



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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INSPECTION REPORT

Partial: _____ Complete: XXX Exploration: _____
 Inspection Date & Time: May 15, 2001 / 7:30 AM-3 PM
 Date of Last Inspection: 4/25 & 30 /2001

Handwritten initials/signature

Mine Name: White Oak #1 and #2 County: Carbon Permit Number: C/007/001
 Permittee and/or Operator's Name: Lodestar Energy, Inc. and subsidiaries
 Business Address: HC 35 Box 370, Helper, Utah 84526
 Type of Mining Activity: Underground XXX Surface _____ Prep. Plant _____ Other _____
 Company Official(s): Mr. Dave Miller, P.E., Mr. Kit Pappas
 State Official(s): Peter Hess Federal Official(s): None
 Weather Conditions: Overcast, breezy/cool, 40's Fahrenheit
 Existing Acreage: Permitted 3746 Disturbed 140.2 Regraded _____ Seeded _____
 Status: Active XXX

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

- Substantiate the elements on this inspection by checking the appropriate performance standard.
 - For complete inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check N/A.
 - For partial inspections check only the elements evaluated.
- Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
- Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
- Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	EVALUATED	N/A	COMMENTS	NOV/ENF
1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d. WATER MONITORING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. NONCOAL WASTE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. SLIDES AND OTHER DAMAGE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

INSPECTION REPORT

(Continuation sheet)

PERMIT NUMBER: C/007/001

DATE OF INSPECTION: 5/15/2001

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

At the request of the UDNR/OGM Salt Lake Office, the acreages which have been permitted by White Oak for both Federal and non-Federal coal ownership were discussed. It was necessary for the permittee to perform an analysis to calculate the permitted coal acreages. That analysis was received on May 18, 2001 with the following results:

Federally owned coal permitted acreage	2,518.59
Non-Federally (private) coal permitted acreage	1,387.41
Total	3,906.00

At present, the Division is reviewing a proposed permit amendment to permit the contour strip mining of coal from both the upper and lower O'Connor coal seams in the Mine facilities area. The permittee intends to strip approximately 26.5 acres of the 60.9 acres of the surface facilities disturbance.

3. TOPSOIL

The permittee has repaired the silt fence at the base of the ValCam topsoil storage pile (rail loading facility).

4A. HYDROLOGIC BALANCE: DIVERSIONS

The shallow concrete ditch which parallels the primary coal hauling access road has several sections which need maintenance due to partial blockage by material spalling from the adjacent cut banks. As noted in the April inspection report, two sections of the ditch had been blocked to the point that any flows reporting to them would have been forced onto the haul road resulting in uncontrolled runoff and a failure of the surface drainage plan. The sections still requiring maintenance are D-23 and D-21.

A follow-up inspection of these diversions determined that the ditch is now fully functional.

It was noted this day that sediment basin between the discharge end of culvert C-5-15 and the inlet end of culvert C-6-18 (inlet culvert to pond 002A) is in need of cleaning. Fines have built-up in the basin to a level that blocks approximately fifty percent of the cross sectional area of culvert C-6-18. This maintenance item was noted by Mr. Pappas.

Ditch D-16A which reports flow from the coal stockpile pad (at the rail loading facility) to pond 003A is in need of re-definement. Conveyor belting has been installed in the ditch to prevent additional erosion, but the ditch banks are meandering. Same should be redefined to meet design specifications.

The snow removal process in the mine site facilities area has created a pile of dirt, coal and other material at the junction of the interburden bench road directly above the #2 Mine fan installation. The pile is large enough to block the ditch on the bench road where it joins ditch D-37. It was suggested that the permittee clean up the gob pile and restore the ditch to function as designed. All runoff reports to pond 004A.

INSPECTION REPORT

(Continuation sheet)

PERMIT NUMBER: C/007/001

DATE OF INSPECTION: 5/15/2001

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The second quarter 2001 sediment pond inspection for the mine site sediment pond was conducted by Mr. Rich Richey on April 25, 2001. The inspection report noted that the pond was discharging between six and ten gallons per minute. As noted above, the permittee sampled the discharge effluent on the same day. No problems were noted with pond 004 relative to hazardous conditions or signs of instability. It is not known what experience or training has been received by Mr. Richey relative to the inspection of impoundments.

Ponds 001, 002, 003, and 005 were still in need of their second quarter inspection as of May 15, 2001.

The first quarter impoundment inspections for the sites sediment containment ponds were conducted by Mr. Garin Harada, Mining Engineer, on March 9, 2001. Pond 005 is inactive, although it was formerly used to treat mine water from the #1 Mine. It continues to be inspected on a quarterly basis. There were no hazardous conditions or signs of instability noted for ponds 001, 002, or 003; all of which are active.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

There are two locations where straw bale dikes have been installed along the Belina primary coal haul access road where maintenance is needed. These locations were noted last month, but were still under large volumes of snow.

