

0013



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

August 24, 1999

David Miller, Resident Agent
Lodestar Energy, Inc.
HC 35 Box 370
Helper, Utah 84526

Re: Five-Year Permit Renewal, Lodestar Energy, Inc., White Oak #1 and #2 Mines,
ACT/007/001-99PR, Folder #3, Carbon County, Utah

Dear Mr. Miller:

The permit renewal for the White Oak #1 and #2 Mines is approved with the following conditions:

- 1) Lodestar Energy, Inc. will submit water quality data in an electronic format required by the Division for the White Oak #1 and #2 Mines beginning with data for the fourth quarter of 1999.
- 2) While some information has been provided for dealing with the elimination of highwalls at the White Oak Mines this issue has not been completed. Therefore within 30 days of permit renewal, Lodestar Energy, Inc. must revise the reclamation plan to address the elimination of highwalls as a function of Approximate Original Contour Restoration in accordance with R645-301-553. Maps and cross sections of the highwall areas must be provided in enough detail to show how the highwalls will be reclaimed (cross sections perpendicular to the portal areas are required). For pre May 3, 1978 highwalls, the text needs to discuss elimination to the extent practical using all reasonably available spoil.

Enclosed are two (2) copies of the renewed permanent program mining and reclamation permit with the above-noted conditions. Please read the permit to be sure you understand the requirements, then have both copies signed by the appropriate Lodestar Energy, Inc. representative and return one to the Division.

If you have any questions, please call me.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Lowell P. Braxton'.
Lowell P. Braxton
Director

Enclosures

cc: James Fulton, OSM, WRCC
R. Singh, OSM, WRCC
PFO

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UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
For
PERMIT RENEWAL

Lodestar Energy, Inc.
White Oak #1 and #2 Mine
ACT/007/001
Carbon County, Utah

August 24, 1999

CONTENTS

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- * Findings
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- * Comment Letter from Huntington Cleveland Irrigation Company and
Division Response, dated June 15, 1999 and July 14,
1999, respectively
- * AVS Recommendation, memo dated August 20, 1999
- * Completeness Determination

ADMINISTRATIVE OVERVIEW

Lodestar Energy, Inc.
White Oak #1 and #2 Mines
Five Year Permit Renewal
ACT/007/001
Carbon County, Utah

August 24, 1999

BACKGROUND

The White Oak #1 and #2 Mines are now owned by Lodestar Energy, Inc. This permit was transferred from White Oak Mining and Construction, Inc. on July 14, 1999. Previously, White Oak Mining and Construction, Inc. had transferred the permit from Valley Camp Coal Company on May 27, 1994. The permit area, comprising 3746 acres, federal, fee and county-owned coal is located near Scofield, Utah.

PERMIT RENEWAL

The application for permit renewal was submitted on April 23, 1999, but was determined incomplete until highwall information that had been requested was submitted. Highwall information was received on June 15, 1999 (While adequate for administrative completeness, there are still some technical problems with this information and a condition will be added to the renewed permit to address this issue). The renewal application was determined administratively complete on June 23, 1999. Notice of this renewal was sent to state, federal and local agencies at that time. Public notice for this permit renewal was published in the Sun Advocate on June 17, 24, and July 1 and July 8, 1999 and the Emery County Progress on June 22, 29 July 6 and 13, 1999.

This renewal encompasses the same permit area and disturbance as currently approved in the permit.

ANALYSIS

The permit renewal application was received at least 120 days prior to permit renewal. All notices were published as required. One comment was received from the Huntington Cleveland Irrigation Company on June 15, 1999 who was concerned about the possible adverse impact to the hydrological balance caused by the White Oak Mine in the Hughes Canyon area of the Huntington Creek Drainage. The Division

researched this concern and responded on July 14, 1999 stating that the Division had found that the distance from any projected mining and geologic conditions of the site should cause no impact to the Hughes Canyon Drainage. No further comments were received.

There is also a condition being added to the permit requiring Lodestar to submit water quality data electronically for this site to the Division, beginning with the data for fourth quarter of 1999.

No additional permit area or new surface disturbance is being approved with this permit renewal. No significant changes to the existing Mining and Reclamation Plan (MRP) have been proposed. Therefore, it is DOGM's opinion that the practices and procedures which have been previously approved are acceptable during the next 5 year period.

RECOMMENDATION

Lodestar Energy, Inc. has met the requirements of the Surface Mining Control and Reclamation Act, the corresponding Utah Act and the performance standards. Approval of this permit renewal is recommended based on the existing MRP, a review of the current permit, and conformance with criteria for approval of permit renewal applications(R645-303-230 thru 235). All issues raised during the review process, which are pertinent to the term of the renewal, have been resolved or will be attached as conditions to permit approval. Approval of this permit renewal is recommended with two conditions.

PERMITTING CHRONOLOGY

Lodestar Energy, Inc.
White Oak #1 and #2 Mines
Permit Renewal
ACT/007/001
Carbon County, Utah

August 24, 1999

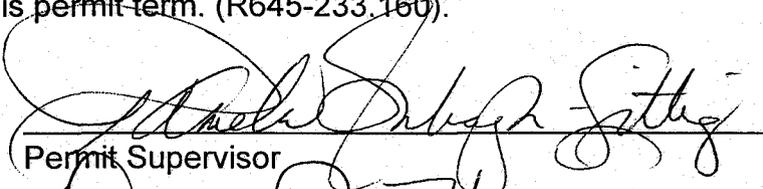
- April 23, 1999 Lodestar Energy, Inc. submitted a permit renewal application.
- May 7, 1999 Permit Renewal determined incomplete.
- June 15, 1999 Necessary information is submitted to determine renewal complete.
- June 18, 1999 Determination of Administrative Completeness of permit renewal application.
- June 23, 1999 Notice of availability of a complete renewal application is sent to federal, state, and local agencies.
- June 17, 24, and
July 1 and 8, 1999 Public notice for permit renewal for the White Oak #1 and #2 Mines published in the Sun Advocate.
- June 22, 29, and
July 6 & 13, 1999 Public notice for the permit renewal for the White Oak #1 and #2 Mines published in the Emery County Progress.
- August 24, 1999 This permit is renewed with two conditions.

