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February 24, 1994

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NOV # 93-26-4-1

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VIA FEDERAL EXPRESS

FEB 25 1994

John Sender
Office of Surface Mining
1300 New Circle Road N.E.
Suite 102
Lexington, Kentucky 40505

Re: Sunnyside Cogeneration Associates ("SCA") - Request for
Exemption from Abandoned Mine Land ("AML") Reclamation Fees

Dear Mr. Sender:

Pursuant to our telephone conversation, enclosed please find the following documents:

1. Bankruptcy Order approving Purchase and Sale Agreement for Kaiser Power Corporation assets pursuant to Section 363 dated December 23, 1987.
2. Purchase and Sale Agreement dated August 5, 1987.
3. Amendment to Purchase and Sale Agreement dated October 15, 1987.
4. Deed, Assignment and Bill of Sale dated December 28, 1987.
5. Assignment and Assumption Agreement dated March 28, 1991 by and between Sunnyside Fuel Corporation and Sunnyside Cogeneration Associates.

As we discussed, the Office of Surface Mining ("OSM") would like to review some additional historical information regarding SCA's refuse pile located in Sunnyside, Utah ("Refuse Pile") which is the focus of the request that the SCA be exempt from paying AML fees.

The Sunnyside Mine has been in operation since the early 1900's. Approximately fifty years ago, a wash plant was added to the Sunnyside

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Mine. Coal mine waste from the wash plant has been deposited on the Refuse Pile since that time.

In discussions with the local people, many of them informed us that various discussions had taken place over the years about utilizing the Refuse Pile. Many of the local residents never thought anything productive would happen with the Refuse Pile and that it would remain there as a source of problems.

Subsequent to the passage of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), Kaiser Coal, who owned the Sunnyside Mine and the Refuse Pile, began to investigate the possibility of consuming the Refuse Pile as an alternative to disposal by utilizing it in an electric power generation facility. PURPA requires that a power generating facility be a qualifying facility ("QF"), before it can sell power to a local public utility at that utility's avoided cost.

In the early 1980's, the Public Service Commission of Utah ("PSC") began the process of evaluating the appropriate avoided cost that Utah Power & Light ("UP&L") should pay to any QFs in its territory. Kaiser Coal participated in these hearings through a subsidiary Kaiser Power. Eventually, an avoided cost amount was established. In 1985, Kaiser Power approached UP&L and requested that Kaiser Power through its subsidiaries Kaiser Systems, Inc. and Kaiser Power of Sunnyside, Inc. in a joint venture called SCA be allowed to sign a contract at the avoided cost price for a project. In January, 1987, after lengthy legal proceedings and hearings, SCA signed a Power Purchase Agreement with UP&L that would allow the use of the Refuse Pile in a QF electric generating facility.

After the Power Purchase Agreement was signed in 1987, Kaiser Steel Corporation, the parent company of Kaiser Coal, took out bankruptcy. In the bankruptcy process, subsidiaries and assets of subsidiaries were sold off and liquidated. At this point in time, Environmental Power Corporation ("EPC") became interested in purchasing the SCA project. The real value to the project was the signed Power Purchase Agreement with UP&L and several million dollar of grandfathered investment tax credits specifically associated with the SCA project. At the time, the project also had certain environmental permits and authorizations.

In December 1987, the Bankruptcy Court approved the sale of the SCA project to EPC including the Power Purchase Agreement, permits and fee title to the land and the coal mine waste associated with the Refuse Pile. In 1987, the Bankruptcy Trustee offered EPC other coal mine waste piles in the area, associated with the Kaiser bankruptcy, at no cost. EPC declined to take any additional piles, viewing these as

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environmental liabilities as opposed to assets. The Bankruptcy Trustee sold the SCA project which included the Power Purchase Agreement, etc. as a combined package.

After EPC purchased the SCA project, an unrelated entity purchased the Sunnyside Mine and is operating it today.

After purchasing the rights to the SCA project in December, 1987, EPC made several attempts to finance the construction of the project. Finally in April, 1991, \$109,500,000.00 worth of bonds were issued to finance the construction of the power plant. Equity participation was also obtained. These bonds were Solid Waste Disposal Refunding Bonds which qualified under federal tax law because SCA is eliminating the Refuse Pile which is a waste.

The Federal Energy Regulatory Commission ("FERC") found that the coal refuse met FERC's two part test for a "waste" material and recertified SCA as a small power production facility utilizing a waste material.

Construction on the SCA project began in the summer of 1991 and the plant began to produce electricity in 1993. The SCA plant is still undergoing some adjustments and final fine tuning. At full production, it is anticipated that the SCA project will utilize approximately 400,000 tons of coal mine waste on an annual basis.

At the 1991 closing, the Refuse Pile was transferred into the SCA name.

You will note in the Purchase and Sell Agreement that EPC paid approximately \$1,000,000.00 at 1987 closing, in addition to assuming some liabilities. As I discussed earlier, the real value to the project was the Power Purchase Agreement with UP&L, which had been signed after a great deal of expense. The cost to begin the process of negotiating a power purchase agreement from the beginning and starting the permit process new would exceed the purchase price of the SCA project. Also during that time frame, avoided costs declined significantly. The value to SCA project of having a signed Power Purchase Agreement at a higher avoided cost is significant. As a point of reference, UP&L maintains that current avoided costs are approximately one-half of what they were in 1987.

The SCA project has experienced many difficulties along the way and many people believed it would never be built. Because of the financial difficulties associated with this project, including delays and the loss of investment tax credits, etc., the SCA project cannot afford to pay AML fees in addition to all of its other increased

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expenses. For all of the reasons I have listed in my letter to OSM dated November 8, 1993 and those listed herein, this exemption should be granted for the SCA project.

SCA appreciates all your efforts in reviewing our request and hopes that you will give us every consideration in this matter. Thank you for your cooperation in this regard. If you have any questions, please feel free to contact me.

Very truly yours,

CALLISTER, DUNCAN & NEBEKER



Brian W. Burnett

BWB/mcm
cc: Lowell Braxton
Joe Helfrich
Randy Hardin
David Pearce
Alane Boyd

STATE OF UTAH } SS
COUNTY OF CARBON }
FILED AND RECORDED FOR

Entry No. 019374
Indexed _____
Abstracted _____
Rcdg. Fee 9.00

FILED
UNITED STATES BANKRUPTCY COURT
DISTRICT OF COLORADO
DEC 23 1987
BRADFORD L. BOLTON, Clerk
BY _____ DEPUTY CLERK

S.E. Utah Title
; 29 3 12 PM '87

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

BOOK 277 OF RECORDS
PAGE 750-752

COURT OF KAISER STEEL CORPORATION,
Debtor.

No. 87 B 01552 E
(Jointly Administered)

**ORDER APPROVING (1) PURCHASE AND SALE
AGREEMENT FOR KAISER POWER CORPORATION ASSETS
PURSUANT TO SECTION 363, (2) ASSUMPTION OR REJECTION OF
CERTAIN RELATED AGREEMENTS PURSUANT TO SECTION 365, AND
(3) APPROVING AMENDMENTS TO OR EXECUTION OF
OTHER RELATED DOCUMENTS**

This matter is before the court on the motions filed by Kaiser Coal Corporation and Kaiser Coal Corporation of Sunnyside ("Kaiser Coal") requesting approval of the sale of certain Kaiser Power Corporation ("Kaiser Power") assets to Environmental Power Corporation ("Environmental Power"). It appears that proper notice of said motions has been given, that no objections have been filed thereto, or, if filed, the objections have been resolved, and that good cause exists to grant said motions.

THEREFORE, IT IS HEREBY ORDERED that

1. The Court approves the sale, lease, or grant of certain easements over certain Kaiser Power assets to Environmental Power according to the terms of the Purchase and Sale Agreement dated August 5, 1987, entered into between Kaiser Power Corporation and Environmental Power, and any amendments thereto, and the land lease dated March 30, 1987 pursuant to Section 363(b) of the Bankruptcy Code, free and clear of liens except for the liens of record of W. Jerry Ungricht in the amount of \$7,052; J.B.R. Consultants in the amount of \$28,646.15; Electrical Contractors, Inc. in the amount of \$20,984.22; and B & R Reclamation Specialists in the amount of \$22,985.00, with all other liens attaching to the sale proceeds, and further approving all instruments and documents executed by Kaiser Coal Corporation or Kaiser Fuel Corporation pursuant to the Agreements;

2. The Court authorizes the Kaiser Coal Corporation to cure any defaults and to maintain future payments of the Denver & Rio Grande Western Railroad Agreement and the contract with the Royal Land Company in accordance with the purchase and sale of real property and water rights, as more fully set forth in paragraph 9 of the motion seeking approval of the sale filed by Kaiser Coal on September 15, 1987 (the "Motion");

3. The Court authorizes Kaiser Coal Corporation of Sunnyside to reject pursuant to Section 365 of the Bankruptcy Code as an executory contract the guarantee of the obligations of Kaiser Fuel Corporation to deliver waste coal to Sunnyside Cogeneration referred to in paragraphs 6 and 7 of the Motion; and

4. Approving the amendments to or authorizing the execution of related documents as follows:

a. Land Lease: The parties will amend the land lease by which Environmental Power will have a long-term lease of the project development site to 1) incorporate an option to purchase by Environmental Power, 2) to allow Environmental Power to mortgage its interest to facilitate project construction financing, and 3) to grant an appropriate easement(s) to Environmental Power over Kaiser Coal land for the development of the cogeneration plant, which easement(s) will be mutually agreed upon by the parties so as to minimize interference with Kaiser Coal's operation of the Sunnyside mine and related activities.

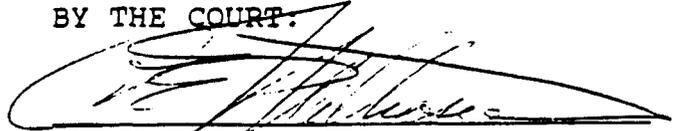
b. Deed, Assignment and Bill of Sale: Kaiser Fuel Corporation and Kaiser Coal will convey by deed, assignment and bill of sale certain gob piles, waste coal, and slurry ponds to Sunnyside Fuel Corporation.

c. Operating Agreement: The parties will negotiate a mutually agreeable operating agreement that will determine the rights of the parties to transport and deposit gob, waste coal, and slurry discharge from the daily operation of the Sunnyside mine.

d. Water Rights: The parties are preparing amendments to the Sunnyside Purchase and Sales Agreement, referred to in paragraph 9 of the Motion, that Kaiser Coal will negotiate in good faith to transfer additional water rights to Environmental Power if Environmental Power determines that it needs additional water rights to develop the cogeneration project and, further, that Environmental Power will have a first right of refusal if Kaiser Coal transfers any water rights associated with the Sunnyside mine to a third party.

Dated this 23 day of December, 1987.

BY THE COURT:



Charles E. Matheson
United States Bankruptcy Judge

NOTICE OF ENTRY ON DOCKET

Notice is Hereby Given that Pursuant to Rule 9022,
F.R.P.B., the Foregoing Order of Judgment was

Entered on 12/23/87
R. Jeong

I hereby attest and certify on 12-23-87
that the foregoing/attached documents are
true and correct copies of
originals on file in my office and in
legal custody.

By J. Smith
Deputy Clerk

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PURCHASE AND SALE AGREEMENT

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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("this Purchase Agreement") is made and entered into this 5th day of August, 1987 between Kaiser Power Corporation, a Delaware corporation ("Power") and Environmental Power Corporation, a Delaware corporation ("Purchaser").

RECITALS

(1) Power is currently developing a 45 megawatt cogeneration plant in Sunnyside, Utah ("Sunnyside 1"), adjacent to the Kaiser Coal Corporation ("Kaiser Coal") coal mine(s) through its subsidiaries, Kaiser Power of Sunnyside, Inc. ("Kaiser Sunnyside") and Kaiser Systems, Inc. ("Systems"), under the name and style Sunnyside Cogeneration Associates ("Associates"), pursuant to the terms of a joint venture agreement dated April 23, 1986.

The electric energy produced at Sunnyside 1 will be sold to Utah Power & Light Company ("UPLC") pursuant to the terms of (i) the Report and Tentative Order dated May 11, 1987 (Case No. 87-035-04 of the Utah Public Service Commission); and (ii) the Power Purchase Agreement, dated January 30, 1987, between Associates and UPLC.

(2) Power has conducted development work with regard to a 22.5 megawatt cogeneration plant at the York Mine complex in Colfax County, New Mexico ("York 1") through its subsidiaries, Kaiser Power of York Canyon, Inc. ("Kaiser York") and Kaiser Systems Two, Inc. ("System 2"), under the name and style York

Canyon Cogeneration Associates ("York Associates"), pursuant to the terms of a joint venture agreement dated June 23, 1986.

(3) Power has proposals to develop two additional plants which would operate as small power producers generating electric energy using coal tailings and coal gas and known as York Canyon Coal Tailings ("York 2"), Sunnyside Coal Gas ("Sunnyside 2") and a cogeneration plant known as Wellington Cogeneration ("Wellington").

(4) Purchaser is purchasing all of the assets of Power and assuming certain liabilities of Power on the terms and conditions herein set forth.

NOW, THEREFORE, it is agreed:

SECTION 1

Definitions and Terms

Unless otherwise specified, capitalized terms shall have the meanings set forth in this Section 1.

1.1 Affiliate(s). Any person or entity controlling, controlled by, or under common control with another person or entity.

1.2 Closing: The closing of the purchase and sale on the Closing Date.

1.3 Closing Date: The date of the Closing, which shall be the fifth business day following the date on which Purchaser shall receive notice that the condition set forth in Section 3.16 or, if applicable, Section 3.15, has been satisfied and which business day shall not be earlier than September 15, 1987 nor later than October 15, 1987.

1.4 Development Agreement: An agreement in the form of Exhibit 1.4 among Kaiser Steel Corporation, Kaiser Coal and Power granting Power the exclusive right to develop energy projects, use waste coal from and supply power to certain Kaiser Coal owned or controlled sites.

1.5 Fuel Agreement. Agreement for the sale of waste coal between Kaiser Fuel Corporation ("Fuel") and Associates dated July 11, 1986.

1.6 Governmental Authorization: Any consent, right, exemption, concession, permit, license, authorization, certificate, order, franchise, determination, or approval from any governmental body, agency, public corporation or authority.

1.7 Joint Venture: Each of Associates and York Associates.

1.8 Land Lease: Lease agreement between Kaiser Coal and Associates dated March 30, 1987.

1.9 Lien: Any mortgage, pledge, lien, charge, security interest or lease in the nature thereof (including any conditional sale agreement, equipment trust agreement or other title retention agreement) or other encumbrance of whatsoever nature.

1.10 Projects: Each of Sunnyside 1, Sunnyside 2, York 1, York 2 and Wellington.

1.11 Real Estate and Water Agreement: Agreement for the purchase of real property and water rights between Kaiser Coal and Associates dated March 30, 1987.

1.12 Subsidiaries: Each of Kaiser Sunnyside, Systems, Kaiser York and Systems Two.

SECTION 2

Purchase and Sale and Closing

2.1 Purchaser shall purchase from Power, and Power shall sell, transfer and assign to Purchaser, on the Closing Date, all of Power's right, title and interest in and to all of its assets, including, without limitation, the Development Agreement, the Projects, the stock of each the Subsidiaries and those physical assets listed on Exhibit 2.1 (collectively, the "Assets") for \$1,000,000 plus the assumption of certain liabilities of Power listed on Exhibit 2.1A, which liabilities do not, in the aggregate, exceed \$250,000 ("Purchase Price"). The Purchase Price shall be payable by wire transfer at the Closing in the amount of \$1,000,000 and by execution of an assumption agreement in the form of Exhibit 2.1B. For purposes of this Purchase Agreement, Power's interest in the Projects shall be deemed to include its interest and that of the Subsidiaries and Joint Ventures in any reports, studies, data, analyses, drawings, and computer models, any land as licensee or tenant, their respective rights under any contracts or proposals and their rights under any federal, state or local certifications, permits or licenses or applications therefor.

2.2 As additional consideration, Purchaser will, upon receipt of invoices therefor, pay Power or make advance payments on Power's behalf, for continuing development costs

incurred by Power, up to \$33,333 per month for the period beginning on the date first above written and ending on the Closing Date or the date upon which this Purchase Agreement is terminated, whichever shall first occur. Purchaser agrees that the first payment under this Section 2.2 shall be made contemporaneously with the execution of this Purchase Agreement. The aggregate of all payments made by Purchaser under this Section 2.2 shall not exceed \$100,000.

2.3 The Closing shall take place at the offices of Rackemann, Sawyer & Brewster, One Financial Center, Boston, Massachusetts at 10:00 A.M. on the Closing Date.

SECTION 3

Conditions to the Obligations of Purchaser

The obligation of the Purchaser to close on the Closing Date shall be subject to the satisfaction of the following conditions precedent, each of which may be waived in writing at the discretion of the Purchaser.

