



0090

U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING Mine Site Evaluation State Program



J. Frey
12/09/03

1. Permittee/Person LOADSTAR ENERGY, INC. BANKRUPTCY ESTATE		9. Permit Number <i>NP</i> UT-007-001	10. Permit Type NP
2. Address 2525 HARRODSBURG ROAD, SUITE 235		11. Field Visit Date 11/20/2003 mm - dd - yyyy	12. Purpose O
3. City Lexington	4. State KY	13. SRA Present Y	14. Permit Status AB
5. Zip Code 40504	6. Phone Number (435) 637-9200 Whiskey Creek	15. Site Status FP	16. Facility Type ABF
7. Operator Name, if Different than Permittee <i>Mining Services, LLC</i> LEDCOR INDUSTRIES (USA) INC.		17. OSM Office # 140	18. CCID #
8. Mine Name WHITE OAK MINE 1 & 2		19. Land Code F	20. M.S.H.A ID # 42-01279
		21. State Abrev. UT	22. County Name CARBON
		23. AVS Permittee Entity ID Number 101828	24. State Office

25. Hours	26. Signature Block	27. Reviewing Official:
4.0 a. Permit Review	<i>Henry Austin</i> Signature: <i>12/9/03</i>	<i>J. Frey</i> Signature:
1.0 b. Site Visit Time	HENRY AUSTIN ID # 116	Review Date: 12/19/03 mm - dd - yyyy
3.0 c. Travel Time	Printed Name:	Is Supplemental MSE Page Used Y/N Y
1.0 d. Report Writing	Date: 12/09/2003	

Permit Type — Item 10 IP = Interim Program, PP = Permanent Program, NP = No Permit

Purpose Type Codes Item 12

Oxx... Oversight	RFx.... Reclamation Fees	CCR.... Citizen Complaint Referral (non site visit)
Axx.... Assistance	Fxx..... Federal Actions	CC..... Citizen Complaint (initial site visit)
		CCF.... Citizen Complaint Follow-up

Joint Inspection — Item 13 A joint inspection is when a state inspector accompanies an OSM inspector any time during the review of the mine site.

Permit Status — Item 14

A.... Active: Coal mining and reclamation activities occurring or permitted but not yet disturbed.	AB.... Abandoned: All surface and underground coal mining activities have ceased and operator has left the site without completing reclamation as defined in 30 CFR 840.11(g)
IN.... Inactive (Permanent Program Permit); Phase II completed or Temporary Cessation of Operations. (Interim Program Permit) Coal mining completed and reclamation activities initiated.	AB1.. Bond Forfeiture: Bond forfeiture officially in process or completed, and reclamation in progress or not yet commenced.
BR.... Bond Release: Reclamation completed and State Regulatory Authority (RA) has released all of the bond (Phase III Release.)	AB2.. Partially Reclaimed Forfeiture: Forfeited site where all bonds have been used to reclaim site, but site not reclaimed to Program standards.
	AB3.. Reclaimed Forfeiture: Forfeited site that has been reclaimed to Program standards.
	NA.... Not Applicable: When site is unpermitted.

Site Status Codes — Item 15

ND... No Disturbance: No coal mining and reclamation operations have been started.	MC... Mining Complete: No mining activity on site, site regraded and awaiting phase bond release.	NS.. Non-Site Visit: Status of site not determined.
EX... Coal Exploration: Coal exploration operations have started and where coal mining operations have not begun.	TC... Temporary Cessation: The RA has granted cessation of mining pursuant to 30 CFR 816/817.131(b).	FP.. Forfeiture Pending: The RA is pursuing actions to revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress.
AP.. Active Coal Producing: Coal surface mining activities are occurring.	P1... Phase I Release: At least Phase I bond release granted for entire permitted area. For interim permits, partial bond release.	FR.. Forfeited and Reclaimed: Forfeiture reclamation completed.
AN.. Active Non-Producing: Active non-producing facility such as tipple or preparation plant.	P2.. Phase II Release: At least Phase II bond release for the entire permitted area.	FO.. Abandoned Site: Abandoned site that is permitted but there is no bond.
NM... No Mining: The Permit Status is active, site is not in Temporary Cessation, no surface coal mining activity, and site not regraded.	P3.. Phase III Release: Reclamation completed and the RA has released all bond.	WC.. Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.

Facility Type Codes — Item 16

D... Ancillary (Haulroad, Conveyor, and/or Rails)	H... Exploration Permits	L... Remaining site permitted under 30 CFR 785.25
A... Surface	I... Notice of Intent to Explore	
B... Underground	J... Exempt 16 and 2/3	
C... Preparation Plant	G... Stockpiles	K... Government Financed Construction Exemption
E... Refuse and/or Impoundment		
F... Loading Facility and/or Tipple		

Small Business Regulatory Enforcement Fairness Act (SBREFA) Your Comments Are Important

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you are a small business (a business with 500 or fewer employees including those of affiliates) and wish to comment on the enforcement or compliance activities of OSM, call 1-888-REG-FAIR (1-888-734-3247).

