

0021



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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INSPECTION REPORT

Partial _____ Complete XXX Exploration _____
Inspection Date: 11/14/2002 / Time: 8 AM-1:30 PM
Date of Last Inspection: 10/15/2002

Mine Name: White Oak Complex/Whiskey Creek 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): Mr. Dave Miller, P. E., / Business Manager
State Official(s): Peter Hess Federal Official(s): None
Weather Conditions: Cold/ Breezy / Temperature about 20 degrees Fahrenheit
Type of Mining Activity: Underground Surface XXX Prep Plant _____ Other _____
Existing Acreage: Permitted 3906 Disturbed 151.1 Regraded _____ Seeded _____
Status: Active

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

- Substantiate the elements on this inspection by checking the appropriate performance standard.
 - 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.
 - For partial inspections check only the elements evaluated.
- Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
- Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
- 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. NONCOAL WASTE	<input 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 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 type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/001

DATE OF INSPECTION: 11/14/2002

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

Note: The site received approximately 18 inches of snow on November 8 and 9, 2002.

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The currently approved permit contains Stipulation #6 which requires the permittee to address concerns relative to the post-mining land use issues associated with the area previously occupied by the surface facilities of the underground mining operation. The issues are relevant to the reclamation of the Belina haul road, and to what post mining land use the heirs of Milton Oman Ltd. would like to see the area returned to. There is also a typographical error in the text of the current lease that needs to be corrected relative to the retention of a portion of road within the disturbance. The deadline for the permittee to respond to the Division relative to these concerns has been established as December of 2002.

Mr. Miller has been in touch with the attorney representing the heirs of Milton Oman, Ltd. and a request has been made through Mr. Miller that the aforementioned issues will be handled by Mr. Miller who is working directly with the Oman attorney. However, the attorneys involved in representing Lodestar throughout the bankruptcy proceedings have instructed Mr. Miller that all negotiations relative to the post-mining land use issues must be addressed through them. The attorney's from both sides of the bankruptcy negotiations have requested copies of the bond calculations for the reclamation of the Belina haul road. In light of this, it was suggested to Mr. Miller that a request for a time extension be made through the Division explaining the current situation relative to the post mining land use issue of the lands associated with the former surface facilities. Mr. Miller agreed with the suggestion.

The permittee's current UPDES permit will expire on April 30, 2003. This was referred to Mr. Miller who indicated that he would initiate the application process for a renewal via the Utah Division of Water Quality.

2. SIGNS AND MARKERS

All signs relative to audible warning signals for the surface blasting operation were in place and legible.

Topsoil signs were in place on the permanent storage pile locations as well as on the temporary piles that will be collected and moved in the near future.

3. TOPSOIL

On November 6, 2002, Ms. Priscilla Burton, Environmental Scientist III / Soils Scientist from the Salt Lake office visited the sight. Several issues were identified during that visit which is currently being evaluated and addressed. One issue is relative to the amount of topsoil which the permittee has removed in anticipation of removing burden and recovering coal from the upper O'Connor seam in the vicinity of pit numbers 16, 17, 19, 25, 26 and portions of 16, 18 and 21, (See Plate 5-1C, incorporated October 4, 2002). The material has been pushed down to the dirt road which formerly provided access to the water tank area located directly NNW of the former administration building location. Topsoil signs have been placed on the **temporary** storage locations until the material can be loaded and transported to one of the six permitted permanent storage locations.

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/001

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In order for the permittee to load and transport the salvaged topsoil, it is necessary to construct a road across pit #9. This requires backfilling pit #9 and compacting that material such that a grade that is negotiable by the rock trucks can be achieved. Upon completing the road, the material can be hauled to permanent storage. The road that was previously used to access the water tanks is not acceptable for use by the rock trucks due to its grade and a sharp 150-degree switchback.

The permittee is also working on the re-grading of Pile #2, which is located on the pad adjacent to the truck loadout coal stacking tube. The permittee was instructed on 11/06/2002 to construct a berm at the base of the pile on the NE side to collect the resource if runoff should occur.

4A. HYDROLOGIC BALANCE: DIVERSIONS

The side casting of snow along the Belina haul road has buried much of the concrete ditch that parallels same.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

All of the sediment ponds at the site were frozen, with the ice elevation being below the primary discharge elevation. Pond 002A ice elevation was approximately 14 inches below the primary discharge elevation.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

Many of the straw bale treatment facilities (Belina haul road) which treat runoff from the bank cuts prior to same leaving the disturbed area (via undisturbed drainages) are under snow.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The permittee conducted the fourth quarter surface and ground water monitoring requirements for the White Oak permit area on October 9 and 10, 2002. The following sites were reported as having "no flow": S7-11, S24-12, S25-13, S31-13, S36-19, S36-23, and SCOAL-5 (ground water sampling sites). Surface sampling sites reported as "no flow" included VC-4, VC-5, VC-12, COX, and COAL.

All of the sites that were sampled had received the analyses information back from Commercial Testing and Engineering Co., Huntington, Utah. Sites VC-1, VC-2, VC-10, VC-11, and S36-7 reported cation / anion balances with + / - less than one percent of error.

4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

Discharge monitoring reports for the months of July, August, and September were reviewed for the sites five permitted discharge points. None of the permitted discharge points had outfalls during the three-month period. All reports had been submitted in a timely fashion.

The Dugout pond D-1 has been removed from the mining area as the burden / coal removal process progresses across the Whiskey Creek drainage. All runoff is reporting into the coal pit. As the mining from the upper seam is completed in the SE corner of the property, the pond will be re-established.

None of the ponds were discharging during today's inspection.

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/001

DATE OF INSPECTION: 11/14/2002

5. EXPLOSIVES

The last surface shot conducted by the permittee was made on October 30, 2002. Approximately 5,600 pounds of explosive were used in the 57 holes that were charged. The 6.75-inch holes varied in depth (13, 22, and 27 foot depths). Mr. Doug Lawley of Dyno-Nobel Inc. is the Utah certified coal mine surface blaster who performed the work.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

Mr. Kit Pappas performed the fourth quarter refuse pile inspection on October 1, 2002. Portions of the pile have been incorporated into the surface contour mining operation. The pile was noted as being stable, without any signs of erosion, or hazardous conditions. A surface ditch, (D#1002) has been installed at the toe of the pile to route runoff to sediment pond 004A. No material had been added to the pile during the third quarter of 2002.

The 10/01/2002 inspection received a P.E. certification on October 2, 2002, via David B. Miller, Utah registered professional engineer.

12. BACKFILLING AND GRADING

The permittee was recovering coal from the upper O'Connor seam in pit #10 and part of pit #11 located on the SE corner of the property. The project (See Plate 5-1C, incorporated October 4, 2002) is sequenced such that the lower O'Connor seam on the SE corner will be mined as the upper seam pits numbered 11, 12, 13, and 14 are stripped, mined, and backfilled (NW corner of the mining area). Rock trucks were hauling burden dumping it in pit #10 at the south end of the mine.

Drilling is occurring in the area of pits #12 and #14. The fractured burden will be pushed into pit #9 (west side of project) to create a haul road such that the topsoil which has been collected from pits associated with the upper O'Connor seam at the north end of the mine can be hauled to a permanent storage location.

Inspector's Signature: _____


Peter Hess #46

Date: November 19, 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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