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Lodestar Energy Inc.  
Mountain Operations  
HC 35 Box 370  
Helper UT 84526

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NOV 02 2001

DIVISION OF  
OIL, GAS AND MINING

435-637-9200 or 435-448-9420  
435-448-9456 fax

*Reading*  
*C/007/001*  
*Copy May Ann, Done*  
*John Maycock*  
*Done, Pam*

**Fax**

To: Pam Grubbaugh-Littig

From: Jane Miller

Fax: (801) 359-3940

Date: 11/2/01

Phone:

Pages: 2

Re:

CC:

- Urgent
- For Review
- Please Comment
- Please Reply
- Please Recycle

•Comments:

Pam,  
Attached is the letter required in Stipulation #9  
in the white Oak permit C/007/001 issued 10/26/01  
I will bring the good copy with me on Monday  
when I bring the signed permit and the  
clean copies.

*Jane*



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

November 2, 2001

Ms. Pamela Grubaugh-Littig  
Utah Coal Program  
Utah Division of Oil, Gas and Mining  
1549 West North Temple, Suite 1210  
Salt Lake City, UT 84114-5801

RE: Notification of Incapacity of Surety Company

Dear Ms. Grubaugh-Littig:

Lodestar Energy, Inc. is providing this letter in compliance with Utah Regulation R645-301.840.520. It has come to our attention that the Utah Insurance Department completed proceedings for the revocation of Certificate of Authority against Frontier Insurance Company 195 Lake Louis Marie Road, Rock Hill, NY 12775 on October 24, 2001. The certified letter of the proceeding and order was mailed to Frontier Insurance Company on October 25, 2001.

The order becomes final in fifteen (15) days after the date of mailing unless a written request for a hearing is received from the Respondent. The Respondent has 30 days from the date the order becomes final to seek an agency review by filing a written petition.

An "Order of Rehabilitation" was entered by the Supreme Court of the State of New York on October 15, 2001, which includes a finding that "Frontier is insolvent". It is our understanding that Frontier would deny that any "incapacity" is created by any such insolvency.

Please feel free to contact Eberley Davis - Lodestar (Lexington) at (859)255-4006 or myself at (435) 448-9454.

Sincerely,

David B. Miller  
Business Manager

Cc: Eberley Davis - Lodestar Energy (Lexington)