth A. Rushton, the Chapter 7 Trustee ("Trustee") of Sunnyside Coal Company's ("Debtor") Motion For Approval To Sell Assets Free And Clear Of Liens, Interests, Encumbrances, And Claims dated January 26, 1996 ("Motion") to Penta Creeks, L.L.C. ("Penta Creeks").

SCA objects to / requests clarification of the Trustee's proposed sale of Water Right No. 91-231.

On September 30, 1993, SCA entered into an Agreement with the Debtor, whereby SCA agreed to pay Debtor \$600,000.00 for Water Right No. 91-231 and Debtor agreed to convey said Water Right along with applicable easements and property necessary to complete this transaction. SCA deposited \$600,000.00 with an Escrow Agent, Zions First National Bank, in Salt Lake City. The Debtor placed a Quitclaim Deed, and the Utah Division of Oil, Gas & Mining placed a Deed of Reconveyance with the Escrow Agent. This Court has previously approved the sale of Water Right No. 91-231 to SCA pursuant to the terms and conditions of the September 30, 1993 Agreement.

SCA has been informed that Water Right No. 91-231 was inadvertently listed as an asset that the Trustee is proposing to convey to Penta Creeks.

SCA hereby objects to any reference to the sale of Water Right No. 91-231 to Penta Creeks and requests the

Court clarify that Water Right No. 91-231 is being purchased by SCA.

SCA also objects to / requests clarification of the Motion's attempt to sale the Debtor's property free and clear of the option to purchase the 72-acre plant site where SCA's waste coal fired electric power plant is located. This option to purchase was incorrectly listed as being a right of Environmental Power Corporation, the prior owner of SCA. SCA is the entity that has the option to purchase the 72 acre plant site.

SCA occupies the 72-acre plant site which is owned by the Debtor pursuant to a Land Lease Agreement executed and amended in 1987 ("Lease"). Pursuant to the Lease, SCA has an option to purchase the plant site. Since this proceeding was converted, the Trustee and SCA have obtained an Order from this Court extending the deadline by which the Trustee must assume or reject the Lease to February 21, 1996. SCA and the attorneys for the Trustee, have agreed to an extension of this deadline. The parties are still discussing whether or not the Lease will be assumed or rejected or whether SCA will purchase the plant site. The Lease provides that SCA is the entity which has the option to purchase the plant site property.

WHEREFORE, SCA prays that this Court enter an Order (1) stating that Water Right No. 91-231 will be sold to SCA; (2) stating that SCA, the lessee of the 72-acre plant site, has an option to purchase that plant site, and also that the time frame whereby the Trustee must assume or reject the contract will be extended; and (3) such other and further relief as the Court deems appropriate.

DATED this 16th day of February, 1996.

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