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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

RECEIVED

FEB 27 2001

DIVISION OF
OIL, GAS AND MINING

IN REPLY REFER TO:

3474.4
UTU-017354
UTU-067498
UTU-47974
UTU-47975
UTU-70018
UTU-74804
(UT-931)

FEB 26 2001

CERTIFIED MAIL--Return Receipt Requested
Certification No.

Lodestar Energy, Inc
HC 35 Box 370
Helper, Utah 84526

Re: Lease Bonds Required

Incoming
1/007/001
Copy 1/007/020
Copy Pan

NOTICE OF NON-COMPLIANCE

The Bureau of Land Management (BLM), Utah State Office has determined that Lodestar Energy, Inc has failed to comply with lease term Part 1, Section 1; "... and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein." Lodestar Energy, Inc., fails to have corporate surety bonds from a qualified surety as per 43 CFR 3474.4.

Background - As of February 14, 2001, the following bonds with Lodestar Energy Inc., as principal, and Frontier Insurance Company, as surety, are currently held in our office for the following coal leases.

Lease Number	Surety Bond Number	Amount
UTU-017354	149093	\$193,000
UTU-067498	149094	\$5,000
UTU-47974	149095	\$10,000
UTU-47975	149096	\$15,000
UTU-70018	149097	\$5,000
UTU-74804	149098	\$194,000

On June 1, 2000, Frontier Insurance Company was decertified by the Treasury Department as an acceptable surety for Federal bonds. Consequently, as provide in 43 CFR 3474.4, the bonds currently on file with BLM are not acceptable. On July 18, 2000, BLM directed Lodestar to provide replacement bonds on these leases and allowed the bonds for UTU-017354 and UTU-74804 to be reduced to \$109,000 and \$130,000 respectively. Lodestar was granted extensions by BLM (August 7, 2000, and September 18, 2000) to comply with the requirement to supply acceptable bonds for the leases. In a letter dated January 16, 2001, Lodestar requested additional time to have acceptable replacement bonds put into place based on Lodestar's uncertain financial condition. BLM has determined that Lodestar has had adequate time to comply with the original request of July 18, 2000, and hereby denies Lodestar's request for a further extension of time.

Requirements to Correct the Noncompliance:

Within 30 days of receipt of this letter (the compliance period), Lodestar Energy, Inc. must submit appropriate bonding amounts listed above. The appropriate bonding must be as follows:

1. Corporate surety, that is an acceptable surety on Federal bonds;
2. Cash bond; or
3. Personal lease bond(s) secured by negotiable U.S. bonds of a par value equal to the amount of the required surety bond, together with a power of attorney executed on a form approved by the Director.

Compliance Failure Failure to comply with this Notice of Noncompliance will be grounds for cessation of operations and the recommendation that the leases be cancelled as contained in 43 CFR 3486.3.

Appeal Rights

You have 30 calendar days from the receipt of this notice to come into compliance. Following the compliance period, you then have 30 calendar days to appeal to the Board of Land Appeals, Office of the Secretary, in accordance with the regulation at 43 CFR Part 4 and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office within 30 calendar days following the end of the compliance period. The appellant has the burden of showing that the decision appealed from is in error.

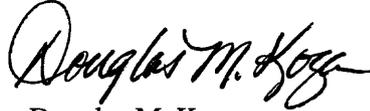
If you wish to file a petition pursuant to regulation 43 CFR 4.21 (58 FR 4939, January 19, 1993) for a stay of the effectiveness of this decision during the time that you appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and the petition for a stay must also be submitted to the Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards;

- (1) The relative harm to the parties if a stay is granted or denied;
- (2) The likelihood of the appellant's success on the merits;
- (3) The likelihood of the immediate and irreparable harm if the stay is not granted, and;
- (4) Whether the public interest favors granting the stay.

