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

August 9, 2002

Ms. Pamela Grubaugh-Littig
Utah Coal Program
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

SUBJECT: Permit - C/007/001 White Oak Mines
Oman Ltd. Issues

*J. [unclear]
8/9/02*

Dear Ms. Grubaugh-Littig:

Lodestar Energy, Inc. is respectfully supplying a copy of the letter sent to the Oman heirs requesting dialog or resolution on the issues sent to their lawyer back in May of this year.

They came to the property in June to look at the issues on site. However, since they have not responded since their visit, this letter was drafted and sent to keep the issues from remaining unresolved.

If there are any questions, please feel free to call me at (435)448-9454 or 9455.

Sincerely,

A handwritten signature in black ink, appearing to read "David B. Miller".

David B. Miller
Business Manager

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RECEIVED

AUG 09 2002

**DIVISION OF
OIL, GAS AND MINING**



Lodestar Energy, Inc.
Mountain Operations
White Oak, Horizon, and Grand Valley Mines
HCR 35 Box 370
Helper, Utah 84526

August 8, 2002

Mr. And Mrs. David S. Weiss
2476 E. Dimple Dell Rd.
Sandy, UT 84092

And

Mr. Daren Cain
1504 Zenith Ave.
Salt Lake City, UT 84106

RE: Responses to the Issues Concerning the Milton A. Oman, Ltd. Estate Stated in the
May 24, 2002 Letter to your Attorney Frank G. Patrick

Dear Mr. and Mrs. Weiss and Mr. Cain:

Lodestar Energy, Inc. is writing this letter to bring to your attention the issues that were raised in the May 24, 2002 letter still need to be addressed.

A formal letter from you or your attorney to Lodestar Energy formally identifying the estate's contact person or persons by name, address and telephone number.

The post-mining land use in Section 30 of Township 13 South Range 6 East (the mine site) needs to be identified in a letter from you to Lodestar Energy.

The road across the reclaimed area at the mine site can not be left at the end of mining if the typographic error is not corrected changing the statement that the "Lessor" would install the road instead of the "Lessee". A letter agreeing to this change and a formal amendment to the lease with signatures and recording of the document will be required.

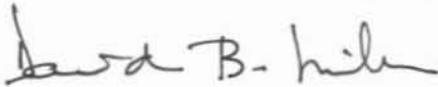
The last issue is the haul road from Eccles Canyon to the Oman property. The land owner must provide a letter stating the need and use for the road to remain and what type of road will be required for your use. A responsibility and maintenance agreement stating that the land owner will accept the responsibility and maintain the road after the bond is released on the mining permit. An agreement will also need to be attained from

the Madsen/Hammond land owners agreeing to this road being left on their property. Since the road also crosses their property on the way to the Oman property at the mine site.

DOGM has requested that these issues be resolved by December, 2002.

Responses or some type of formal dialog on these issues would be appreciated. Please contact me via letter or telephone at (435) 448-9455 or fax (435) 448-9456.

Sincerely,

A handwritten signature in cursive script that reads "David B. Miller".

David B. Miller
Business Manager

Xc: DOGM – Salt Lake Office

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