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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

In re: KOREA TECHNOLOGY INDUSTRY AMERICA, INC. <u>et al.</u> , ¹ Debtors.	Bankruptcy Case No. 11-32259 Jointly Administered Chapter 11 Honorable R. Kimball Mosier [FILED ELECTRONICALLY]
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**STIPULATION BETWEEN DEBTORS, TAR SANDS HOLDINGS, LLC, WESTERN
ENERGY PARTNERS, LLC, AND ELGIN SERVICES COMPANY INC.**

Uintah Basin Resources, LLC (“UBR”) and Crown Asphalt Ridge, LLC (“CAR”), debtors in the above captioned jointly administered cases, and Korea Technology Industry America, Inc. (“KTIA”) (collectively, the “Debtors”), Tar Sands Holdings, LLC (“TSH”), Western Energy Partners, LLC (“Western”), and Elgin Services Company, Inc. (“Elgin”) (collectively, the

¹ The Debtors, followed by the last four digits of their respective taxpayer identification numbers, are as follows: Korea Technology Industry America, Inc. (9016); Uintah Basin Resources, LLC (2493); Crown Asphalt Ridge, LLC (9470) c/o 1245 East Brickyard Road, Suite 110, Salt Lake City, UT 84106.

“Parties”) hereby submit the following stipulation (the “Stipulation”). Based on the Stipulation, the Parties respectfully request that the motion for turnover under Rule 6002 filed by UBR and CAR (Docket No. 40) of certain property defined therein as the “Mining Property” (the “Turnover Motion”) and the Debtors’ motion for approval of DIP Financing (Docket No. 29) (the “DIP Financing Motion”) be continued to September 29, 2011.

1. Discussions Concerning Sale of Property. The Parties will continue discussions concerning sale of the Mining Property, and other property of the Debtors (collectively, the “Sale Property”) to Rutter and Wilbanks Corporation (“R&W”), with the intent that the sale close not later than June 30, 2012, subject to force majeure (the “Closing Date”). The Parties will cooperate and work diligently to agree on the form of an asset purchase agreement not later than September 22, 2011, during which time the Parties will make good faith efforts to secure from R&W proof of funds to the reasonable satisfaction of TSH.

2. Observation Committee. An “observation committee” will be established in cooperation with Rutter and Wilbanks Corporation (R&W), including representatives of R&W and creditors, to observe and review the ongoing status of work by R&W on the Mining Property. Failure to establish an observation committee is not an event of default under this Stipulation.

3. Examiner. Not later than September 23, 2011, the Parties will submit to the Court a motion seeking the appointment, pursuant to Bankruptcy Code section 1104, of an examiner selected by TSH (the “Examiner”), with fees and costs of the Examiner approved by the Court to be advanced by Western and Elgin, and directing the Examiner to file with the Court a report not

later than sixty (60) days from the date of the Examiner's appointment, a report addressing a list of issues to be identified in the motion but including the following: (a) whether any person that is not an officer of the Debtors has any improper control over the Debtors; (b) whether any sales of tar sands inventory in the year prior to the petition date, or after the petition date, have not properly been accounted for; (c) the disposition of proceeds of sales of tar sands inventory in the year prior to the petition date or after the petition date; (d) TSH's administration of the property conveyed to it by UBR and CAR and the disposition of any proceeds of sale of tar sands inventory. The foregoing list is non-exclusive. The Parties will request that the order appointing the Examiner provide that the Examiner has subpoena powers. The Parties will also request that the funds advanced for the fees and costs of the Examiner be allowed as administrative expenses in the Debtors' cases.

4. Voluntary Accounting by TSH. Not later than September 23, 2011, TSH will file with the Court and the United States Trustee, and submit to the Examiner, a complete list of receipts and disbursements made by TSH at any time.

5. Unpaid Obligations Incurred by TSH. Not later than September 23, 2011 (a) CAR will invoice customers for any sales of tar sands which have not been invoiced and provide copies of all invoices to TSH and (b) TSH will submit to the Debtors a list of all outstanding and unpaid pre-petition obligations incurred by TSH or its managers Western and Elgin for the upkeep, maintenance, insurance, and safeguarding of the Mining Property. Thereafter, TSH and the Debtors will submit a motion to the Court seeking approval of the payment, out of proceeds

of pre-petition sales of tar sands, of all such unpaid obligations which were appropriately incurred and are appropriately documented.

