



U. DEPT. OF THE INTERIOR
OFFICE OF SURFACE MINING
Mine Site Evaluation *Incoming 07/007/001*
State Program *Compliance*



MAY 02 2002

DIVISION OF
 OIL, GAS AND MINING

1. Permittee/Person LOADSTAR ENERGY, INC.		9. Permit Number UT-007-001	10. Permit Type PP
2. Address HC 35, BOX 370		11. Field Visit Date 04/10/2002 mm - dd - yyyy	12. Purpose O
3. City HELPER	4. State UT	13. SRA Present Y	14. Permit Status A
5. Zip Code 84526	6. Phone Number (435) 637-9200	15. Site Status AP	16. Facility Type BF
7. Operator Name, if Different than Permittee		17. OSM Office # 140	18. CCID #
8. Mine Name WHITE OAK MINE 1 & 2		19. Land Code F	20. M.S.H.A ID # 42-01279
		21. State Abrev. UT	22. County Name CARBON
		23. AVS Permittee Entity ID Number 101828	24. State Office

25. Hours

8.0	a. Permit Review
5.0	b. Site Visit Time
9.0	c. Travel Time
2.0	d. Report Writing

26. Signature Block

Henry Austin
 Signature: **4/22/02**
HENRY AUSTIN ID # 116
 Printed Name:
 Date: **04/22/2002**

27. Reviewing Official:

J. Fulton
 Signature:
 Review Date: **4/25/02**
 mm - dd - yyyy
 Is Supplemental MSE Page Used Y/N **Y**

Permit Type — Item 10 IP = Interim Program, PP = Permanent Program, NP = No Permit

Purpose Type Codes Item 12

Oxx... Oversight	Rfx... Reclamation Fees	CCR... Citizen Complaint Referral (non site visit)
Axx... Assistance	Fxx... Federal Actions	CC... Citizen Complaint (initial site visit)
		CCF... Citizen Complaint Follow-up

Joint Inspection — Item 13 A joint inspection is when a state inspector accompanies an OSM inspector any time during the review of the mine site.

Permit Status — Item 14

A.... Active: Coal mining and reclamation activities occurring or permitted but not yet disturbed.	AB.... Abandoned: All surface and underground coal mining activities have ceased and operator has left the site without completing reclamation as defined in 30 CFR 840.11(g)
IN.... Inactive (Permanent Program Permit): Phase II completed or Temporary Cessation of Operations. (Interim Program Permit) Coal mining completed and reclamation activities initiated.	AB1.. Bond Forfeiture: Bond forfeiture officially in process or completed, and reclamation in progress or not yet commenced.
BR.... Bond Release: Reclamation completed and State Regulatory Authority (RA) has released all of the bond (Phase III Release.)	AB2.. Partially Reclaimed Forfeiture: Forfeited site where all bonds have been used to reclaim site, but site not reclaimed to Program standards.
	AB3.. Reclaimed Forfeiture: Forfeited site that has been reclaimed to Program standards.
	NA... Not Applicable: When site is unpermitted.

Site Status Codes — Item 15

ND... No Disturbance: No coal mining and reclamation operations have been started.	MC... Mining Complete: No mining activity on site, site regraded and awaiting phase bond release.	NS.. Non-Site Visit: Status of site not determined.
EX... Coal Exploration: Coal exploration operations have started and where coal mining operations have not begun.	TC... Temporary Cessation: The RA has granted cessation of mining pursuant to 30 CFR 816/817.131(b).	FP.. Forfeiture Pending: The RA is pursuing actions to revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress.
AP.. Active Coal Producing: Coal surface mining activities are occurring.	P1... Phase I Release: At least Phase I bond release granted for entire permitted area. For interim permits, partial bond release.	FR.. Forfeited and Reclaimed: Forfeiture reclamation completed.
AN.. Active Non-Producing: Active non-producing facility such as tipple or preparation plant.	P2.. Phase II Release: At least Phase II bond release for the entire permitted area.	FO.. Abandoned Site: Abandoned site that is permitted but there is no bond.
NM... No Mining: The Permit Status is active, site is not in Temporary Cessation, no surface coal mining activity, and site not regraded.	P3.. Phase III Release: Reclamation completed and the RA has released all bond.	WC.. Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.

