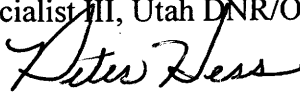


January 10, 2002

TO: Inspection File, Lodestar Energy, Inc. / Whiskey Creek Surface Mine

FROM: Peter Hess, Reclamation Specialist III, Utah DNR/OGM reclamation specialist
assigned to the Whiskey Creek Mine

RE: Blasting Notification Requirements of the R645 coal rules, and the enforcement of same at the Whiskey Creek Mine site

On January 9, 2002, Mr. Henry Austin of the U.S. Dept. of Interior, Office of Surface Mining called this individual to discuss several items, one of which was the requirements within the R645 coal rules relative to public notification of surface blasting. Although the permittee does have a blasting plan approved in the Whiskey Creek Surface Mine mining and reclamation plan, Questar has generated major concerns over the initiation of blasting and its potential affect on a transmission line which is 960 feet away from several of the strip pits on the West side of the Mine. The concerns were generated by Questar when the permittee forwarded information regarding how to request pre-blast surveys as required by the R645 coal rules. Questars primary concern was the possible affect that the surface blasting might have on coal pillars which were left in the #1 and #2 Mines, (i.e., ground vibration might cause pillars to collapse and create subsidence). The Questar transmission line crosses portions of the old Valley Camp Mines, and Questar appears to be more concerned about subsidence than ground vibration.

Relative to the notification requirements for surface blasting, the following R645 coal rules were discussed with Mr. Dave Miller, P.E., and Business Manager for Lodestar;

- 1) R645-301-524.451. This rule requires the permittee to publish the blasting schedule at least 10 days "before beginning a blasting program".
- 2) R645-301-524.452. Distribute copies.....to LOCAL governments and public utilities.....to each LOCAL RESIDENT WITHIN ONE-HALF MILE OF THE PROPOSED BLASTING SITE.
- 3) R645-301-524.310.....At least 30 days before initiation of blasting, the operator will notify all residents or owners of dwellings **within one-half mile of the PERMIT AREA** HOW TO REQUEST A PREBLAST SURVEY.

The discussion of this regulation with Mr. Miller raised some questions in that the permit area for the Whiskey Creek Mine is identical to the permit area for the underground operations previously called the White Oak #1 and #2 Mines. An examination of the map designated as Plate R645-301-100 reveals that the town of

Clear Creek is at least 600 feet outside of the ½ mile distance requirement outside of the permit boundary. The permittee notified this individual on 1/10/2002 that at least six residents in the town of Clear Creek have been notified of their right to request a pre-blast survey.