



May 24, 2002

Via Facsimile and Regular Mail

Frank G. Patrick
Attorney at Law
P. O. Box 68570
Portland, OR 97268-0570

*Incoming
4/007/001
Copy Dan:
Baron*

Re: Lodestar Energy, Inc. and Milton A. Oman, Ltd.

Dear Frank:

This letter is written to raise some questions that must be addressed by your client, Milton A. Oman, Ltd., with respect to reclamation of the property presently being mined by Lodestar. I will start off by saying that these are the kinds of things that we normally deal with by our mining management contacting the landowner, but in this case we are not sure of the proper contact. If you would like for us to handle issues in that manner in the future, please provide the name, address and telephone number of the appropriate contact. It would also be helpful if you would confirm the proper address for ongoing payments.

The first question concerns the post-mining land use for a portion of the Oman property. In a letter dated December 21, 1983 addressed to Mr. T. G. Whiteside, Chief Engineer for Valley Camp of Utah, Inc., Mr. Oman stated his desires with respect to post-mining land use. (A copy of that letter is enclosed for your convenience.) However, Mr. Oman failed to address the property in Section 30 of Township 13 South Range 6 East, which is the White Oak mine site. Accordingly, we need to know whether your clients want that property returned to the pre-mining land use of wildlife and grazing, or prefer to make some other use of the property.

The second question concerns the haulroad accessing the Oman property from Eccles Canyon (this road is referred to in the Supplemental Agreement as the Whiskey Creek Canyon haulroad). The question here is whether your clients want Lodestar to leave that road, or reclaim it. If they want Lodestar to leave the road DOGM requires that the landowner justify in writing the need for the road and assume responsibility and maintenance of the road from the time Lodestar's bond is released. It is our belief that DOGM will require some physical changes to the road if it is to be left, but we do not have any detail on that yet.

Lodestar Energy, Inc.
333 West Vine Street, Suite 1700 • Lexington, Kentucky 40507-1628
tel. 859/255-4006 • fax. 859/255-0330

The third and final question relates to the road contemplated by paragraph 2 of the Supplemental Agreement. If your client wants Lodestar to leave that road rather than reclaim it, we need confirmation of that point and clarification that the first word of that section should have been "Lessee" and that the word "Lessor" was used in error.

There is documentation that will be required on each of these points, depending on your client's desires. We thought the best approach would be to contact you to raise the questions, and then prepare the documents once we have a response. I'll be glad to discuss these items with you, and we can include Dave Miller, from the operations, who is more knowledgeable on the subjects. We would also be happy, of course, to have Dave talk directly with your client. I look forward to hearing from you at your earliest possible convenience.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. E. Davis", with a long horizontal flourish extending to the right.

R. Eberley Davis
Vice President & General Counsel

RED:cgs

cc: Dave Miller

MILTON A. OMAN
ATTORNEY AT LAW
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
48 SOUTH MAIN STREET Suite 900
SALT LAKE CITY, UTAH 84111
TELEPHONE 881 831-8300

December 21, 1983

Mr. T. G. Whiteside
Chief Engineer
Valley Camp of Utah, Inc.
Scofield Route
Helper, Utah 84526

Re: Belina Mine
POST MINING RECLAMATION

Dear Mr. Whiteside:

I have your letter of October 4, 1983, which transmitted to me a copy of Valley Camp of Utah, Inc.'s "Reclamation Plan: Post - Mining Lands Use Plan." Consideration has been given to the matters therein presented in a most complete and expert way. My comments regarding this matter are set out below:

1. IN GENERAL. My ownership of lands which are directly involved in the mining operations concerned are in the northeast one-quarter of Section 13, in Township 13 South Range 6 East, SIM and in Sections 17, 18 and 19 in Township 13 South Range 7 East. Mining operations extend westerly through my lands and into and under lands owned by the United States of America and administered by the United States Forest Service - Manti-LaSal National Forest. Grazing, recreational, and wildlife use of my lands have an effect upon the adjacent National Forest lands and the same uses of such lands have an effect upon my patented lands, described above and on my additional and adjacent patented lands. My experience in the livestock grazing and wildlife management and hunting upon the lands above described, which are particularly involved in the mining operation of Valley Camp and upon lands for several miles in every direction therefrom has been for more than fifty years, although my ownership of the lands directly involved here has not been for that entire period of time.

2. THE ROAD. Valley Camp has constructed a road from the bottom of Eccles Canyon in Section 18 southward on a steep grade which appears to be an approximately ten percent grade to the portals of the Belina complex. At the upper terminus of this road and adjacent to the said portals, wide terraces and coal loading and hauling facilities have been constructed. No road has ever existed through or upon the said three sections of land prior to the time Valley Camp constructed the said road and related facilities. A dirt road, unimproved,

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has existed for many years, located on the north side of Eccles Canyon, which flows from the west to the east and which has its confluence with Mud or Pleasant Valley Creek in Section 17, Township 13 South Range 7 East. This dirt road is connected with a similar type road at the west boundary of my properties in Range 6 East and which leads from the point westerly in several directions through the above-mentioned national forest. The said road in the bottom of Eccles Canyon has now been vastly improved and surfaced by Valley Camp and by Coastal Energy Company. The said road now constitutes a very substantial barrier to the free and unobstructed movement of deer, elk, and domestic livestock - sheep and cattle. Substantial numbers of these animals have grazed these lush, highly productive forage lands since this state was settled, or since approximately the year 1880.

