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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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PAL
by
[Signature]

INSPECTION REPORT

Partial XXX Complete ___ Exploration ___
Inspection Date: 05/15/2002 / Time: 9 AM-12 PM
Date of Last Inspection: 04/10/2002

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): Dave Miller, P.E., and Kit Pappas
State Official(s): Peter Hess Federal Official(s): None
Weather Conditions: Clear, cool, windy; about fifty degrees Fahrenheit
Type of Mining Activity: Underground ___ Surface XXX Prep Plant ___ 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.

Table with 5 columns: Item, EVALUATED, N/A, COMMENTS, NOV/ENF. Rows include PERMITS, CHANGE, TRANSFER, RENEWAL, SALE; SIGNS AND MARKERS; TOPSOIL; HYDROLOGIC BALANCE; DIVERSIONS; SEDIMENT PONDS AND IMPOUNDMENTS; OTHER SEDIMENT CONTROL MEASURES; WATER MONITORING; EFFLUENT LIMITATIONS; EXPLOSIVES; DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES; COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS; NONCOAL WASTE; PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES; SLIDES AND OTHER DAMAGE; CONTEMPORANEOUS RECLAMATION; BACKFILLING AND GRADING; REVEGETATION; SUBSIDENCE CONTROL; CESSATION OF OPERATIONS; ROADS; CONSTRUCTION/MAINTENANCE/SURFACING; DRAINAGE CONTROLS; OTHER TRANSPORTATION FACILITIES; SUPPORT FACILITIES/UTILITY INSTALLATIONS; AVS CHECK (4th Quarter- April, May, June); AIR QUALITY PERMIT; BONDING & INSURANCE.

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/001

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(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

Note: As observed this day, the permittee was removing and transporting coal from the lower O'Connor seam in the #3 pit area. According to Mr. Shane Hansen, burden will be moved on afternoon shift, with coal recovery occurring on the day shift.

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The Division initiated a midterm permit review of this Lodestar operation on April 30, 2002, with a site visit. An evaluation of the nine permit conditions, which were placed on the October 26, 2001 permit and included as Attachment A, was performed. During the review process, Division personnel will conduct an evaluation of the current reclamation bond amount and check the accuracy of AVS information. Alternate sediment control methods will also be evaluated.

2. SIGNS AND MARKERS

The permittee recently installed a new topsoil storage area sign on the pile containing 4500-5000 cubic yards of material located SE of pond 004A, (mine site sediment pond).

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The sediment control ponds at the mine site were inspected this day. The water level in pond 004A is about one inch below the primary discharge elevation. There were no signs of instability or other hazards noted with pond 004A.

Dugout pond D-1 was observed to be discharging. On April 30, 2002, the permittee took measures to divert upper Whiskey Creek (above mine site) into Dugout pond D-1. The pond is discharging clear water back into Whiskey Creek just above the inlet to the undisturbed by-pass culvert (designated UDD-5).

As noted this day and discussed with Mr. Miller, the amount of free-board along the impounding embankment of Dugout pond D-1 is minimal. Mr. Miller indicated that he has instructed the surface foreman in charge of the area to lower the elevation of the discharge spillway in order to avoid problems should a precipitation event occur. There were no signs of erosion or hazardous conditions noted with the impoundment.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

The permittee needs to repair the silt fence located on the NE corner of the topsoil pile located above pond 004A. Snow accumulations have pushed the fence over.

The permittee needs to pull some of the soil back on the NE corner of this same pile and install a small berm along the crest parallel with the undisturbed drainage.

The permittee needs to muck out the catch basin at the "Big Fill". Water coursing, about the riprap that was placed in the rills immediately up-dip of this basin, should be worked around to slow the erosive process here. The access to the catch basin is quite steep.

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The permittee is aware that the straw bale dikes at the Big Fill are in need of maintenance. Two remain capable of functioning as designed. The ground adjacent to the dikes is quite soft at this time. The permittee anticipates replacing all of these controls with new bales.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The permittee has initiated the second quarter water monitoring requirements for the Whiskey Creek permit area with the collection of samples along Mud Creek designated as VC-1 and VC-2.

5. EXPLOSIVES

Mr. Shane Hansen, surface foreman, anticipates that the next interburden shot may take place on or about May 24th.

An ammonium nitrate prill trailer and a box trailer designated as containing blasting agents were observed parked on the lower pad in the vicinity of the truck loadout.

Inspector's Signature: _____


Peter Hess #46

Date: May 16, 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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