PERMIT RENEWAL FINDINGS

Lodestar Energy , Inc.
White Oak #1 and #2 Mines
ACT/007/001
Carbon County, Utah

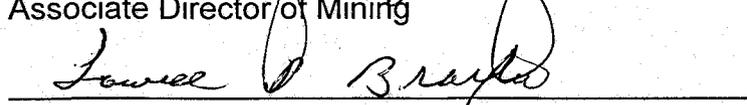
August 24, 1999

1. The permit renewal term will not exceed the original permit term of five years (R645-303-234).
2. The terms and conditions of the existing permit are being met. See original TA (R645-303-233.110).
3. The present coal mining and reclamation operations are in compliance with the environmental protection standards of the Act and the Utah State Program. See list of violations for the past 3 years. (R645-303-233.120).
4. The requested renewal will not substantially jeopardize the operator's continuing ability to comply with the Act and the Utah State Program. See original TA. (R645-303-233.130).
5. The operator has provided evidence of maintaining liability insurance in full effect (Reliance Insurance Company, Policy NGB0144-018)(R645-303-233.140).
6. The operator has a reclamation surety on file with the Division and has provided evidence that the surety will remain in full effect. (Frontier Insurance Company - #158987108 in the amount of \$4,292,000) (R645-303-233.150).
7. To date, the operator has submitted updated information as required by the Division through this permit term. (R645-233.160).


Permit Supervisor


Permit Supervisor


Associate Director of Mining


Director

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801
(801) 538-5340

This permit, **ACT/007/001**, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Lodestar Energy, Inc.
333 West Vine Street, Suite 1700
Lexington, Kentucky 40507-1628
(606) 255-4006

for White Oak #1 and #2 Mines. Lodestar Energy, Inc. owns or controls federal coal leases U-020305, U-017354, U-044076, and U-067498, a Carbon County coal lease and fee-owned parcels. A performance bond is filed with the DOGM in the amount of \$4,292,000.00, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). DOGM must receive a copy of this permit signed and dated by the permittee.

Sec. 1 STATUTES AND REGULATIONS - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.

Sec. 2 PERMIT AREA - The permittee is authorized to conduct underground coal mining and reclamation activities on the following described lands within the permit area at the White Oak Complex situated in the state of Utah, Carbon County, and located:

Township 13 South, Range 6 East, SLBM

Section 24: SE 1/4, and portions of S 1/2 NE 1/4, NW 1/4
NE 1/4, and E 1/2 SW 1/4,

Section 25: E 1/2, portion of W 1/2,

Section 35: Portions of E 1/2 E 1/2, and SW 1/4 SE 1/4, and

Section 36: All.

Township 13 South, Range 7 East, SLBM

Section 8: E 1/2 SE 1/4, portion of SW 1/4 SE 1/4 and

Section 9: W 1/2 SW 1/4.

Township 13 South, Range 7 East, SLBM

Section 16: W ½ W ½, NE ¼ NW ¼, NW ¼ NE ¼,
Section 17: NE ¼ excluding parts of SW ¼ NE ¼ and
NE ¼ NE ¼, N ½ SE ¼,
Section 19: S ½ SW ¼, NE ¼ SW ¼, and portions of
W ½ E ½, E ½ NW ¼,
Section 20: Portions of NE ¼ NE ¼,
Section 21: Portions of NW ¼ NW ¼,
Section 30: W ½ W ½, SE ¼ SW ¼, NE ¼ NW ¼, and
Section 31: W ½ NW ¼, SW ¼.

Township 14 South, Range 6 East, SLBM

Section 1: E ½ NE ¼, NE ¼ SE ¼.

Township 14 South, Range 7 East, SLBM

Section 6: W ½, W ½ E ½, and
Section 7: NW ¼, NW ¼ NE ¼.

This legal description is for the permit area of the White Oak #1 and #2 Mines (3,746 acres). The permittee is authorized to conduct underground coal mining and reclamation activities connected with mining on the foregoing described property subject to the conditions of the leases, the approved mining plan, including all conditions and all other applicable laws and regulations.

Sec. 3 COMPLIANCE - The permittee will comply with the terms and condition of the permit, all applicable performance standards and requirements of the State Program.

Sec. 4 PERMIT TERM - This permit becomes effective on August 25, 1999 and expires on August 24, 2004.

Sec. 5 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and R645-303.

Sec. 6 RIGHT OF ENTRY - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:

- A. have the rights of entry provided for in 30 CFR 840.12, R645-400-110, 30 CFR 842.13 and R645-400-220; and,
- B. be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-210 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.

Sec. 7 SCOPE OF OPERATIONS - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.

Sec. 8 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:

- A. accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;
- B. immediate implementation of measures necessary to comply; and
- C. warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

Sec. 9 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

Sec. 10 CONDUCT OF OPERATIONS - The permittee shall conduct its operations:

- A. in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
- B. utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 11 EXISTING STRUCTURES - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

Sec. 12 RECLAMATION FEE PAYMENTS - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.

