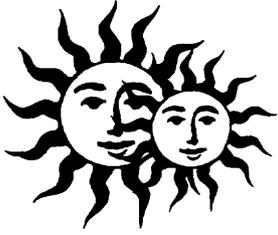


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Sunnyside Cogeneration Associates

P.O. Box 10, East Carbon, Utah 84520 • (435) 888-4476 • Fax (435) 888-2538

October 20, 2004

*incoming
10/20/04*

Daron Haddock
STATE OF UTAH
Division of Oil, Gas & Mining
1594 W. North Temple, Suite 1210
P. O. Box 145801
Salt Lake City, Utah 84114-5801

RECEIVED
OCT 25 2004
DIV. OF OIL, GAS & MINING

RE: Third Quarter 2004 Inspection Report
Star Point Refuse Pile C/007/042

Dear Mr. Haddock:

Please find enclosed a copy of the Third Quarter 2004 Inspection Report for the Star Point refuse pile, impoundments, and excess spoil area. The inspection was performed by a professional engineer from Twin Peaks Engineering.

Should you have any questions, please contact me or Rusty Netz at (435)888-4476.

Sincerely,

Agent For
Sunnyside Cogeneration Associates

Randy J. Scott
Randy J. Scott
Plant Manager

Enclosure

c.c. Karl Houskeeper/Division of Oil, Gas & Mining
Rusty Netz, COSI
Plant File

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT		Sediment Pond 005	
Permit Number	C/007/042	Report Date 10/6/04	
Mine Name	STAR POINT WASTE FUEL		
Company Name	SUNNYSIDE COGENERATION ASSOCIATES		
Impoundment Identification	Impoundment Name	Sediment Pond 005	
	Impoundment Number	005	
	UPDES Permit Number	UTR000604	
	MSHA ID Number	N/A	
IMPOUNDMENT INSPECTION			
Inspection Date	Sept 15, 2004		
Inspected By	Scott Carlson		
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)		Third Quarter Inspection 2004	
<p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p>NONE</p>			
<p>Required for an impoundment which functions as a SEDIMENTATION POND.</p>	<p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p>Total Pond volume = 6.96 acre-feet</p> <p>Sediment Storage Capacity = 2.42 acre-feet Pond bottom elevation = 7387.3 60% sediment elevation = 7393 Maximum Sediment Depth Elevation = 7394.9 Existing Sediment Elevation = 7393 +/-</p>		
	<p>3. Principle and emergency spillway elevations.</p> <p>Spillway Elevation = 7401.3 Dewatering Orifice = 7394.9</p>		

4. Field Information. Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on outslopes of embankments, etc.

No discharge, inlet/outlet conditions are good

No structural or hazardous conditions exist.

5. Field Evaluation. Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

Pond was essentially empty.

No structure or stability problems observed.

Qualification Statement

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized under the direction of a Registered Professional Engineer to inspect the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Signature: Scott Carlson

Date: 10/6/04

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT	Sediment Pond 005	
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CERTIFIED REPORT

IMPOUNDMENT EVALUATION (If NO, explain under Comments)	YES	NO
1. Is impoundment designed and constructed in accordance with the approved plan?	yes	
2. Is impoundment free of instability, structural weakness, or any other hazardous condition?	yes	
3. Has the impoundment met all applicable performance standards and effluent limitations from the previous date of inspection?	yes	

COMMENTS AND OTHER INFORMATION

None

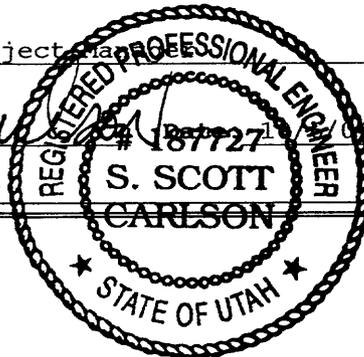
Certification Statement:

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself or under my direction and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability in accordance with the Utah R645 Coal Mining Rules.

By: S. Scott Carlson Senior Project Manager
 (Full Name and Title)

Signature: *S. Scott Carlson*

P.E. Number & State: 187727 UT



IMPOUNDMENT INSPECTION AND CERTIFIED REPORT		Sediment Pond 006	
Permit Number	C/007/042	Report Date 10/6/04	
Mine Name	STAR POINT WASTE FUEL		
Company Name	SUNNYSIDE COGENERATION ASSOCIATES		
Impoundment Identification	Impoundment Name	Sediment Pond 006	
	Impoundment Number	006	
	UPDES Permit Number	UTR000604	
	MSHA ID Number	N/A	

IMPOUNDMENT INSPECTION

Inspection Date	Sept 15, 2004		
Inspected By	Scott Carlson		
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)		Third Quarter Inspection 2004	

1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.

