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

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INSPECTION REPORT

Partial XXX Complete Exploration
Inspection Date: 06/03/2002 / Time: 9:20AM-11:15AM
Date of Last Inspection: 05/15/2002

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 Business Manager
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 categories like PERMITS, TOPSOIL, HYDROLOGIC BALANCE, etc.

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/001

DATE OF INSPECTION: 06/03/2002

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The Division has completed the midterm permit review process for the Whiskey Creek property. Relative to permit condition #6, as included in ATTACHMENT A, the Division granted the permittee's request for a time extension until December 31, 2002 in order to meet the indicated requirements relative to the post mining land use issues in Section 30, Township 13 South, Range 6 East. This is the area in which the Whiskey Creek surface mine is operating, and there are three issues pending. These are the post-mining disposition of the Belina primary coal haul road, issues relative to an ancillary road between the surface facilities and the Forest Service boundary, and the post-mining land use designation of Section 30. The permittee must obtain comments from the surface landowners (the heirs of Milton Oman, Ltd.) as part of the permitting process. The permittee's corporate office has followed up on the Division requirements stated in the granted extension by forwarding a letter to the Attorney representing the heirs of Milton Oman, Ltd. A copy of that letter has been forwarded to Division headquarters.

3. TOPSOIL

The permittee has repaired the silt fence which runs parallel to the north side of the topsoil pile located SE of pond 004A. Material located adjacent to the undisturbed drainage located along the east perimeter has been pulled back up; a retention ditch has also been installed to collect any runoff and sediment from the topsoil pile.

Mr. Miller indicated that he has initiated a contract with Environmental Industrial Services to utilize the services of Mr. Dan Larsen during the recovery of topsoil from the area where logging has occurred (area lies where coal pits #7, #8, and #9 in the lower O'Connor will be mined). Topsoil recovery will also be monitored when mining is initiated in the upper O'Connor.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

Pond 004A was observed this day. No problems were noted. The pond was not discharging.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

The bales at the "Big Fill" need minor maintenance to bring them into full compliance. The location of the "Big Fill" is at the bottom of the diversion designated as D-25B. One of the dikes (which operate in series) has bypassed. The ditch material remains quite soft from recent events.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The permittee has yet to initiate the second quarter 2002 water monitoring requirements.

A very slight flow was observed in upper Whiskey Creek this day. Creek flow continues to be routed through dugout pond D-1, (UPDES discharge point #005A). The flow reporting to the inlet of the bypass culvert appears to be of very high quality.

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/001

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9. PROTECTION OF FISH, WILDLIFE, AND RELATED ENVIRONMENTAL VALUES

The permittee has received the results from the cooling oil analyses for the six electrical transformers being stored adjacent to the Mine truck loadout. According to Mr. Miller, three of the transformers contain polychlorinatedbiphenyls and will require proper disposal. It needs to be noted that Lodestar Energy, Inc. inherited these transformers, which were in use at the time of the permit transfer, without labeling or documentation relative to their cooling oil characteristics. Mr. Miller is presently negotiating with a vendor (Safety Kleen, Inc.) to properly dispose of the PCB contaminated transformers such that the permittee has an adequate paper trail for liability purposes.

12. BACKFILLING AND GRADING

The permittee conducted an interburden shot on June 3, 2002; the location of this shot was NE of upper portals number 14 and 15. Two dozers were observed pushing material north to two front end loaders storing and hauling material to the road being built to access the upper seam. Only one rock truck was operating this day. The burden being stripped overlies pits #3 and #5 in the lower O'Connor seam.

Inspector's Signature: _____



Peter Hess #46

Date: June 6, 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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