Sec. 13 AUTHORIZED AGENT - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.

Sec. 14 COMPLIANCE WITH OTHER LAWS - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.

Sec. 15 PERMIT RENEWAL - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 16 CULTURAL RESOURCES - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.

Sec. 17 APPEALS - The permittee shall have the right to appeal as provided for under R645-300.

Sec. 18 SPECIAL CONDITIONS - There are special conditions associated with this permit, see Attachment A.

The above conditions (Secs. 1-18) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to comply with these conditions. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: James P. Brepton

Date: 8/27/99

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

PERMITTEE (Authorized Representative)

By: _____

Date: _____

ATTACHMENT A

- 1) Lodestar Energy, Inc. will submit water quality data in an electronic format required by the Division for the White Oak #1 and #2 Mines beginning with data for the fourth quarter of 1999.
- 2) While some information has been provided for dealing with the elimination of highwalls at the White Oak Mines this issue has not been completed. Therefore within 30 days of permit renewal, Lodestar Energy, Inc. must revise the reclamation plan to address the elimination of highwalls as a function of Approximate Original Contour Restoration in accordance with R645-301-553. Maps and cross sections of the highwall areas must be provided in enough detail to show how the highwalls will be reclaimed (cross sections perpendicular to the portal areas are required). For pre May 3, 1978 highwalls, the text needs to discuss elimination to the extent practical using all reasonably available spoil.

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Emery,)

I, Kevin Ashby, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (four) consecutive issues, and that the first publication was on the 22nd day of June, 1999 and that the last publication of such notice was in the issue of such newspaper dated the 13th day of July, 1999.



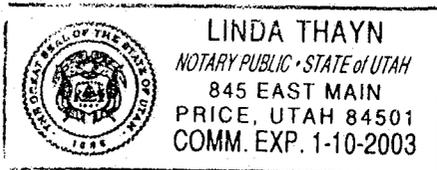
Kevin Ashby - Publisher

Subscribed and sworn to before me this 13th day of July, 1999.



Notary Public My commission expires January 10, 2003 Residing at Price, Utah

Publication fee, \$ 288.00



NOTICE

Notice is hereby given that White Oak Mining & Construction Co., Inc., HC35, Box 370, Helper, Utah 84526, has submitted an Application for Permit Renewal to the Utah Division of Oil, Gas & Mining for the White Oak Mine Complex, Permit No. ACT/007/001.

The mine permit are is located as follows:

Township 13 South, Range 6 East, SLBM

- Section 24: SE 1/4, and portions of S 1/2 NE 1/4, NW 1/4 NE 1/4, and E 1/2 SW 1/4
- Section 25: E 1/2, portion of W 1/2
- Section 35: Portions of E 1/2 E 1/2, and SW 1/4 and SE 1/4
- Section 36: All

Township 13 South, Range 7 East, SLBM

- Section 8: E 1/2 SE 1/4, portion of SW 1/4 SE 1/4
- Section 9: W 1/2 SW 1/4
- Section 16: W 1/2 W 1/2, NE 1/4 NW 1/4, NW 1/4 NE 1/4
- Section 17: NE 1/4 excluding parts of SW 1/4 NE 1/4 and NE 1/4 NE 1/4, N 1/2 SE 1/4,
- Section 19: S 1/2 SW 1/4, NE 1/4 SW 1/4, and portions of W 1/2 E 1/2, E-1/2 NW 1/4,
- Section 20: Portions of NE 1/4 NE 1/4
- Section 21: Portions of NW 1/4 NW 1/4
- Section 30: W-1/2 W 1/2, SE 1/4 SW 1/4, NE 1/4 NW 1/4
- Section 31: W 1/2 NW 1/4, SW 1/4

Township 14 South, Range 6 East, SLBM

- Section 1: E 1/2 NE 1/4, NE 1/4 SE 1/4

Township 14 South, Range 7 East, SLBM

- Section 6: W 1/2, W 1/2 E 1/2
- Section 7: NW 1/4, NW 1/4 NE 1/4

A copy of the Application for Permit Renewal is available for public inspection at the County Recorder Offices of Carbon County and Emery County, Utah.

Pertinent comments are solicited from anyone affected by this proposal. Such comments should be filed within the next thirty (30) days with:

State of Utah
 Department of Natural Resources
 Division of Oil, Gas & Mining
 1594 West North Temple, Suite 1210
 P.O. Box 145801
 Salt Lake City, Utah 84114-5801
 Published in the Emery County Progress June 22, 29, July 6 and 13, 1999.

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

I, Kevin Ashby, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4(four) consecutive issues, and that the first publication was on the 17th day of June, 1999 and that the last publication of such notice was in the issue of such newspaper dated the 8th day of July, 1999.



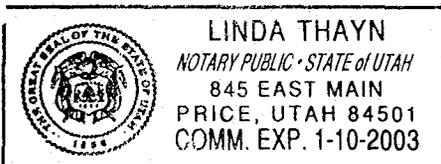
Kevin Ashby - Publisher

Subscribed and sworn to before me this 8th day of July 1999.



