

FEDERAL

Permit Number ACT/007/001

August 24, 1999

**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,

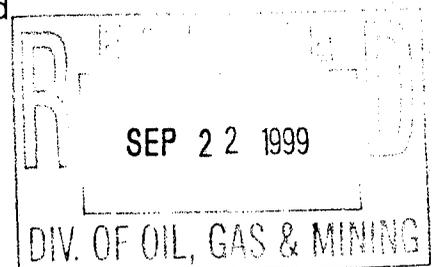
Section 35: Portions of E 1/2 E 1/2, and SW 1/4 SE 1/4, and

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. Braptor

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: David B. Hill

Date: 9/11/99

## 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.