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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO IN BANKRUPTCY

AUG 01 1987

ATTORNEY GENERALS OFFICE

In re:)
)
KAISER STEEL CORPORATION,)
)
Debtor.)

Case No. 87 B 01552 E
(Jointly Administered)

**MOTION FOR APPROVAL OF SALE BY
KAISER COAL CORPORATION, KAISER COAL CORPORATION OF UTAH,
KAISER COAL CORPORATION OF SUNNYSIDE AND KAISER FUEL CORPORATION
OF THE COLUMBIA MINE AND CERTAIN MINERAL INTERESTS
IN PLEASANT VALLEY, UTAH**

Kaiser Coal Corporation, Kaiser Coal Corporation of Utah, Kaiser Coal Corporation of Sunnyside and Kaiser Fuel Corporation (collectively "Kaiser Coal"), through their counsel, Lindquist, Vennum & Christensen, respectfully request authorization to sell property of the Kaiser Coal estate pursuant to 11 U.S.C. §§ 363(b) and (f). In support of this Motion, Kaiser Coal states as follows:

1. Kaiser Coal filed petitions in bankruptcy pursuant to Chapter 11 on February 13, 1987. Kaiser Coal continues to operate its business as debtor-in-possession.

2. The remaining real property assets of the Kaiser Coal estate consist of:

a. Certain lands and coal reserves commonly referred to as the Columbia Mine, and

b. Non-contiguous mineral interests and acreage, consisting of coal and/or oil and gas interests, in the vicinity of Pleasant Valley, Utah (the "Pleasant Valley Property").

3. The Columbia Mine has been inactive since 1966. Kaiser Coal has never developed the Pleasant Valley Properties.

4. Kaiser Steel Resources, Inc. also owns undeveloped mineral acres adjacent to or potentially useful in the development of the Pleasant Valley Properties.

5. The Columbia Mine consists of approximately 1,000 acres of surface ownership, 4,000 acres owned in fee and including minerals and 160 acres subject to a coal lease and is estimated to contain approximately 20 million raw recoverable tons of coal.

6. The Pleasant Valley Properties owned by Kaiser Steel and Kaiser Coal consist of approximately 10,000 acres of oil and gas rights, and 4,000 acres of coal, oil and gas rights. They are estimated to contain approximately 14 million raw recoverable tons of coal.

7. Kaiser Coal previously attempted to sell the Columbia Mine to Intermountain Power Agency, together with certain other coal properties in Utah. Intermountain Power Agency closed on those other properties, but dropped the Columbia Mine from its acquisition.

8. Kaiser Coal has attempted to market the Pleasant Valley Properties since June 1987. Serious negotiations resulted with one potential buyer within the past year, and contract drafts were exchanged, but no contract was executed at least in part due to title exceptions and reservations.

9. Kaiser Coal and Kaiser Steel have now entered into a contract to sell their respective interests in the Columbia Mine and the Pleasant Valley Properties to Robert K. Peper, a registered professional engineer. A photocopy of that contract is attached as Exhibit A to this Motion.

10. Consideration for the acquisition of the Columbia Mine from Kaiser Coal is the assumption by Peper of all outstanding tax, lease, environmental and reclamation obligations. Taxes have not been paid on the Columbia Mine for five years and lease rentals have not been paid to the State of Utah for approximately the same period.

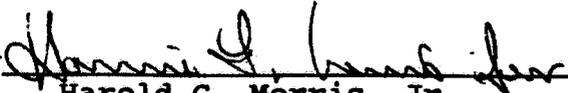
11. Consideration for the acquisition of the Pleasant Valley Properties is Two Hundred Twenty Thousand Dollars (\$220,000.00) in cash plus the assumption of all tax, reclamation and environmental obligations. Based on acreage, the cash component of the purchase price will be allocated One Hundred Seventy Six Thousand Dollars (\$176,000.00) to Kaiser Steel and Forty Four Thousand Dollars (\$44,000.00) to Kaiser Coal. Peper will also pay to Kaiser Coal Ten Thousand Dollars (\$10,000.00) for a license for the use of its name in the State of Utah. Kaiser Steel and Kaiser Coal are both parties to the acquisition agreement, but neither is obligated to close if the other does not close or cannot close. All of Kaiser Coal's obligations under the acquisition agreement are subject to approval of this Motion.

12. The sale of these non-productive assets of the Kaiser Coal estate is in the best interests of Kaiser Coal and its creditors. Continued holding costs for these properties, which the buyer will assume, would be a detriment to the Kaiser Coal estate. By concluding the sale of these last remaining real property assets, Kaiser Coal will be able to reduce administrative expenses and concentrate exclusively on completion of its claims resolution process, winding-up of the estate and distributions to its creditors.

WHEREFORE, Kaiser Coal respectfully requests that the Bankruptcy Court approve the acquisition agreement with Robert K. Peper and authorize the sale of assets pursuant to that agreement, as described in this Motion, free and clear of all liens, claims and encumbrances, with any such lien, claim or encumbrance attaching to the proceeds of sale, and pursuant to the proposed order submitted to the Court with this Motion.

Respectfully submitted this 29th day of July, 1991.

LINDQUIST, VENNUM & CHRISTENSEN

By 
Harold G. Morris, Jr.

600 Seventeenth Street
Suite 2125 South
Denver, Colorado 80202-5401
Telephone: (303) 573-5900

ATTORNEYS FOR KAISER STEEL
RESOURCES, INC. AND KAISER COAL
CORPORATION