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Publication fee, \$441.60



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Section 36: All

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Section 19: S 1/2 SW 1/4, NE 1/4 SW 1/4, and portions of W 1/2 E 1/2, E 1/2 NW 1/4,

Section 20: Portions of NE 1/4 NE 1/4

Section 21: Portions of NW 1/4 NW 1/4

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Township 14 South, Range 6 East, SLBM

Section 1: E 1/2 NE 1/4, NE 1/4 SE 1/4

Township 14 South, Range 7 East, SLBM

Section 6: W 1/2, W 1/2 E 1/2

Section 7: NW 1/4, NW 1/4 NE 1/4

A copy of the Application for Permit Renewal is available for public inspection at the Cour Recorder Offices of Carbon County and Emery County, Utah.

Pertinent comments are solicited from anyone affected by this proposal. Such comments sho be filed within the next thirty (30) days with:

State of Utah
Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801
Published in the Sun Advocate June 17, 24, July 1 and 8, 1999.

May. App Writ

NIELSEN & SENIOR

Attorneys & Counselors
Since 1882

Gary A. Weston
Earl Jay Peck
Neil R. Sabin
Harold C. Verhaaren
Mark H. Anderson
Richard M. Hymas
John K. Mangum
Richard K. Hincks
Noel S. Hyde
J. Craig Smith
Jay R. Mohlman
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nielsen.senior@ns-law.com

A Professional Corporation

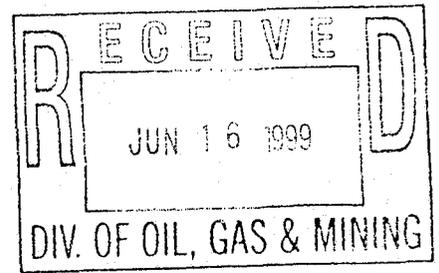
June 15, 1999

Ogden Office
2909 Washington Blvd., Suite 100
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Telephone (801) 394-1900
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Edwin W. Senior (1862-1925)
Clair M. Senior (1901-1965)
Raymond T. Senior (1903-1995)
Arthur H. Nielsen (1914-1997)

Of Counsel
Harold A. Ranquist
Clark R. Nielsen
Elwood P. Powell
Wesley M. Lang

Mr. Lowell P. Braxton, Director
Division of Oil, Gas and Mining
Department of Natural Resources
1594 West North Temple, Suite 1210
P. O. 145801
Salt Lake City, Utah 84114-5801



Re: **Permit No. ACT/1007/001 (White Oaks Mine)**

Dear Mr. Braxton:

#2 Copy Tracy Ann, Aaron, Pam, Joe, PFO, Mike Suflika

It has come to the attention of Huntington-Cleveland Irrigation Company ("Huntington-Cleveland") that the above referenced permit (Permit) is both being renewed and is sought to be transferred to a new operator. Huntington-Cleveland is concerned about adverse impact to the hydrological balance caused by this mine in the Hughes Canyon area of the Huntington Creek Drainage.

Huntington-Cleveland believes that this is an appropriate time for the Division to review the Permit and the hydrologic information supporting said Permit to assure that such Permit and hydrologic information including the Probable Hydrologic Consequences ("PHC") and Comprehensive Hydrologic Impact Assessment ("CHIA") are complete, accurate and up to date.

If such information and Permit are not complete, accurate and up to date, Huntington-Cleveland respectfully requests that the Permit not be renewed or transferred until deficiencies are corrected.

If additional information or a meeting with the Division is desired, please contact me to make appropriate arrangements.

Yours truly,

J. Craig Smith

cc: Board of Directors
Huntington-Cleveland Irrigation Company



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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July 14, 1999

J. Craig Smith
Nielsen and Senior
60 East South Temple, Suite 1100
Salt Lake City, Utah 84111

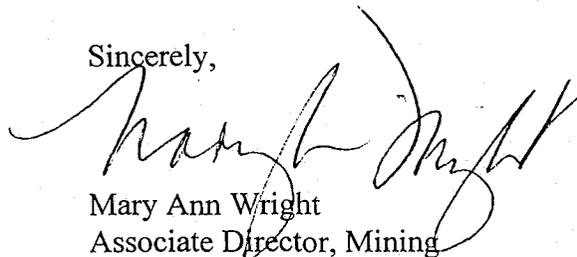
Re: Response on Permit Transfer/ Permit Renewal Concerns, White Oak Mining and Construction Company, Inc., White Oak Mine, ACT/007/001-TR99, Folder #2, Carbon County, Utah

Dear Mr. Smith:

As indicated in our June 24, 1999 letter to you, the Division has reviewed the White Oak Mining and Reclamation Plan to ascertain the potential for adverse impacts to the Hughes Canyon area of the Huntington Creek Drainage. We have enclosed a copy of a technical memo written by our staff Senior Hydrologist, Mike Suflita, who investigated the issue. A revised Probable Hydrologic Consequences document and Cumulative Hydrologic Impact assessment are probably not warranted at this time since no changes to the mining plan (already approved) have been proposed. Given the distance from any projected mining and the geologic conditions of the site it has been determined that there should be no impact to the Hughes Canyon drainage.

Thank you for your interest. Please call if you have any questions.

Sincerely,



Mary Ann Wright
Associate Director, Mining

tm
Enclosure

cc: Vicky Miller, EarthFax
Mike Malmquist, Parsons, Behle and Latimer
Denise Drago, Snell and Wilmer
Daron Haddock, DOGM

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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
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PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

July 14, 1999

TO: File

THRU: Daron Haddock, Permit Supervisor *DH* for Daron Haddock

FROM: Michael Suflita, Senior Reclamation Hydrologist *MS*

RE: Huntington-Cleveland Irrigation Co. Concerns, White Oak Mining & Construction Company, White Oak Mine, ACT/007/001, File #2, Carbon County, Utah

SUMMARY:

On June 16, 1999 the Division received a letter from Mr. J. Craig Smith of Neilsen and Senior law firm who represent Huntington-Cleveland Irrigation Company. The letter pointed out that the mine permit is up for review and is being transferred to a new owner. The letter indicated a concern about adverse impacts to the Hughes Canyon area and requested that the Division review the Permit to see that the hydrologic information, especially the Probable Hydrologic Consequences (PHC), and Comprehensive Hydrologic Impact Assessment (CHIA), are complete, accurate, and up to date.

