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Post-It* Fax Note	767	Date	6/4/02	# of pages	2
To	Pam Grubbs	From	Peter Hess		
Co./Dept	SLO Litig	Co.	PFO-DOG M		
Phone #	DOG M	Phone #			
Fax #		Fax #			

OK

Hand Copy + VC Letter to M. Oman in e-mail

May 24, 2002

Via Facsimile and Regular Mail

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

*Incoming*  
*C/007/001*  
*Copy Pam*

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

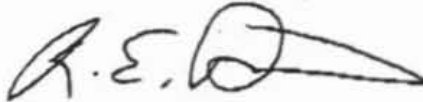
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Frank G. Patrick  
May 24, 2002  
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The third and final question relates to the road contemplated by paragraph 2 of the Supplemental Agreement. If your client wants Lodestar to leave that road rather 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,



R. Eberley Davis  
Vice President & General Counsel

RED:cgs

cc: Dave Miller