NONE

Required for an impoundment which functions as a **SEDIMENTATION POND.**

2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.

Total Pond volume = 2.6 acre-feet

Sediment Storage Capacity = 0.76 acre-feet

Pond bottom elevation = 7132.7

60% sediment elevation = 7138.8

Maximum Sediment Depth Elevation = 7140.7

Existing Sediment Elevation = 7138 +/-

3. Principle and emergency spillway elevations.

Spillway Elevation = 7147.2

Dewatering Orifice = 7140.7

4. Field Information. Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on outslopes of embankments, etc.

No discharge, inlet/outlet conditions are good, no structural or hazardous conditions exist.

5. Field Evaluation. Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

No changes. Pond was essentially empty. No structure or stability problems observed.

Qualification Statement

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized under the direction of a Registered Professional Engineer to inspect the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Signature:



Date: 10/6/04

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT		Sediment Pond 009	
Permit Number	C/007/042	Report Date 10/6/04	
Mine Name	STAR POINT WASTE FUEL		
Company Name	SUNNYSIDE COGENERATION ASSOCIATES		
Impoundment Identification	Impoundment Name	Sediment Pond 009	
	Impoundment Number	009	
	UPDES Permit Number	UTR000604	
	MSHA ID Number	N/A	
IMPOUNDMENT INSPECTION			
Inspection Date	Sept 15, 2004		
Inspected By	Scott Carlson		
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)		Third Quarter Inspection 2004	
<p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p>NONE</p>			
Required for an impoundment which functions as a SEDIMENTATION POND	<p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p>Total Pond volume = 7.4 acre-feet</p> <p>Sediment Storage Capacity = 2.02 acre-feet</p> <p>Pond bottom elevation = 7435.0</p> <p>60% sediment elevation = 7437.7</p> <p>Maximum Sediment Depth Elevation = 7439.3</p> <p>Existing Sediment Elevation = 7437 +/-</p>		
	<p>3. Principle and emergency spillway elevations.</p> <p>Emergency Spillway Elevation = 7446.5</p> <p>Primary Drain Elevation = 7445.5</p>		

4. Field Information. Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on outslopes of embankments, etc.

No discharge, Pond was essentially empty. inlet/outlet conditions are good,
No structural or hazardous conditions exist.

5. Field Evaluation. Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

No changes, no structure or stability problems observed.

Qualification Statement

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized under the direction of a Registered Professional Engineer to inspect the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Signature:

Scott Carlson

Date: 10/6/04

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT	Sediment Pond 009	
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CERTIFIED REPORT

IMPOUNDMENT EVALUATION (If NO, explain under Comments)	YES	NO
1. Is impoundment designed and constructed in accordance with the approved plan?	yes	
2. Is impoundment free of instability, structural weakness, or any other hazardous condition?	yes	
3. Has the impoundment met all applicable performance standards and effluent limitations from the previous date of inspection?	yes	

COMMENTS AND OTHER INFORMATION

None

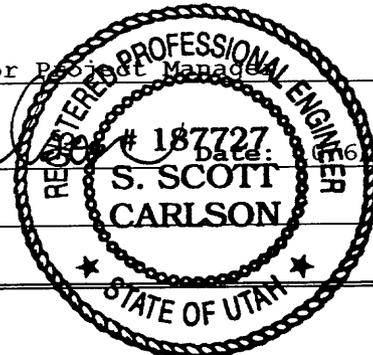
Certification Statement:

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself or under my direction and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability in accordance with the Utah R645 Coal Mining Rules.

By: S. Scott Carlson, P.E. Senior Project Manager

Signature: *S. Scott Carlson* # 187727 date: 6/16/04

P.E. Number & State: 187727 - UT



INSPECTION AND CERTIFIED REPORT ON EXCESS SPOIL PILE OR REFUSE PILE		Coarse Refuse Pile
Permit Number	C/007/042	Report Date 10/6/04
Mine Name	STAR POINT WASTE FUEL	
Company Name	SUNNYSIDE COGENERATION ASSOCIATES	
Excess Spoil Pile or Refuse Pile Identification	File Name:	Coarse Refuse Pile
	File Number	N/A
	MSHA ID Number	Abandoned by MSHA Jan 2004
Inspection Date	Sept 15, 2004	
Inspected By	Scott Carlson	
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)		Third Quarter Inspection 2004
		Attachments to Report? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
Field Evaluation		
1.	Foundation preparation, including the removal of all organic material and topsoil.	
	N/A	
2.	Placement of underdrains and protective filter systems.	
	N/A	
3.	Installation of final surface drainage systems.	
	N/A	
4.	Placement and compaction of fill materials.	
	N/A	
	Removal of Refuse Material Only	

INSPECTION AND CERTIFIED REPORT
ON EXCESS SPOIL PILE OR REFUSE PILE

Coarse Refuse Pile

5. Final grading and revegetation of fill.

N/A

6. Appearances of instability, structural weakness, and other hazardous conditions.

No smokers visible

Many small rills exist on the out slopes of the refuse pile. These have reportedly been there for some time and are typical for exposed refuse materials. They do not appear to pose a structural hazard. Runoff from the top surface is not directed to the out slope, therefore it is expected that re-grading would simply start new rills. Sediment from this erosion reports to existing sediment ponds. In time, SCA's operations to remove the pile will eliminate the problem.