U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING

Mine Site Evaluation

State Program

Permittee/ Person **LOADSTAR ENERGY, INC.**

Permit Number **UT-007-001**

Field Visit Date **11/20/2003**

Continuation Page

28. Performance Standard Categories

Codes: 1=Compliance, 2=Noncompliance, 3=Not Planned, 4=Not Started, 5=Noncompliance Identified Elsewhere, 6=Previously Cited

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| <p>A. Administrative</p> <ol style="list-style-type: none"> 1. ___ Mining within Valid Permit 2. ___ Mining within Bonded Area 3. ___ Terms & Conditions of Permit 4. ___ Liability Insurance 5. ___ Ownership and Control 6. ___ Temporary Cessation 7. ___ AML Rec. Fees -- Non-Respondent 8. ___ AML Rec. Fees -- Failure to Pay <p>B. Hydrologic Balance</p> <ol style="list-style-type: none"> 1. ___ Drainage Control 2. ___ Inspections & Certifications 3. ___ Siltation Structures 4. ___ Discharge Structures 5. ___ Diversions 6. ___ Effluent Limits 7. ___ Ground Water Monitoring 8. ___ Surface Water Monitoring 9. ___ Drainage -- Acid-Toxic Materials 10. ___ Impoundments 11. ___ Stream Buffer Zones <p>C. Topsoil & Subsoil</p> <ol style="list-style-type: none"> 1. ___ Removal 2. ___ Substitute Materials 3. ___ Storage and Protection 4. ___ Redistribution | <p>D. Backfilling & Grading</p> <ol style="list-style-type: none"> 1. <u>1</u> Exposed Openings 2. ___ Contemporaneous Reclamation 3. ___ Approximate Original Contour 4. ___ Highwall Elimination 5. ___ Steep Slopes (includes downslope) 6. ___ Handling of Acid & Toxic Materials 7. ___ Stabilization (rills and gullies) <p>E. Excess Spoil Disposal</p> <ol style="list-style-type: none"> 1. ___ Placement 2. ___ Drainage Control 3. ___ Surface Stabilization 4. ___ Inspections & Certifications <p>F. Coal Mine Waste (Refuse Piles/Impoundments)</p> <ol style="list-style-type: none"> 1. ___ Drainage Control 2. ___ Surface Stabilization 3. ___ Placement 4. ___ Inspections and Certifications 5. ___ Impounding Structures <p>G. Use Of Explosives</p> <ol style="list-style-type: none"> 1. ___ Blaster Certification 2. ___ Distance Prohibitions 3. ___ Blast Survey/Schedule 4. ___ Warnings & Records 5. ___ Control of Adverse Effects | <p>H. ___ Subsidence Control Plan</p> <p>I. Roads</p> <ol style="list-style-type: none"> 1. ___ Road Construction 2. ___ Certification 3. ___ Drainage 4. ___ Surfacing and Maintenance 5. ___ Reclamation <p>J. Signs & Markers</p> <ol style="list-style-type: none"> 1. <u>1</u> Signs 2. ___ Markers <p>K. <u>1</u> Distance Prohibitions</p> <p>L. Revegetation</p> <ol style="list-style-type: none"> 1. ___ Vegetative Cover 2. ___ Timing <p>M. ___ Postmining Land Use</p> <p>N. Other</p> <p style="margin-left: 20px;">General Performance Category</p> <p style="margin-left: 20px;"><u>A</u> <u>1</u> 1) Settlement agreement with surety (Frontier Insurance Company) in lieu of 2) bond forfeiture proceedings.</p> |
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Performance Standard Categories 30 CFR Counterpart

