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

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Michael O. Leavitt
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 Division Director

**UTAH DIVISION OF OIL, GAS AND MINING
 FACSIMILE COVER SHEET**

DATE: January 29, 2002

FAX #: 1-435-448-9456

ATTN: Dave Miller

COMPANY: Prodestar

DEPARTMENT: _____

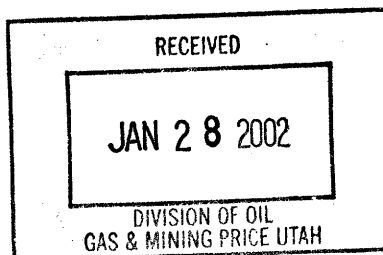
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FROM: Pan G-L

January 28, 2002 SKR

*Make
Citizen Complaint
Original to File
for
c/007/001 track*

State of Utah
Department of Natural Resources
Division of Oil, Gas, and Mining
451 East 400 North
Price, Utah 84501



*Copy to
c/007/020*

To Whom I May Concern:

Re: Lodestar Energy Co., Inc. Permit No. C-007-001 Performance Bond, Permit and Requirements.

This is a Letter of Protest for the Willful Violation of the Act by Lodestar Energy Co., Inc. and the failure of the State of Utah to enforce said Act. The issues are as follows but not limited to; 1) the Failure of Lodestar Energy Co., Inc. to provide the State of Utah with a Performance Bond, and 2) the failure of the State of Utah to require Lodestar Energy Co., Inc. to provide adequate bond coverage be in effect at all times, and 3) failure of the State of Utah to enforce the regulations in place to "Cease All Operations" of Lodestar Energy Co., Inc. after a 90-day grace period following the incapacity of a bank or surety company for reason of bankruptcy or insolvency.

Other Issues of Concern

Has the State notified the general public that in fact Lodestar Energy Co., Inc. is operating without a bond and also has the State required Lodestar Energy Co., Inc. and its Principals to provide a Real Property Collateral Bond or an irrevocable Letter of Credit to cover the reclamation until such time as a Performance Bond is in place?


Furthermore, has the State set a schedule for permit reviews and the reevaluation and adjustment of the Bond amount?

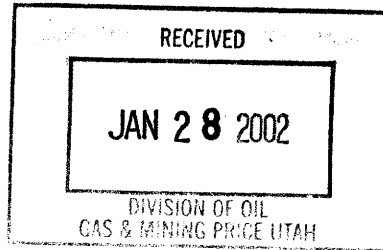
The ability to protect and maintain the quality of the water being discharged from the seeps and springs associated with both coals seams while the mining operation is being conducted prior to being discharging into Whisky Creek, is of the utmost concern, as well as the sediment pond size due to the redisturbance of the soil horizons on the upper pad and the removal of structures and surface stabilizing features for the remining being conducted at the present time.

Also there is a question of the stability of the sediment pond and the adjacent water well on the Madison property. Since both are, as the State well knows, within a fault zone, what will

the seismic effect of blasting have on these two structures?

I am of the opinion the State of Utah has failed to provide assurance that adequate protection is in place to cover the costs of reclamation of this operation. The Act is very explicit with regards to Bonding. It appears the State has chosen to set aside what is the very basis of the Act to assure reclamation is completed by the Operator and not accomplished with tax payer funds.

Signed by: 
2060 North 1345 West
Helper, Utah 84526
(435) 637-5986



cc OSM