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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

Ren Daniels

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cc - sign

JUL 19 2000

orig -> Pam for filing
DIVISION OF
OIL, GAS AND MINING

In Reply Refer To:
3485
U-017354
(UT-932)

JUL 17 2000

Certified Mail-Return Receipt Requested

NOTICE

Lodestar Energy, Inc.
HC 35 Box 370
Helper, UT 84526

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:

Coal Lease
U-017354

Incoming
ACT/007/001

Royalty Rate Re-certification Accepted
Royalty Rate Reduction Continues

On July 18, 1997, White Oak Mining & Construction Co., Inc. (White Oak) filed for a royalty rate reduction from 8 percent to 5 percent for the duration of production on coal lease U-017354.

The Bureau of Land Management approved the royalty rate reduction effective August 1, 1997, subject to the annual submission of a certified statement that the conditions that justified the granting of the reduction continue to exist. The first re-certification statement was submitted to this office on July 30, 1998. The second re-certification statement was filed in this office on July 23, 1999.

White Oak's successor-in-interest, Lodestar Energy, Inc., filed a re-certification statement with this office on July 10, 2000. It is hereby accepted and a royalty rate of 5 percent is to continue on coal lease U-017354 until August 1, 2001. A certified statement that the conditions that justified the granting of the royalty rate reduction continue to exist must be submitted to this office on or before August 1, 2001. **Failure to submit this annual certification shall result in the immediate termination of the royalty rate reduction, at which time the production royalty rate shall automatically revert to the production royalty rate of 8 percent.**

Sally Wisely
Sally Wisely
State Director

Enclosure
Certification Statement

cc: Lodestar Energy, Inc., Attn: R. Eberley Davis, 333 W. Vine St., #1700, Lexington, KY 40507
Parsons Behle & Latimer, Attn: Patricia J. Winmill, Box 45898, SLC, UT 84145-0898

bc: MMS, Solids
UDOGM
Price Coal Office (Attn: Steve Falk)
Mani-LaSal National Forest



Lodestar Energy, Inc.
Mountain Operations
White Oak, Horizon and Grand Valley Mines
HC35 Box 370
Helper, UT 84526

July 6, 2000

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JUL 10 2000

Bureau of
Land Management

Mr. William G. Lamb
State Director, Bureau of Land Management
United States Department of the Interior
Utah State Office
325 South State Street, P.O. Box 45155
Salt Lake City, Utah 84145-0155

Subject: Reduced Royalty Rate – Federal Coal Lease U-017354
Recertification Letter

Dear Director Lamb:

After reviewing the royalty reduction submittal made by White Oak Mining and Construction for the Federal Coal Lease U-017354, I hereby certify that the conditions that existed underground on this coal lease to justify the royalty rate reduction still exist on this lease.

If you have any questions, please feel free to contact me at (435) 637-9209.

Sincerely,

David B. Miller
Business Manager

Cc: Mr. Mark Wayment
Mr. Chris Merritt, Land Law Examiner, BLM State Office
Mr. Dick Manus, Field Office Manager, BLM Price Office
File