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cc: Mary Ann  
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# FAX COVER SHEET

DATE: October 17, 2003  
TO: MARY ANN WRIGHT  
FACSIMILE NO.: (801) 359 3940

NUMBER OF PAGES,  
INCLUDING THIS PAGE: 3

COMMENTS: See attached letter.

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October 17, 2003  
VIA FAX: (801) 359 3940

MARY ANN WRIGHT  
ASSOCIATE DIRECTOR  
DIVISION OF OIL, GAS AND MINING  
STATE OF UTAH  
PO BOX 145801  
SALT LAKE CITY UTAH 84114

Re: Whiskey Creek Loadout near Scofield  
Permit Number: ACT/007/001  
Permitee: Lodestar Energy, Inc.  
Claimants: George and Helen Liodakis  
Frontier Bond No.: 143715

Dear Ms. Wright:

This is to request that State of Utah and its contractors postpone the reclamation project pertaining to the Whiskey Creek Loadout only (not the remaining mine reclamation) for a few days or weeks to allow WESTERN RESERVE COAL COMPANY to perfect its application and to obtain its reclamation bond to re-use the Loadout. Bill Reeves of WESTERN RESERVE COAL COMPANY has advised us they definitely will use the Whiskey Creek Loadout for their coal mine operations if the Loadout is intact and useable. He indicates that they will have a \$1 million bond this week and that his attorney will contact the State of Utah this week to pursue aggressively their application to commence coal mining operations.

By enabling WESTERN RESERVE to re-use the Loadout, the State may allocate more resources (i.e., reclamation bond money from Frontier) to other parts of the Lodestar reclamation project. Further, by having a new bond from WESTERN RESERVE for approximately \$4 million (about \$1 million for the Loadout alone) the State obtains greater financial assurance that the entire Loadout will be reclaimed from a solvent insurance company. Thus, a delay of a few days in reclaiming the Loadout may produce greater benefits for all involved. My client, George Liodakis, gets a new solvent tenant to lease the land on which the Loadout sits. The bankrupt Lodestar Energy, Inc. and its lease predecessors including, but not limited to, Silver Oak Mining Co. (Kiscadin, *inter alia*) mitigate their liability as predecessors on the lease of the Loadout land. And, as stated, the State and the public interest are served by having greater amounts and greater security available for reclaiming the land used by these natural resource companies. Finally, the economy of the Scofield area is enhanced by not destroying unnecessarily the value of the Loadout and by increasing the

capital available to the coal developer, WESTERN RESERVE, who will be able to "recycle" the Loadout and invest in the Scofield area economy.

We understand that it is difficult to coordinate these interests to the benefit of the public and the parties involved. However, we believe that this is a viable and sound solution to at least part of the problem of the reclamation of the land and development of the Scofield area coal resources. May we suggest a meeting or telephone conference to discuss this solution. Please contact me as soon as you or your staff have had a chance to review this letter. Thank you.

Very truly yours,



Lawrence D. Buhler

cc: George Liodakis

cc: William Reeves, WESTERN RESERVE COAL COMPANY (VIA FAX)