At this time, the ground is still quite soft, and to repair the installations at this time would be difficult. The locations are 1) at the down-canyon end of ditch D-25B, where flows report to undisturbed bypass culvert C-25, 2) the straw bales dikes, and (3) at the lower end of ditch D-21 where the flows drop into Eccles Creek just upstream of culvert C-21-48. The dikes have either bypassed or have been silted in to the extent that they are no longer capable of functioning. Mr. Pappas was notified that the dikes are considered to be a compliance situation and that expeditious repair is warranted.

A follow-up inspection has determined that the straw bales dikes have been repaired to function as designed.

There are two erosion gullies on the grade which reports flow to the silt fence containment in the mouth of ditch D-25A. It was recommended to the permittee that rock be hand placed in these gullies to repair them, such that further erosion will be prevented. The permittee has repaired the gullies.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The permittee has, to date, not conducted any water monitoring sampling for the second quarter of 2001. The permittee anticipates starting the second quarter monitoring during the first week of June 2001.

The permittee has received water sampling analytical data for the following surface monitoring points; VC-1, VC-2, and VC-11. All three sites were monitored on March 18, 2001 with CT & E Labs in Huntington, Utah receiving the samples on the following day. All samples reported had acceptable cation/anion balances. All required operational parameters received analysis and had reportable quantities.

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PERMIT NUMBER: C/007/001

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Discharge monitoring report forms (EPA form 3320-1) for the months of January, February, March and April 2001 were reviewed for compliance and submittal. None of the five UPDES points had outfalls during the months of January through March. However, during the month of April, samples were pulled at the discharging Mine site sediment pond UPDES point #004. Analyses of the April 25, 2001 sample, as reported by Commercial Testing and Engineering to the permittee on May 9, 2001 indicated that the discharging water exceeded the maximum effluent limitation of 25 mg/l for the 30 day average by 24 mg/l (49 mg/l was the reported quantity). This same sample also exceeded the maximum effluent limitation for total iron by 0.3 mg/l (1.3 mg/l was the reported quantity). The permittee failed to make a designation in the boxes provided to note an exceedance for the total suspended solids and total iron. This was pointed out to Mr. Dave Miller, P.E., and Mr. Kit Pappas, who completed the EPA forms.

Upon noting the two exceedances, Mr. Pappas was notified that the permittee should immediately inform the Utah Division of Water Quality via telephone. UPDES permits contain a 24-hour verbal reporting requirement when effluent exceedances occur, and a five-day written notification reporting requirement. As the permittee received notification from CT&E of the two exceedances on May 9, 2001, the permittee was still within the 5-day written reporting requirement permit condition. It was suggested to the permittee that written notification of the exceedances be reported to the Utah DEQ/DWQ as quickly as possible. On May 16, 2001, Mr. Dave Miller notified the UDNR/OGM Price Field Office that a written notification of the two effluent exceedances had been forwarded to the Utah DEQ/DWQ.

The reporting requirements of the permittee's UPDES permit were discussed with Mr. Pappas and Mr. Miller in order to avoid future problems.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

The first quarter 2001 waste rock pile inspection for the spoil pile was conducted on March 9, 2001 by Garin Harada. There was no material placed on the pile during the fourth quarter of 2000 or during the first quarter of 2001. There were no hazardous conditions or signs of instability reported.

14. SUBSIDENCE CONTROL

The permittee submitted the year 2000 subsidence report for the White Oak site on March 20, 2001, with the annual report. This was received in the Price Field Office on March 30, 2001.

The subsidence report consists of a list of sixty surface impacts, an analysis of the surface walkover report, and a subsidence monitoring map which is P. E. certified by Mr. Dave Miller.

No new subsidence features were noted during the permittee's surface walkover. The walkover consists of a visual examination of the impacts listed in Table 1, as well as the noting of any additional features. All impacts were noted as vegetated and healing. Two new areas were surveyed during the fall of 2000. The areas include portions of Sections 24 and 36 of Township 13 South Range 6 East and Sections 1 and 2 of Township 14 South Range 6 East. There were no visual subsidence impacts noted in either area. The subsidence monitoring locations in Coal and Cox Canyons were also monitored, and noted as being unchanged.

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PERMIT NUMBER: C/007/001

DATE OF INSPECTION: 5/15/2001

15. CESSATION OF OPERATIONS

The permittee anticipates that all underground coal extraction will cease in the #2 Mine in August, 2001.

Although the prospect of the permittee entering the White Oak complex into "temporary cessation" status was discussed, it is not known if the permittee will do so upon the completion of underground mining. Mr. Miller indicated that the removal of the surface facilities at the Mine site will commence upon the completion of underground activities, pending review/approval of the contour strip mining proposal, amendment number C/007/001-SR01A.

20. AIR QUALITY PERMIT

The permittee was observed to be operating water sprinklers on the paved primary road at the rail loading facility.

21. BONDING AND INSURANCE

The permittee's general liability insurance is due to be renewed by August 31, 2001.

Inspector's Signature: _____


Peter Hess #46

Date: May 18, 2001

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

sd

cc: James Fulton, OSM
David Miller, Lodestar
Price Field office

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