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

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February 27, 2002

David Miller, Resident Agent
Lodestar Energy, Inc.
HC 35 Box 370
Helper, Utah 84526

Re Conditional Approval of Pre-blast Survey Amendment, White Oak Mine Complex, Lodestar Energy, Inc., C/007/001-AM01B, Outgoing File

Dear Mr. Miller:

The Division has reviewed the pre-blast survey information received on December 17, December 21, 2001 and on January 7, 2002. The information provided satisfies the requirements of the pre-blast survey regulations and is sufficient to determine that no damage to the Questar pipeline or the surrounding area is evident. Amendment AM01B is hereby conditionally approved upon receipt of one copy of the report titled "Evaluation of Underground Mining Under the Questar Pipeline Corridor Within the One-half Mile Distance of Blasting at Whisky Creek Surface Mine". Once this copy is received a stamped incorporated copy of the Pre-blast Survey amendment will be returned to you for incorporation into your Mining and Reclamation Plan.

This letter also authorizes you to proceed with blasting according to your approved plans. We are aware that Questar Regulated Services Co is concerned about blasting in the vicinity of their pipelines. As a result we are requiring that extensive monitoring of the initial blast be conducted to ensure that the air and ground vibrations stay within allowable limits. We have contracted with a consultant (Mickey Bradley) who will oversee the monitoring and be present during the initial blast. Upon completion of the blast, a report will be written and a determination made as to the potential for ground movement during future blasts. Additional monitoring and modification of your blasting plans may be necessary depending upon the results of the initial monitoring.

Please call if you have any questions.

Sincerely,

Daron R. Haddock
Permit Supervisor

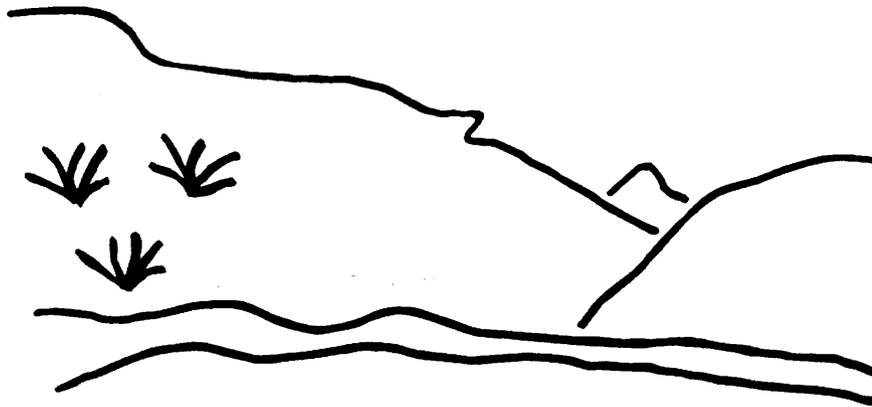
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Enclosure

cc: Kim Blair (Questar)
Price Field Office

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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

White Oak Mine
Pre-blast Survey
C/007/001-AM01B
Technical Analysis
February 27, 2002

INTRODUCTION

TECHNICAL ANALYSIS

INTRODUCTION

On December 21, 2001, the Division received a copy of a pre-blast survey for the Questar pipeline that is located within one-half mile of the Whisky Creek (White Oak) mine. The purpose of the survey was to determine if any damage to the Questar pipeline or surrounding area existed before surface blasting began at the mine. The information in the pre-blast survey shows that no damage could be observed. Should Questar disagree with the pre-blast survey or the Division's finding they can submit a detailed description of the specific areas of concern.

On February 4, 2002, the Division met with the Permittee, and Questar to discuss the preblast survey and other blasting issues. Questar did not state that they disagreed with the finding of the preblast survey, which are that the pipeline and the surrounding area are in stable condition.

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INTRODUCTION

OPERATION PLAN

OPERATION PLAN

USE OF EXPLOSIVES

Regulatory Reference: 30 CFR Sec. 817.61, 817.62, 817.64, 817.66, 817.67, 817.68; R645-301-524.

Analysis:

General

Preblasting Survey

R645-301-524.320 requires that the Permittee meet the following conditions:

The operator will determine the condition of the dwelling or structure and will document any preblasting damage and other physical factors that could reasonably be affected by the blasting. Structures such as pipelines, cables, transmission lines, and cisterns, wells, and other water systems warrant special attention; however, the assessment of these structures may be limited to surface conditions and other readily available data;

R645-524.340 requires that the Permittee meet the following conditions:

The written report of the survey will be signed by the person who conducted the survey. Copies of the report will be promptly provided to the Division and to the person requesting the survey. If the person requesting the survey disagrees with the contents and/or recommendations contained therein, he or she may submit to both the operator and the Division a detailed description of the specific areas of disagreement; and

On December 21, 2001, the Division received a copy of a preblast survey from the Questar gas pipeline within a one-half mile of the Whisky Creek Surface Mine (White Oak Mine.) David Miller, Phil Gordon, Raymond Jensen and Rick Richey conducted the preblast survey on December 19, 2001 between 10:30AM and 1:50 PM. The gas pipeline was traveled the entire length north and south and a majority of the distance east and west. The very steep hillside to the south and west was only done in safe accessible sections.

Most of the surface was covered with snow so the actual ground could not be observed. The Permittee assumes that the snow cover shows that no major surface movement has occurred. At each station, the Permittee states that there were no noticeable cracks. The following sites were undermined in either the White Oak #1 or White Oak #2 Mines.

- Site 1

OPERATION PLAN

- Site 2
- Site 3
- Site 4
- Site 5
- Site 6
- Site 7
- Site 8
- Site 9
- Site 10
- Site 15
- Site 16
- Site 17

The snow cover prevented the Permittee from observing the actual ground surface. The Permittee has two options, they can either wait until snow melt and repeat the survey or they can proceed under the assumption that past field visits showed no damage to the pipelines and that the December 19, 2001 survey confirmed that no recent damage had occurred. Since the Permittee intends to conduct blasting before snow melt they have elected to assume that the Questar pipelines are not damaged.

The Division has reviewed the information in the pre-blast survey and found it sufficient to determine that no damage to the Questar pipeline or the surrounding area has occurred. Questar has been notified of the blast schedule. If they disagree with the finding of the pre-blast survey or the Division's finding Questar can submit to both the Permittee and the Division a detailed description of the specific areas of disagreement. Upon receipt of information that disagrees with the Permittee's pre-blast survey or the Division's finding, the Division's will investigate the claims.

Findings:

The Permittee has met the minimum requirements of this section.