3.1 This Purchase Agreement and all other agreements entered into or undertaken in connection with the transactions contemplated hereby shall have been duly authorized by all necessary corporate action of Power and its Affiliates.

3.2 Purchaser shall receive evidence satisfactory to it that the Assets, the waste coal referred to in Sections 3.14 and 8.1 and the assets of each of the Subsidiaries and Joint Ventures are free and clear of all Liens excepting only those liabilities listed on Schedule 2.1A.

3.3 At the Closing, Power, and where required, its Affiliates, shall execute and deliver or cause to be executed and delivered stock powers, assignments, bills of sale, deeds, and such other instruments of transfer and consents of third parties as may be reasonably requested by Purchaser to vest in Purchaser good title to the Assets and the waste coal referred to in Sections 3.14 and 8.1, free and clear of all Liens.

3.4 All licenses, permits, certifications and contracts relating to any of the Projects shall be in full force and effect and neither Power nor any Subsidiary, Joint Venture or any Affiliate of any of them shall be in default of any material provision thereof.

3.5 Power shall have delivered to Purchaser a certificate executed by its President, acting solely as a corporate officer of Power and not as an individual, stating that the representations and warranties of Power contained in Section 5 are true and correct on and as of the Closing Date.

3.6 Purchaser shall have received an opinion from Messrs. Lindquist & Vennum or Wickwire, Gavin & Gibbs as to certain corporate and other matters, from Messrs. Wickwire, Gavin & Gibbs as to certain Federal Energy Regulatory Commission and other matters, and from Messrs. Sherman & Howard as to certain bankruptcy matters, supported in each case where appropriate by opinions from counsel in the states of Utah and New Mexico, as may be appropriate, reasonably satisfactory to Purchaser and in each case in form and substance acceptable to Purchaser.

3.7 The Purchaser shall have received such documents, instruments and agreements relating to this Purchase Agreement

and the transactions contemplated hereby as the Purchaser may request.

3.8 Power, the Subsidiaries and Joint Ventures shall be in compliance with the Federal Power Act and all Federal Energy Regulatory Commission rules and regulations on and as of the Closing Date.

3.9 The Purchaser shall have received a certificate executed by a duly authorized officer of Kaiser Coal, the parent of Power, acting solely as a corporate officer of Kaiser Coal and not as an individual, that all of the representations and warranties of Power set forth herein and all other documents, instruments and agreements executed in connection with this Purchase Agreement are true and correct on and as of the Closing Date.

3.10 No material adverse change shall have occurred in the business, financial position, results of operations or prospects of Power, any of the Subsidiaries or Joint Ventures since the date hereof.

3.11 The representations and warranties of Power contained in this Purchase Agreement and the documents, instruments and agreements executed and delivered in connection herewith shall be true on and as of the Closing Date.

3.12 Each of Kaiser Steel Corporation ("Kaiser Steel") and Kaiser Coal shall have executed and delivered the Development Agreement and consented to its assignment to Purchaser.

3.13 The Fuel Agreement shall be terminated and the Land Lease and Real Estate and Water Agreement shall be amended to

reflect the transactions contemplated by this Purchase Agreement. All such amendments shall have been approved by and shall be acceptable to Purchaser.

3.14 Fuel shall convey the existing waste coal referred to in the Fuel Agreement to Purchaser, on terms acceptable to Purchaser (which terms shall include, without limitation, rights of access to be granted by Fuel or an Affiliate, as appropriate) and in any event in consideration of the payment of the Purchase Price to Power and for no other consideration.

3.15 Kaiser Coal shall, at the request of Purchaser, cause Power and/or Fuel to file for bankruptcy and request consolidation with the actions involving Kaiser Steel and Kaiser Coal in the United States Bankruptcy Court for the District of Colorado and obtain an order of the Court directing the sale of the Assets and the waste coal referred to in Sections 3.14 and 8.1.

3.16 The United States Bankruptcy Court for the District of Colorado shall have approved and confirmed the execution of this Purchase Agreement and the consummation of the transactions contemplated by this Purchase Agreement.

SECTION 4

Conditions to the Obligations of Power

The obligation of Power to close on the Closing Date shall be subject to the satisfaction of the following conditions precedent, each of which may be waived in writing at the discretion of Power.

4.1 This Purchase Agreement and all other agreements entered into or undertaken in connection with the transactions contemplated hereby shall have been duly authorized by all necessary corporate action of Purchaser.

4.2 Purchaser shall pay the Purchase Price and any funds due under Section 2.2 and not then paid.

4.3 Purchaser shall have delivered to Power a certificate executed by its President stating that the representations and warranties of the Purchaser contained in Section 6 are true and correct on and as of the Closing Date.

4.4 Power shall have received an opinion, from Rackemann, Sawyer & Brewster as to certain corporate and other matters in form and substance acceptable to Power.

4.5 Representations and warranties of the Purchaser contained in this Purchase Agreement and in any instruments and/or agreements executed and delivered in connection herewith shall be true on and as of the Closing Date.

SECTION 5

Power's Representations and Warranties

Power hereby represents and warrants to Purchaser as follows:

5.1 Power and each Subsidiary are validly existing as corporations and in good standing under the laws of their respective jurisdictions of organization. Each of the Joint Ventures is validly existing as a joint venture and in good standing under the laws of their respective jurisdictions of organization.

5.2 Power, each Subsidiary and the Joint Ventures have full corporate, or partnership as the case may be, power and authority to own and operate their respective properties, to carry on their businesses as presently conducted, and to enter into and perform their obligations under this Purchase Agreement and all other agreements entered into or undertaken in connection with the transactions contemplated hereby.

5.3 Except for the approval contemplated in Section 3.16 (and, if applicable, Section 3.15), no Governmental Authorization of or by, or the giving of notice to, or the registration with or the taking of any other action in respect of, any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, and no filing, recording, publication or registration in any public office or any other place, is now required or necessary to authorize the execution and delivery of this Purchase Agreement or any of the other agreements entered into or undertaken in connection with the transactions contemplated hereby.

5.4 Subject to satisfaction of the condition set forth in Section 3.16 (and, if applicable, Section 3.15), and except as reflected in Exhibit 5.4, neither the execution and delivery of this Purchase Agreement or any other agreement entered into or undertaken in connection herewith to which Power or any of the Subsidiaries or Joint Ventures is a party, the performance of their respective obligations thereunder, nor the consummation by any of them of the transactions contemplated thereby will result in the creation or imposition of any Lien upon any

property or assets of any of them under any applicable law, rule, regulation, judgment or order, the charter documents of Power or any Subsidiary or the joint venture agreements of the Joint Ventures and, subject to Power obtaining the consents of third parties where required, any indenture, mortgage, deed of trust, or other instrument or agreement to which Power, the Subsidiaries or the Joint Ventures are parties or by which any of them may be bound or to which any of their respective properties or assets may be subject.

5.5 The execution, delivery and performance by Power of this Purchase Agreement and any other agreement entered into or undertaken in connection herewith has been duly authorized by all necessary corporate action. Assuming the due authorization, execution and delivery thereof by each of the other parties thereto, each such agreement constitutes a legal, valid and binding obligation of Power, enforceable in accordance with its terms subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally.

5.6 None of Power, any Subsidiary or Joint Venture, nor, to the knowledge of Power, any other party is in default under any of the Power Purchase Agreement, Real Estate and Water Agreement or Land Lease, except as listed in Exhibit 5.6. The default listed in Exhibit 5.6 will be cured by Kaiser Coal from the proceeds of this sale. Further, Kaiser Coal, as part of its request to the bankruptcy court for approval of this Purchase Agreement, will seek authorization to assume the executory contract for the purchase of the Big Springs Ranch.

5.7 Except as listed in Exhibit 5.7, there are no pending or, to the best of Power's knowledge, threatened suits or proceedings against any of Power, any Subsidiary or Joint Venture which, if determined adversely, would adversely affect the business or financial condition of any of them or the consummation of the transactions contemplated by this Purchase Agreement including, without limitation, the development of the Projects.

5.8 The Projects are in material compliance with all laws, ordinances, rules, regulations or orders applicable thereto, other than laws, ordinances, rules, regulations or orders with which a failure to comply, in any case or in the aggregate, would have a material adverse effect on the development and operation of the Projects.

5.9 None of Power, the Subsidiaries or Joint Ventures or any of their Affiliates is subject to regulation under the Public Utility Holding Company Act of 1935, as amended ("PUHCA"), or is subject to regulation as a public utility within the meaning of the PUCHA or the Federal Power Act, as amended.

5.10 Power has given Purchaser true, correct and complete copies of all contracts to which Power, the Subsidiaries or Joint Ventures are parties and which relate to the development, management and operation of the Projects and which are listed on Exhibit 5.10. No other written or unwritten contract, agreement or understanding exists between Power, the Subsidiaries or Joint Ventures and any other person relating to the development, management or operation of the Projects.

5.11 Except as reflected in Exhibit 5.11, Power has not retained, employed or authorized any broker or finder to act on its behalf in connection with the consummation of the transactions contemplated hereby.

5.12 No statement of fact made by or on behalf of Power, the Subsidiaries or Joint Ventures in this Purchase Agreement or in any certificate or exhibit furnished to Purchaser pursuant thereto, or otherwise delivered by or on behalf of any of them to Purchaser contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein or herein not misleading. There is no fact which Power has not disclosed to Purchaser in writing prior to the Closing Date which materially adversely affects or, so far as Power can reasonably foresee, may materially adversely affect the Projects or the business, prospects or financial condition of Power, the Subsidiaries or Joint Ventures.

SECTION 6

Representations and Warranties of Purchaser

Purchaser hereby represents and warrants to Power as follows:

6.1 Purchaser is validly existing as a corporation in good standing under the laws of the State of Delaware.

6.2 Purchaser has full corporate power and authority to own and operate its properties, to carry on its business as presently conducted, and to enter into and perform its

obligations under this Purchase Agreement or any of the other agreements entered into or undertaken in connection with the transactions contemplated hereby.

6.3 Neither the execution and delivery of this Purchase Agreement or any other agreement entered into or undertaken in connection herewith to which Purchaser is a party, the performance of its obligations thereunder, nor the consummation of the transactions contemplated thereby, will conflict with or result in any breach of, or constitute a default under, or result in the creation or imposition of any lien upon any of its property or assets under, any applicable judgment or order, its charter documents or any indenture, mortgage, deed of trust, or other instrument or agreement to which it is a party or by which it may be bound or to which any of its property or assets may be subject.

6.4 The execution, delivery and performance by Purchaser of this Purchase Agreement and any other agreement entered into or undertaken in connection herewith has been duly authorized by all necessary corporate action. Assuming the due authorization, execution and delivery thereof by each of the other parties thereto, each such agreement constitutes a legal, valid and binding obligation of Purchaser, enforceable in accordance with its terms subject to applicable bankruptcy, insolvency and similar laws affecting creditor's rights generally.

6.5 No Governmental Authorization of or by, or the giving of notice to, or the registration with or the taking of any

other action in respect of, any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, and no filing, recording, publication or registration in any public office or any other place, is now required or necessary to authorize the execution and delivery of this Purchase Agreement or any of the other agreements entered into or undertaken in connection with the transactions contemplated hereby.

6.6 Purchaser has not retained, employed or otherwise authorized any broker or finder to act on its behalf in connection with the consummation of the transactions contemplated hereby.

SECTION 7

General Indemnity

7.1 Power will indemnify and hold the Purchaser harmless against and in respect of:

(a) any and all damage, loss or liability resulting from any material misrepresentation or non-fulfillment of any covenant or agreement on the part of Power or any of its Affiliates to be performed or observed; and

(b) any and all actions, suits, claims, proceedings, investigations, audits, demands, assessments, fines, judgments, costs and other expenses (including, without limitation, reasonable audit and legal fees) incident to any of the foregoing.

7.2 Power shall satisfy any and all claims for indemnification properly asserted by Purchaser pursuant to this Section 7 promptly after receipt of written notice of such claim for indemnification.

7.3 Purchaser shall notify Power of any claim or demand by a third party which Purchaser has determined has given rise to or could in the reasonable judgment of Purchaser give rise to a claim for indemnification and Power shall have a reasonable time (not to exceed ten days) after receipt of such notice in which to retain counsel satisfactory to the Purchaser to defend such third party claim or demand on behalf of Purchaser. If satisfactory counsel is so obtained, Purchaser shall make available to Power and its agents and representatives all records and other materials which are reasonably required in the defense of such third party claim or demand and shall otherwise cooperate with and assist Power in the defense of such third party claim or demand; and so long as Power is defending such third party claim or demand in good faith, Purchaser shall not settle or compromise such third party claim or demand. If Power fails to retain counsel to defend such third party claim or demand, the Purchaser shall have the right, but not the obligation, to defend, settle or compromise such third party claim or demand. If Power fails to defend in good faith any third party claim or demand for which Purchaser is entitled to indemnification hereunder, Power shall pay all legal fees and other costs and expenses incurred by Power as same become due and Power shall pay on demand any

judgment or other resulting obligation of such third party claim or demand.

7.4 Any claim made pursuant to this Section 7 must be made in writing on or before the first anniversary of the Closing Date.

7.5 Upon payment of any indemnity pursuant to this Section 7 Power shall be subrogated to any rights of the Purchaser in respect of the matter against which such indemnity was given.

7.6 Nothing contained in this Section 7 or elsewhere in this Purchase Agreement shall be deemed to confer any right in favor of, or create any obligation of Power to anyone whomsoever except Purchaser.

SECTION 8

Other Agreements

8.1 Kaiser Coal shall proceed with due diligence and use its best efforts to obtain the consent of USX Corp. to the conveyance of the waste coal located northeast of the Price River at Wellington to Purchaser and promptly upon receipt of such consent, Fuel shall convey the waste coal on terms acceptable to Purchaser (which terms shall include, without limitation, easements or other right(s) of access granted by Fuel, an Affiliate or USX Corp., as appropriate) and in any event in consideration of the payment of the Purchase Price to Power and for no other consideration.

8.2 With respect to the waste coal referred to in the Sections 3.14 and 8.1: (a) Kaiser Coal shall proceed with due diligence and use its best efforts to cause the real estate on which such waste coal is located to be excluded from the areas described in the State of Utah Natural Resources Division of Oil, Gas & Mining Permits number ACT/007/007 and ACT /007/012, as appropriate and (b) Kaiser Coal shall cooperate with Purchaser in Purchaser's application for mining and reclamation permit(s) for the waste coal from the State of Utah Natural Resources Division of Oil, Gas & Mining including the development of a reclamation plan.

8.3 Kaiser Coal shall proceed with due diligence and use its best efforts to remove the plant site area covered by the Land Lease Agreement from the State of Utah Natural Resources division of Oil, Gas and Mining permit number ACT/007/007.

8.4 The Purchaser shall apply for mining and reclamation permit(s), for the waste coal referred to in Sections 3.14 and 8.2, from the State of Utah Natural Resource Division of Oil, Gas & Mining and shall proceed diligently to obtain the same.

SECTION 9

Post Closing Undertakings

9.1 After the Closing, Power and each of Power's Affiliates will take such further action and execute and deliver such further instruments and documents as Purchaser shall reasonably request to carry out the purposes of this Purchase Agreement.

9.2 After the Closing Date and until the first to occur of Purchaser obtaining financing for the construction of Sunnyside 1 or Kaiser Steel and Kaiser Coal terminating its operations in Colorado Springs, Kaiser Steel and Kaiser Coal will continue to provide Purchaser with office space and support services for personnel formerly employed by Power in connection with the Projects without charge therefor.

9.3 To the extent any of the conditions set forth in Section 3 have not been satisfied, or any of the undertakings described in Sections 8.1, 8.2 or 8.3 have not been completed, in either case prior to the Closing Date, if Purchaser does not waive them in writing, Power or the appropriate Affiliate shall be obliged to satisfy and/or complete them as a Post Closing Undertaking under this Section 9.

SECTION 10

Termination by Purchaser

Purchaser shall have the absolute right, exercisable by notice given to Power at any time prior to the Closing Date, to terminate this Purchase Agreement and all Purchaser's obligations hereunder. If Purchaser shall terminate this Purchase Agreement, its only liability to Power therefor shall be to make the payments required under Section 2.2, to the extent not then made, which payments shall constitute liquidated damages and shall be the sole remedy of Power or any of its Affiliates against Purchaser at law or in equity.

SECTION 11

Assignment

Neither Purchaser nor Power may assign their respective rights or obligations under this Purchase Agreement without the consent of the other provided that Purchaser may do so, without such consent, if the assignment is to a wholly-owned subsidiary.

