

0003

*Mig Mine file
Sunnyside Cogeneration
Permit*

Sunnyside Coal Company

Operations • Highway 123 • P.O. Box 99 • Sunnyside, Utah 84539

December 15, 1992

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

Re: Permanent Program Permit, Sunnyside Cogeneration Associates,
Sunnyside Coarse Refuse Site, PRO/007/035

Dear Ms. Nielson:

Sunnyside Coal Company (SCC) supports Sunnyside Cogeneration Associates (SCA) in their efforts to permit the Sunnyside Coarse Refuse Site for remining of the coal wastes on the site and the use of the wastes for the generation of electricity. We are however concerned that the issue of the continued use of the site by SCC, a right retained by Kaiser Coal, SCC's predecessor, when the site was conveyed to SCA, is not adequately addressed in the permit application. While we are continuing negotiations with SCA to attempt to agree on the terms of an operating agreement we feel we need to notify D.O.G.M. of our concerns during the public comment period.

In our review of the permit application we found references to SCA providing temporary storage sites for coarse refuse to SCC and discussions of past practices regarding the disposal of coarse refuse and the use of slurry ponds. We did not find plans to maintain adequate areas for coarse refuse disposal or slurry pond capacity necessary for the continued, future operation of the Sunnyside mine.

While we are continuing efforts to negotiate an operating agreement with SCA, the purpose of which will be to address these issues, we feel the permit should clearly address the continued, future uses of the site by SCC, which are specifically provided for in the deed granting title to SCA.

Corporate Offices
The Registry
1113 Spruce Street
Boulder, CO 80302
303-938-1506
FAX: 303-938-5050

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**DIVISION OF
OIL, GAS & MINING**

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Additionally, we believe we should be notified by D.O.G.M. of any notices given to SCA regarding the site. Although the permit, maintenance of the pile and compliance with the permit are clearly SCA's responsibility, we also believe we should have the right to continue using the site for waste disposal in the event of a C.O. being issued to SCA or any other cessation of operations by SCA.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert M. Burnham", with a long horizontal flourish extending to the right.

Robert M. Burnham
President

cc: Joe Fielder, SCC
Ken Oldham, SCC
Dave Pearce, SCA
Brian Burnett, Callister, Duncan & Nebeker