TECHNICAL ANALYSIS:

Analysis:

Review of topographic maps and the mine maps, especially R645-301-722.100c, show that there are two adjacent Hughes Canyons, North and South. The drainage area of both of these canyons lies completely outside the mining permit area and completely outside the CHIA boundary. As such, it can be expected that there will not be any impacts to either North Hughes Canyon or South Hughes Canyon, and their respective drainage areas, by mining activities at White Oak Mine.

The mine plan, including the PHC and CHIA, were reviewed and showed no changes in the anticipated mining activities from that which was originally approved. As such the PHC and CHIA do not need revision. Transfer of mine ownership is believed to be imminent and this could result in changes to the mine operation. If such changes occur, and if they are substantial, then changes to the plan could result. Those would have to be assessed when and

ACT/007/001
July 14, 1999
Page 2

if they occur.

Finding:

The plan continues to meet minimum regulatory requirements.

RECOMMENDATION

Complete the scheduled mine plan renewal review.

tm
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AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Emery,)

I, Kevin Ashby, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (four) consecutive issues, and that the first publication was on the 22nd day of June, 1999 and that the last publication of such notice was in the issue of such newspaper dated the 13th day of July, 1999.



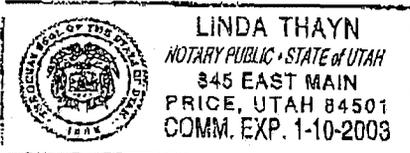
Kevin Ashby - Publisher

Subscribed and sworn to before me this 13th day of July, 1999.



Notary Public My commission expires January 10, 2003 Residing at Price, Utah

Publication fee, \$ 288.00



NOTICE

Notice is hereby given that White Oak Mining & Construction Co., Inc., HC35, Box 370, Helper, Utah 84526, has submitted an Application for Permit Renewal to the Utah Division of Oil, Gas & Mining for the White Oak Mine Complex, Permit No. ACT/007/001.

The mine permit are is located as follows:

Township 13 South, Range 6 East, SLBM

Section 24: SE 1/4, and portions of S 1/2 NE 1/4, NW 1/4 NE 1/4, and E 1/2 SW 1/4.

Section 25: E 1/2, portion of W 1/2

Section 35: Portions of E 1/2 E 1/2; and SW 1/4 and SE 1/4

Section 36: All

Township 13 South, Range 7 East, SLBM

Section 8: E 1/2 SE 1/4, portion of SW 1/4 SE 1/4

Section 9: W 1/2 SW 1/4

Section 16: W 1/2 W 1/2, NE 1/4 NW 1/4, NW 1/4 NE 1/4

Section 17: NE 1/4 excluding parts of SW 1/4 NE 1/4 and NE 1/4 NE 1/4, N 1/2 SE 1/4,

Section 19: S 1/2 SW 1/4, NE 1/4 SW 1/4, and portions of W 1/2 E 1/2, E 1/2 NW 1/4;

Section 20: Portions of NE 1/4 NE 1/4

Section 21: Portions of NW 1/4 NW 1/4

Section 30: W 1/2 W 1/2, SE 1/4 SW 1/4, NE 1/4 NW 1/4

Section 31: W 1/2 NW 1/4, SW 1/4

Township 14 South, Range 6 East, SLBM

Section 1: E 1/2 NE 1/4, NE 1/4 SE 1/4

Township 14 South, Range 7 East, SLBM

Section 6: W 1/2, W 1/2 E 1/2

Section 7: NW 1/4, NW 1/4 NE 1/4

A copy of the Application for Permit Renewal is available for public inspection at the County Recorder Offices of Carbon County and Emery County, Utah.

Pertinent comments are solicited from anyone affected by this proposal. Such comments should be filed within the next thirty (30) days with:

State of Utah
Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Published in the Emery County Progress June 22, 29, July 6 and 13, 1999.



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

August 20, 1999

TO: File

FROM: Pamela Grubaugh-Littig, Permit Supervisor 

RE: Compliance Review for Section 510 (c) Findings, White Oak #1 and #2 Mine, Lodestar Energy, Inc., ACT/007/001, Folder #3, Carbon County, Utah

As of the writing of this memo, there are no NOV's or CO's which are not corrected or in the process of being corrected. There are no finalized Civil Penalties which are outstanding and overdue in the name of Lodestar Energy, Inc. Lodestar Energy, Inc. does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

There is an "issue" recommendation from the Applicant Violator System (attached.)

