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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 27, 1993

Denise Dragoo, Esq.
Fabian and Clendenin
215 South State
P.O. Box 510210
Salt Lake City, Utah 84151

Re: SCA/SCC Memorandum of Operating Agreement, Sunnyside Coal Company, ACT/007/007, Sunnyside Cogeneration Associates, ACT/007/035, Folder #5, Carbon County, Utah

Dear Ms. Dragoo:

The Division is in receipt of the Memorandum of Operating Agreement (MOA) dated October 22, 1993, between Sunnyside Cogeneration Associates (SCA) and Sunnyside Coal Company (SCC) tendered by SCC in response to the Division's letter of September 15, 1993, requiring the posting of additional reclamation surety.

The Division hereby approves the Memorandum of Operating Agreement pursuant to R. 645-301-117.300 of the Utah Coal Rules, and incorporates the MOA into both the SCA and SCC coal permits. Pursuant to the rules, approval of the MOA relieves Sunnyside Coal Company of the obligation to post reclamation surety for the dually permitted area. In addition, the MOA will allow the Division to terminate the NOV's issued to SCC based on the dually permitted status of the refuse pile.

We are pleased that SCA and SCC have come to terms for the operation of the coal refuse pile. Thank you for your efforts to date in that regard.

Very truly yours,

A handwritten signature in black ink, appearing to read 'James W. Carter', written over a large, stylized 'J' and 'C'.

James W. Carter
Director

jbe
H:SCASCCME.DRA



MEMORANDUM OF OPERATING AGREEMENT

WHEREAS, Sunnyside Coal Company ("SCC") and Sunnyside Cogeneration Associates ("SCA") have entered into an Operating Agreement dated June 3, 1993 (the "Operating Agreement"); and

WHEREAS, SCC is conducting mining operations pursuant to Sunnyside Coal Mine Permit No. ACT/007/007 and SCA is operating under Permit No. ACT/007/035; and

WHEREAS, both of the above-referenced coal mining and reclamation permits affect an overlapping area which is the subject of the Operating Agreement; and

WHEREAS, the purpose of this Memorandum is to clarify that the Operating Agreement satisfies the regulatory requirements under the Utah State Coal Program at R645-301-117.300, such that dual bonding for reclamation liability in the overlapping permit area will not be required.

NOW, THEREFORE, the parties hereby agree that:

1. SCA is responsible for responding to enforcement actions and bonding for reclamation liability regarding the permit area within ACT/007/035, including the overlapping permit areas which are the subject of the Operating Agreement;
2. SCC and SCA agree to give the Utah Division of Oil, Gas & Mining (the "Division") written notice in the event that the Operating Agreement is breached or otherwise invalidated;
3. Effective as of June 3, 1993, SCA became responsible for responding to all NOV's regarding the joint permit area; and