SECTION 12

Notices

Except as otherwise provided herein, all notices and other communications required under the terms and provisions hereof shall be in writing and shall become effective when delivered by hand or Federal Express or by other similar courier, addressed as follows:

If to Purchaser, at: Environmental Power Corporation
53 State Street
Boston, MA 02109
Attn: Joseph E. Cresci, President

with a copy to: Joseph L. Serafini, Esq.
Rackemann, Sawyer & Brewster
One Financial Center
Boston, MA 02111

If to Power, at: Kaiser Coal Corporation
102 South Tejon Street, Suite 400
Colorado Springs, CO 80901
Attn: Beverly Godec
President, Kaiser Power
Thomas Hopkins, Esq., Kaiser
Coal Law Department

with a copy to: Hal Lewis, Esq.
Sherman & Howard
2900 First Interstate Tower North
633 Seventeenth Street
Denver, CO 80202

SECTION 13

Miscellaneous

13.1 This Purchase Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of Colorado, including without limitation all matters of construction, validity and performance.

13.2 The parties to the Purchase Agreement understand, agree and acknowledge that Purchaser may tender offer(s) of employment to one or more of the present officers and/or employees of Power because of their unique expertise regarding the Projects. Neither the tender nor acceptance of an offer of employment shall be deemed to create a conflict of interest and each of Power, Kaiser Steel, Kaiser Coal and Fuel hereby expressly waive any objection or possible claim now existing or hereafter arising against any such officer or employer or Purchaser on account thereof and consent to any such offer and/or acceptance.

13.3 The terms of this Purchase Agreement shall not be altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed by the party against which such alteration, modification, amendment, supplement or termination is sought.

13.4 This Purchase Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

13.5 Section headings and the table of contents are for convenience only and shall not be construed as a part of this

Purchase Agreement. All references herein to numbered sections, unless otherwise indicated, are to sections of this Purchase Agreement.

13.6 This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original for all purposes, but all such counterparts shall together constitute but one and the same instrument.

13.7 If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or such provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable any remaining terms and provisions hereof or the application of such term or provision to circumstances other than those as to which it is held invalid or unenforceable. To the extent permitted by applicable law, the parties hereto hereby waive any provision of law which renders any term or provision hereof invalid or unenforceable in any respect.

Executed under seal as of the date first above written.

Environmental Power
Corporation

By:  _____

Kaiser Power Corporation

By: _____

Purchase Agreement. All references herein to numbered sections, unless otherwise indicated, are to sections of this Purchase Agreement.

13.6 This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original for all purposes, but all such counterparts shall together constitute but one and the same instrument.

13.7 If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or such provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable any remaining terms and provisions hereof or the application of such term or provision to circumstances other than those as to which it is held invalid or unenforceable. To the extent permitted by applicable law, the parties hereto hereby waive any provision of law which renders any term or provision hereof invalid or unenforceable in any respect.

Executed under seal as of the date first above written.

Environmental Power
Corporation

By: _____

Kaiser Power Corporation

By: 

To the extent they have obligations under this Purchase Agreement, including, without limitation, facilitating the satisfaction of the conditions set forth in Section 3 and completion of the undertakings described in Section 8.1, 8.2 and 8.3, and subject to the approval of and confirmation by the United States Bankruptcy Court for the District of Colorado, the following are parties to and have executed this Purchase Agreement under seal as of the date first above written.

Kaiser Coal Corporation

By: Claude Bragdon

Kaiser Fuel Corporation

By: Claude Bragdon

Kaiser Steel Corporation

By: Claude Bragdon

EXHIBIT 1.4
AGREEMENT

This Agreement is entered into this _____ day of _____, 1987, to confirm certain understandings in principal which have been reached between Kaiser Steel Corporation (KSC); Kaiser Coal Corporation (KCC), a wholly owned subsidiary of KSC; and Kaiser Power Corporation (KPC), a wholly owned subsidiary of KCC, regarding the development of energy projects at coal mining sites owned or controlled by KCC:

- 1) KCC, it's successor(s) and or assigns hereby grants KPC the exclusive rights to develop small power, cogeneration and/or waste-to-energy projects, to use waste produced by and/or to supply the thermal energy needs and/or the non-utility served electricity needs of mining and related operations at the Sunnyside Mine complex in Utah.
- 2) In consideration for grant of rights described in Paragraph (1), KPC shall during the term hereof and at its own cost and expense, study the feasibility of developing small power, cogeneration and/or waste-to-energy projects at the described sites and shall use its best efforts to develop any such project which, in KPC's sole discretion, is determined to be feasible.
- 3) If KPC proceeds with the development of any such project, KPC shall be solely responsible for the design, finance, construction, operation and maintenance of such project, except as otherwise agreed by the parties.

4) This Agreement will expire ten (10) years from the date hereof, provided, however that the development rights provided hereunder shall remain in full force and effect with respect to any project for which negotiations pursuant to Paragraph (1) have commenced prior to such date.

KAISER STEEL CORPORATION

By: _____
Title:

ATTEST:

KAISER COAL CORPORATION

By: _____
Title:

ATTEST:

SUNNYSIDE COGENERATION ASSOCIATES

By: _____
B. G. Godes, Duly Authorized
Management Committee Member

WITNESS:

Robert E. Barton

EXHIBIT 2.1
PHYSICAL ASSETS TO BE PURCHASED
BY
ENVIRONMENTAL POWER CORPORATION

1. All furniture and office equipment presently owned by Power.
2. All engineering studies performed by or for Power on any cogeneration or small power production projects.
3. All documents, studies and records relating to the business of Power.

EXHIBIT 2.1A
POWER
OUTSTANDING LIABILITIES
AS OF JULY 9, 1987

WICKWIRE, GAVIN & GIBBS: LEGAL SERVICES	\$134,410.57
CAMPBELL & ASSOCIATES: ENGINEERING SERVICES	42,489.23
WOODSIDE AND ASSOCIATES: BUSINESS CONSULTANT	54,613.17
FABIAN AND CLENDENIN: LEGAL SERVICES	1,118.89
DAVID COHEN: LEGAL SERVICES	591.09
MISCELLANEOUS EXPENSES	1,302.85
TOTAL	\$234,525.80

EXHIBIT 2.1B

ASSUMPTION AGREEMENT

ASSUMPTION AGREEMENT made _____, 1987 between Environmental Power Corporation, a Delaware corporation ("Purchaser") and Kaiser Power Corporation, a Delaware Corporation ("Power").

RECITAL

Pursuant to the Asset Purchase Agreement dated August 5, 1987 ("Purchase Agreement") between Purchaser and Power, Purchaser has agreed to purchase all the assets of Power in exchange for the consideration specified in the Purchase Agreement and the assumption by the Buyer of certain obligations of Power listed in Exhibit 2.1A to the Purchase Agreement ("Obligations").

NOW THEREFORE it is agreed:

1. Purchaser hereby assumes and agrees to pay and perform when due the Obligations, but does not assume any other obligations of Power which shall continue as obligations of Power and which Power agrees to timely pay and perform.
2. Any obligation of Purchaser under this Assumption Agreement is subject to and Purchaser shall have the benefit of all terms, representations, warranties, covenants and conditions contained in the Purchase Agreement or in any document executed or delivered in connection therewith including, without limitation all rights of Purchaser to indemnification from Power.
3. This Assumption shall be binding on and shall inure to the benefit of Purchaser or Power and their respective successors and legal representatives.

EXECUTED as of the date first written above.

ENVIRONMENTAL POWER CORPORATION

By: _____

KAISER POWER CORPORATION

By: _____

EXHIBIT 5.4
KAISER POWER
OTHER AGREEMENTS

Power and Subsidiaries have executed the following agreements that may give rights to third parties.

STOCK PLEDGE TO WICKWIRE, GAVIN & GIBBS

Kaiser Power of Sunnyside has pledged up to 10% of the corporate stock (100 Shares) to Wickwire, Gavin, & Gibbs in an agreement dated February 10, 1987 as security for legal services rendered. The payment required to satisfy this pledge would be that amount shown in Exhibit 2.1A. A copy of the Stock Pledge agreement is included as Exhibit 5.4A.

STOCK PLEDGE TO WOODSIDE AND ASSOCIATES.

Kaiser Power of Sunnyside has pledged up to 5% of the corporate stock (50 shares) to Woodside and Associates in an agreement dated February 26, 1987 as security for consulting services rendered. The payment required to satisfy this pledge would be that amount shown in Exhibit 2.1A as of July 1987 and acquires interest at the rate of Prime plus 2 percent. A copy of the Stock Pledge agreement is included as Exhibit 5.4B.





EXHIBIT 5.4A

AGREEMENT

This AGREEMENT is dated February 16, 1987, between KAISER POWER CORPORATION, a Delaware corporation with its principal place of business at 102 South Tejon, Colorado Springs, CO 80903 (the "KPC"), and THE WOODSIDE GROUP, INC., a Connecticut corporation with its principal place of business at 733 Summer Street, Stamford, CT 06901 (the "Secured Party").

1. Obligation to Pay. KPC has a pre-existing obligation to pay the Secured Party \$49,316.62 * for consulting services rendered to KPC by the Secured Party plus a cumulative carrying charge calculated by multiplying each prior month's balance (including prior interest) times the prime rate plus 2% for each month from and after the date of execution hereof to month of payment.
2. Collateral. KPC desires to enter into this Agreement for the purpose of creating a security interest in favor of the Secured Party in those certain assets described in Exhibit A hereto, in all additions and accessions thereto, substitutions therefor and all proceeds of their sale or disposition ("Assets").
3. Creation of Security Interest. KPC, in order to secure (1) payment of the debt evidenced by the Secured Party's open account balance; (2) all costs and expenses incurred in collection of the debt; and (3) all future advances made by

✓ KPC ALSO SECURED PARTY TO AGREEMENT BY MARCH 31, 1987 ²⁰

the Secured Party (cumulatively referred to as the "Obligations"), hereby pledges with and hypothecates to the Secured Party the Assets as collateral security. Concurrently herewith, or as otherwise agreed between the Parties, KPC shall deliver to Secured Party a certificate evidencing the Assets, in a form transferable by delivery or together with stock powers relating thereto, each of such stock powers being fully executed in blank and undated, to be held by the Secured Party as security.

4. KPC's Warranties and Agreements. KPC warrants and represents that:

(a) Title. The Assets are owned by KPC and are not subject to any security interest, except those disclosed in Exhibit A hereto and that created by this Agreement, or to any liens or encumbrances, and KPC will defend the Assets against the claims and demands of all persons other than the Secured Party.

(b) Transfer. KPC will not sell, exchange, lease, encumber or pledge the Assets, create any security interest therein (except that created by this Agreement), or otherwise dispose of the Assets or any of KPC's rights therein or under this Agreement without the prior written consent of the Secured Party.

(c) Maintenance, Taxes. KPC will pay and discharge all taxes, levies, and other impositions levied on the

Assets; if KPC fails to pay such sums, the Secured Party may do so for KPC's account, adding the amount to the secured debt.

(d) Filings. KPC will pay all costs of filing any financing, continuation, or termination statements with respect to the security interest created by this Agreement.

5. Covenants. KPC covenants and agrees that from the date hereof:

(a) As majority shareholder in Kaiser Power of Sunnyside, Inc., KPC shall not, without the consent of the Secured Party, vote its shares in Kaiser Power of Sunnyside, Inc. in any manner that results in an increase in the outstanding shares of Kaiser Power of Sunnyside, Inc.; and

(b) To operate in the normal course of business and use all reasonable efforts to preserve intact the present business and organization.

6. Secured Party Rights. KPC further agrees with the Secured Party that, unless and until an event of default occurs hereunder, and is continuing:

(a) KPC shall be entitled to exercise all voting and/or consensual powers pertaining to the Assets, or any part thereof, for all purposes not inconsistent with the terms of this Agreement;

(b) KPC shall be entitled to receive and retain free and clear of the security interest of the Secured Party

hereunder all dividends (other than stock or liquidating dividends) on the Assets, or any part thereof, provided, however, that all stock or property representing stock or liquidating dividends or a return or distribution of capital upon or in respect of the Assets, or any part thereof, or resulting from a split-up, revision or reclassification of the Assets, or any part thereof, or received in exchange for the Assets, or any part thereof, as a result of a merger, consolidation or otherwise, shall be paid or transferred directly to the Secured Party immediately upon the receipt thereof by KPC and/or shall be retained by the Secured Party.

(c) In order to permit KPC to exercise such voting and/or consensual powers and to receive such dividends (other than stock or liquidating dividends), the Secured Party shall, if necessary, upon the written request of KPC, from time to time, execute and deliver to KPC appropriate proxies, dividend orders and other instruments;

(d) In order to permit the Secured Party to receive all property to which it may be entitled under clause (b) above, KPC shall, if necessary, upon the written request of the Secured Party, from time to time, execute and deliver to the Secured Party appropriate dividend orders;

(e) In order that the Assets shall be immediately transferable upon the occurrence of an Event of Default, KPC

shall furnish to the Secured Party such stock powers, directors' resolutions (at intervals of not more than six months) and such other instruments as may be required to assure such transferability.

(f) This Agreement does not cancel, invalidate or modify the agreement for payment of pre-existing obligation between Secured Party and KPC parent, Kaiser Coal Corporation, set forth in that certain Kaiser Coal Corporation letter dated May 7, 1936, a copy of which is attached hereto as Exhibit B.

7. Default and Remedies. In the event of default in the payment of the debt referred to in paragraph 1, or any past or future advances, expenditures, or liabilities hereby secured, or in the due observance or performance of any of the other conditions or agreements hereof; or if any of the warranties of KPC shall prove to be false or misleading when made; or if KPC shall become insolvent or shall be adjudicated bankrupt, or if bankruptcy, insolvency, or liquidation proceedings, or receivership proceedings in which KPC is alleged to be insolvent or unable to pay its debts as they mature, shall be instituted by or against KPC, and KPC shall consent to the same or admit in writing the material allegations of the petition filed in such proceedings, or such proceedings shall not be dismissed within 90 days after their institution (collectively referred to as "Events of

Default"); then, upon the occurrence of any of the above Events of Default and upon not less than ten (10) days notice to KPC, the Secured Party may declare the unpaid balance of the debt and all advances, expenditures, and liabilities immediately due and payable, and the Secured Party may, with respect to the Assets, proceed to exercise one or more of the rights accorded by the Uniform Commercial Code in force in the State of Colorado at the date of this Agreement. The Secured Party, or its nominee, shall additionally, upon the occurrence of an Event of Default, have the sole right to exercise all voting and consensual powers pertaining to the Assets, or any part thereof, and shall exercise such powers in such manner as the Secured Party may elect; all dividends and other distributions-made upon or in respect of the Assets, or any part thereof, shall be paid directly to and retained by the Secured Party and held by it, until applied, as additional collateral pledged under this Agreement. Notwithstanding the foregoing, the parties hereto agree that the Secured Party shall not declare a default or Event of Default, seek judgment or exercise any remedy hereunder prior to December 15, 1987.

It is further understood and agreed that this Agreement has been made and entered into pursuant to the Uniform Commercial Code and that the Secured Party has all the rights and remedies accorded thereby.

8. Termination. When all duties, obligations and responsibilities under this Agreement of KPC shall have been paid or other satisfied in full, this Agreement shall automatically terminate, and the Secured Party shall forthwith assign, transfer and deliver to KPC the Assets and cash, if any, then held by the Secured Party hereunder.

9. Invalidity. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained in this Agreement.

10. Benefit. The rights and privileges of the Secured Party under this Agreement shall inure to the benefit of its successors and assigns. All covenants, warranties, and agreements of KPC contained in this Agreement shall bind its successors and assigns.

Witness the execution hereof the day and year first above written.

ATTEST:



KAISER POWER CORPORATION

By: _____

THE WOODSIDE GROUP, INC.

By: _____

EXHIBIT 5.4 B
SECURITY AGREEMENT

This SECURITY AGREEMENT is dated February 16, 1987, between KAISER POWER CORPORATION, a Delaware corporation with its principal place of business at 102 South Tejon, Colorado Springs, CO 80913 (the "Debtor"), and WICKWIRE, GAVIN & GIBBS, P.C., a District of Columbia professional corporation with an office at 1133 21st Street N.W., Washington, D.C. 20036 (the "Secured Party").

1. Obligation to pay. The Debtor has a pre-existing obligation to pay the Secured Party \$77,378.43 for legal services rendered by the Secured Party.

2. Collateral. The Debtor desires to enter into this agreement for the purpose of creating a security interest in favor of the Secured Party in the assets described in Exhibit A, annexed, in all additions and accessions thereto, substitutions therefor and all proceeds of their sale or disposition (all hereinafter referred to collectively as "Assets").

3. Creation of security interest. The Debtor, in order to secure (1) payment of the debt evidenced by the Secured Party's open account balance; (2) all costs and expenses incurred in collection of the debt; and (3) all future advances made by the Secured Party, including but not limited to any amounts for services or disbursements not described in section 1, and advances for taxes, levies, insurance, and maintenance of the Assets (the

"Obligations"), hereby grants to the Secured Party a security interest in the Assets.

