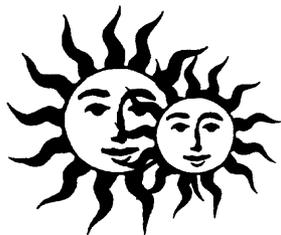


0016



Sunnyside Cogeneration Associates

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

July 27, 2005

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

*Impounding
C/007/0042*

RE: Second Quarter 2005 Inspection Report
Star Point Refuse Pile C/007/042

Dear Mr. Haddock:

Please find enclosed a copy of the Second Quarter 2005 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 Rusty Netz or myself at (435)888-4476.

Thank You,

M. Blakey

Michael J. Blakey
Agent For
Sunnyside Cogeneration Associates

Enclosure

c.c. Robert Escalante
Rusty Netz
Plant File

RECEIVED
AUG 01 2005
DIV. OF OIL, GAS & MINING

| | | | |
|--|---|--------------------------------|--|
| IMPOUNDMENT INSPECTION AND CERTIFIED REPORT | | Sediment Pond 005 | |
| Permit Number | C/007/042 | Report Date 7/25/05 | |
| Mine Name | STAR POINT WASTE FUEL | | |
| Company Name | SUNNYSIDE COGENERATION ASSOCIATES | | |
| Impoundment Identification | Impoundment Name | Sediment Pond 005 | |
| | Impoundment Number | 005 | |
| | UPDES Permit Number | UTG040025 | |
| | MSHA ID Number | N/A | |
| IMPOUNDMENT INSPECTION | | | |
| Inspection Date | June 22, 2005 | | |
| Inspected By | Scott Carlson | | |
| Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction) | | Second Quarter Inspection 2005 | |
| <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 out slopes 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: 7/25/05

| | | |
|--|-------------------|--|
| IMPOUNDMENT INSPECTION AND CERTIFIED REPORT | Sediment Pond 005 | |
|--|-------------------|--|

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

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* 1/25/05

P.E. Number & State: 187727 UT



| | | | |
|--|--|--------------------------------|--|
| IMPOUNDMENT INSPECTION AND CERTIFIED REPORT | | Sediment Pond 006 | |
| Permit Number | C/007/042 | Report Date 7/25/05 | |
| Mine Name | STAR POINT WASTE FUEL | | |
| Company Name | SUNNYSIDE COGENERATION ASSOCIATES | | |
| Impoundment Identification | Impoundment Name | Sediment Pond 006 | |
| | Impoundment Number | 006 | |
| | UPDES Permit Number | UTG040025 | |
| | MSHA ID Number | N/A | |
| IMPOUNDMENT INSPECTION | | | |
| Inspection Date | June 22, 2005 | | |
| Inspected By | Scott Carlson | | |
| Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction) | | Second Quarter Inspection 2005 | |
| <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 = 2.6 acre-feet</p> <p>Sediment Storage Capacity = 0.76 acre-feet</p> <p>Pond bottom elevation = 7132.7</p> <p>60% sediment elevation = 7138.8</p> <p>Maximum Sediment Depth Elevation = 7140.7</p> <p>Existing Sediment Elevation = 7138 +/-</p> | | |
| | <p>3. Principle and emergency spillway elevations.</p> <p>Spillway Elevation = 7147.2</p> <p>Dewatering Orifice = 7140.7</p> | | |

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT

Sediment Pond 006

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 out slopes 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: 7/25/05

| | | | |
|--|--|--------------------------------|--|
| IMPOUNDMENT INSPECTION AND CERTIFIED REPORT | | Sediment Pond 009 | |
| Permit Number | C/007/042 | Report Date 7/25/05 | |
| Mine Name | STAR POINT WASTE FUEL | | |
| Company Name | SUNNYSIDE COGENERATION ASSOCIATES | | |
| Impoundment Identification | Impoundment Name | Sediment Pond 009 | |
| | Impoundment Number | 009 | |
| | UPDES Permit Number | UTG040025 | |
| | MSHA ID Number | N/A | |
| IMPOUNDMENT INSPECTION | | | |
| Inspection Date | June 22, 2005 | | |
| Inspected By | Scott Carlson | | |
| Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction) | | Second Quarter Inspection 2005 | |
| <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 Pond bottom elevation = 7435.0 60% sediment elevation = 7437.7 Maximum Sediment Depth Elevation = 7439.3 Existing Sediment Elevation = 7437 +/-</p> | | |
| | <p>3. Principle and emergency spillway elevations.</p> <p>Emergency Spillway Elevation = 7446.5 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:



Date: 7/25/05

| | | |
|---|-------------------|--|
| IMPOUNDMENT INSPECTION AND CERTIFIED REPORT | Sediment Pond 009 | |
|---|-------------------|--|

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

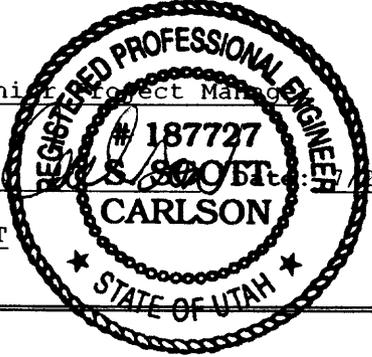
Certification Statement:

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*

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 7/25/05 |
| 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 | June 22, 2005 | |
| Inspected By | Scott Carlson | |
| Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction) | | Second Quarter Inspection 2005 |
| | | Attachments to Report? <input type="checkbox"/> No <input checked="" 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 | |

