1/30/96 Cmq BN cc: JWC LPB TAM POH

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

In re: SUNNYSIDE COAL COMPANY, Debtor.	CASE NO. 94-12794 CEM Chapter 7

NOTICE OF HEARING ON TRUSTEE'S MOTION FOR APPROVAL TO SELL ASSETS FREE AND CLEAR OF LIENS, INTERESTS, ENCUMBRANCES, AND CLAIMS

PLEASE TAKE NOTICE that Kenneth A. Rushton, the chapter 7 trustee ("Trustee") of Sunnyside Coal Company ("Debtor"), proposes to sell approximately 26,000 acres real property, including attendant water rights and mineral interests, located in Carbon County, Utah owned by the Sunnyside Coal Company (the "Property") to Penta Creek, LLC ("Penta Creek") for the sum of $2,440,000. The terms and conditions of the sale are set forth in the Purchase Agreement attached as an exhibit to the Trustee's Motion For Approval to Sell Assets Free and Clear of Liens, Interests, Encumbrances and Claims (the "Motion"). Copies of the Motion and the Purchase Agreement are available from the undersigned counsel for customary mailing and copying charges. The major terms and conditions of the sale are summarized below:

a. Purchase Price. The total purchase price for the Property is $2,440,000, payable as follows:

(1) a deposit of $100,000 which the Trustee has already received from Penta Creeks plus an additional deposit of $150,000 to be delivered at or prior to the auction contemplated by the Trustee;

(2) payment of $150,000 at closing by wire transfer;

(3) delivery of three letters of credit at closing, payable as follows:

(a) $680,000 payable on or before July 1, 1996;

(b) $680,000 payable on or before October 1, 1996;

(c) $680,000 payable on or before July 1, 1997.

b. Sale of Assets Free and Clear. As set forth in paragraph 3 of the Purchase Agreement, the Trustee has committed to obtain an Order of this Court authorizing the transaction contemplated by the Purchase Agreement and

ordering the sale of the Property free and clear of liens and encumbrances as specified in the Motion. In summary the Property to be purchased by Penta Creeks includes (the following summary is for convenient review by parties and is subject to the terms of the Purchase Agreement and in the event of any inconsistency between this summary and the Purchase Agreement, the terms of the Purchase Agreement govern): all of the Debtor's land, mineral rights, and water rights in Emery and Carbon Counties, Utah, described in Attachment I to Exhibit C to the Purchase Agreement, subject to certain easements, access rights, reservations, ownership interests and water rights and with the exception of property described as the "footprint" property, which is described in Exhibit A to the Purchase Agreement (the "Footprint Property"), and water rights 91-362 and 91-367 (the "Retained Water Rights").

c. Trustee's Conveyance of the Water Rights. The Trustee is restricted to selling the Retained Water Rights only to the party which acquires from the Trustee the Footprint Property (the "Footprint Purchaser") and the Trustee is further restricted to only selling to the Footprint Purchaser sufficient portions of Water Rights as are necessary for the uses of the Footprint Purchaser on the Footprint Property. Any portion of the Water Rights not conveyed to the Footprint Purchaser shall be conveyed to the Buyer at no cost. Until the Water Rights are conveyed to the Footprint Purchaser, the Buyer will be granted a nonexclusive license to utilize the Water Rights for its own benefit. To the extent that the Footprint Purchaser requires water in excess of the Water Rights to use the Footprint Property, the Buyer is required to provide such water to the Footprint Purchaser for a cost equivalent to the lowest commercial industrial use of water found in the State of Utah between an unrelated water provider and an industrial user. The Buyer also covenants to grant to the Trustee an easement in the Grassy Trail Creek for the delivery of the Water Rights from the Grassy Trail Reservoir to the Footprint Property.

d. Other Easement. The Buyer covenants to grant reasonable and necessary access to Utah Department of Oil, Gas, and Mining ("Utah DOGM") officials and contractors to undertake reclamation activities on the Property.

e. Means of Conveyance, Title Insurance, and Disclaimer of Any Warranty, Guaranty, or Representation. The Trustee will deliver to the Buyer at closing a quit claim deed to the Property. The Trustee will provide title insurance and any cost of title insurance in excess of $10,000 shall be shared equally by the parties. The Property is sold "as is" and without warranty. The Trustee also disclaims any warranty, guaranty, or representation regarding the status of title, the nature and condition of the Property, compliance with governmental laws, ordinances,

or regulations, or as to the amount of acreage. The Buyer waives and releases any and all claims it may have against the Trustee for any liabilities it may incur as a result of its purchase or ownership of the Property.

f. Reclamation of the Property. The Buyer will have no obligation with respect to reclamation obligations of the Debtor to the Utah DOGM.

g. Solicitation and Consideration of Competing Bids and Auction. Under the Purchase Agreement, the Trustee is permitted to advertise the sale of the Property and otherwise solicit bids for the Property from third parties in any manner the Trustee sees fit. The Trustee's obligation to sell the Property to Penta Creeks is subject to the Trustee receiving a higher and better offer at the auction, which in the Trustee's sole judgment produces a greater benefit to the Debtor's estate than the sale to Penta Creeks contemplated by the Purchase Agreement. The Trustee will follow the Bidding Procedures (Exhibit 2 to the Motion) with respect to solicitation of bids for the sale of the Property and with respect to the auction.

h. Reimbursement of Penta Creeks' Expenses in the event of a Sale to a Competing Bidder. If the Trustee sells the Property to a competing bidder for a sum in excess of $2,440,000, Penta Creeks is to receive one-third of all such excess funds in a sum not to exceed $150,000 to reimburse it for some of the expenses it has incurred in relation to its proposed purchase of the Property.

i. Closing Date. The Purchase Agreement contemplates that closing of the sale will occur fourteen days after the entry of an Order of the Court approving a sale of the Property, or on such other date as the parties agree.

PLEASE TAKE FURTHER NOTICE that the proposed sale shall be free and clear of all liens, encumbrances, interests and claims as specifically set forth and listed in the Motion and except as reserved therein.

PLEASE TAKE FURTHER NOTICE that any party desiring to make a competing offer for the purchase of the Property is invited to attend an auction on March 12, 1996, at the offices of LeBoeuf, Lamb, Greene & MacRae, located at 136 South Main Street, Suite 1000, Salt Lake City, Utah. The time of the auction will be 1:30 p.m. Any party interested in participating in such an auction should immediately call Penrod Keith at (801) 320-6700 to obtain a copy of the bidding procedures governing the auction process. If a competing offer is deemed by the Trustee to be a better offer for the sale of the Property, the Trustee will seek court approval of the competing offer to be held at the hearing date set forth below.

NOTICE IS FURTHER GIVEN that, pursuant to the Bankruptcy Rules, objections to the proposed sale must be filed with the Court and received by the undersigned counsel no later than the close of business on Monday the 19th day of February, 1996. Absent the timely filing and service of objections, the hearing scheduled in this notice may be stricken and the sale of the property may be held without further notice or hearing. Furthermore, upon resolution of any timely filed and served objections to the proposed sale the hearing may be stricken and the sale may be held without further notice and hearing.

NOTICE IS FURTHER GIVEN that, if there are objections filed to the proposed sale, a hearing on such objections will come before the Honorable Charles E. Matheson, United States Bankruptcy Judge, on Wednesday, March 13, 1996, at the hour of 9:30 a.m., or as soon thereafter as counsel may be heard, in Judge Matheson's Courtroom located at U.S. Custom House, 721 19th Street, Denver, CO.

DATED this 26th day of January, 1996.

LeBOEUF, LAMB, GREENE & MacRAE
L.L.P.

By: /S/

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