4. Debtor's warranties and agreements. The Debtor warrants and agrees that:

(a) Title. The Assets are owned by the Debtor and are not subject to any security interest except that created by this agreement, or to any liens or encumbrances, and the Debtor will defend the Assets against the claims and demands of all persons other than the Secured Party.

(b) Transfer. The Debtor will not sell, exchange, lease, encumber or pledge the Assets, create any security interest therein (except that created by this agreement), or otherwise dispose of the Assets or any of the Debtor's rights therein or under this agreement without the prior written consent of the Secured Party.

(c) Maintenance, Taxes. The Debtor will pay and discharge all taxes, levies, and other impositions levied on the Assets as well as the cost of storage or maintenance of the same; if the Debtor fails to pay such sums, the Secured party may do so for the Debtor's account adding the amount to the secured debt.

(d) Location. The Debtor will permit the Assets to be held by the Secured Party at a location selected by the Secured Party.

(e) Liens. The Debtor will not permit any other lien to attach to any of the Assets, permit the Assets to be levied upon under any legal process, or permit anything to

be done that may impair the value of any of the Assets or the security intended to be afforded by this agreement.

(f) Filings. The Debtor will pay all costs of filing any financing, continuation, or termination statements with respect to the security interest created by this agreement. The Secured Party is hereby appointed the Debtor's attorney-in-fact to do all acts and things which the Secured Party may deem necessary to perfect and continue perfected the security interest created by this agreement and to protect the Assets. A photographic or other reproduction of this agreement, or any financing statement signed by Debtor, is sufficient as a financing statement.

(g) Place of business. The Debtor will promptly notify the Secured Party of any change in the location of any place of business and residence and of the establishment of any new place of business and residence.

5. Covenants. Debtor covenants and agrees that from the date hereof:

(a) As majority shareholder in Kaiser Power of Sunnyside, Inc., Debtor shall not, without the consent of the Secured Party, vote its shares in Kaiser Power of Sunnyside, Inc. in any manner that results in an increase in the outstanding shares of Kaiser Power of Sunnyside, Inc.

(b) To operate in the normal course of business and use

all reasonable efforts to preserve intact the present business and organization.

(c) To promptly advise the Secured Party in writing of any material adverse change in the financial condition, business, material properties or affairs of the Debtor.

6. The Debtor agrees that at any time, and from time to time, whether before or after default, without notice, and at the expense of the Debtor, the Secured Party in its name or in the name of its nominee or of the Debtor may, but shall not be obligated to:

(a) Notify the obligors on the Assets to make payment to the Secured Party of any or all dividends, interest, principal payments and other sums now or hereafter payable upon or on account of said Assets, collect the same by legal proceedings or otherwise, and perform any contract or indorse in the name of the Debtor any checks, drafts, notes, instruments or other documents which are Assets.

(b) Vote the Assets.

(c) Enter into any extension, reorganization, deposit, merger, or consolidation agreement, or any agreement in anywise relating to or affecting the Assets and in connection therewith deposit or surrender control of such Assets thereunder, accept other property in exchange for such Assets and do and perform such acts and things as it may deem proper, and any money or property received in exchange for such Assets may be either applied to any

Obligation or may be thereafter held by its pursuant to the provisions hereof.

(d) Make any compromise or settlement it deems desirable or proper with reference to the Assets.

(e) Insure, process and preserve the Assets.

(f) Cause the Assets to be transferred to its name or the name of its nominee.

(g) Exercise as to such Assets all the rights, powers and remedies of an owner.

7. Default and remedies. In the event of default in the payment of the debt referred to in paragraph 1, or any past or future advances, expenditures, or liabilities hereby secured, or in the due observance or performance of any of the other conditions or agreements hereof;—or if any of the warranties of the Debtor shall prove to be false or misleading; or if the Debtor shall become insolvent or shall be adjudicated bankrupt, or if bankruptcy, insolvency, reorganization, agreement, debt adjustment, or liquidation proceedings, or receivership proceedings in which the Debtor is alleged to be insolvent or unable to pay its debts as they mature, shall be instituted by or against the Debtor, and the Debtor shall consent to the same or admit in writing the material allegations of the petition filed in such proceedings, or such proceedings shall not be dismissed within 30 days after their institution; then, upon the occurrence of any of the above events and upon not less than three (3) days notice to the

Debtor, the Secured Party may declare the unpaid balance of the debt and all advances, expenditures, and liabilities immediately due and payable, and the Secured Party may enter judgment on such unpaid balance of the debt or otherwise reduce such debt, advances, expenditures, and liabilities to judgment, and in addition proceed to exercise one or more of the rights accorded by the Uniform Commercial Code in force in the District of Columbia at the date of this agreement; provided, however, the parties hereto agree that the Secured Party shall not declare a default, seek judgment or exercise any remedy hereunder prior to December 15, 1987. It is understood and agreed that this agreement has been made and entered into pursuant to the Uniform Commercial Code and that the Secured Party has all the rights and remedies accorded thereby.

8. If any provisions of this agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this agreement shall be construed as if such invalid or unenforceable provision had never been contained in this agreement.

9. Benefit. The rights and privileges of the Secured Party under this agreement shall inure to the benefit of its successors and assigns. All covenants, warranties, and agreements of the Debtor contained in this agreement shall bind its successors and assigns.

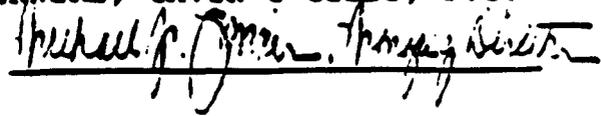
Witness the execution hereof the day and year first
above written.


Attest

KAISER POWER CORPORATION

by 

WICKWIRE, GAVIN & GIBBS, P.C.

by 

KHM3/22

EXHIBIT A

DESCRIPTION OF ASSETS

100 Shares of Stock in Kaiser Power of Sunnyside, Inc.

KAISER POWER OF SUNNYSIDE, INC.

TOTAL AUTHORIZED ISSUE
10,000 SHARES PAR VALUE \$1.00 EACH

SEE REVERSE FOR
CERTAIN DEFINITIONS

COMMON STOCK

This is to certify that

WICKWIRE, GAVIN & GIBBS, P.C.

is the holder of

ONE HUNDRED

----- fully paid and
non-assessable shares of the above corporation transferable only on the books
of the corporation by the holder hereof in person or by duly authorized Attorney
upon surrender of this Certificate properly endorsed.

Witness the seal of the corporation and the signatures of its duly authorized officers.

Dated

Pamela K. Simpson
SECRETARY/VICE PRESIDENT



Mark Robinson
MARK ROBINSON PRESIDENT

EXHIBIT 5.6

Kaiser Coal Corporation is the maker under a promissory note to The Anschutz Corporation, the sole shareholder of the Denver and Rio Grande Western Railroad Company, dated May 29, 1986, in the original principal amount of \$273,000. Said promissory note constitutes payment for the purchase by Kaiser Coal Corporation of the Big Springs Ranch and associated water rights. Currently, Kaiser Coal Corporation is in default in the approximate amount of \$115,000.

EXHIBIT 5.7
KAISER POWER
PENDING SUITS OR PROCEEDINGS

None

EXHIBIT 5.10
KAISER POWER
CONTRACTS AND AGREEMENTS EXECUTED

The following is a list of those Contracts and agreements that have been executed by Power and Subsidiaries.

STOCK PLEDGE TO WICKWIRE, GAVIN & GIBBS

See Exhibit 5.4

STOCK PLEDGE TO WOODSIDE AND ASSOCIATES

See Exhibit 5.4

DEVELOPMENT FUNDS FROM ENERGY NATIONAL, INC.

Power has received development funds for the Sunnyside project from Energy National, Inc. as denoted in their letter of August 22, 1986. To date Energy National has advanced funds in the amount of \$246,363.74 and have been invoiced for an additional \$4072.07. Advances less \$100,000 are to be repaid with construction financing.

DEVELOPMENT FUNDS FROM MISSION ENERGY COMPANY

Power has received development funds for the York Canyon Project from Mission Energy Company in accordance with a letter of intent dated June 11, 1986. Power has received funds in the amount of \$105,132.70 from MEC. A \$40,000 portion of that amount was a fee and the remainder may require reimbursement from the proceeds of construction financing if they were not a part to the project.

LETTER AGREEMENT WITH WICKWIRE, GAVIN & GIBBS

Kaiser Power has entered into a letter agreement with Wickwire, Gavin & Gibbs dated May 14, 1987 regarding the terms under which Wickwire, Gavin & Gibbs would continue to provide legal services. Kaiser Power is currently in default of the payment portion of this Agreement.

POWER PURCHASE AGREEMENT WITH UTAH POWER AND LIGHT

Power Purchase Agreement between Sunnyside Cogeneration Associates and Utah Power and Light dated January 30, 1987.

MEMORANDUM OF UNDERSTANDING UTAH POWER AND LIGHT BACKUP RATES

This agreement is a letter Memorandum of Understanding between UP & L and Sunnyside Cogeneration Associates dated September 29, 1986, regarding the providing of back-up and start-up power to the cogeneration facility on an exchange basis.

STIPULATED AGREEMENT UP & L BACKUP RATE CASE

This is a stipulated agreement dated June 14, 1987, between UP & L and the other interested parties to the backup rate proceedings that were the result of a negotiated settlement rather than the result of formal hearings.

PURCHASE AND SALE AGREEMENT OF REAL PROPERTY AND WATER RIGHTS

Agreement dated between Kaiser Coal and Sunnyside Cogeneration Associates dated March 30, 1987. It pertains to the Big Springs Ranch property and the associated water rights, and to the water rights purchased by Kaiser Coal for the project from the Royal Land Co.

LAND LEASE AGREEMENT

Agreement between Kaiser Coal and Sunnyside Cogeneration Associates dated March 30, 1987, relating to the land upon which the proposed cogeneration plant will be built.

H W CAMPBELL ENGINEERING AGREEMENT

Contract between H. W. Campbell consulting Engineers and Power dated November 13, 1985, to perform the engineering work necessary to provide a preliminary estimate of plant costs and the required air quality permits.

CHASE FINANCIAL ADVISOR AGREEMENT

Agreement among the Chase Capital Markets Group, Kaiser Coal and Power. This agreement was terminated by Chase due to their being prohibited from receiving fees from Kaiser Coal under the bankruptcy proceedings.

JOINT VENTURE AGREEMENT -- SUNNYSIDE COGENERATION ASSOCIATES

Agreement dated 23 April 1986 between Kaiser Power of Sunnyside and Kaiser Systems which forms the Joint Venture of Sunnyside Cogeneration Associates.

JOINT VENTURE AGREEMENT --YORK CANYON COGENERATION ASSOICATES

Agreement dated 23 April 1986 between Kaiser Power of York Canyon and Kaiser Systems Two, Inc. which forms the Joint Venture of York Canyon Cogeneration Associates.

WASTE COAL SALES AGREEMENT

This is an agreement dated July 11, 1986 executed between Kaiser Fuel Corporaton and Sunnyside Cogeneration Associates. This agreement is being terminated.

SOUTHWESTERN PUBLIC SERVICE AGREEMENT

Kaiser Power has received development funds for the York Canyon Project from Southwestern Public Service in the amount of \$25,956.75. As stated in their letter agreement dated May 29, 1986 Kaiser Power is under no obligation to repay these funds.

EXHIBIT 5.11
KAISER
BROKERAGE AGREEMENT

Kaiser Steel has hired the Morgan Bank to act as their agent in the sale of Power and the Kaiser Coal properties. All fees due to the Morgan Bank related to this transaction will be paid by Kaiser Steel.

AMENDMENT TO PURCHASE AND SALE AGREEMENT

Amendment made this 15th day of October, 1987 by and between KAISER POWER CORPORATION, a Delaware corporation with its principal place of business at 102 South Tejon, Suite 400, Colorado Springs, Colorado, ("Power") and ENVIRONMENTAL POWER CORPORATION, a Delaware corporation with its principal place of business at 53 State Street, 30th Floor, Boston, Massachusetts, ("Purchaser"). Reference is made to a Purchase and Sale Agreement dated as of August 5, 1987 (the "Agreement") by and between Power and Purchaser. Capitalized terms used in this Amendment not otherwise defined herein shall have the meaning given therefor in the Agreement.

RECITAL

Creditors of the jointly-administered Kaiser Steel Corporation bankruptcy proceedings have requested modifications be made to the Agreement, and

Each of Purchaser and Power are willing to make such modifications and simultaneously desire to extend the Closing Date.

NOW THEREFORE it is agreed:

(1) Section 3.13 of the Agreement is deleted in its entirety and the following substituted therefor:

3.13 The Fuel Agreement shall be terminated and the Land Lease and Real Estate and Water Agreement shall be amended to provide for additional water rights for Purchaser and to reflect the transactions contemplated by this Purchase Agreement. All such amendments shall have been approved by and shall be acceptable to Purchaser.

(2) Section 3.15 of the Agreement is deleted in its entirety and the following substituted therefor:

3.15 Kaiser Coal shall, at the request of Purchaser, cause Power and/or Fuel to file for bankruptcy and request joint administration, or if there has been a consolidation, consolidation with the actions involving Kaiser Steel and Kaiser Coal in the United States Bankruptcy Court for the District of Colorado and obtain an order of the Court directing the sale of the Assets and the waste coal referred to in Section 3.14.

(3) Section 7.4 of the Agreement is deleted in its entirety and the following substituted therefor:

7.4 Any claim made pursuant to this Section 7 must be made in writing on or before the first anniversary of the Closing Date. Power's liability under this Section 7 shall be limited to the Purchase Price. Purchaser is aware that the proceeds from the sale may be subject to a security interest of The Chase Manhattan Bank and that said proceeds will constitute significantly all of Power's assets after the Closing Date.

(4) Section 8.4 of the Agreement is deleted in its entirety and the following substituted therefor:

8.4 The Purchaser shall apply for mining and reclamation permit(s), for the waste coal referred to in Section 3.14 and 8.2, from the State of Utah Natural Resource Division of Oil, Gas & Mining and shall proceed diligently to obtain the same. Purchaser is aware that the grant of such permit(s) may require the assumption of certain liability for reclamation associated with the waste coal.

(5) The Agreement shall be amended to omit all references to the Wellington waste coal as follows:

(a) Section 3.2 and 3.3 of the Agreement are deleted in its entirety and the following substituted therefor:

3.2 Purchaser shall receive evidence satisfactory to it that the Assets, the waste coal referred to in Section 3.14 and the assets of each of the Subsidiaries and Joint Ventures are free and clear of all Liens excepting only those liabilities listed on Schedule 2.1A.

3.3 At the Closing, Power, and where required, its Affiliates, shall execute and deliver or cause to be executed and delivered stock powers, assignments, bills of sale, deeds, and such other instruments of transfer and consents of third parties as may be reasonably requested by Purchaser to vest in Purchaser good title to the Assets and the waste coal referred to in Section 3.14, free and clear of all Liens.

(b) Section 8.1 of the Agreement is deleted in its entirety and the words "intentionally omitted" substituted therefor.

(c) Section 8.2 of the Agreement is deleted in its entirety and the following substituted therefor:

8.2 With respect to the waste coal referred to in the Section 3.14: (a) Kaiser Coal shall proceed with due diligence and use its best efforts to cause the real estate on which such waste coal is located to be excluded from the areas described in the State of Utah Natural Resources Division of Oil, Gas & Mining Permit number ACT/007/007 and (b) Kaiser Coal shall cooperate with Purchaser in Purchaser's application for mining and reclamation permit(s) for the waste coal from the State of Utah Natural Resources Division of Oil, Gas & Mining including the development of a reclamation plan.

(d) Section 9.3 of the Agreement is deleted in its entirety and the following substituted therefor:

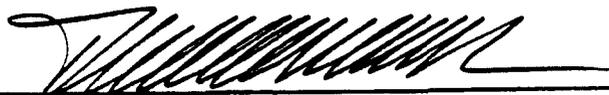
9.3 To the extent any of the conditions set forth in Section 3 have not been satisfied, or any of the undertakings described in Sections 8.2 or 8.3 have not been completed, in either case prior to the Closing Date, if Purchaser does not waive them in writing, Power or the appropriate Affiliate shall be obliged to satisfy and/or complete them as a Post Closing Undertaking under this Section 9.

(6) Notwithstanding the terms of Section 1.3 of the Agreement, Power and Purchaser hereby agree to extend the outside date for Closing until December 15³¹, 1987. Until the Closing Date or the date upon which the Agreement is terminated, whichever shall first occur, Purchaser shall make advances on Power's behalf, for continuing development costs currently incurred by Power, which shall not exceed up to \$50,000.00 in the aggregate. Any advances made by Purchaser as provided herein shall, at Closing, be deducted from the Purchase Price.

CAS
ESS
DITZ

Executed under seal as of the date first mentioned above.

