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LAWRENCE D. BUHLER

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September 3, 2003
VIA FAX: (801) 359 3940

MARY ANN WRIGHT
ASSOCIATE DIRECTOR
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STATE OF UTAH
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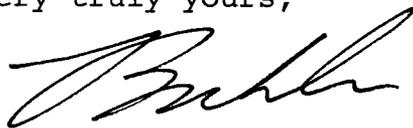
Re: Permit Number: ACT/007/001
Permitee: Lodestar Energy, Inc.
Claimants: George and Helen Liodakis
Frontier Bond No.: 143715
AND
Union Pacific Train Derailment, August 2003

Dear Ms. Wright:

As you know, I represent George and Helen Liodakis (the Liodakises) regarding their property near Schofield. I have copied the DOGM on letters regarding the Union Pacific train derailment which occurred sometime last month. If you do not have copies of letters to Union Pacific dated August 25, September 1 and September 3, 2003, please advise me, and I will forward you copies.

Please respond to my letter dated August 25, 2003. You may call me anytime. William Gorton, the attorney for Frontier, advised me last Friday that his clients' reclamation plans would leave behind rubble from the tunnel and other structures and bury the debris on my clients' land. This is unacceptable to my clients. They want the land completely reclaimed with nothing left from the loadout. We would like to be informed of and involved in the reclamation project. I look forward to your call. Thank you.

Very truly yours,



Lawrence D. Buhler

cc: The Liodakises

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DIV. OF OIL, GAS & MINING

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September 3, 2003

VIA FAX 595-3265

Sherrie Gochberg
Union Pacific Railroad
280 S 400 W # 250
Salt Lake City, UT 84110

RE: WHISKEY CREEK LOADOUT COAL DUMP BY UNION PACIFIC RR
DATE OF OCCURRENCE: 8-03
MY CLIENT: GEORGE LIODAKIS

Dear Ms. Gochberg:

Jeff Devashrayee has asked me to communicate with you regarding all issues involving the derailment a Union Pacific train last month on my client's property and Union Pacific's subsequent dumping of coal on my client's property, aka Whiskey Creek Loadout.

As I explained to Jeff yesterday on the telephone (and I thank him for his prompt and courteous response to my letter of September 1, 2003), William T. Gorton of Stites & Harbison in Lexington, Kentucky called me last Friday to advise me that the bond company (his client) is planning to begin more reclamation soon and that the work should proceed quickly. However, parties involved in the reclamation projects are concerned that once winter weather commences, any projects on the land will likely be delayed. Our concern is that the 700 tons of coal that Union Pacific has dumped on my client's land has not only damaged the land and the reclamation work done recently, but also that Union Pacific's actions will delay the other reclamation projects on the property. Therefore, time is of the essence.

As I said to Jeff, we ask Union Pacific to put its proposals in writing and forward them to me as soon as possible. Upon reaching an agreement as to the terms of Union Pacific's cleanup, my client will gladly allow access to the property for the purpose of cleaning up and reclaiming the land. However, my client is highly suspicious of Union Pacific because of its complete failure to notify him after the derailment, prior to Union Pacific's intentional dumping of the coal and prior to Union Pacific's operation of a salvage operation on his land. Union Pacific and its contractors have made representations that they will do right by the landowner and do a proper cleanup of my client's land. Given the

failure of Union Pacific to contact the landowner at all before intentionally dumping coal on the land and operating a salvage operation some 200+ feet from the tracks on my client's land, it is reasonable to require that Union Pacific put its representations and promises in writing before my client allows access over and on his land.

Time is of the essence because the bond company's reclamation of the site for damage occurring prior to the derailment may be delayed, thus possibly severely delaying through the winter the work that but for UP's actions would have been completed this year.

As I discussed with Jeff and in my previous letters, this is a sensitive piece of land which is undergoing extensive reclamation on account of the prior operations of the coal loadout. It involves sensitive springs, a creek and other natural resource values. Union Pacific should investigate and insure compliance with law and the plans of the State of Utah in order not to hinder or interfere with their reclamation plans any further. Already Union Pacific's actions have destroyed some of the reclamation work completed this summer prior to the Union Pacific derailment.

Jeff indicated that you would contact me after Union Pacific had a chance to investigate the situation further. He said I should contact you by the end of next week (September 12, 2003) if I have not heard from you. Because of the urgency of the situation I look forward to your prompt response. Again, my client and I offer to meet with Union Pacific to resolve this matter in a timely and mutually beneficial way.

Very truly yours,



Lawrence D. Buhler

cc: George Liidakis
DEQ
DOGM
Durbano Metals