

ENVIRONMENTAL POWER CORPORATION2920 N. ACADEMY BOULEVARD, SUITE 201
COLORADO SPRINGS, COLORADO 80917
(719) 591-4800, TELECOPIER (719) 591-4804

November 16, 1988

UPS OVERNIGHT

RECEIVED
NOV 18 1988

Ms. Dianne R. Nielson, Director
State of Utah
Department of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

DIVISION OF
OIL, GAS & MINING

RE: Permit Transfer, Sunnyside Fuel Corporation
Sunnyside Coal Refuse Area
ACT/007/035 - Carbon County, Utah

Dear Ms. Nielson:

The following information is being provided as a response to your letter of October 28, 1988.

1. Transfer of the permit will be to Sunnyside Fuel Corporation in lieu of Environmental Power Corporation.
2. The map identifying the area to be bonded is shown on plate III-11. Please advise if additional information is required.
3. Certificate of Insurance has been requested from carrier and will be forwarded direct to your office.
4. The permit Application as submitted is correct in that Kaiser Coal is the Operator per the agreement included as Appendix I-1.
5. Information addressing the schedule has been added to paragraph 782.17 on Page 6.
6. Proof of Publication will be submitted upon Publication of the Notice.
7. Phone numbers have been added for each office referenced.
8. Address for BLM has been corrected.

ENVIRONMENTAL POWER CORPORATION

Ms. Dianne R. Nielson, Director
Permit Transfer
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Page 2

We have attached revised Chapter Two to reflect the changes.

Reclamation Bond will be posted upon release of construction funds from escrow.

Sincerely yours,

ENVIRONMENTAL POWER CORPORATION



Robert E. Barton, P.E.
Project Director, Engineering & Construction

REB:smh/SS8-7091

Enclosures

cc: Steve Ellinwood
Mike Thomas
Andy Livingston
Tom Howley

CHAPTER II

LEGAL, FINANCIAL COMPLIANCE AND
RELATED INFORMATION

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CHAPTER II

2.1 SCOPE

This chapter identifies the applicant, Sunnyside Fuel Corporation, including information on principal shareholders, directors and officers, surface and coal rights ownership, as well as permit term and boundary information.

Permits and licenses issued to the applicant in connection with operation of coal mines in the United States are provided, as well as a listing of Notices of Violation of Federal and State environmental protection laws in connection with such mining activities during the preceding three years.

Also included is information on liability insurance, proposed performance bond, public office for filing application, and newspaper advertisement of the application.

The proposed permit area is not within an area designated unsuitable for surface effects of underground mining activities.

The proposed performance bond is \$1,196,936.00 for the life of the mine.

2.2 Identification of Interest

788.18(a)(2)(i):

Existing Permittee

Kaiser Coal Corporation
102 South Tejon, Suite 400
Colorado Springs, Colorado 80903

District Office Representing the Existing Permittee

Kaiser Coal Corporation
Sunnyside Coal Mine
P. O. Box 10
Sunnyside, Utah 84539

788.8(a)(2)(ii):

District Office Representing the Proposed Permittee

Sunnyside Fuel Corporation
2920 N. Academy Boulevard
Colorado Springs, CO 80917
(719) 591-4800

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Resident Agent of Service

Steven R. Ellinwood, Esq.
Callister, Duncan & Nebeker
Suite 800 - Kennecott Building
Salt Lake City, Utah 84133
(801) 530-7300

782.13 Identification of Interests

(1) Permit Applicant

Sunnyside Fuel Corporation
2920 N. Academy Blvd., Suite 201
Colorado springs, CO 80917-5308
Phone: (719) 591-4800

(2) Legal or Equitable Owners of Record

The legal or equitable owners of the areas to be affected by the surface operations and facilities are:

Sunnyside Fuel Corporation
2920 N. Academy Blvd., Suite 201
Colorado Springs, CO 80917-5308
Phone: (719) 591-4800

(3) The holders of record of any leasehold interest in areas to be affected by surface actions or facilities:

None

(4) There are no purchasers of record under a real estate contract of the areas affected by surface operations and facilities.

(5) The Contract Operator is per Operating Agreement, Appendix I-1.

Kaiser Coal Corporation of Sunnyside
District Office - Sunnyside Mine
P. O. Box 10
Sunnyside, Utah 84539
Phone: (801) 888-4421

(6) The resident agent of the Applicant who will accept service of process:

Steven R. Ellinwood, Esq.
Callister, Duncan & Nebeker
Suite 800 - Kennecott Building
Salt Lake City, Utah 84133
(801) 530-7300

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782.13(b)

Applicant is a corporation, incorporated as Sunnyside Fuel Corporation.