Sincerely,



Douglas M. Koza
Deputy State Director, Natural Resources

Enclosure:

1. Form 1842-1 (1 p)

cc: Mary Ann Wright, Utah Division of Oil, Gas and Mining, w/o enc., P.O. Box 145801,
Salt Lake City Utah, 84114-5801
Field Solicitor, Attn: John Steiger, Suite 6201 Federal Building, 125 South State,
Salt Lake City, Utah 84138
Interior Board of Land Appeals, Attn: J. Roberts, 4051 Wilson Blvd., Arlington, VA 22203
(Docket Nos. 98-376, 2000-52)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

INFORMATION ON TAKING APPEALS TO THE BOARD OF LAND APPEALS

DO NOT APPEAL UNLESS

1. This decision is adverse to you,
AND
2. You believe it is incorrect

IF YOU APPEAL, THE FOLLOWING PROCEDURES MUST BE FOLLOWED

1. NOTICE OF APPEAL Within 30 days file a *Notice of Appeal* in the office which issued this decision (see 43 CFR Secs. 4.411 and 4.413). You may state your reasons for appealing, if you desire.

2. WHERE TO FILE
NOTICE OF APPEAL

SOLICITOR
ALSO COPY TO

3. STATEMENT OF REASONS Within 30 days after filing the *Notice of Appeal*, file a complete statement of the reasons why you are appealing. This must be filed with the United States Department of the Interior, Office of the Secretary, Board of Land Appeals, 4015 Wilson Blvd., Arlington, Virginia 22203 (see 43 CFR Sec. 4.412 and 4.413). If you fully stated your reasons for appealing when filing the *Notice of Appeal*, no additional statement is necessary.

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4. ADVERSE PARTIES Within 15 days after each document is filed, each adverse party named in the decision and the Regional Solicitor or Field Solicitor having jurisdiction over the State in which the appeal arose must be served with a copy of: (a) the *Notice of Appeal*, (b) the Statement of Reasons, and (c) any other documents filed (see 43 CFR Sec. 4.413). Service will be made upon the Associate Solicitor, Division of Energy and Resources, Washington, D.C. 20240, instead of the Field or Regional Solicitor when appeals are taken from decisions of the Director (WO-100).

5. PROOF OF SERVICE Within 15 days after any document is served on an adverse party, file proof of that service with the United States Department of the Interior, Office of the Secretary, Board of Land Appeals, 4015 Wilson Blvd., Arlington, Virginia 22203. This may consist of a certified or registered mail "Return Receipt Card" signed by the adverse party (see 43 CFR Sec. 4.401(c)(2)).

Unless these procedures are followed your appeal will be subject to dismissal (see 43 CFR Sec. 4.402). Be certain that all communications are identified by serial number of the case being appealed.

NOTE: A document is not filed until it is actually received in the proper office (see 43 CFR Sec. 4.401(a))

SUBPART 1821.2--OFFICE HOURS; TIME AND PLACE FOR FILING

Sec. 1821.2-1 *Office hours of State Offices.* (a) State Offices and the Washington Office of the Bureau of Land Management are open to the public for the filing of documents and inspection of records during the hours specified in this paragraph on Monday through Friday of each week, with the exception of those days where the office may be closed because of a national holiday or Presidential or other administrative order. The hours during which the State Offices and the Washington Office are open to the public for the filing of documents and inspection of records are from 10 a.m. to 4 p.m., standard time or daylight saving time, whichever is in effect at the city in which each office is located.

Sec. 1821.2-2(d) Any document required or permitted to be filed under the regulations of this chapter, which is received in the State Office or the Washington Office, either in the mail or by personal delivery when the office is not open to the public shall be deemed to be filed as of the day and hour the office next opens to the public.

(e) Any document required by law, regulation, or decision to be filed within a stated period, the last day of which falls on a day the State Office or the Washington Office is officially closed, shall be deemed to be timely filed if it is received in the appropriate office on the next day the office is open to the public.

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