The road extending southward from the bottom of the Eccles Canyon road up to the Belina Mine complex constitutes a complete barrier to the movement of domestic livestock from one side of that road to the other because of the almost perpendicular grade on the upper or west side of this road. My ownership of lands is on both sides of this road. It constitutes less of a barrier to the game animals which graze the area on both sides of the road during the summer season, or from approximately April 15 to the time it snows in this high country - 9,000 feet elevation at the Belina Mine portal - becomes so deep that the animals are unable to travel or find forage sufficient to sustain themselves during the winter months. This Belina Mine road is less of a complete barrier to the movement of the deer and elk herds during the grazing season than it is to the domestic livestock.

COMMENTS AS TO LEAVING THE EXISTING ROAD AND OTHER FACILITIES INTACT UPON THE COMPLETION OR TERMINATION OF MINING OPERATIONS.

1. The existing road has been, during the current year, improved by widening the surface of it at one important curve and the same has been hard surfaced for its entire length. During the same period of time the road has been further improved by the construction of a hard surface or gutter or other suitable drains to catch and carry runoff waters to metal culverts which have been placed under the road surface and which spill the water to the lower side of the road. Deep snows fall in this area - more than twenty feet in an average winter. The waters must be diverted through these culverts at comparatively close intervals so that the volume of water directed through them will not cause extensive erosion and so that the lower or east side of the road will not become so saturated as to cause mudslides upon this very steep side hill. These slides would rip out all vegetative cover including trees. Continuous study will need to be given this very important factor so as to be in a position to know more fully than is now known what erosion will result from the handling of the waters which will accumulate along and above the road and be emptied through the said culverts onto the soils adjacent on the lower side of the road.

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It is difficult, if not impossible, to make a determination as to whether the road now in existence should remain intact at the termination or completion of mining operations, which may not occur for twenty or more years. Uses which may exist at that time for the use of the range and for the use of the surrounding forest and range lands may be, and undoubtedly will be, materially altered from the present uses made of the lands to which the road provides access.

With the reservation that the right to change or amend the decision herein from time to time as changed conditions may require, I approve the proposal of the Valley Camp of Utah, Inc., that the road involved be left intact.

One cannot foresee what condition this road will be in after five, ten, fifteen or twenty years. A determination as to whether the road should be left intact upon the termination of mining operations will depend to some considerable extent upon the condition of the road as it exists at the time said operation terminates.

To some extent also, a determination as to whether the road is to be left intact will depend upon what other buildings and other structures at or near the portal of the Belina complex are to be left, in my ownership, and on what conditions the same might be left for use and ownership by myself or by my heirs, executors, or assigns, who are to have the same rights as to all of the properties involved herein as I have.

I do approve the plan of Valley Camp, Inc., to revegetate the surface of the areas adjacent to the road and adjacent to and around the facility near the portal of the mines. Where Aspen trees have a reasonable chance to survive it is urged that they, in preference to evergreens, be planted. Browse and grasses must be of a perennial type and suited to the slopes involved and of species known to reproduce in the most satisfactory manner, and which will provide the game and domestic animals with maximum forage of high quality.

Attention is called to the fact that the mining operations appear as of this date to have developed underground waters, which are being pumped from the mine down into the canyon which extends to the east and northeast of the mine portals, and across which canyon dams have been constructed by Valley Camp to deposit the sediments which come from the mine and which are washed into the ponds built for the purpose of causing the sediments to settle so that the stream which flows down this small pristine canyon into the Eccles Canyon Creek will not be polluted. It is urged that upon the termination of mining operations all waters developed in the mine be siphoned out of the mine and into the canyon where the said ponds are now constructed and that the said waters shall be owned by myself or by my successors who become the owners of the surface of the lands now owned by me.

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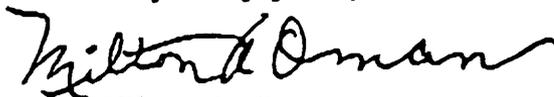
Mr. Whiteside

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December 21, 1983

Except for the one mud slide which has occurred on the lower side of the road involved here at a point near its junction with the Eccles Canyon road, I have no complaint with the work Valley Camp has done in the construction of the road and of the other facilities. I consider them to have been very well done with careful attention having been given all of the factors - soils, forage types, and of present and continuing recreation, wildlife and domestic livestock grazing.

Very truly yours,



Milton A. Oman

MAO/akd

cc: Allen D. Klein

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