Names and addresses of officers and directors of Sunnyside Fuel Corporation are as follows:

Joseph E. Cresci	President, Treasurer and Director	Exchange Place 53 State Street 30th Floor Boston, MA 02109 (617) 720-5550
Donald A. Livingston	Vice President and Director	Exchange Place 53 State Street 30th Floor Boston, MA 02109 (617) 720-5550
Joseph L. Serafini	Secretary and Director	Exchange Place 53 State Street 30th Floor Boston, MA 02109 (617) 542-2300
Bayard R. Kraft, III	Assistant Treasurer	Box 45 100 Union Street Manchester, VT 05254 (802) 362-4368

782.13(b)(2)

Names and addresses of principal shareholders of applicant:

All common stock of Sunnyside Fuel Corporation is controlled by Environmental Power Corporation located at 53 State Street, Boston, Massachusetts 02109. The details of control of this stock are outlined in Environmental Power Corporation's Form 10K filed with the Securities and Exchange Commission for the fiscal year ended December 31, 1987.

782.13(b)(3)

Names under which the applicant and principal shareholders have previously operated mining activities:

Principal Shareholder and applicant have not previously conducted mining activities.

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782.13(c)

See 788.18(a)(2)(ii) and 782.13(b)(1)(2)

782.13(d)

Current or previous coal mining permits or pending permit applications:

None.

782.13(e)

Owners of record of surface and subsurface areas contiguous to the permit area are listed below: (Also see Plate II-2)

(i) Surface Owners:

United States of America
Department of the Interior
Bureau of Land Management
Utah State Offices
324 South State Avenue
Salt Lake City, UT 84101

East Carbon City
Greg Palacios, Mayor
East Main
East Carbon City, UT 84520

Kaiser Coal Corporation
102 South Tejon, Suite 400
P. O. Box 2679
Colorado Springs, CO 80903

(ii) Subsurface Owners

N/A

782.13(f)

The Mine Safety and Health Administration Mine Permit ID numbers for the Sunnyside Waste Coal Disposal Facility:

Sunnyside Surface Operations:	ID Number 42-01813
Preparation Plant Tailings Pond	1211-UT-09-01813-01
Plant Refuse Pile	1211-UT-09-01813-02
Clear Water Pond	1211-UT-9-0012
Lower Refuse Pond Embankment	1211-UT-9-0013
Upper Refuse Pond Embankment	1211-UT-9-0014

CHAPTER II

782.13(g)

The following is a statement of all lands, interests in land options or pending bids on interest held or made by the applicant for lands which are contiguous to the area to be covered by the permit:

An affiliate of Sunnyside Fuel Corporation holds a lease and an option to purchase lands contiguous to the permit area. These lands are shown as parcel 'A' on Plate II-1.

2.3 Compliance Information

782.14

(a) Statement of Compliance

Neither the applicant, nor any of its subsidiaries, affiliates or persons controlled by or under common control with the Applicant has had a federal or state mining permit suspended or revoked in the last five years; nor forfeited a mining bond or similar security deposited in lieu of bond.

(b) This section does not apply.

(c) Violation Notices received by the Applicant in connection with any underground or surface coal mining activities within the last three years:

None

2.4 Right of Entry and Operation Information

782.15

(a) Applicant Sunnyside Fuel Corporation obtained the legal right to enter and begin activities pursuant to a Deed, Assignment, and Bill of Sale between Kaiser Fuel Corporation, Grantor, and Sunnyside Fuel Corporation, Grantee, dated December 28, 1987 recorded December 29, 1987 at Book 277 of Record, Pages 679-690 at Carbon County, Utah. The legal description of the lands affected is set forth at UMC 788.18(b)(1).

In addition, Kaiser Coal Corporation and Sunnyside Fuel Corporation have entered into an Operating Agreement dated as of December 28, 1987, whereby Kaiser is authorized to act as independent contractor for Sunnyside to monitor environmental compliance activities for the term of the Operating Agreement. Therefore, the parties request that all notices from the State be forwarded to both of the following:

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PERMITEE:

Sunnyside Fuel Corporation
53 State Street
Exchange Place, 30th Floor
Boston, Massachusetts 02109

AGENT:

Kaiser Coal Corporation
P. O. Box 10
Sunnyside, Utah 84539

(b) This section does not apply.

2.5 Relationship to Areas Designated Unsuitable for Mining

782.16

- (a) The permit area is not within an area designated unsuitable.
- (b) N/A
- (c) Surface operations are not located within three hundred feet of an occupied dwelling.