Facility Type Codes — Item 16

A... Surface	D... Ancillary (Haulroad, Conveyor, and/or Rails)	H... Exploration Permits	L... Remaining site permitted under 30 CFR 785.25
B... Underground	E... Refuse and/or Impoundment	I... Notice of Intent to Explore	
C... Preparation Plant	F... Loading Facility and/or Tipple	J... Exempt 16 and 2/3	
	G... Stockpiles	K... Government Financed Construction Exemption	

Small Business Regulatory Enforcement Fairness Act (SBREFA)
Your Comments Are Important

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you are a small business (a business with 500 or fewer employees including those of affiliates) and wish to comment on the enforcement or compliance activities of OSM, call 1-888-REG-FAIR (1-888-734-3247).

U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING

Mine Site Evaluation

State Program

Permittee/
Person

LOADSTAR ENERGY, INC.

Permit
Number

UT-007-001

Field Visit
Date

04/10/2002

Continuation Page

28. Performance Standard Categories

Codes: 1=Compliance, 2=Noncompliance, 3=Not Planned, 4=Not Started, 5=Noncompliance Identified Elsewhere, 6=Previously Cited

<p>A. Administrative</p> <ol style="list-style-type: none"> 1. <u>1</u> Mining within Valid Permit 2. <u>1</u> Mining within Bonded Area 3. <u>1</u> Terms & Conditions of Permit 4. <u>1</u> Liability Insurance 5. <u>1</u> Ownership and Control 6. <u>1</u> Temporary Cessation 7. <u>1</u> AML Rec. Fees -- Non-Respondent 8. <u>1</u> AML Rec. Fees -- Failure to Pay <p>B. Hydrologic Balance</p> <ol style="list-style-type: none"> 1. <u>1</u> Drainage Control 2. <u>1</u> Inspections & Certifications 3. <u>1</u> Siltation Structures 4. <u>1</u> Discharge Structures 5. <u>1</u> Diversions 6. <u>1</u> Effluent Limits 7. <u>1</u> Ground Water Monitoring 8. <u>1</u> Surface Water Monitoring 9. <u>3</u> Drainage -- Acid-Toxic Materials 10. <u>3</u> Impoundments 11. <u>3</u> Stream Buffer Zones <p>C. Topsoil & Subsoil</p> <ol style="list-style-type: none"> 1. <u>1</u> Removal 2. <u>1</u> Substitute Materials 3. <u>1</u> Storage and Protection 4. <u>1</u> Redistribution 	<p>D. Backfilling & Grading</p> <ol style="list-style-type: none"> 1. <u>1</u> Exposed Openings 2. <u>1</u> Contemporaneous Reclamation 3. <u>1</u> Approximate Original Contour 4. <u>1</u> Highwall Elimination 5. <u>3</u> Steep Slopes (includes downslope) 6. <u>3</u> Handling of Acid & Toxic Materials 7. <u>1</u> Stabilization (rills and gullies) <p>E. Excess Spoil Disposal</p> <ol style="list-style-type: none"> 1. <u>3</u> Placement 2. <u>3</u> Drainage Control 3. <u>3</u> Surface Stabilization 4. <u>3</u> Inspections & Certifications <p>F. Coal Mine Waste (Refuse Piles/Impoundments)</p> <ol style="list-style-type: none"> 1. <u>1</u> Drainage Control 2. <u>1</u> Surface Stabilization 3. <u>1</u> Placement 4. <u>1</u> Inspections and Certifications 5. <u>3</u> Impounding Structures <p>G. Use Of Explosives</p> <ol style="list-style-type: none"> 1. <u>1</u> Blaster Certification 2. <u>1</u> Distance Prohibitions 3. <u>1</u> Blast Survey/Schedule 4. <u>1</u> Warnings & Records 5. <u>1</u> Control of Adverse Effects 	<p>H. <u>1</u> Subsidence Control Plan</p> <p>I. Roads</p> <ol style="list-style-type: none"> 1. <u>1</u> Road Construction 2. <u>1</u> Certification 3. <u>1</u> Drainage 4. <u>1</u> Surfacing and Maintenance 5. <u>1</u> Reclamation <p>J. Signs & Markers</p> <ol style="list-style-type: none"> 1. <u>1</u> Signs 2. <u>1</u> Markers <p>K. <u>1</u> Distance Prohibitions</p> <p>L. Revegetation</p> <ol style="list-style-type: none"> 1. <u>1</u> Vegetative Cover 2. <u>1</u> Timing <p>M. <u>1</u> Postmining Land Use</p> <p>N. Other</p> <table border="0" style="width: 100%; margin-top: 10px;"> <tr> <td style="text-align: right;">General</td> <td style="width: 20px;"></td> <td style="width: 20px;"></td> <td style="width: 20px;"></td> <td style="width: 20px;"></td> </tr> <tr> <td style="text-align: right;">Performance</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">Category</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> <td style="text-align: center;">1)</td> <td style="border-bottom: 1px solid black; width: 100px;"></td> </tr> <tr> <td></td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> <td style="text-align: center;">2)</td> <td style="border-bottom: 1px solid black; width: 100px;"></td> </tr> <tr> <td></td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> <td style="text-align: center;">3)</td> <td style="border-bottom: 1px solid black; width: 100px;"></td> </tr> </table>	General					Performance					Category						—	—	1)			—	—	2)			—	—	3)	
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Performance Standard Categories 30 CFR Counterpart

