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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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PAL
by
SQ

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INSPECTION REPORT

Partial XXX Complete _____ Exploration _____
Inspection Date: 04/03/2002 / Time: 8:30 AM-12:30 PM
Date of Last Inspection: 03/05/2002

Mine Name: Whiskey Creek Mine County: Carbon Permit Number: C/007/001
Permittee and/or Operator's Name: Lodestar Energy, Inc.
Business Address: HC 35 Box 370, Helper, Utah 84526
Company Official(s): Messrs. Dave Miller and Kit Pappas, Engineering Dept.
State Official(s): Peter Hess Federal Official(s): None
Weather Conditions: Sunny, warm / snow melting
Type of Mining Activity: Underground Surface XXX Prep Plant XXX Other _____
Existing Acreage: Permitted 3906 Disturbed 140.2 Regraded _____ Seeded _____
Status: Active

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. 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.
 - b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. 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 type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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: 04/03/2002

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The Dugout pond, which has received the UPDES 005A designation through proper permitting action contained water heavily laden with suspended and dissolved solids this day. Snowmelt was reporting to this pond as designed. The elevation of the water was below the primary discharge, which is an open spillway.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

The silt fence that has been installed around the inlet of the Whiskey Creek undisturbed by-pass culvert (UDD-5) is in need of repair. Daylight was observed in at least one panel along its bottom edge. Most of Whiskey Creek from this point up remains under frozen snow.

4D. HYDROLOGIC BALANCE: WATER MONITORING

As a part of the Division's continuing efforts to review and analyze water-monitoring data, the field inspectors have worked out a verbal agreement with Ms. Dana Dean that any glitches with each of the quarterly water monitoring submittals be noted for each individual inspector's respective mines. The report for the White Oak permit area indicated that data for forty-one sample points had not been reported. A review of the permittee's records indicated that, of these, six were UPDES discharge points that had no outfall, twelve had no flow, and 23 were not required to be monitored after the first year. An analysis sheet for spring S36-17 was obtained.

12. BACKFILLING AND GRADING

As observed this day, the permittee is removing and hauling the burden that was shot on February 28, 2002 (this is the interburden between the upper and lower O'Connor coal seams directly in front of the old #1 Mine portals). Euclid dump trucks are being utilized to haul the burden to Pit 1, as designated by the Whiskey Creek Surface Mine operating map. The spoil is being graded to build a road to access the upper seam NE of the old Administration building location.

14. SUBSIDENCE CONTROL

Underground mining in the #2 or lower mine ceased on September 27, 2001. The annual report for the site, including the annual subsidence report, is currently in the possession of the Manti-LaSal National Forest, Price Office.

A meeting is being planned in June with the Division and the USFS to discuss surface impact #23, which is located in Boarding House Canyon. A field visit to this site is being planned. This impact has a lengthy history, having been discovered in 1988.

16B. ROADS: DRAINAGE CONTROLS

The permittee was observed cleaning soil slumps and rock from the shallow concrete diversion that parallels the primary coal haul access road. Straw bales were also being replaced where disturbed area runoff is reporting to undisturbed drainages.

The straw bale dikes at the "big fill" (bottom of the diversion designated as D25-B) and D-21 (junction of the Belina haul road with the Eccles Canyon highway) remain buried under snow.

INSPECTION REPORT
(Continuation Sheet)

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17. OTHER TRANSPORTATION FACILITIES

The coal storage pile at the rail loading facility has reached its maximum storage volume. No trucks were running this day; the permittee cannot produce more coal due to a lack of storage volume at the loadout facility. A train is scheduled to be shipped in the very near future.

18. SUPPORT FACILITIES/UTILITY INSTALLATIONS

The outslope between the loadout coal stockpile and the main highway was inspected. A small amount of coal was observed at the crest of the slope; the coal is very oxidized, which indicates it has been there for quite some time. The permittee has agreed to use stiff toothed rakes to pull the coal back up off this outslope. This outslope is considered suitable soil material for reclamation purposes.

19. AVS CHECK

The permittee recently updated the Chapter 1 legal and financial information with the submittal and Division approval of C/007/001-LF02A.

20. AIR QUALITY PERMIT

The haul roads in the pit area appear to be well compacted by the large haul trucks. Some dust was observed being thrown into suspension.

21. BONDING AND INSURANCE

As of April 3, 2002, the permittee and the Utah Division of Oil, Gas and Mining have an acceptable reclamation bond agreement in place, which has been signed by the Federal Bankruptcy judge.

Inspector's Signature: _____


Peter Hess #46

Date: April 4, 2002

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

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

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