2.6 PERMIT TERM

782.17

The Sunnyside Waste Coal Disposal Area is an integral part of the operation of the Sunnyside Mines and, as such, the disposal area will be required for the life of the Sunnyside Mines. A waste disposal facility, which will comprise a portion of a coal-waste fired electric power plant, is planned to be located adjacent to the permit area by the end of 1990. Should the mine cease operation, the waste coal located in the permit area would be reclaimed over an approximate 30 year period by burning in the adjacent facility. The operation of the waste disposal area will continue as presently operated until the power plant facility is placed in operation near the end of 1990. Prior to beginning removal of the existing waste from the disposal area an amended operating plan will be submitted for approval.

2.7 Personal Injury and Property Damage Insurance Information

782.18

A copy of the certificate of liability insurance is shown in figure II-1.

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2.8 Other Licenses and Permits

782.19

A list of other licenses and permits under applicable State and Federal land-use, air and water quality rights and health and safety laws and regulations needed by Sunnyside Fuel Corporation to conduct the waste coal disposal activities are, as follows:

- (1) NPDES Discharge Permit for Kaiser Coal Corporation, Sunnyside Mines, UT-0022942, outfall numbers 004, 007, 008, 009, and 012.

Issued on September 2, 1977 by:

Enforcement Division
U.S. Environmental Protection Agency
Region VIII
1860 Lincoln Street
Denver, CO 80203

Transfer notification was submitted to the Utah Bureau Water Pollution Control on April 11, 1988.

Subsequently, an application was filed with the Utah Bureau of Water Pollution Control and the EPA on August 1, 1988.

2.9 Newspaper Advertisement and Proof of Publication

788.18(b)(1)

Notice of this proposed transfer will be submitted to the Newspaper Agency Corporation in Salt Lake City, Utah and the Sun Advocate in Price, Utah in substantially the following form. Proof of publication will be submitted to the Division upon publication.

Notice is hereby given that Sunnyside Fuel Corporation has submitted an application to the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining, for transfer of a portion of a permit to Sunnyside Fuel Corporation under the provisions of the Utah Coal Mining and Reclamation Act (Utah Code Ann. 40-10-1, et seq.) and the Utah Coal Program Regulation UMC 788.18. The previous permittee was the Kaiser Coal Corporation, Permit No. ACT/007/007. The permit area is located in Carbon County, Utah as follows:

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2.10 Agreement to Abide by Code

788.18(c)(2)

Applicant hereby agrees to conduct the operations covered by the partial assignment of Permit No. ACT/007/007 in accordance with the applicable criteria specified in UMC 785, 786.19, 786.21, the requirements of the Utah Coal Mining and Reclamation Act (Utah Code Ann. 40-10-1 et seq.), the applicable Chapter and the Utah Coal Program.

2.11 Proposed Performance Bond

788.18(c)(2)

Applicant has submitted a performance bond in conjunction with this application which is satisfactory to the Division and meets the criteria of the Utah Coal Program in the amount of \$1,196,936 which is equivalent to the bond or other guarantee of Kaiser Corporation, the original permittee.

2.12 Agreement to Abide by Permit

788.18(c)(3)

Applicant agrees to continue to conduct the operations involved in full compliance with the terms and conditions of the partial assignment of Permit No. ACT/007/007, unless and until it has obtained a new permit in accordance with the Utah Coal Program.

2.13 Filing Fee

771.25

A filing fee of \$5.00 is submitted with this application.

2.14 Verification of Application

771.27

This application is submitted on behalf of Sunnyside Fuel Corporation as of this _____ day of _____, 1988 by _____, the _____ of Sunnyside Fuel Corporation.

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STATEMENT OF VERIFICATION

STATE OF UTAH)
 :SS.
COUNTY OF SALT LAKE)

_____, having been first duly sworn, states as follows:

1. That he is the person who executed the foregoing application as _____ of Sunnyside Fuel Corporation.

2. That he has read the same and knows the contents thereof.

3. That the matters stated therein are true to his knowledge.

SUBSCRIBED AND SWORN to before me this _____ day of _____, 1988.

Notary Public

Residing in: _____

My Commission Expires:

STATE OF _____ :
) SS:
COUNTY OF _____)

On the _____ day of _____, 19____, personally appeared before me _____ who being by me duly sworn did say, for himself, that he, the said _____ is the _____ of said corporation by authority of a resolution of its board of directors and said _____ duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

Notary Public

Residing at: _____

My Commission Expires:

CHAPTER II

LIST OF EXHIBITS

Plate	II-1	Survey of Permit Area
Plate	II-2	Surface Ownership Plat
Plate	II-3	Subsurface Ownership