<p>A. Administrative.....(816/817.71-74)</p> <ol style="list-style-type: none"> 1. Valid Permit.....773.11 2. Mining within Bonded Area.....773.11 3. Terms & Conditions of Permit.....773.17 4. Liability Insurance.....800.60 5. Ownership and Control.....778.13 6. Temporary Cessation.....842.11(e) & 816/817.131 7. AML Rec. Fees -- Non-Respondant.....870.15(b) 8. AML Rec. Fees -- Failure to Pay.....870.15(a) <p>B. Hydrologic Balance.....(816/817.41-57)</p> <ol style="list-style-type: none"> 1. Drainage Control.....45 2. Inspections & Certifications.....49(a)(10) 3. Siltation Structures.....46 4. Discharge Structures.....47 5. Diversions.....43 6. Effluent Limits.....42 7. Ground Water Monitoring.....41(c) 8. Surface Water Monitoring.....41(e) 9. Drainage--Acid - Toxic Materials.....41(f) 10. Impoundments.....49 11. Stream Buffer Zones.....57 <p>C. Topsoil & Subsoil.....(816/817.22)</p> <ol style="list-style-type: none"> 1. Removal.....22(a) 2. Substitute Materials.....22(c) 3. Storage and Protection.....22(c) 4. Redistribution.....22(d) <p>D. Backfilling & Grading.....(816/817.95-107)</p> <ol style="list-style-type: none"> 1. Exposed Openings.....816/817.13, 14, 15, & 823.11 & 21 2. Contemporaneous Reclamation.....100 3. Approximate Original Contour.....102(a)(1) 4. Highwall Elimination.....102(a)(2) 5. Steep Slopes (includes downslope).....107 6. Handling of Acid & Toxic Materials.....102(c) 7. Stabilization (rills and gullies).....95(b) 	<p>E. Excess Spoil Disposal.....(816/817.71-74)</p> <ol style="list-style-type: none"> 1. Placement.....71(e) 2. Drainage Control.....71(f) 3. Surface Stabilization.....71(g) 4. Inspections & Certifications.....71(h) <p>F. Coal Mine Waste (Refuse Piles/Impoundments)(816/817.81-84)</p> <ol style="list-style-type: none"> 1. Drainage Control.....83(a) 2. Surface Stabilization.....83(b) 3. Placement.....83(c) 4. Inspections and Certifications.....83(d) 5. Impounding Structures.....84 <p>G. Use of Explosives.....(816/817.61-68)</p> <ol style="list-style-type: none"> 1. Blaster Certification.....61(c) 2. Distance Prohibitions.....61(d) 3. Blast Survey/Schedule.....62-64 4. Warnings & Records.....66 & 68 5. Control of Adverse Effects.....67 <p>H. Subsidence Control Plan.....(817.121-122)</p> <p>I. Roads.....(816/817.150-151)</p> <ol style="list-style-type: none"> 1. Road Construction.....150(c) 2. Certification.....151(a) 3. Drainage.....150(b)-151(d) 4. Surfacing and Maintenance.....150(e)-151(d) 5. Reclamation.....150(f) <p>J. Signs & Markers(816/817.11)</p> <ol style="list-style-type: none"> 1. Signs.....11(a),(b),&(c) 2. Markers.....11(a),(b),(d),(e),&(f) <p>K. Distance Prohibitions.....(761.11)</p> <p>L. Revegetation.....(816/817.111-116)</p> <ol style="list-style-type: none"> 1. Vegetative Cover.....111 & 116 2. Timing.....113 <p>M. Postmining Land Use.....(816/817.133)</p>
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April 23, 2002

