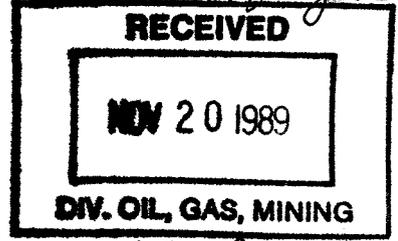


ACT/007/013  
KJ Orig Mine file - Horse Canyon



CC DRK  
L Braxton  
R Degen

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF COLORADO

In re: :  
: KAISER STEEL CORPORATION, : Bankruptcy No. 87 B 01552 E  
: (Jointly Administered)  
Debtor. :

STATE OF UTAH'S OBJECTION TO OFFICIAL UNSECURED CREDITORS'  
COMMITTEE'S PROPOSED DISTRIBUTION SCHEDULE TO ADMINISTRATIVE  
CLAIMANTS

TO THE HONORABLE CHARLES E. MATHESON,  
UNITED STATES BANKRUPTCY JUDGE:

The State of Utah ("Utah") submits this objection to the Official Unsecured Creditors' Committee's Proposed Distribution Schedule to Administrative Claimants notice of which is dated October 18, 1989. In support of this objection, Utah states the following:

Background

1. On February 11, 1987, Kaiser Steel Corporation, Debtor ("Steel"), with certain of its subsidiaries, filed voluntary petitions with this Court for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. sections 101 et seq. (the "Bankruptcy code").

2. On February 13, 1987, Kaiser Coal Corporation, Kaiser Coal Corporation of Utah, and Kaiser Coal Corporation of Sunnyside (collectively, "Coal") filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

3. Coal operated three coal mining properties within the State of Utah which are identified as the Sunnyside Mine, the Wellington Preparation Plant, and the Geneva ("Horse Canyon") Mine. In order to conduct the coal mining activities, Coal was obligated to provide bonds to Utah to assure that the sites would be reclaimed subsequent to the cessation of mining.

4. In order to satisfy its obligation to provide reclamation bonds for the properties, Utah, Coal and Steel entered into a series of agreements entitled either Self Bonding and Indemnity Agreement or Kaiser Self Bonding and Indemnity Agreement. The aggregate amount of the three self-bonds totalled \$8,676,773.

5. On or about February 15, 1989, this Court approved the sale of the Horse Canyon property to Intermountain Power Agency ("IPA"). As a condition of closure for that sale, IPA agreed to assume the obligation to bond the site and to ultimately reclaim the area disturbed by mining. That sale has not been finalized and IPA has not assumed Coal's and Steel's reclamation obligation. The estimated cost of reclaiming the Horse Canyon site is \$918,649.00.

6. On or about February 27, 1989, this Court approved the sale of the Sunnyside Mine to Sunnyside Reclamation and Salvage, Inc. ("SRS"). This sale has been completed and SRS has assumed Coal's and Steel's reclamation obligation for the Sunnyside Mine.

7. On or about April 14, 1989, this Court approved the sale of the Wellington Preparation Plant to Genwal Coal Company ("Genwal"). This sale has been completed and Genwal has assumed Coal's and Steel's reclamation obligation for the Wellington Preparation Plant.

The Distribution Schedule  
To Administrative Claimants

8. The Unsecured Creditor's Committee ("Committee") has proposed a distribution schedule to administrative claimants within which the Committee objects to Utah's administrative claim for the estimated costs of reclamation for all three properties. More specifically, the objection states:

The Acquisition Agreement between Kaiser Coal and Sunnyside Reclamation and Salvage provides for the assumption of liability for reclamation. The remainder of reclamation liability is assumed by Intermountain Power Agency pursuant to the Acquisition Agreement between Intermountain Power Agency and Kaiser Coal Corporation.

Total Amount Allowed \$-0-

9. As stated in paragraph 5, above, Coal and IPA have not finalized the sale of the Horse Canyon property and,

therefore, IPA has not assumed the reclamation liability for the Horse Canyon Mine. The Horse Canyon Mine, therefore, remains in an ongoing state of continuing environmental degradation and thus in violation of the laws of the State of Utah.

WHEREFORE, Utah objects to the Official Unsecured Creditor's Committee's Proposed Distribution Schedule to Administrative Claimants to the extent that Utah's administrative claim for \$918,649.00 for reclamation of the Horse Canyon Mine has been disallowed.

DATED November 17<sup>th</sup>, 1989.

STATE OF UTAH

  
BARBARA W. ROBERTS  
Assistant Attorney General  
124 State Capitol  
Salt Lake City, UT 84114  
(801) 538-1017

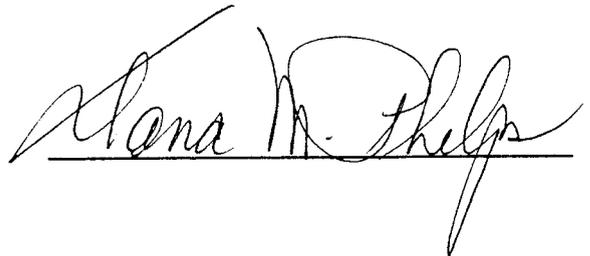
**MAILING CERTIFICATE**

This is to certify that a copy of the foregoing State of Utah's Objection to Official Unsecured Creditors' Committee's Proposed Distribution Schedule to Administrative Claimants was mailed, postage prepaid to the following:

Harry M. Sterling  
Stephen G. Smith  
Dana A. Temple  
Suite 1110  
303 East 17th Avenue  
Denver, Colorado 80203

Harrie Lewis  
Sherman & Howard  
Suite 3000  
633 - 17th Street  
Denver, Colorado 80202

this 17th day of November, 1989.



A handwritten signature in cursive script, reading "Dana A. Temple", is written over a horizontal line. The signature is fluid and somewhat stylized, with a large loop for the letter 'D' and a long, sweeping tail for the 'p'.