Applicant Evaluation

Applicant Violator System

20-Aug-1999 07:40:06

State : UT Permit No : ACT007001

Appl No : ACT007001

Applicant : 144419(LODESTAR ENERGY INC)

Seqno : 3

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT

SYSTEM RECOMMENDATION	:	ISSUE	08/20/1999
PREVIOUS SYSTEM RECOMMENDATION	:	ISSUE	08/17/1999

RCM_MNT(F7) PERMIT/APPL(F8)

PRV_SCR(F3) EVOFT(F5) REPORTS(F9) CHOICES(F10)

Applicant Evaluation

Applicant Violator System

20-Aug-1999 07:40:06

State : UT Permit No : ACT007001

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RCM_MNT(F7) PERMIT/APPL(F8)

PRV_SCR(F3) EVOFT(F5) REPORTS(F9) CHOICES(F10)



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

June 18, 1999

Vicky Miller, Resident Agent
White Oak Mining & Construction
c/o EarthFax Engineering
18 Maple Street
Helper, Utah 84526

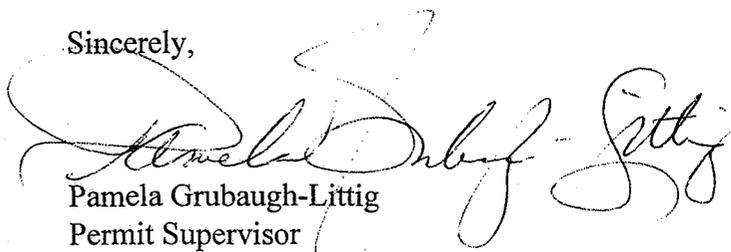
Re: Five-Year Permit Renewal- Completeness Determination, White Oak Mining & Construction, White Oak Mine, ACT/007/001-99PR, Folder #3, Emery County, Utah

Dear Ms. Miller:

The Division has determined that the permit renewal application for the White Oak Mine is "complete and accurate", with the submittal of a current bond and evidence of liability insurance and highwall information.

Publication of the public notice for permit renewal may proceed as required by R645-300-121. The publication should now proceed for four consecutive weeks. At the end of the 30 day comment period, finding for the renewal will be made and the permit renewed unless a factual basis for denial of the renewal is presented to and upheld by the Division.

Sincerely,


Pamela Grubaugh-Littig
Permit Supervisor

tam
cc: Mike Malmquist, Esq.
Mark Wayment, White Oak
O:\007001.WO\FINAL\FIVEYEAR.WPD



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

11/21/1999 11:50
attached.
Pam

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

June 23, 1999

FIELD(name)
FIELD(company)
FIELD(address)

Re: Determination of Administrative Completeness for Permit Renewal, White Oak Mining & Construction, White Oak Mine, ACT/007/001-99PR, Folder #3, Carbon County, Utah

Dear FIELD(greeting):

The Division has determined that the permit renewal application for the White Oak Mine is "complete and accurate", with the submittal of updated violation information, the current bond and evidence of liability insurance, and highwall information.

In Compliance with the Utah Coal Mining Rules R645-300-121.300, R645-300-121.310, R645-300-121.320, and the Utah Coal Mining Act (UCA Section 40-10-1 et seq.), notice is hereby given to all appropriate agencies having a jurisdiction or an interest in the area of the operations that this application is available for public review.

This permit area is located in Carbon County. (A permit area map is attached for your information.)

This permit renewal application is available for public review at:

Coal Regulatory Program
Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Carbon County Courthouse
120 East Main
Price, Utah 84501

Administrative Completeness
ACT/007/001-99PR
June 23, 1999
Page 2

Please comment by August 5, 1999. Comments may be addressed to:

Utah Coal Program
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

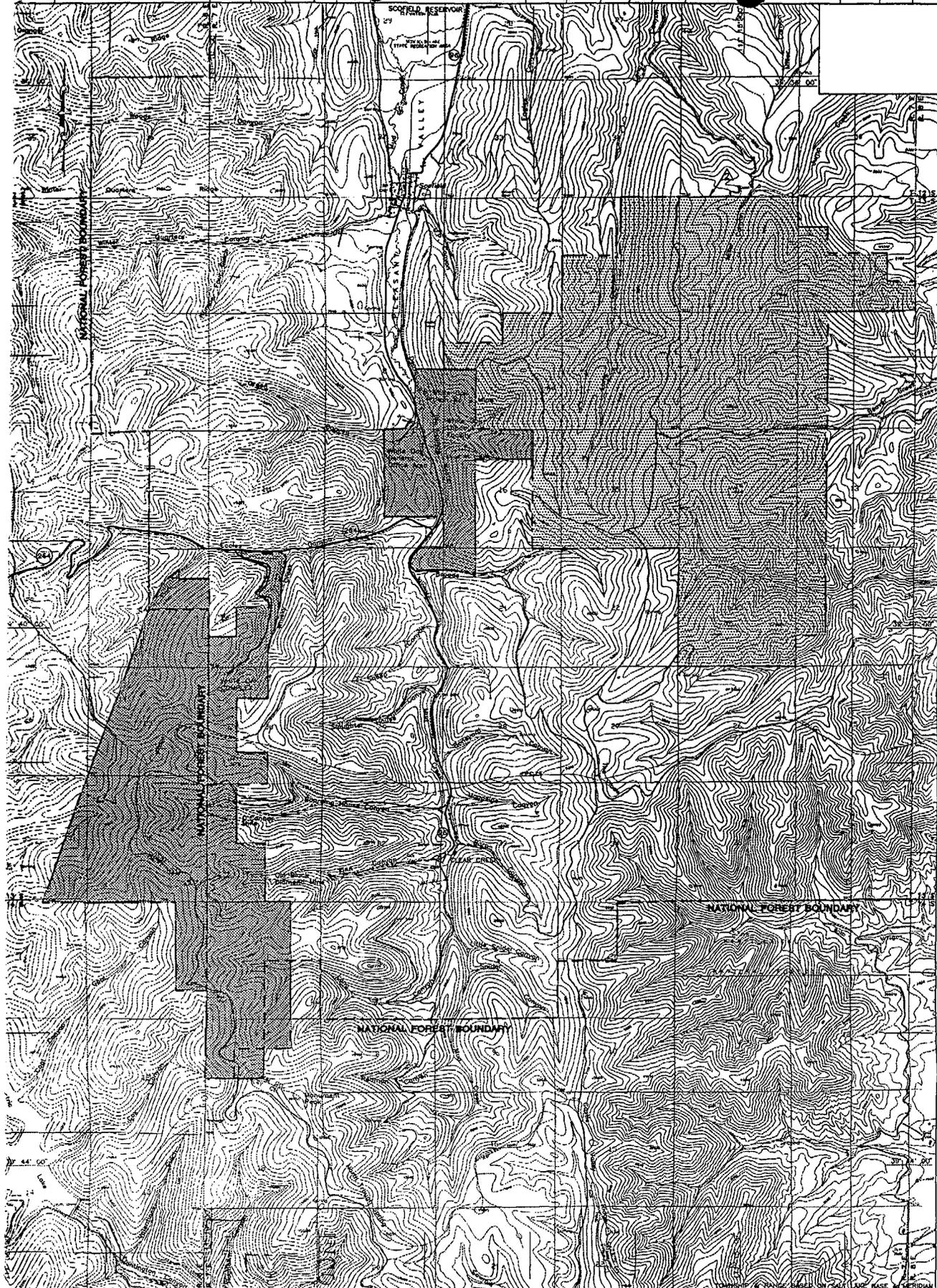
If you have any questions please call me or Pamela Grubaugh-Littig.