Loadstar Energy, Inc.
HC35 Box 370
Helper, UT 84526

White Oak #1 and #2 Mines
Complete, and special focus inspections
April 10, 2002

Participants:

David Miller, P. E., Loadstar Energy, Inc.
Darron Haddock, DOGM
Wayne Western, DOGM
Pete Hess, DOGM
Henry Austin OSM

I participated in a joint complete, and special focus inspection of the White Oak Mines with the above participants. The special focus inspection was conducted first, and involved compliance with the Utah Rules at R-645-301-524, Blasting and Explosives. The special focus was limited to evaluation of the public participation / customer service components of the Utah blasting regulations. The complete inspection evaluated all disturbed and reclaimed areas, with a focus on offsite impacts and reclamation success. No offsite impacts were documented during the inspection. The selection of this mine and inspection topics was done by the Utah Division of Oil, Gas and Mining (DOGM) / and Office of Surface Mining (OSM) Evaluation Team. Weather conditions were cool and windy, and ground conditions were basically dry.

We began the special focus inspection by reviewing office records documenting the operators actions to: A) Provide written notice, B) maintain a log of blasting operations, C) limit the blasts based on physical conditions of the site (scale distance formula and ground motion / airblast limitations), D) require certified blasters, and E) provide for pre-blast surveys. Our evaluation of these regulatory provisions found the following: The only structure of concern within 1/2 mile of the permit area is a Questar natural gas pipeline, there are no residents within this area. Questar was notified via 9/21/01 letter with a blasting schedule notice, and informed of their right to request a pre-blast survey of the pipeline. Scofield and Clear Creek residents were notified of the blasting schedule via 10/26/01 letter (outside required notification area), and Scofield Municipality was notified via 11/9/01 letter. Local newspaper publication of the blasting schedule occurred 11/29/01, 1/10/02, 1/31/02, and 2/21/02. The published blasting schedule was provided to Questar 1/9/02. Questar requested a pre-blast survey that was conducted by Salt Lake Seismic. Initial survey results were provided to Questar and DOGM via 11/26/01 letter. Questar requested additional information, and the survey including this additional information (pillar extent and stability) was provided to Questar and DOGM via 12/28/01 letter. The survey included a visual inspection of the area above the pipeline, although this inspection was limited due to snow cover in most areas. DOGM final approval of the pre-blast survey was 2/27/02.

White Oak Mines, pg. 2

There has only been one overburden shot and two coal shots to date, with the overburden shot occurring on 2/28/02. Questar is being notified before all shots. DOGM retained Bradley Safety Consultants to monitor the first shot and provide expert analysis of site-specific conditions. Mr. Bradley's findings are documented in a March 2, 2002, letter to DOGM, which was provided to OSM prior to this inspection. Accurate blasting logs, blast design and diagram, and blast certification by a Utah certified blaster accompanies records for all blasts to date. Ground motion recorded was not significant, and the pipeline is approximately 1500 feet from the blast site. This concluded our records review. We went to the minesite and determined that all blasting signs and markers required at the mine entrance and at the blasting area are posted and contain the required information. This concluded our special focus inspection, and the inspection team finds that the operator is in compliance with all the provisions evaluated in Utah Rule R 645-301-524. Both the operator and DOGM are commended for working together both beyond and including the requirements of the regulations to ensure public notification, blasting area protection, safe and efficient blasting, monitoring, and record keeping practices.