7. Other Comments. Describe any changes in the geometry of the Excess Spoil/Refuse Pile structure, instrumentation, average and maximum lifts of materials placed in the pile, elevations of active benches, total and remaining storage capacity of the structure, evidence of fires in the pile and abatement of such fires, volumes of materials placed in the structure during the year, and any other aspect of the structure affecting its stability or function which has occurred during the reporting period.

Waste Coal Removal

MSHA has maintained jurisdiction over the Star Point Mine and its Coarse Refuse Pile for many years. This has been throughout the process of constructing the pile. In connection with the mining permit transfer from RAG to SCA in late 2003, a request for final abandonment of the refuse pile was made to MSHA. That request was granted by MSHA in a letter dated January 28, 2004. Although MSHA has classified this pile as abandoned, semi-annual inspections to review mining operations will still occur.

In early 2004, the operator removed material from the lower face of the pile, resulting in a steeper slope. It was determined that this did not comply with the approved mining plan and the inspector issued a notice of violation (NOV # N04-49-3-1) on February 25, 2004. SCA immediately stopped its operation until the slope was restored. SCA is again excavating coal materials from the top of the pile in compliance with the approved plan.

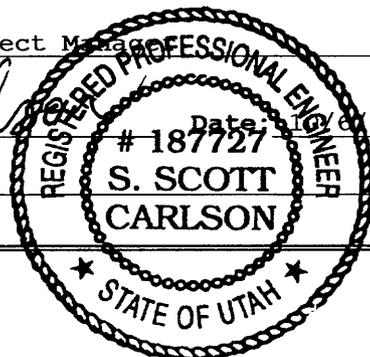
Certification Statement

I hereby certify that; I am experienced in the construction of earth and rock fills; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of earth and rock fills in accordance with the certified and approved designs for this structure; that the fill structure has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

By: S. Scott Carlson - Senior Project Manager
(Full Name and Title)

Signature: *Scott Carlson* Date: 10/26/04

P.E. Number & State: 187727 - UT



INSPECTION AND CERTIFIED REPORT ON EXCESS SPOIL PILE OR REFUSE PILE		Disposal Area	
Permit Number	C/007/042	Report Date 10/6/04	
Mine Name	STAR POINT WASTE FUEL		
Company Name	SUNNYSIDE COGENERATION ASSOCIATES		
Excess Spoil Pile or Refuse Pile Identification	Pile Name:	Disposal Area	
	Pile Number	N/A	
	MSHA ID Number	N/A	
Inspection Date	Sept 15, 2004		
Inspected By	Scott Carlson		
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)		Third Quarter Inspection 2004	
		Attachments to Report? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	
Field Evaluation			
1. Foundation preparation, including the removal of all organic material and topsoil.			
<p>The site selected for the new disposal area is the old slurry ponds. Any topsoil recovered would have been addressed prior to the pond construction.</p>			
2. Placement of underdrains and protective filter systems.			
N/A			
3. Installation of final surface drainage systems.			
N/A			
4. Placement and compaction of fill materials.			
Did not receive disposal materials during this Quarter.			

INSPECTION AND CERTIFIED REPORT ON EXCESS SPOIL PILE OR REFUSE PILE	Disposal Area	
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5. Final grading and revegetation of fill.

N/A

6. Appearances of instability, structural weakness, and other hazardous conditions.

None

7. Other Comments. Describe any changes in the geometry of the Excess Spoil/Refuse Pile structure, instrumentation, average and maximum lifts of materials placed in the pile, elevations of active benches, total and remaining storage capacity of the structure, evidence of fires in the pile and abatement of such fires, volumes of materials placed in the structure during the year, and any other aspect of the structure affecting its stability or function which has occurred during the reporting period.

No Construction occurred during this quarter.

Certification Statement

I hereby certify that; I am experienced in the construction of earth and rock fills; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of earth and rock fills in accordance with the certified and approved designs for this structure; that the fill structure has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

By: S. Scott Carlson - Senior Project Manager
(Full Name and Title)

Signature: *S. Scott Carlson* Date: 07/16/04

P.E. Number & State: 187727 - UT