6. Motion for Sale of Property. Not later than September 23, 2011, the Debtors will submit to the Court a motion for the sale of the Sale Property (the “Sale Motion”), on notice to parties in interest as required by the Federal Rules of Bankruptcy Procedure, seeking approval of the sale of property of the Debtors by the Closing Date free and clear of liens, interests, and claims pursuant to Bankruptcy Code Section 363, along with a motion seeking approval of bidding procedures, either (a) having terms and conditions acceptable to the Debtors, R&W, and Western and Elgin, subject to objection by other parties in interest or, (b) if all terms and conditions have not been finally approved by Western and Elgin by such date, having terms and conditions acceptable to the Debtors and R&W and subject to objection by Western, Elgin, and any other party in interest.

7. Bidding Procedures. The bidding procedures for the Sale Motion will include the following provisions: (a) Debtors’ provision of a “data room,” subject to appropriate confidentiality requirements and clawback provisions for inadvertently included privileged information, of all current information relating to the Sale Property; (b) terms establishing R&W as the “stalking horse,” with such bidding protections as have been negotiated, and as a qualified bidder; (c) terms defining qualified bids, providing for the receipt of higher and better offers by a date certain, allowing R&W to meet or exceed other offers; (d) terms providing for the selection of the highest and best offer and back-up bids; and (e) terms providing for submission of the

highest and best offer and back-up bids to the Court for approval. One of the purposes of the data room is to assist creditors to work with potential bidders.

8. Lien Priority for Certain Funds Advanced by R&W. The Parties acknowledge that as part of its due diligence and as a condition to closing any sale, R&W intends to advance funds in the amount of approximately \$5 million for the completion and commissioning of the Debtors' facility on the Mining Property (the "Start-up Funds"). The Parties agree to propose that the Court approve the following lien priority for the Start-up Funds: (a) one-half of the Start-up Funds will be secured by a second priority lien recorded against the assets of the Debtors behind the lien of Raven Mining, and on a "parri passu" or equal lien priority basis with Western or Elgin Services and other mechanic's/mining lien claimants, whichever of those parties is found to have the existing second priority lien on the assets of the Debtors; (b) the remaining one-half of the Start-up Funds will be secured by a lien recorded against the assets of the Debtors, but that lien have a priority behind all currently-existing, recorded liens against such property. For each dollar of the Start-up Funds actually expended, one-half will be allocated to the lien priority set forth in subparagraph (a) above and the other one-half will be allocated to the lien priority in subparagraph (b) above.

9. Use of Cash Collateral. Not later than September 23, 2011, the Debtors will submit a proposal for use of cash collateral and a budget for operation of the Sale Property, including the Mining Property. Western and Elgin have claimed a cash collateral interest in proceeds of sales of tar sands and the Debtors, Western, and Elgin have agreed to sale of tar sands as provided in this paragraph subject to reaching agreement on cash collateral. Pursuant to

the intended cash collateral stipulation between the Debtors, Western, and Elgin, the Debtors shall be entitled to continue, through the remainder of calendar year 2011, to market the sale of raw tar sands, up to a maximum of 15,000 tons (or such additional amounts as R&W and TSH approve). This paragraph is without prejudice to the Debtors' ability to request consent to sales of tar sands after 2011.

10. Reconveyance of Property by TSH. On or before September 27, 2011, TSH will execute (with UBR as grantee) a quit claim deed of all of TSH's interests in the Mining Property described in the Turnover Motion and an assignment (with CAR as assignee) of all of TSH's interests in the Lease, as described in the Turnover Motion, and deliver the quit claim deed and assignment to UBR and CAR, respectively.

11. Hearing on Turnover and DIP Financing Motions. In the event the Turnover Motion has not been mooted by reconveyance by TSH as provided herein, the Parties request that the Court hear the Turnover Motion on September 29 at 2:00 p.m. The Parties further request that the Court schedule the DIP Financing Motion for immediately after conclusion of the hearing on the Turnover Motion.

12. Reservation of Rights. The Parties reserve all rights and objections with respect to the Turnover Motion and the DIP Financing Motion, and with respect to all other matters.

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DATED this 16th day of September 2011.

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