ENVIRONMENTAL POWER CORPORATION

By: 

KAISER POWER CORPORATION

By: 

To the extent they have obligations under the Agreement, including without limitation, facilitating the satisfaction of the conditions set forth in Section 3 and completion of the undertakings described in 8.2 and 8.3, and subject to the approval of and confirmation by the United States Bankruptcy Court for the District of Colorado, the following are parties to the have executed the Agreement under seal as of the date first above written.

KAISER COAL CORPORATION

By: C. A. Buehler VP

KAISER FUEL CORPORATION

By: C. A. Buehler VP

KAISER STEEL CORPORATION

By: C. A. Buehler SR VP



Entry No. 019370
 Indexed _____
 Abstracted _____
 Rcdg. Fee 45.00

STATE OF UTAH } SS
 COUNTY OF CARBON }
 FILED AND RECORDED FOR

S.E. Utah Title
 DEC 29 3 08 PM '87

BOOK 277 OF RECORDS
 PAGE 679-690

ARTHUR B. JENSEN
 COUNTY RECORDER

DEED, ASSIGNMENT AND BILL OF SALE

THIS DEED, ASSIGNMENT AND BILL OF SALE is made and entered into as of the 28th day of December, 1987 by and between KAISER FUEL CORPORATION ("Kaiser Fuel"), KAISER COAL CORPORATION ("Kaiser Coal") and SUNNYSIDE FUEL CORPORATION, a corporation organized and existing under the laws of the State of Utah ("Grantee").

W I T N E S S E T H :

WHEREAS, Grantee's affiliate is proposing to construct a cogeneration plant (the "Plant") near Sunnyside Mine in Carbon County, Utah, and proposes to acquire waste coal from Kaiser Fuel for use as plant fuel; and

WHEREAS, Kaiser Fuel is the owner of the gob, coal tailings and waste piles which are now or hereafter located on real property in Carbon County, Utah as more particularly described in the attached Exhibit "A" ("Tailings"); and

WHEREAS, Kaiser Coal is the owner of the real property upon which the Tailings are located, more particularly described in the attached Exhibit "A" (Real Property); and

WHEREAS, Kaiser Fuel desires to transfer, convey, assign, grant and sell to the Grantee, without warranty, the estate in the Tailings, whether such estate is classified as real property or personal property under Utah law; and

WHEREAS, subject to certain reservations, Kaiser Coal desires to grant to Grantee, without warranty, the Real Property;

WHEREAS, Kaiser Coal desires to reserve to itself, its successors and assigns the right to enter upon the Real Property for the purpose of transporting and depositing gob, coal tailings and slurry discharge from coal wash facilities from the Sunnyside Mine on the Real Property and the right to use the Real Property for any and all purposes necessary to conducting the operation of the Sunnyside Mine subject to an Operating Agreement mutually acceptable to Kaiser Coal and Grantee; and

WHEREAS, Kaiser Coal is permittee and owner of environmental permits associated with the Real Property including the Sunnyside Mine Permit ACT/007/007 ("Reclamation Permit") and desires to assign to Grantee those environmental permits associated with the Real Property, including that portion of the Reclamation Permit which associated with the Real Property subject to approval of transfer by the local, state and federal government if any such approval is required; and

WHEREAS, Kaiser Coal owns the Sunnyside Mine adjacent to the Real Property on lands described at Exhibit "C" ("Sunnyside Mine") and desires to grant to Grantee the right of ingress and egress for the purpose of transporting, mining and removing Tailings ("Access"). Grantee agrees to use the Access in a manner reasonably calculated to minimize interference with the coal mining activities of Kaiser Coal, its successors and assigns at the Sunnyside Mine.

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) cash in hand paid to Kaiser Fuel and Kaiser

Coal and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Kaiser Fuel and Kaiser Coal hereby grant, sell, assign, set-over, transfer, quit-claim and convey to Grantee, its successors and assigns, without warranty, the following:

REAL PROPERTY

The real property interest in the Tailings and the Real Property upon which the Tailings are located and Access across the Sunnyside Mine to the Real Property, provided that Grantee agrees to use the Access in a manner reasonably calculated to minimize interference with the coal mining activities of Kaiser Coal, its successors and assigns at the Sunnyside Mine. Said grant is made expressly reserving unto Kaiser Coal, its successors and assigns the right to enter upon the Real Property for the purpose of transporting and depositing gob, coal tailings and slurry discharge from the coal wash facilities from the Sunnyside Mine on the Real Property and reserving the right to use the Real Property for any and all purposes necessary to conducting the operation of the Sunnyside Mine subject to and in accordance with all governmental restrictions applicable to the Real Property and subject to an Operating Agreement mutually acceptable to Kaiser Coal and Grantee and their respective successors and assigns or, in the absence of such operating agreement, on terms reasonably serving the respective interests of both parties or their successors and assigns. Said grant of

Tailings is made subject to interests identified at Exhibit "B" hereto.

PERSONAL PROPERTY

The personal property interest in, and only in, the Tailings now or hereinafter located on or in the lands described in Exhibit "A".

The Tailings transferred unto the Grantee pursuant to this Deed, Assignment and Bill of Sale are being transferred in an "as is", "where is" condition and, other than expressly provided herein, is being transferred without any representations, obligations or warranties whatsoever, whether express or implied.

PERMITS

Kaiser Coal's interest in all environmental permits associated with the Real Property, including that portion of the Reclamation Permit located on the Real Property, subject to approval of the local, state and federal government to said transfer if such approval is required.

REHABILITATION AND RECLAMATION

Grantee accepts this grant, recognizing that certain rehabilitation and reclamation work may be required resulting from the development, extraction, removal, transportation, storage or use of gob, coal tailings, and waste piles from or on the Real Property.

IN TESTIMONY WHEREOF, witness the execution hereof as of the day and year first above written.

KAISER FUEL CORPORATION

ATTEST:

Julie S. Klein

BY
ITS

Dennis A. Drago
Agent

KAISER COAL CORPORATION

ATTEST:

Julie S. Klein

BY
ITS

Dennis A. Drago
Agent

SUNNYSIDE FUEL CORPORATION

ATTEST:

Julie S. Klein

BY
ITS

Dennis P. Allyn
Vice President

STATE OF

Utah)

COUNTY OF

Salt Lake)

: ss:

On the 28th day of December, 1987, personally appeared before me Dennis A. Drago, who being by me duly sworn did say that she is the agent of Kaiser Fuel Corporation and that said instrument was signed in behalf of said corporation by authority of its bylaws and said Dennis A. Drago acknowledged to me that said corporation executed the same.

Julie S. Klein
Notary Public
Residing in Davis County

My Commission Expires:

6-22-89

STATE OF Utah)
COUNTY OF Salt Lake) : ss:

On the 28th day of December, 1987, personally appeared before me Dennis P. Drago, who being by me duly sworn did say that she is the agent of Kaiser Fuel Corporation and that said instrument was signed in behalf of said corporation by authority of its bylaws and said Dennis P. Drago acknowledged to me that said corporation executed the same.

Julia H. Klein
Notary Public
Residing in Davis County

My Commission Expires:

6-22-89

STATE OF Utah)
COUNTY OF Salt Lake) : ss:

On the 28th day of December, 1987, personally appeared before me Dennis P. Flynn, who being by me duly sworn did say that he is the Vice President of Sunnyside Fuel Corporation and that said instrument was signed in behalf of said corporation by authority of its bylaws and said Dennis P. Flynn acknowledged to me that said corporation executed the same.

Cheryl Ferrara
Notary Public
Residing in Sandy, Utah

My Commission Expires:

7/10/91

DAD:120887a

SCHEDULE A

FEE AREA

PARCEL B:

Describing a parcel of land located in Carbon County, Utah, which is located in the east half of Section 6, Township 15 South, Range 14 East, Salt Lake Base and Meridian and being more particularly described according to the following courses and distances, to-wit:

Beginning at the East one quarter corner of Section 6, Township 15 South, Range 14 East, Salt Lake Base and Meridian and running thence S $0^{\circ}13'39''$ W, 1818.48 feet along the east section line of Section 6 to the south right of way line of an existing railroad track; thence northwesterly along a curve to the right with a radius of 450.00 feet, through an angle of $83^{\circ}37'47''$, for a distance of 656.83 feet having a chord that bears N $40^{\circ}27'18''$ W, 600.05 feet; thence N $1^{\circ}21'36''$ E, 68.00 feet along the westerly right of way line of an existing railroad track; thence S $57^{\circ}11'02''$ W, 338.86 feet to an existing 5/8 inch rebar; thence S $66^{\circ}15'45''$ W, 220.17 feet to an existing 5/8 inch rebar; thence S $86^{\circ}11'30''$ W, 261.34 feet to a metal fence post; thence N $4^{\circ}41'13''$ W, 264.09 feet to a roof bolt on the west side of a gate in a fence line; thence N $10^{\circ}54'48''$ W, 189.49 feet to a metal fence post; thence N $0^{\circ}39'10''$ W, 254.39 feet to a metal fence post; thence N $10^{\circ}09'48''$ W, 315.48 feet to a metal fence post; thence N $6^{\circ}32'57''$ W, 232.70 feet to a roof bolt in an existing fence line; thence N $6^{\circ}32'57''$ W, 65.24 feet to the south right of way line of a Denver and Rio Grande Railroad as described in a certain deed dated July 29, 1912; thence N $71^{\circ}27'00''$ E, 1209.07 feet along the south line of a 50 foot wide right of way for the Denver and Rio Grande Railroad; thence northeasterly along a curve to the left with a radius of 979.93 feet, through an angle of $9^{\circ}19'48''$, for a distance of 159.57 feet, having a chord that bears N $66^{\circ}47'06''$ E, 159.40 feet to the east line of said Section 6; thence S $0^{\circ}13'39''$ W, 174.12 feet along the east line of Section 6, to the point of beginning.

Containing 42.316 acres more or less.

PARCEL C:

Describing a parcel of land located in Carbon County, Utah, which is located in the south half of Section 6, Township 15 South, Range 14 East, Salt Lake Base and Meridian, and being more particularly described according to the following courses and distances, to-wit:

Beginning at the southeast corner of Section 6, Township 15 South, Range 14 East, Salt Lake Base and Meridian which is a brass cap; and running thence N 89°57'59" W, 2646.97 feet along the south line of said Section 6 to the south one-quarter corner of said Section 6; thence S 89°27'59" W, 1321.87 feet along the south line of said Section 6 to the southwest corner of the SE1/4SW1/4 of said Section 6; thence N 59°40'32" E, 666.58 feet to a metal fence post; thence N 44°13'50" E, 430.53 feet to a roof bolt; thence N 59°09'24" E, 167.86 feet to a metal fence post; thence N 63°51'14" E, 188.19 feet to a metal fence post; thence N 60°15'43" E, 335.60 feet to a metal fence post; thence N 21°00'31" W, 34.15 feet to an east brace post in a barbed wire fence; thence N 81°18'59" E, 1270.98 feet along an existing fence line to a roof bolt; thence N 36°40'17" E, 152.88 feet along a fence line to a roof bolt; thence S 4°41'13" E, 264.09 feet to a metal fence post; thence N 86°11'30" E, 261.34 feet to an existing 5/8 inch rebar; thence N 66°15'45" E, 220.17 feet to an existing rebar; thence N 57°11'02" E, 338.86 feet to the west right of way line of an existing railroad right of way; thence S 1°21'36" W, 68.00 feet along the westerly right of way line of an existing railroad track; thence southeasterly along a curve to the left with a radius of 450.00 feet, through an angle of 83°37'47", for a distance of 656.83 feet having a chord that bears S 40°27'18" E 600.05 feet to a point on the east line of said Section 6; thence S 0°13'39" W, 818.01 feet along the section line to the point of beginning.

Containing 79.085 acres, more or less.

ALSO:

Describing a parcel of land located in Carbon County, Utah, which is located in the north half of Section 7, Township 15 South, Range 14 East, Salt Lake Base and Meridian and being more particularly described according to the following courses and distances to-wit:

Beginning at the northwest corner of Section 7, Township 15 South, Range 14 East, Salt Lake Base and Meridian, which is a brass cap; and running thence N 89°27'59" E, 1253.27 feet along the north line of said Section 7 to the northeast corner of the NW1/4NW1/4 of said Section 7; thence N 89°27'59" E, 1321.87 feet along the north line of said Section 7 to the north one quarter corner of said Section 7; thence S 89°57'59" E, 2646.97 feet along the north line of said Section 7 to the northeast corner of said Section 7 which is a brass cap; thence S 0°15'54" W, 1322.37 feet along the east line of said Section 7 to the southeast corner of the NE1/4NE1/4 of said Section 7; thence S 89°53'03" W, 2656.91 feet along the south line of the north one half of the northeast one quarter of said Section 7 to the southwest corner

of the NW1/4NE1/4 of said Section 7; thence S 0°41'30" W, 664.69 feet along the east line of the SE1/4NW1/4 of said Section 7 to the southeast corner of the NE1/4SE1/4NW1/4 of said Section 7; thence S 89°40'06" W, 2560.98 feet along the south line of the north one half of the south one half of the northwest one quarter of said Section 7 to the southwest corner of the NW1/4SW1/4NW1/4 of said Section 7; thence N 0°17'17" E, 1984.79 feet along the west section line of said Section 7 to the point of beginning.

Containing 197.985 acres, more or less.

Less a strip of land 200 feet wide for an existing railroad right of way lying in the west half of Section 7, Township 15 South, Range 14 East, Salt Lake Base and Meridian, the boundaries of which are parallel to and 100 feet distant at right angles from the following described center line:

Beginning at a point on the north boundary line of said Section 7, which point is Station 102+50.0 P.O.C. of the Railroad Center Line Survey, said point being N 89°27'59" E, 633.0 feet, more or less, along the north line of said Section 7, said point being on a curve to the right with a radius of 572.96 feet through an angle of 114°43' for a distance of 1147.2 feet and having a chord bearing of S 1°24'18" E and a distance of 443.97 feet, the tangent to curve at this point bearing S 24°12' E; thence continuing on the same curve right 455.9 feet in a southerly direction to Station 107+05.9 P.T.; thence S 21°23' W, 245.5 feet to Station 109+51.4 P.C., which point is the beginning of a curve to the left with a radius of 716.20 feet through an angle of 28°20' for a distance of 354.2 feet and having a chord bearing of S 7°13' W and a distance of 350.57 feet to Station 113+05.6 P.T.; thence S 6°57' E, 973.89 feet to Station 122+79.49, said point being on the south line of the north one half of the south one half of the northwest one quarter of said Section 7.

Containing 9.318 acres, more or less.

EXHIBIT B

**DEED, ASSIGNMENT AND
BILL OF SALE EXCEPTIONS**

1. A Grant of Easement dated April 16, 1962, executed by Kaiser Steel Corporation in favor of Utah Power & Light Company recorded October 10, 1962 in Book 80 at page 608, granting a right of way and easement for the erection and continued maintenance of electric transmission, distribution and telephone circuits with necessary attachments across the NE 1/4 NE 1/4 of Section 7 and the S 1/2 SE 1/4 and SE 1/4 SW 1/4 of Sec. 6, T15S, R14E, SLBM.
2. A Pole Line Easement dated March 19, 1925, executed by Utah Fuel Company in favor of Utah Power & Light Company, recorded April 1, 1925 in Book 3J at page 155, granting a perpetual easement and right of way for the erection and continued maintenance of electric transmission, distribution and telephone circuits with necessary attachments along a line in Section 7, T15S, R14E, SLB&M, as therein described.
3. A Pole Line Easement dated December 29, 1942, executed by Utah Grazing Lands Company, a corporation, in favor of Utah Power & Light Company, recorded June 9, 1943 in Book 3W at page 598, granting a perpetual easement and right of way for the erection and continued maintenance of electric transmission, distribution and telephone circuits with necessary attachments along a line in the N 1/2 NE 1/4, Sec. 7, T15S, R14E, SLB&M as therein described.
4. NOTICE OF ATTORNEY'S LIEN dated November 26, 1984, executed by W. Jerry Ungricht of Ungricht, Randle & Deamer, recorded December 3, 1984 in Book 244 at page 589, claiming an Attorney's Lien as provided by Utah Code Annotated 78-51-41 for services rendered on behalf of New-Tech Mining Corporation on the matter of New-Tech Mining Corporation v. Kaiser Steel, et al., Civil No. C84-0426A in the United States District Court for the District of Utah, Central Division, and for services relating to the permitting of the Blackjack #1 Mine on the following described property in Carbon County, Utah:

All coal refuse sources of New-Tech Mining Corporation in Carbon County, State of Utah, described as follows:

Section 7, T15S, R14E, SLB&M:

N 1/2 of NE 1/4. That portion of the N 1/2 of NW 1/4 lying East of right of way of Carbon County railway.