Sincerely,

Mary Ann Wright
Associate Director, Mining

tam
Enclosure

O:\007001.WO\DRAFT\RENEWAL.FRM



LEGEND:

- MINE PERMIT BOUNDARY NO. 1
- MINE PERMIT BOUNDARY NO. 2
- NATIONAL FOREST BOUNDARY

WHITE OAK MINING & CONSTRUCTION CO., INC.
SCOFIELD ROUTE, HELPER, UTAH 84526

PREPARED BY: **MANSON & DICE**
 TITLE: **R645-301-100 PERMIT AREA BASE MAP**
 SCALE: **1" = 2000'**

DRAWN BY: **J. SANDERSON** DATE: **Oct. 1980**
 APPROVAL: **J. SANDERSON** DATE: **Oct. 1980**

DRAWING NO. _____ SHEET: **1 of 1**

CERTIFICATION STATEMENT
 I certify that the information provided hereon is to the best of my knowledge true and correct. I am not a geologist and do not hold a geologist's license. I am not a surveyor and do not hold a surveyor's license. I am not a public file at the time of its preparation.

[REDACTED]

JAMES FULTON CHIEF
OSM
DENVER FIELD DIVISION
1999 BROADWAY STE 3320
DENVER CO 80202

RANVIR SINGH
OSM
DENVER FIELD DIVISION
1999 BROADWAY STE 3320
DENVER CO 80202

JANETTE KAISER
USFS
MANTI-LASAL NATIONAL FOREST
599 W PRICE RIVER RD
PRICE UT 84501

ALAN RABINOFF GROUP LEADER
BLM
324 S STATE STREET
P.O. BOX 45155
SLC UT 84145

RICHARD MANUS AREA MANAGER
BLM
PRICE FIELD OFFICE
125 S 600 W
PRICE UT 84501

ROBERT WILLIAMS
US FISH & WILDLIFE SERVICE
145 E 1300 S STE 404
SLC UT 84115

MIKE SCHWINN DISTRICT ENGINEER
US ARMY CORPS OF ENGINEERS
1403 S 600 W
BOUNTIFUL UT 84010

ROBERT MORGAN STATE ENGINEER
DIVISION OF WATER RIGHTS

INTERDEPARTMENT

MARK PAGE REGIONAL ENGINEER
DIVISION OF WATER RIGHTS

MAX J. EVANS
UT DIVISION OF STATE HISTORY

WILLIAM P. YELLOWTAIL JR.
EPA
999 18TH ST
DENVER PLACE STE 500
DENVER CO 80202

INTERDEPARTMENT

INTERDEPARTMENT

GARY L. ROEDER
NRCS
350 N 400 E
PRICE UT 84501

BRENT BRADFORD
DEQ
OFFICE EXECUTIVE DIRECTOR

DAVE ARIOTTI DISTRICT ENGINEER
DEQ

INTERDEPARTMENT

INTERDEPARTMENT

JOHN KIMBALL DIRECTOR
DIVISION OF WILDLIFE RESOURCES

BILL BATES
DIVISION OF WILDLIFE RESOURCES

ROANALD P. PARKIN
INDUSTRIAL COMMISSION OF UT
COLLEGE OF EASTERN UT
451 E 400 N
PRICE UT 84501

INTERDEPARTMENT

INTERDEPARTMENT

CAROLYN B. WRIGHT
GOV OFFICE PLANNING & BUDGET

DAVID WINDER
COMMUNITY & ECONOMIC DEV
324 S STATE ST STE 500
SLC UT 84111

DAVID TERRY DIRECTOR
SITLA

INTERDEPARTMENT

INTERDEPARTMENT

KATHLEEN CLARKE
DNR

BILL HOWELL
SE UT ASSOCIATION OF GOV
P.O. BOX 1106
PRICE UT 84501

DAVID LEVANGER
CARBON CO PLANNING & ZONING
120 E MAIN
PRICE UT 84501

INTERDEPARTMENT

JAY MARK HUMPHREY
EMERY WATER CONSERVANCY DIST
P.O. BOX 998
CASTLE DALE UT 84513

DARREL V. LEAMASTER P.E.
CASTLE VALLEY SPECIAL SERVICE
P.O. BOX 877
CASTLE DALE UT 84513

VARDEN WILLSON SECRETARY
HUNTINGTON-CLEVELAND IRR CO
BOX 327
HUNTINGTON UT 84528

BOB BUTERO DIRECTOR
UNITED MINE WORKERS OF AMER
6526 W 44TH AVE
WHEATRIDGE CO 80033

THOMAS BINGHAM PRESIDENT
UT MINING ASSOCIATION
136 S MAIN STE 825
SLC UT 84101

CHUCK SEMBORSKI
ENVIRONMENTAL CHAIRMAN
ENERGY WEST
P.O. BOX 310
HUNTINGTON UT 84528



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

bcc:
PFO
Daron

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

May 7, 1999

Vicky Miller, Resident Agent
White Oak Mining and Construction, Inc.
c/o EarthFax Engineering
18 Maple Street
Helper, Utah 84526

Re: Permit Renewal Application Incomplete, White Oak Mining and Construction, Inc.,
White Oak Mine, ACT/007/001-RN99, Folder #2, Carbon County, Utah

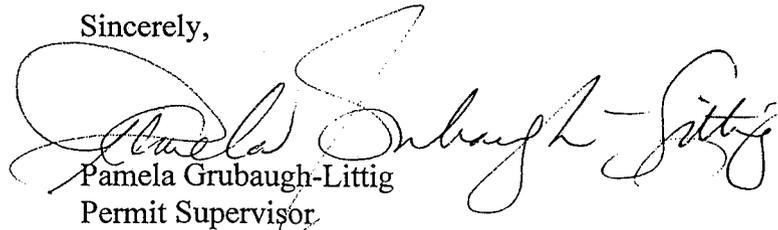
Dear Ms. Miller:

The Division received the permit renewal application for the White Oak Mine on April 26, 1999. Upon review of this application, it is incomplete. Corrections to the plan for deficiencies associated with highwall elimination were required to be submitted by April 24, 1999 (see attached letter, dated March 3, 1998).