Messrs. Haddock and Western left after a close out meeting at the mine offices, and we continued with our complete inspection reviews. Mr. Hess conducted a thorough records review at the Loadstar office including the following: Whiskey Creek permitting action including the 9 special conditions found in Attachment A. The bond was recalculated for this significant permit revision (\$ 3,832,000.00), and Loadstar is currently in bankruptcy / reorganization litigation in Kentucky. DOGM is a party to this litigation, and we briefly reviewed the most recent agreed order in the Chapter 11 proceeding filed 2/25/02 in U S Bankruptcy Court, Eastern District Of Kentucky, Lexington, KY, and Case # 01-50969. Liability insurance is dated 9/25/01 and includes appropriate blasting and minimum coverages. Sediment pond / impoundment inspections were current through 3/6/02, and monthly DMR's were also current through March, 2002. Mr. Hess discussed some missing data points the company has yet to enter through DOGM's electronic data base and Mr. Miller indicated this would be done. The former refuse pile had current inspections / certification through March. The current surface mining is redisturbing this Pile for spoil storage currently, and will eventually be completely recovered, topsoiled, and reclaimed. The mine received a new air quality permit dated 1/22/02. DOGM has notified the permittee that the mid-term permit review has been initiated, and Mr. Miller is aware of the necessary permitting updates. This concluded the records review.

Haulroad outsoles are reasonably stable, and ditches were dry and well maintained. Snow storage areas were protected. Mine identification signs, including blasting as noted above were evident. The operator is beginning their third cut and are utilizing dozers and endloaders primarily. Topsoil storage is as approved in one location so far. Surface water runoff control was adequate. Former mine dewatering pond 5 is being demolished and there is no further underground mine water discharge anticipated. Portals are sealed and current surface mining is below portal elevation. The ASCA / dugout pond has been constructed as approved and contained water from a very limited watershed currently.

White Oak Mines, pg 3

This structure will deserve close attention as disturbance advances towards it and runoff increases. This is a permitted UPDES discharge location. We briefly discussed the Whiskey Creek relocation plans relative to current disturbed area. The necessary stream channel relocation plan designs and permits are completed. Mr. Miller speculated on possible exploration and development of additional / contiguous coal deposits in the immediate area. The current haulroad within the surface mining area may need additional durable rock surfacing if it deteriorates from increased haulage and precipitation. Pond 4 provides surface runoff control. Ponds were not discharging during the inspection. Operators have done a good job of structural demolition and removal from the former Belina Portals area. Very little sign of former facility debris or boneyard equipment on site.

We inspected the train loadout area. Sediment ponds appeared stable and were not discharging. ASCA's were functional at the road entrance area, and operators have recently cleaned coal materials from the coal stockpile area outslope facing the entrance road. No surface water runoff control problems were evident. Operators have a sprinkler system for dust suppression on the roadways that appears effective. Mr. Hess requested that recent excavation work at the pump house to repair a waterline be finished as soon as possible, and Mr. Miller agreed. The undisturbed area runoff diversion upslope from the pump house could be better defined as it enters the natural drainage, and we discussed ways to do this without creating undue additional disturbance to stable soils. Boneyard materials that have no salvage value should be removed from the loadout area. We discussed the Alpine School District Outdoor Lab across the street from the loadout. This was former mine office space converted to an Outdoor Lab use and is still included in the disturbed / bonded area. The permittee should consider exploring the necessary land use changes (recreational area land use) and secure bond release of this area, if practicable for the permittee's future plans for this area.

This concluded the inspection. As noted above, there were no offsite impacts observed during the inspection, and the permittee has kept current with reclamation of surface facilities on the area no longer in use. Please address any questions concerning this report to Henry Austin at haustin@osmre.gov or to (303) 844-1400 x1466.