Section 6:

S 1/2 of SE 1/4 of SW 1/4; S 1/2 of SW 1/4 of SE 1/4; S 1/2 of NE 1/4 of SW 1/4 of SE 1/4; SE 1/4 of SE 1/4.

That portion of NE 1/4 of SE 1/4 lying South of right of way of Denver & Rio Grande Railway. That portion of E 1/2 of NE 1/4 of NW 1/4 of SE 1/4 lying South of right of way of Denver & Rio Grande Railway. AMOUNT OF CLAIM: \$7,052.00.

5. A Notice of Lien, recorded February 18, 1987 in Book 269 at pages 758-764, wherein JBR Consultants Group claims and intends to hold a lien against Perma Resources and/or Kaiser Steel Corporation and/or Kaiser Coal Corporation in the amount of \$28,646.15, plus interest and attorney's fees.
6. Notice of Intention to Hold and Claim a Lien, recorded February 24, 1987 in Book 270 at pages 61-78, wherein Electrical Contractors, Inc. holds and claims a lien against Kaiser Coal Corporation in the amount of \$20,984.22, plus interest and attorney's fees.
7. Notice of Intention to Hold and Claim a Lien, recorded March 19, 1987 in Book 270 at pages 697-699, wherein B & R Reclamation Specialists, a partnership, claims a lien in the amount of \$22,985.00, plus interest and attorney's fees.
8. Excepting any portion of the old Carbon County Railway right of way located in Section 7 of T15S, R14E, SLB&M and all oil, gas and minerals located in said right of way.

DAD:122887d

I.

SUNNYSIDE MINE NO. 1

A. Fee Ownership - Kaiser Coal Corporation:

Township 14 South, Range 13 East, SLM
Section 24: N/2

Township 14 South, Range 14 East, SLM

- Section 7: SW/4SE/4
- Section 17: All
- Section 18: All
- Section 19: All
- Section 20: All
- Section 21: W/2
- Section 28: N/2
- Section 29: N/2, N/2SW/4, SW/4SW/4,
N/2SE/4SW/4, N/2SE/4
- Section 30: N/2NE/4, SE/4NE/4

II.

SUNNYSIDE MINE NO. 3

A. Fee Ownership - Kaiser Coal Corporation:

Township 14 South, Range 14 East, SLM

- Section 28: S/2
- Section 29: S/2SE/4SW/4, S/2SE/4
- Section 32: E/2, NE/4NW/4
- Section 33: All
- Section 34: W/2

Township 15 South, Range 14 East, SLM

- Section 3: NW/4, S/2NE/4
- Section 4: N/2, N/2SW/4,
N/2NW/4SE/4, N/2SW/4SW/4
- Section 5: NE/4, N/2SE/4
- Section 6: Lot 7
- Section 8: Lots 1,2,3,4, ~~SE/4SE/4~~; ~~E/4SE/4~~; ~~SW/4SE/4~~
- Section 18: ~~SW/4SE/4~~; Algo, Beg. at the ~~SE~~ cor;
thence N 89° 59' West 526.5 feet; th.
N 20° 12' East 703.2 feet; th. East
283.20 feet; thence South 660 feet
to beg.

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement dated as of March 28, 1991 ("Assignment and Assumption Agreement") is made between Sunnyside Fuel Corporation, a Utah corporation, as seller and assignor ("Assignor"), Sunnyside Cogeneration Associates, a Utah joint venture, as buyer and assignee ("Assignee").

RECITALS:

WHEREAS, Assignor owns certain real property more particularly described in Exhibit A (the "Real Property") upon which are located gob, coal tailings, coal slurry discharge and coal waste (individually or collectively, "Coal Refuse");

WHEREAS, Assignee proposes to construct a waste coal fired cogeneration plant (the "Plant") on a site adjacent to the Real Property and requires Coal Refuse for use as a fuel for the Plant;

WHEREAS, Assignor and Assignee have entered into an Operating Agreement dated as of December 28, 1987 (the "Operating Agreement") with Kaiser Coal Corporation ("Kaiser"), which permits Kaiser to dispose of Coal Refuse from its mining operations by depositing such Coal Refuse on the Real Property; and

WHEREAS, Sunnyside Coal Company, formerly known as Sunnyside Reclamation and Salvage, Inc. ("Operator"), has succeeded to

ownership of the mining operations of Kaiser in the vicinity of the Real Property; and

WHEREAS, Assignor has agreed to convey, transfer, and assign to Assignee all of its interest in and to the Real Property and Coal Refuse now located on the Real Property and to be placed on the Real Property in the future by Operator, pursuant to the terms and conditions of this Assignment and Assumption Agreement, provided that Assignee assumes all liabilities associated with the Coal Refuse now located on the Real Property or which is deposited on the Real Property by Operator from and after the date of this Assignment and Assumption Agreement;

NOW, THEREFORE, in consideration of ten dollars (\$10.00) and covenants and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION

SECTION 1.1 Definitions. For all purposes of this Assignment and Assumption Agreement, capitalized terms used herein shall have the following meanings, which shall be equally applicable to both the singular and the plural forms of such terms:

"Coal Refuse" shall have the meaning set forth in the first recital.

"Confirmation of Assignment" shall mean a Confirmation of Assignment delivered pursuant to Section 2.1.2, which shall be substantially in the form set forth as Exhibit B.

"Confirmation of Assumption" shall mean a Confirmation of Assumption delivered pursuant to Section 2.2, which shall be substantially in the form set forth as Exhibit C.

"Deed" shall mean a deed and bill of sale in the form set forth as Exhibit D delivered to Assignee by Assignor conveying and transferring the Real Property and the Coal Refuse located on the Real Property to Assignee.

"Operating Agreement" shall have the meaning set forth in the third recital.

"Operator" shall have the meaning set forth in the fourth recital.

"Purchase Price" shall have the meaning set forth in Section 2.3.

"Purchased Documents" shall mean, collectively: (i) the deed from Kaiser to Assignor dated December 28, 1987; and (ii) the Operating Agreement.

"Real Property" shall mean that certain parcel of real estate described in Exhibit A.

"Transferred Interests" shall have the meaning set forth in Section 2.3.

SECTION 1.2 Interpretation. Unless otherwise expressly stated, references in this Assignment and Assumption Agreement to recitals, Sections, subsections, paragraphs, and Exhibits shall

mean recitals, Sections, subsections, and paragraphs of, and Exhibits to, this Assignment and Assumption Agreement, and all of such Exhibits are incorporated herein by reference. References to parties shall mean the parties to this Assignment and Assumption Agreement.

ARTICLE II

SALE AND PURCHASE; ASSIGNMENT AND ASSUMPTION

SECTION 2.1 Sale and Purchase of Real Property and Coal Refuse. Subject to the terms and conditions set forth herein, Assignee hereby agrees to purchase from Assignor, and Assignor hereby agrees to sell, convey and transfer to Assignee, the Real Property and Coal Refuse located on the Real Property or to be placed on the Real Property in the future and all of Assignor's interests in and to the Purchased Documents in consideration of the Purchase Price.

2.1.1 Conveyance of the Real Property. Upon satisfaction or waiver of the applicable conditions set forth in Article III, Assignor shall sell, transfer, convey, and deliver, or cause to be delivered, the Real Property and Coal Refuse located on the Real Property to Assignee by a Deed in the form of Exhibit D.

2.1.2 Sale and Assignment of Purchased Documents. Upon satisfaction or waiver of the applicable conditions set forth in Article III, Assignor shall sell, transfer, and assign to Assignee all of the right, title, and interest of Assignor in

and to, and obligations of Assignor under, the Purchased Documents as though Assignee were named in place of Assignor with respect to such Purchased Documents. Such assignment shall be evidenced by the delivery to Assignee by Assignor of the Confirmation of Assignment.

SECTION 2.2 Assumption. Upon satisfaction or waiver of the applicable conditions set forth in Article III, Assignee shall assume all of the obligations and liabilities of Assignor under the Purchased Documents, which assumption shall be evidenced by the delivery to Assignor by Assignee of the Confirmation of Assumption.

SECTION 2.3 Purchase Price. The purchase price for the interest in the Real Property, Coal Refuse and the Purchased Documents transferred by Assignor to Assignee pursuant to this Article II (collectively, the "Transferred Interests") shall be (i) the sum of ten (10) U.S. dollars paid in cash and (ii) the assumption by Assignee of all obligations of Assignor with respect to the Real Property, the Coal Refuse or the Purchased Documents which would have been obligations of Assignor had this Assignment and Assumption Agreement not been made (such payment and assumption, collectively, the "Purchase Price").

ARTICLE III

CONDITIONS TO CLOSING

SECTION 3.1 Conditions to Obligations of Assignor. The obligation of Assignor to sell, transfer, convey, assign, and

deliver the Transferred Interests as provided for herein is subject to the compliance to the reasonable satisfaction of Assignor with, or the waiver by Assignor of, the following conditions:

3.1.1 Purchase Price. Assignor shall have received from Assignee the Purchase Price as provided in Section 2.3.

3.1.2 Confirmation of Assumption. Assignor shall have received the Confirmation of Assumption as provided in Section 2.2.

SECTION 3.2 Conditions to Obligations of Assignee. The obligation of Assignee to acquire the Transferred Interests by paying the Purchase Price and delivering the Confirmation of Assumption as provided for herein is subject to compliance to the reasonable satisfaction of Assignee with, or the waiver by Assignee of, the following conditions:

3.2.1 Deed. The Deed shall have been delivered to Assignee.

3.2.2 Confirmation of Assignment. Assignee shall have received the Confirmation of Assignment as provided in Section 2.1.2.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1 Successors and Assigns. This Assignment and Assumption Agreement shall be binding upon, and shall inure to the benefit of, the parties and their respective successors and permitted assigns.

SECTION 4.2 Modifications, Amendments, Entire Agreement. This Assignment and Assumption Agreement (i) embodies the entire agreement and understanding of the parties with respect to the Transferred Interests, (ii) shall not be modified or amended except in a written instrument signed by the parties, and (iii) terminates and supersedes any prior or independent agreements and understandings between the parties covering the same subject matter.

SECTION 4.3 Applicable Law. This Assignment and Assumption Agreement shall in all respects be governed by and construed in accordance with the laws of the State of Utah.

SECTION 4.4 Severability of Provisions. Any provision of this Assignment and Assumption Agreement which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

SECTION 4.5 Counterparts. This Assignment and Assumption Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered shall

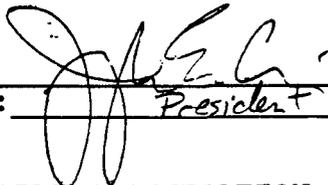
be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 4.6 Headings, Etc. The headings used herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 4.7 Further Assurances. Assignor and Assignee shall cooperate with each other with respect to this Agreement, and each party shall execute such further documents as the other party reasonably shall request from time to time to implement the purposes of this Agreement.

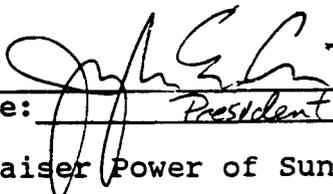
IN WITNESS WHEREOF, the parties have caused this Assignment and Assumption Agreement to be executed by their respective duly authorized officers or representatives as of the date first above written.

SUNNYSIDE FUEL CORPORATION
("Assignor")

By: 
Title: President

SUNNYSIDE COGENERATION ASSOCIATES
("Assignee")

By Kaiser Systems, Inc.

By: 
Title: President

By Kaiser Power of Sunnyside, Inc.

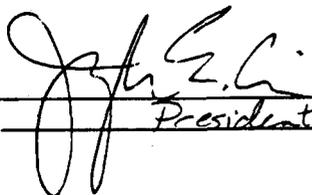
By: 
Title: President

EXHIBIT A

The land referred to in this commitment is situated in the State of Utah, County of Carbon, and is described as follows:

Attached Parcel A

Also Right of Way/ Easements as set forth in the Deed, Assignment and Bill of Sale, dated December 28, 1987, recorded December 29, 1987 in Book 277 at pages 679-690 as follows:

The right of ingress and egress in a manner reasonably calculated to minimize interference with the coal mining activities of Kaiser Coal over and across the attached Exhibit C.

Also, the following as set forth in the Amendment to Land Lease Agreement dated December 28, 1987, recorded December 29, 1987 in Book 277 at pages 693-708:

The right to use, for vehicular access and egress and all other uses which public and private roads are used in the State of Utah, including installation of utilities, strips of land of suitable width to accommodate two-way industrial traffic etc. leading from said Leased Property to State Route 123 to the following locations across the Denver and Rio Grande Right of Way, including rights to cross railroad land and easements:

(i) From the general area of the Northwesterly most corner of the property to the general area of the curve in State Route 123 near the Northwesterly Corner of the SW1/4 of Section 6, T15S, R14E, S14E, SLBM. Note: Insurable only to the extent of Kaiser Coal Corporation's fee simple holdings in this area.

(ii) From the center of said Section 6, Northwesterly to State Route 123.

(iii) The so called "Tonka Road", now in use which leads from the Northwesterly Corner of the Southeasterly Quarter, and/or the Southeasterly Corner of the Northwesterly Quarter of said Section 6, into Section 5, T15S, R14E, and thence to Route 123.

(iv) An access from the present Main Entrance to Kaiser Coal Corporation, thence Southwesterly along the so called "Tonka Road" to the Property set forth in Schedule C, Parcel A.

(v) The right to install, maintain, repair, replace and use a water line above or below ground with necessary appurtenances thereto to convey water for industrial consumptive use into said property with diversion points on the Creek in Section 6, and/or from rights north of Sunnyside Mine main entrance,

(vi) The right to install, maintain, repair, replace and use aboveground transmission lines and necessary appurtenances thereto for the Lessee's plant to be erected on the Property, and leading to the Utah Power and Light Company Columbia Substation, with said lines to be in the general location of the line now leading from the Substation to the Sunnyside Mine, limited as to whatever interest Kaiser Coal Corporation, or one of their subsidiaries has at this time.

PARCEL A
(TO SOUTH LINE OF R-O-W DEED)

DESCRIBING A PARCEL OF LAND LOCATED IN CARBON COUNTY, UTAH, WHICH IS LOCATED IN THE SOUTH HALF OF SECTION 6, TOWNSHIP 15 SOUTH, RANGE 14 EAST, SALT LAKE BASE AND MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED ACCORDING TO THE FOLLOWING COURSES AND DISTANCES, TO-WIT:

BEGINNING AT THE SOUTHWEST CORNER OF THE SE1/4SW1/4 OF SECTION 6, TOWNSHIP 15 SOUTH, RANGE 14 EAST, SALT LAKE BASE AND MERIDIAN WHICH IS A BRASS CAP AND RUNNING THENCE N 59° 40' 32" E, 666.58 FEET TO A METAL FENCE POST; THENCE N 44° 13' 50" E, 430.53 FEET TO A ROOF BOLT; THENCE N 59° 09' 24" E, 167.86 FEET TO A METAL FENCE POST; THENCE N 63° 51' 14" E, 188.19 FEET TO A METAL FENCE POST; THENCE N 60° 15' 43" E, 335.60 FEET TO A METAL FENCE POST; THENCE N 21° 00' 31" W, 34.15 FEET TO AN EAST BRACE POST IN A BARB WIRE FENCE; THENCE N 81° 18' 59" E, 1270.98 FEET ALONG AN EXISTING FENCE LINE TO A ROOF BOLT; THENCE N 36° 40' 17" E, 152.86 FEET ALONG A FENCE LINE TO A ROOF BOLT; THENCE N 10° 54' 48" W, 189.49 FEET TO A METAL FENCE POST; THENCE N 0° 39' 10" W, 254.39 FEET TO A METAL FENCE POST; THENCE N 10° 09' 48" W, 315.48 FEET TO A METAL FENCE POST; THENCE N 6° 32' 57" W, 232.70 FEET TO A ROOF BOLT IN AN EXISTING FENCE LINE; THENCE N 6° 32' 57" W, 65.24 FEET TO THE SOUTH RIGHT-OF-WAY LINE OF A DENVER AND RIO GRANDE RAILROAD AS DESCRIBED IN A CERTAIN DEED DATED JULY 29, 1912; THENCE S 71° 27' 00" W, 2611.72 FEET ALONG THE SOUTH LINE OF A 50 FOOT WIDE RIGHT-OF-WAY FOR THE DENVER AND RIO GRANDE RAILROAD; THENCE S 0° 50' 04" W, 153.50 FEET TO THE NORTHWEST CORNER OF THE SE1/4SW1/4 OF SAID SECTION 6; THENCE S 0° 50' 04" W, 1326.02 FEET ALONG THE WEST LINE OF THE SE1/4SW1/4 OF SAID SECTION 6 TO THE POINT OF BEGINNING.

CONTAINING 72.514 ACRES, MORE OR LESS.