The Division is unable to determine this application administratively complete and therefore, White Oak Mining and Construction, Inc. cannot proceed with public notice of this permit renewal at this time. The Division will notify you when the permit renewal application has been determined administratively complete and may proceed with public notice.

Please submit complete and adequate plans for the highwall elimination at the White Oak Mine, as required by the March 3, 1998 letter as soon as possible. If you have any questions, please call me.

Sincerely,



Pamela Grubaugh-Littig
Permit Supervisor

tam
Enclosure
cc: Mark Wayment
O:\007001.WO\FINAL\PRDEF.WPD



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

March 3, 1998

Vicky Bailey, Resident Agent
White Oak Mining & Construction
c/o EarthFax Engineering
7324 South Union Park Avenue
Midvale, Utah 84047

Re: Requirement to Correct Plan Deficiencies Associated with Highwall Elimination, White Oak Mining & Construction, White Oak Mine, ACT/007/001, Folder #3, Carbon County, Utah

Dear Ms. Bailey:

During the last two years one of the main topics of oversight has been Highwall Elimination and Retention As a Part of Approximate Original Contour Restoration. The joint DOGM/OSM oversight team has evaluated this element under the primary oversight objective of determining whether minesite reclamation is successful. Surveys were sent to the mine operators asking for information on highwalls, Mine Plans were reviewed, field visits were conducted and an inventory compiled which identified those mine sites that had permit deficiencies associated with highwall reclamation.

In the highwalls inventory, the team found that 7 of the 35 mines (20 percent) in Utah have permit deficiencies relating to highwall reclamation. These deficiencies include (1) those situations where the permits show parts of post-May 3, 1978, highwalls that will be retained contrary to the requirements of Utah's program and (2) other situations where the permits are not clear as to what extent pre- and post- May 3, 1978, highwalls will be eliminated.

The White Oak Mine was one of those identified as having permit deficiencies. In order to resolve the deficiencies, you must revise your reclamation plan to address the elimination of highwalls as a function of Approximate Original Contour Restoration. It is suggested that you provide maps and cross sections of the highwall areas in enough detail to show how they will be reclaimed (cross sections perpendicular to the portal areas are recommended). The text also needs to discuss complete elimination for all post May 3, 1978 highwalls and elimination to the extent practical using all reasonably available spoil for pre May 3, 1978 highwalls. Enclosed is a copy of the Division's Directive on Approximate Original Contour Requirements which may aid you in preparing your response.

We have attempted to tie the schedule for correcting your plan to some other major permitting action that may be happening at the mine as well as trying to space out the reviews to accommodate DOGM's time frames. The schedule for the White Oak Mine was discussed with you and it was determined to correct the plan in conjunction with the permit renewal. You are required to apply for permit renewal by no later than April 24, 1999, so you should provide the required amendment by that

Page 2
ACT/007/001
March 3, 1998

date as well.

If you have any questions, don't hesitate to call. We look forward to hearing from you.

Sincerely,



Daron R. Haddock
Permit Supervisor

tat
enclosure

cc: Jim Fulton, OSM, w/o
Mary Ann Wright, DOGM, w/o
J. Helfrich, DOGM, w/o
Price Field Office, w/o
O:\007001.WO\FINAL\HIWALLTR.WO