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

Excavation and hauling operations are occurring from the top of the pile

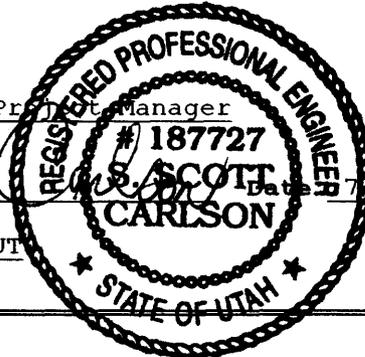
Certification Statement

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*

P.E. Number & State: 187727 - UT



Date: 7/25/05

| | | | |
|--|-----------------------------------|--|--|
| INSPECTION AND CERTIFIED REPORT ON EXCESS SPOIL PILE OR REFUSE PILE | | Disposal Area | |
| Permit Number | C/007/042 | Report Date 7/25/05 | |
| Mine Name | STAR POINT WASTE FUEL | | |
| Company Name | SUNNYSIDE COGENERATION ASSOCIATES | | |
| Excess Spoil Pile or Refuse Pile Identification | File Name: | Disposal Area | |
| | File Number | N/A | |
| | MSHA ID Number | N/A | |
| Inspection Date | June 22, 2005 | | |
| Inspected By | Scott Carlson | | |
| Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction) | | Second Quarter Inspection 2005 | |
| | | 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. | | | |
| 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. | | | |
| 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 | |
|--|---------------|--|

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.

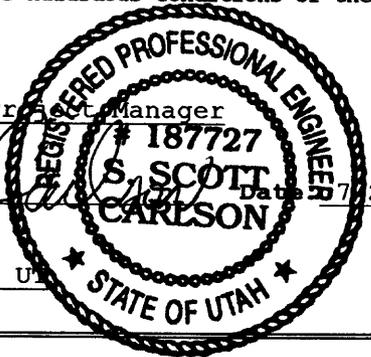
Certification Statement

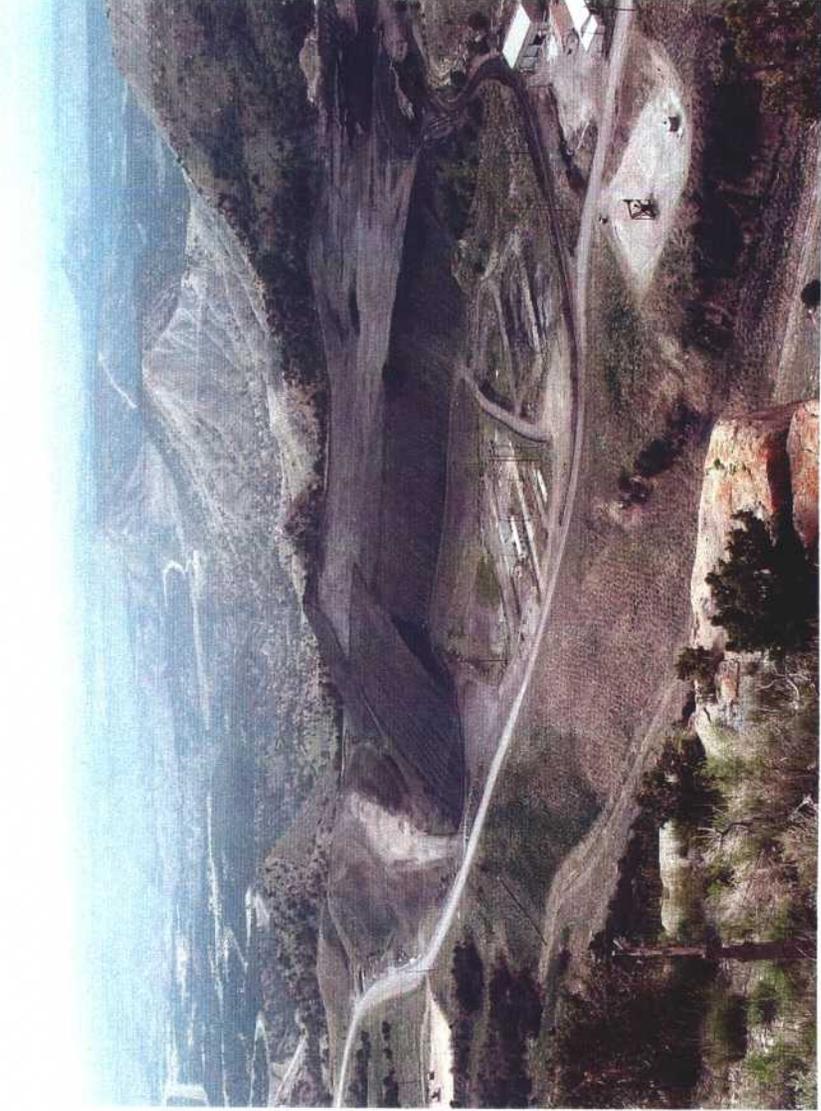
I hereby certify that; I am experienced in the construction of earth and rock fills; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of earth and rock fills in accordance with the certified and approved designs for this structure; that the fill structure 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*

P.E. Number & State: 187727 - UT





SCA Star Point

Coarse Refuse Pile

June 22, 2005