The land referred to in this commitment is situated in the State of Utah, County of Carbon, and is described as follows:

Attached Parcel B & C

Also Right of way/ Easements as set forth in the Deed, Assignment and Bill of Sale, dated December 26, 1987, recorded December 29, 1987 in Book 277 at pages 679-690 as follows:

The right of ingress and egress in a manner reasonably calculated to minimize interference with the coal mining activities of Kaiser Coal over and across the attached Exhibit C.

Also, the following as set forth in the Amendment to Land Lease Agreement dated December 28, 1987, recorded December 29, 1987 in Book 277 at pages 693-708:

The right to use, for vehicular access and egress and all other uses which public and private roads are used in the State of Utah, including installation of utilities, strips of land of suitable width to accommodate two-way industrial traffic etc. leading from said Leased Property to State Route 123 to the following locations across the Denver and Rio Grande Right of way, including rights to cross railroad land and easements:

(i) From the general area of the Northwesternly most corner of the property to the general area of the curve in State Route 123 near the Northwesternly Corner of the Sw1/4 of Section 6, T15S, R14E, S1/4. Note: Insurable only to the extent of Kaiser Coal Corporation's fee simple holdings in this area.

(ii) From the center of said Section 6, Northerly to State Route 123.

(iii) The so called "Tonka Road", now in use which leads from the Northeastly Corner of the Southeastly Quarter, and/or the

Southeastly Corner of the Northeastly Quarter of said Section 6, into Section 5, T15S, R14E, and thence to Route 123.

(iv) An access from the present Main Entrance to Kaiser Coal Corporation, thence Southwesterly along the so called "Tonka Road" to the Property set forth in Schedule C, Parcel A.

(v) The right to install, maintain, repair, replace and use a water line above or below ground with necessary appurtenances thereto to convey water for industrial consumptive use into said property with diversion points on the Creek in Section 6, and/or from rights north of Sunnyside Mine main entrance,

(vi) The right to install, maintain, repair, replace and use aboveground transmission lines and necessary appurtenances thereto for the Lessee's plant to be erected on the Property, and leading to the Utah Power and Light Company Columbia Substation, with said lines to be in the general location of the line now leading from the Substation to the Sunnyside Mine, limited as to whatever interest Kaiser Coal Corporation, or one of their subsidiaries has at this time.

PARCEL B
(TO SOUTH LINE OF R-O-W DEED)

DESCRIBING A PARCEL OF LAND LOCATED IN CARBON COUNTY, UTAH, WHICH IS LOCATED IN THE EAST HALF OF SECTION 6, TOWNSHIP 15 SOUTH, RANGE 14 EAST, SALT LAKE BASE AND MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED ACCORDING TO THE FOLLOWING COURSES AND DISTANCES, TO-WIT.

BEGINNING AT THE EAST ONE-QUARTER CORNER OF SECTION 6, TOWNSHIP 15 SOUTH, RANGE 14 EAST, SALT LAKE BASE AND MERIDIAN AND RUNNING THENCE S 0° 13' 39" W, 1818.48 FEET ALONG THE EAST SECTION LINE OF SECTION 6 TO THE SOUTH RIGHT-OF-WAY LINE OF AN EXISTING RAILROAD TRACK; THENCE NORTHWESTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 450.00 FEET, THROUGH AN ANGLE OF 83° 37' 47", FOR A DISTANCE OF 656.83 FEET, HAVING A CHORD THAT BEARS N 40° 27' 18" W, 600.05 FEET; THENCE N 1° 21' 36" E, 68.00 FEET ALONG THE WESTERLY RIGHT-OF-WAY LINE OF AN EXISTING RAILROAD TRACK; THENCE S 57° 11' 02" W, 338.86 FEET TO AN EXISTING 5/8 INCH REBAR; THENCE S 66° 15' 45" W, 220.17 FEET TO AN EXISTING 5/8 INCH REBAR; THENCE S 86° 11' 30" W, 261.34 FEET TO A METAL FENCE POST; THENCE N 4° 41' 13" W, 264.09 FEET TO A ROOF BOLT ON THE WEST SIDE OF A GATE IN A FENCE LINE; THENCE N 10° 54' 48" W, 189.49 FEET TO A METAL FENCE POST; THENCE N 0° 39' 10" W, 254.39 FEET TO A METAL FENCE POST; THENCE N 10° 09' 48" W, 315.48 FEET TO A METAL FENCE POST; THENCE N 6° 32' 57" W, 232.70 FEET TO A ROOF BOLT IN AN EXISTING FENCE LINE; THENCE N 6° 32' 57" W, 65.24 FEET TO THE SOUTH RIGHT-OF-WAY LINE OF A DENVER AND RIO GRANDE RAILROAD AS DESCRIBED IN A CERTAIN DEED DATED JULY 29, 1912; THENCE N 71° 27' 00" E, 1209.07 FEET ALONG THE SOUTH LINE OF A 50 FOOT WIDE RIGHT-OF-WAY FOR THE DENVER AND RIO GRANDE RAILROAD; THENCE NORTHEASTERLY ALONG A CURVE TO THE LEFT WITH A RADIUS OF 979.93 FEET, THROUGH AN ANGLE OF 9° 19' 48", FOR A DISTANCE OF 159.57 FEET, HAVING A CHORD THAT BEARS N 66° 47' 06" E, 159.40 FEET TO THE EAST LINE OF SAID SECTION 6; THENCE S 0° 13' 39" W, 174.12 FEET ALONG THE EAST LINE OF SECTION 6, TO THE POINT OF BEGINNING.

CONTAINING 42.316 ACRES, MORE OR LESS.

PARCEL C

DESCRIBING A PARCEL OF LAND LOCATED IN CARBON COUNTY, UTAH, WHICH IS LOCATED IN THE SOUTH HALF OF SECTION 6, TOWNSHIP 15 SOUTH, RANGE 14 EAST, SALT LAKE BASE AND MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED ACCORDING TO THE FOLLOWING COURSES AND DISTANCES, TO-WIT:

BEGINNING AT THE SOUTHEAST CORNER OF SECTION 6, TOWNSHIP 15 SOUTH, RANGE 14 EAST SALT LAKE BASE AND MERIDIAN WHICH IS A BRASS CAP; AND RUNNING THENCE N 89° 57' 59" W, 2646.97 FEET ALONG THE SOUTH LINE OF SAID SECTION 6 TO THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 6; THENCE S 89° 27' 59" W, 1321.87 FEET ALONG THE SOUTH LINE OF SAID SECTION 6 TO THE SOUTHWEST CORNER OF THE SE1/4SW1/4 OF SAID SECTION 6; THENCE N 59° 40' 32" E, 666.58 FEET TO A METAL FENCE POST; THENCE N 44° 13' 50" E, 430.57 FEET TO A ROOF BOLT; THENCE N 59° 09' 24" E, 167.86 FEET TO A METAL FENCE POST; THENCE N 63° 51' 14" E, 188.19 FEET TO A METAL FENCE POST; THENCE N 60° 15' 43" E, 335.60 FEET TO A METAL FENCE POST; THENCE N 21° 00' 31" W, 34.15 FEET TO AN EAST BRACE POST IN A BARB WIRE FENCE; THENCE N 81° 18' 59" E, 1270.98 FEET ALONG AN EXISTING FENCE LINE TO A ROOF BOLT; THENCE N 36° 40' 17" E, 152.88 FEET ALONG A FENCE LINE TO A ROOF BOLT; THENCE S 4° 41' 13" E, 264.09 FEET TO A METAL FENCE POST; THENCE N 86° 11' 30" E, 261.34 FEET TO AN EXISTING 5/8 INCH REBAR; THENCE N 66° 15' 45" E, 220.17 FEET TO AN EXISTING REBAR; THENCE N 57° 11' 02" E, 338.86 FEET TO THE WEST RIGHT-OF-WAY LINE OF AN EXISTING RAILROAD RIGHT-OF-WAY; THENCE S 1° 21' 36" W, 68.00 FEET ALONG THE WESTERLY RIGHT-OF-WAY LINE OF AN EXISTING RAILROAD TRACK; THENCE SOUTHEASTERLY ALONG A CURVE TO THE LEFT WITH A RADIUS OF 450.00 FEET, THROUGH AN ANGLE OF 83° 37' 47", FOR A DISTANCE OF 656.83 FEET HAVING A CHORD THAT BEARS S 40° 27' 18" E, 600.05 FEET TO A POINT ON THE EAST LINE OF SAID SECTION 6; THENCE S 0° 13' 39" W, 818.01 FEET ALONG THE SECTION LINE TO THE POINT OF BEGINNING.

CONTAINING 79.085 ACRES, MORE OR LESS.

PARCEL C
SECTION 7

DESCRIBING A PARCEL OF LAND LOCATED IN CARBON COUNTY,
UTAH, WHICH IS LOCATED IN THE NORTH HALF OF SECTION 7,
TOWNSHIP 15 SOUTH, RANGE 14 EAST, SALT LAKE BASE AND
MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED ACCORDING
TO THE FOLLOWING COURSES AND DISTANCES TO-WIT:

BEGINNING AT THE NORTHWEST CORNER OF SECTION 7, TOWNSHIP
15 SOUTH, RANGE 14 EAST, SALT LAKE BASE AND MERIDIAN,
WHICH IS A BRASS CAP; AND RUNNING THENCE
N 89° 27' 59" E, 1253.27 FEET ALONG THE NORTH LINE OF
SAID SECTION 7 TO THE NORTHEAST CORNER OF THE NW1/4NW1/4
OF SAID SECTION 7; THENCE N 89° 27' 59" E, 1321.87 FEET
ALONG THE NORTH LINE OF SAID SECTION 7 TO THE NORTH ONE
QUARTER CORNER OF SAID SECTION 7; THENCE
S 69° 57' 59" E, 2646.97 FEET ALONG THE NORTH LINE OF
SAID SECTION 7 TO THE NORTHEAST CORNER OF SAID SECTION 7
WHICH IS A BRASS CAP; THENCE S 0° 15' 54" W, 1322.37
FEET ALONG THE EAST LINE OF SAID SECTION 7 TO THE
SOUTHEAST CORNER OF THE NE1/4NE1/4 OF SAID SECTION 7;
THENCE S 89° 53' 03" W, 2656.91 FEET ALONG THE SOUTH
LINE OF THE NORTH ONE HALF OF THE NORTHEAST ONE QUARTER
OF SAID SECTION 7 TO THE SOUTHWEST CORNER OF THE
NW1/4NE1/4 OF SAID SECTION 7; THENCE S 0° 41' 30" W,
654.69 FEET ALONG THE EAST LINE OF THE SE1/4NW1/4 OF
SAID SECTION 7 TO THE SOUTHEAST CORNER OF THE
NE1/4SE1/4NW1/4 OF SAID SECTION 7; THENCE
S 89° 40' 06" W, 2560.98 FEET ALONG THE SOUTH LINE OF
THE NORTH ONE HALF OF THE SOUTH ONE HALF OF THE
NORTHWEST ONE QUARTER OF SAID SECTION 7 TO THE SOUTHWEST
CORNER OF THE NW1/4SW1/4NW1/4 OF SAID SECTION 7; THENCE
N 0° 17' 17" E, 1984.79 FEET ALONG THE WEST SECTION LINE
OF SAID SECTION 7 TO THE POINT OF BEGINNING.

CONTAINING 197.985 ACRES, MORE OR LESS.

Parcel C
Section 7, cont.

LESS a strip of land 200 feet wide for an existing railroad right of way lying in the West 1/2 of Sec. 7, T15S, R14E, S18M, the boundaries of which are parallel to and 100 feet distant at right angles from the following described center line:

Beginning at a point on the North boundary line of said Sec. 7, which point is Station 102+50.0 P.O.C. of the Railroad Center Line Survey, said point being N 89 deg. 27'59" E 633.0 feet, more or less, along the North line of said Sec. 7, said point being on a curve to the right with a radius of 572.96 feet through an angle of 114 deg. 43' for a distance of 1147.2 feet and having a chord bearing of S 1 deg. 24'18" E and a distance of 443.97 feet, the tangent to curve at this point bearing S 24 deg. 12' E; thence continuing on the same curve right 455.9 feet in a Southerly direction to Station 107+05.9 P.T.; thence S 21 deg. 23' W 245.5 feet to Station 109+51.4 P.C., which point is the beginning of a curve to the left with a radius of 716.20 feet through an angle of 28 deg. 20' for a distance of 354.2 feet and having a chord bearing of S 7 deg. 13' W and a distance of 350.57 feet to Station 113+05.6 P.T.; thence S 6 deg. 57' E 973.89 feet to Station 122+79.49, said point being on the South line of the North 1/2 of the South 1/2 of the NW 1/4 of said Section 7.

* * *

EASEMENTS AND WATER RIGHTS
(Reservoir) PARCEL D

Description of a parcel of land located in Carbon County, Utah which is in the SW 1/4 of Sec. 6, T15S, R14E, SLBM, and being more particularly described according to the following courses and distances, to-wit:

Beg. at a point on the East line of the NW 1/4 of the SW 1/4 of Sec. 6, T15S, R14E, SLBM, which point lies N 0 deg. 47' E 332.90 feet from the SE corner of the NW 1/4 of the SW 1/4 of Sec. 6, T15S, R14E, SLBM, and running thence N 0 deg. 47' E 772.25 feet along the East line of the NW 1/4 of the SW 1/4 of said Sec. 6; thence S 76 deg. 49' W 402.65 feet; thence S 5 deg. 49' W 844.29 feet; thence N 71 deg. 08' E 493.57 feet to the point of beginning.

Together with an access easement described as follows:

A Strip of land in Carbon County, Utah, running from State Highway 123 to the reservoir located in Lot 6, Section 6, T15S, R14E, SLBM, being the same strip of land shown and designated as an "unimproved road" on that map entitled "United States Geological Survey Quadrangle Map, Sunnyside, Utah" dated 1972.

The Easement Area to be of sufficient width for the reasonable exercise of the Easement, provided that such width shall in no event exceed twenty-four (24) feet.

* * * *

PARCEL E

The land referred to in this commitment is situated in the State of Utah, County of Carbon, and is described as follows:

(Ash Disposal)

Description of a parcel of land located in Carbon County, Utah, which is in the SW 1/4 SE 1/4 of Sec. 1 and the N 1/2 of Sec. 12, T15S, R13E, SLBM and being more particularly described according to the following courses and distances, to-wit:

Beginning at a point on the West line of the NW 1/4 of Sec. 12, T15S, R13E, SLBM, which point lies S 0 deg. 25' E 1600.00 feet from the NW corner of Sec. 12, T15S, R13E, SLBM, said beg. point is also located on the South right-of-way line of the Carbon County Railway Company as described in a certain deed found in Book 3-N, page 314, dated June 1, 1929, Carbon County Recorder's Office; and running thence S 88 deg. 20' E 165.80 feet; thence along a curve to the left with a radius of 1482.33 feet, through an angle of 34 deg. 39' 07" for a distance of 896.54 feet having a chord that bears N 74 deg. 20' 27" E 882.94 feet; thence N 57 deg. 02' E 2511.20 feet to the intersection of the S'ly right-of-way line of the Carbon County Railway and the North line of said Sec. 12, said intersection being approximately 471 feet easterly from the N 1/4 corner of said Sec. 12; thence N 57 deg. 02' E approximately 480 feet to the intersection of the South boundary of State Highway No. 124 and the Southerly boundary of the Carbon County Railway right-of-way line, said intersection is on the arc of a 427.40 feet radius non-tangent curve as described in a certain deed found in Book 3-Y, page 133, recorded March 6, 1945 in the Carbon County Recorder's Office; thence along a Southerly right-of-way line curve of State Highway 124, SE'ly approximately 400 feet with a radius of 427.40 feet to the North line of Sec. 12; thence N 88 deg. 26' 28" E approximately 1550 feet along the North line of Sec. 12 to the NE corner of Sec. 12; thence S 0 deg. 24' 36" E 1322.98 feet along the Section line to the SE corner of the NE 1/4 NE 1/4 of Sec. 12; thence Westerly approximately 2663 feet along the South line of the N 1/2 of the NE 1/4 of Sec. 12, to the SW corner of the NW 1/4 of said Sec. 12; thence Southerly approximately 1323 feet along the East line of the NW 1/4 of Sec. 12 to the SE corner of the NW 1/4 of Sec. 12; thence Westerly approx. 2663 feet along the South line of the NW 1/4 of Sec. 12 to the W 1/4 corner of Sec. 12; thence Northerly approx. 1046 feet along the West line of the NW 1/4 of Sec. 12 to the point of beginning.

Confirmation of Assignment

The undersigned SUNNYSIDE FUEL CORPORATION, a Utah corporation ("Assignor"), hereby confirms for the benefit of SUNNYSIDE COGENERATION ASSOCIATES, a joint venture organized and existing under the laws of the State of Utah ("Assignee"), that Assignor hereby assigns, transfers, sells, and conveys to Assignee on the date hereof all of the right, title and interest in and to, and the rights and obligations of Assignor under, the Purchased Documents pursuant to the Assignment and Assumption Agreement dated as of March 28, 1991 (the "Agreement") between the Assignee and the Assignor.

Capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed thereto in the Agreement.

Sunnyside Fuel Corporation

By: 

Title: Vice President

March 28, 1991

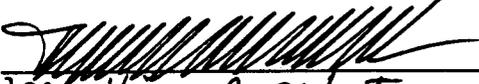
Confirmation of Assumption

The undersigned SUNNYSIDE COGENERATION ASSOCIATES, a Utah joint venture ("Assignee"), hereby confirms for the benefit of SUNNYSIDE FUEL CORPORATION, a corporation organized under the laws of the State of Utah ("Assignor"), that Assignee hereby assumes on the date hereof all the obligations and liabilities of Assignor under the Purchased Documents pursuant to the Assignment and Assumption Agreement dated as of March 28, 1991 (the "Agreement") between the Assignor and the Assignee.

Capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed thereto in the Agreement.

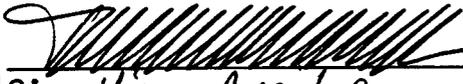
Sunnyside Cogeneration Associates

By Kaiser Systems, Inc.

By: 

Title: Vice president

By Kaiser Power of Sunnyside, Inc.

By: 

Title: Vice president

Dated: March 28, 1991

DEED AND BILL OF SALE

THIS DEED AND BILL OF SALE ("Deed") is made and entered into as of March 15, 1991 by and between Sunnyside Fuel Corporation, a corporation organized and existing under the laws of the State of Utah ("Grantor") and Sunnyside Cogeneration Associates, a joint venture organized and existing under the laws of the State of Utah ("Grantee").

W I T N E S S E T H:

WHEREAS, Grantee is proposing to construct a waste coal fired cogeneration plant near Sunnyside Mine in Carbon County, Utah (the "Plant"); and

WHEREAS, Grantor is the owner of certain real property more particularly described in Exhibit A attached hereto and made a part hereof (the "Real Property") which will be used in connection with the operation of Plant; and

WHEREAS, Grantor is the owner of the gob, coal tailings, coal slurry and coal waste piles which are now or hereafter may be located on the Real Property (collectively, the "Tailings"); and

WHEREAS, by Deed, Assignment and Bill of Sale (the "Kaiser Deed") dated December 28, 1987 and recorded on December 29, 1987 with the County recorder of Carbon County, Utah in Book 277 at pages 679-690, Grantor acquired certain rights of ingress and egress to the Real Property across the land of Sunnyside Coal Company (formerly Kaiser Coal Corporation) for the purpose of transporting, mining and removing Tailings ("Access"); and

WHEREAS, Grantor desires to transfer, convey, assign, grant and sell to Grantee the Real Property, Grantor's estate in the Tailings, whether such estate is classified as real property or personal property under Utah law and all of Grantor's right, title and interest in and to the Access.

NOW, THEREFORE, for and in consideration of the sum of ten dollars (\$10.00) cash in hand paid to Grantor and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Grantor hereby grants, sells, assigns, transfers and conveys to Grantee, its successors and assigns, the following:

REAL PROPERTY

The Real Property, the Tailings and Access across the Sunnyside Mine to the Real Property as acquired by Grantor pursuant to the Kaiser Deed.

PERSONAL PROPERTY

The personal property interest of Grantor in the Tailings now or hereafter located on or in the land described in Exhibit A.

Grantor agrees to execute such further instruments as Grantee deems necessary to effect the transfers intended in this Deed and Bill of Sale.

IN WITNESS WHEREOF, Grantor has executed this Deed as of the day and year first above written.

SUNNYSIDE FUEL CORPORATION

By: [Signature]
Name: Joseph Cresci
Title: President

STATE OF: District)
COUNTY OF: Columbia) ss:

On the 28th day of March, 1991, Joseph E. Cresci personally appeared before me, who being duly sworn did say that he is the President of Sunnyside Fuel Corporation and that said instrument was signed on behalf of such corporation by authority of its bylaws and personally acknowledged to me that such corporation executed the same.

Russella J. McClain
Notary Public
Residing in Washington, D.C. county

My Commission Expires:

September 30, 1993

land referred to in this commitment is situated in the State of Utah, County of Carbon, and is described as follows:

Attached Parcel B & C

Also: Right of way/ Easements as set forth in the Deed, Assignment and Bill of Sale, dated December 26, 1987, recorded December 29, 1987 in Book 277 at pages 679-692 as follows:

The right of ingress and egress in a manner reasonably calculated to minimize interference with the coal mining activities of Kaiser Coal over and across the attached Exhibit C.

Also, the following as set forth in the Amendment to Land Lease Agreement dated December 28, 1987, recorded December 29, 1987 in Book 277 at pages 693-723:

The right to use, for vehicular access and egress and all other uses which public and private roads are used in the State of Utah, including installation of utilities, strips of land of suitable width to accommodate two-way industrial traffic, etc. leading from said Leased Property to State Route 123 to the following locations across the Denver and Rio Grande Right of Way, including rights to cross railroad land and easements:

(i) From the general area of the Northwestern most corner of the property to the general area of the curve in State Route 123 near the Northwestern Corner of the SW1/4 of Section 6, T15S, R14E, S18M. Note: Insurable only to the extent of Kaiser Coal Corporation's fee simple holdings in this area.

(ii) From the center of said Section 6, Northerly to State Route 123.

(iii) The so called "Tonka Road", now in use which leads from the Northeasterly Corner of the Southeasterly Quarter, and/or the

Southeasterly Corner of the Northeasterly Quarter of said Section 6, into Section 5, T15S, R14E, and thence to Route 123.

(iv) An access from the present Main Entrance to Kaiser Coal Corporation, thence Southwesterly along the so called "Tonka Road" to the Property set forth in Schedule C, Parcel A.

(v) The right to install, maintain, repair, replace and use a water line above or below ground with necessary appurtenances thereto to convey water for industrial consumptive use into said property with diversion points on the Creek in Section 6, and/or from rights north of Sunnyside Mine main entrance,

(vi) The right to install, maintain, repair, replace and use aboveground transmission lines and necessary appurtenances thereto for the Lessee's plant to be erected on the Property, and leading to the Utah Power and Light Company Columbia Substation, with said lines to be in the general location of the line now leading from the Substation to the Sunnyside Mine, limited as to whatever interest Kaiser Coal Corporation, or one of their subsidiaries has at this time.

EXHIBIT A : THE LAND

PARCEL B
(TO SOUTH LINE OF R-O-W DEED)

DESCRIBING A PARCEL OF LAND LOCATED IN CARBON COUNTY, UTAH, WHICH IS LOCATED IN THE EAST HALF OF SECTION 6, TOWNSHIP 15 SOUTH, RANGE 14 EAST, SALT LAKE BASE AND MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED ACCORDING TO THE FOLLOWING COURSES AND DISTANCES, TO-WIT.

BEGINNING AT THE EAST ONE-QUARTER CORNER OF SECTION 6, TOWNSHIP 15 SOUTH, RANGE 14 EAST, SALT LAKE BASE AND MERIDIAN AND RUNNING THENCE S 0° 13' 39" W, 1818.48 FEET ALONG THE EAST SECTION LINE OF SECTION 6 TO THE SOUTH RIGHT-OF-WAY LINE OF AN EXISTING RAILROAD TRACK; THENCE NORTHWESTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 450.00 FEET, THROUGH AN ANGLE OF 83° 37' 47", FOR A DISTANCE OF 656.83 FEET, HAVING A CHORD THAT BEARS N 40° 27' 18" W, 600.05 FEET; THENCE N 1° 21' 36" E, 68.00 FEET ALONG THE WESTERLY RIGHT-OF-WAY LINE OF AN EXISTING RAILROAD TRACK; THENCE S 57° 11' 02" W, 338.86 FEET TO AN EXISTING 5/8 INCH REBAR; THENCE S 66° 15' 45" W, 220.17 FEET TO AN EXISTING 5/8 INCH REBAR; THENCE S 86° 11' 30" W, 261.34 FEET TO A METAL FENCE POST; THENCE N 4° 41' 13" W, 264.09 FEET TO A ROOF BOLT ON THE WEST SIDE OF A GATE IN A FENCE LINE; THENCE N 10° 54' 48" W, 189.49 FEET TO A METAL FENCE POST; THENCE N 0° 39' 10" W, 254.39 FEET TO A METAL FENCE POST; THENCE N 10° 09' 48" W, 315.48 FEET TO A METAL FENCE POST; THENCE N 6° 32' 57" W, 232.70 FEET TO A ROOF BOLT IN AN EXISTING FENCE LINE; THENCE N 6° 32' 57" W, 65.24 FEET TO THE SOUTH RIGHT-OF-WAY LINE OF A DENVER AND RIO GRANDE RAILROAD AS DESCRIBED IN A CERTAIN DEED DATED JULY 29, 1912; THENCE N 71° 27' 00" E, 1209.07 FEET ALONG THE SOUTH LINE OF A 50 FOOT WIDE RIGHT-OF-WAY FOR THE DENVER AND RIO GRANDE RAILROAD; THENCE NORTHEASTERLY ALONG A CURVE TO THE LEFT WITH A RADIUS OF 979.45 FEET, THROUGH AN ANGLE OF 9° 19' 48", FOR A DISTANCE OF 159.57 FEET, HAVING A CHORD THAT BEARS N 66° 47' 06" E, 159.40 FEET TO THE EAST LINE OF SAID SECTION 6; THENCE S 0° 13' 39" W, 174.12 FEET ALONG THE EAST LINE OF SECTION 6, TO THE POINT OF BEGINNING.

CONTAINING 42.316 ACRES, MORE OR LESS.

PARCEL C

DESCRIBING A PARCEL OF LAND LOCATED IN CARBON COUNTY, UTAH, WHICH IS LOCATED IN THE SOUTH HALF OF SECTION 6, TOWNSHIP 15 SOUTH, RANGE 14 EAST, SALT LAKE BASE AND MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED ACCORDING TO THE FOLLOWING COURSES AND DISTANCES, TO-WIT:

BEGINNING AT THE SOUTHEAST CORNER OF SECTION 6, TOWNSHIP 15 SOUTH, RANGE 14 EAST SALT LAKE BASE AND MERIDIAN WHICH IS A BRASS CAP; AND RUNNING THENCE N 89° 57' 59" W, 2646.97 FEET ALONG THE SOUTH LINE OF SAID SECTION 6 TO THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 6; THENCE S 89° 27' 59" W, 1321.87 FEET ALONG THE SOUTH LINE OF SAID SECTION 6 TO THE SOUTHWEST CORNER OF THE SE1/4SW1/4 OF SAID SECTION 6; THENCE N 59° 40' 32" E, 666.58 FEET TO A METAL FENCE POST; THENCE N 44° 13' 50" E, 430.57 FEET TO A ROOF BOLT; THENCE N 59° 09' 24" E, 167.86 FEET TO A METAL FENCE POST; THENCE N 63° 51' 14" E, 188.19 FEET TO A METAL FENCE POST; THENCE N 60° 15' 43" E, 335.60 FEET TO A METAL FENCE POST; THENCE N 21° 00' 31" W, 34.15 FEET TO AN EAST BRACE POST IN A BARB WIRE FENCE; THENCE N 81° 18' 59" E, 1270.98 FEET ALONG AN EXISTING FENCE LINE TO A ROOF BOLT; THENCE N 36° 40' 17" E, 152.88 FEET ALONG A FENCE LINE TO A ROOF BOLT; THENCE S 4° 41' 13" E, 264.09 FEET TO A METAL FENCE POST; THENCE N 86° 11' 30" E, 261.34 FEET TO AN EXISTING 5/8 INCH REBAR; THENCE N 66° 15' 45" E, 220.17 FEET TO AN EXISTING REBAR; THENCE N 57° 11' 02" E, 338.86 FEET TO THE WEST RIGHT-OF-WAY LINE OF AN EXISTING RAILROAD RIGHT-OF-WAY; THENCE S 1° 21' 36" W, 68.00 FEET ALONG THE WESTERLY RIGHT-OF-WAY LINE OF AN EXISTING RAILROAD TRACK; THENCE SOUTHEASTERLY ALONG A CURVE TO THE LEFT WITH A RADIUS OF 450.00 FEET, THROUGH AN ANGLE OF 83° 37' 47", FOR A DISTANCE OF 656.83 FEET HAVING A CHORD THAT BEARS S 40° 27' 18" E, 600.03 FEET TO A POINT ON THE EAST LINE OF SAID SECTION 6; THENCE S 0° 13' 39" W, 818.01 FEET ALONG THE SECTION LINE TO THE POINT OF BEGINNING.

CONTAINING 79.085 ACRES, MORE OR LESS.

PARCEL C
SECTION 7

DESCRIBING A PARCEL OF LAND LOCATED IN CARBON COUNTY,
UTAH, WHICH IS LOCATED IN THE NORTH HALF OF SECTION 7,
TOWNSHIP 15 SOUTH, RANGE 14 EAST, SALT LAKE BASE AND
MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED ACCORDING
TO THE FOLLOWING COURSES AND DISTANCES TO-WIT:

BEGINNING AT THE NORTHWEST CORNER OF SECTION 7, TOWNSHIP
15 SOUTH, RANGE 14 EAST, SALT LAKE BASE AND MERIDIAN,
WHICH IS A BRASS CAP; AND RUNNING THENCE
N 89° 27' 59" E, 1253.27 FEET ALONG THE NORTH LINE OF
SAID SECTION 7 TO THE NORTHEAST CORNER OF THE NW1/4NW1/4
OF SAID SECTION 7; THENCE N 89° 27' 59" E, 1321.87 FEET
ALONG THE NORTH LINE OF SAID SECTION 7 TO THE NORTH ONE
QUARTER CORNER OF SAID SECTION 7; THENCE
S 89° 57' 59" E, 2646.97 FEET ALONG THE NORTH LINE OF
SAID SECTION 7 TO THE NORTHEAST CORNER OF SAID SECTION 7
WHICH IS A BRASS CAP; THENCE S 0° 15' 54" W, 1322.37
FEET ALONG THE EAST LINE OF SAID SECTION 7 TO THE
SOUTHEAST CORNER OF THE NE1/4NE1/4 OF SAID SECTION 7;
THENCE S 89° 53' 03" W, 2656.91 FEET ALONG THE SOUTH
LINE OF THE NORTH ONE HALF OF THE NORTHEAST ONE QUARTER
OF SAID SECTION 7 TO THE SOUTHWEST CORNER OF THE
NW1/4NE1/4 OF SAID SECTION 7; THENCE S 0° 41' 30" W,
664.69 FEET ALONG THE EAST LINE OF THE SE1/4NW1/4 OF
SAID SECTION 7 TO THE SOUTHEAST CORNER OF THE
NE1/4SE1/4NW1/4 OF SAID SECTION 7; THENCE
S 89° 40' 06" W, 2560.98 FEET ALONG THE SOUTH LINE OF
THE NORTH ONE HALF OF THE SOUTH ONE HALF OF THE
NORTHWEST ONE QUARTER OF SAID SECTION 7 TO THE SOUTHWEST
CORNER OF THE NW1/4SW1/4NW1/4 OF SAID SECTION 7; THENCE
N 0° 17' 17" E, 1984.79 FEET ALONG THE WEST SECTION LINE
OF SAID SECTION 7 TO THE POINT OF BEGINNING.

CONTAINING 197.985 ACRES, MORE OR LESS.

LESS a strip of land 200 feet wide for an existing railroad right
of way lying in the West 1/2 of Sec. 7, T15S, R14E, SLBM, the
boundaries of which are parallel to and 100 feet distant at right
angles from the following described center line:

Beginning at a point on the North boundary line of said Sec. 7,
which point is Station 102+50.0 P.O.C. of the Railroad Center
Line Survey, said point being N 89 deg. 27'59" E 633.0 feet, more
or less, along the North line of said Sec. 7, said point being on
a curve to the right with a radius of 572.96 feet through an
angle of 114 deg. 43' for a distance of 1147.2 feet and having a
chord bearing of S 1 deg. 24'18" E and a distance of 443.97 feet,
the tangent to curve at this point bearing S 24 deg. 12' E;
thence continuing on the same curve right 455.9 feet in a
Southerly direction to Station 107+05.9 P.T.; thence S 21 deg.
23' W 245.5 feet to Station 109+51.4 P.C., which point is the
beginning of a curve to the left with a radius of 716.20 feet
through an angle of 28 deg. 20' for a distance of 354.2 feet and
having a chord bearing of S 7 deg. 13' W and a distance of 350.57
feet to Station 113+05.6 P.T.; thence S 6 deg. 57' E 973.89 feet
to Station 122+79.49, said point being on the South line of the
North 1/2 of the South 1/2 of the NW 1/4 of said Section 7.

* * *