<p>A. Administrative.....(816/817.11-17)</p> <ol style="list-style-type: none"> 1. Valid Permit.....773.11 2. Mining within Bonded Area.....773.11 3. Terms & Conditions of Permit.....773.17 4. Liability Insurance.....800.60 5. Ownership and Control.....778.13 6. Temporary Cessation.....842.11(e) & 816/817.131 7. AML Rec. Fees -- Non-Respondant.....870.15(b) 8. AML Rec. Fees -- Failure to Pay.....870.15(a) <p>B. Hydrologic Balance.....(816/817.41-57)</p> <ol style="list-style-type: none"> 1. Drainage Control.....45 2. Inspections & Certifications.....49(a)(10) 3. Siltation Structures.....46 4. Discharge Structures.....47 5. Diversions.....43 6. Effluent Limits.....42 7. Ground Water Monitoring.....41(c) 8. Surface Water Monitoring.....41(e) 9. Drainage--Acid - Toxic Materials.....41(f) 10. Impoundments.....49 11. Stream Buffer Zones.....57 <p>C. Topsoil & Subsoil.....(816/817.22)</p> <ol style="list-style-type: none"> 1. Removal.....22(a) 2. Substitute Materials.....22(c) 3. Storage and Protection.....22(c) 4. Redistribution.....22(d) <p>D. Backfilling & Grading.....(816/817.95-107)</p> <ol style="list-style-type: none"> 1. Exposed Openings.....816/817.13, 14, 15, & 823.11 & 21 2. Contemporaneous Reclamation.....100 3. Approximate Original Contour.....102(a)(1) 4. Highwall Elimination.....102(a)(2) 5. Steep Slopes (includes downslope).....107 6. Handling of Acid & Toxic Materials.....102(c) 7. Stabilization (rills and gullies).....95(b) 	<p>E. Excess Spoil Disposal.....(816/817.71-74)</p> <ol style="list-style-type: none"> 1. Placement.....71(e) 2. Drainage Control.....71(f) 3. Surface Stabilization.....71(g) 4. Inspections & Certifications.....71(h) <p>F. Coal Mine Waste (Refuse Piles/Impoundments)(816/817.81-84)</p> <ol style="list-style-type: none"> 1. Drainage Control.....83(a) 2. Surface Stabilization.....83(b) 3. Placement.....83(c) 4. Inspections and Certifications.....83(d) 5. Impounding Structures.....84 <p>G. Use of Explosives.....(816/817.61-68)</p> <ol style="list-style-type: none"> 1. Blaster Certification.....61(c) 2. Distance Prohibitions.....61(d) 3. Blast Survey/Schedule.....62-64 4. Warnings & Records.....66 & 68 5. Control of Adverse Effects.....67 <p>H. Subsidence Control Plan.....(817.121-122)</p> <p>I. Roads.....(816/817.150-151)</p> <ol style="list-style-type: none"> 1. Road Construction.....150(c) 2. Certification.....151(a) 3. Drainage.....150(b)-151(d) 4. Surfacing and Maintenance.....150(e)-151(d) 5. Reclamation.....150(f) <p>J. Signs & Markers(816/817.11)</p> <ol style="list-style-type: none"> 1. Signs.....11(a),(b),&(c) 2. Markers.....11(a),(b),(d),(e),&(f) <p>K. Distance Prohibitions.....(761.11)</p> <p>L. Revegetation.....(816/817.111-116)</p> <ol style="list-style-type: none"> 1. Vegetative Cover.....111 & 116 2. Timing.....113 <p>M. Postmining Land Use.....(816/817.133)</p>
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December 9, 2003

Loadstar Energy, Inc. Bankruptcy Estate
2525 Harrodsburg Road, Suite 235
Lexington, KY 40504

White Oak Mine Complex, Utah Permit No. UT/007/001 (revoked)
Whiskey Creek Surface Mine
Partial, joint inspection
November 20, 2003

Participants:

Steve Fluke, Utah Division of Minerals and Geology (DOGGM)
Howard Strand & Henry Austin, Office of Surface Mining (OSM)

I participated in a partial inspection of the Whiskey Creek Mine, surface mining disturbance on November 20, 2003, with the above. I informed the Utah Evaluation Team of this proposed inspection schedule, and I was notified that Steve Fluke would be on site representing DOGM. Weather conditions were clear and cold, and ground conditions included frozen snow-ice creating hazardous conditions on the mine haulroad, with thawing and wet-muddy ground conditions throughout the disturbed areas on the mine.

We identified ourselves to Mr. Fluke upon arrival and described to him that we intended to make general observations of work occurring on the mine, and photograph the disturbed areas. We briefly discussed the approved mine reclamation contract with Mr. Fluke, including whether the contract required reclamation of the haulroad, whether the contract grading requirements were to completely cover all exposed coal seams in all the pit disturbances, and the status of any proposed alternative post mining land uses for the disturbed / affected areas. We also briefly mentioned a dirt road potentially providing dangerous public access to the disturbed areas discussed with BLM prior to the inspection (see below). Mr. Fluke proceeded to inspect the dozer grading work continuing on the upper bench of the northern disturbed pits, while we were on site.

There were three dozers and one end dump truck working while we were on site, one dozer on the upper bench of the northern-initial mining pits as described above, and two dozers working with the end dump truck on the southern most disturbances (the last mining pits). A tire delivery truck was chaining-up at the entrance of the mine road in order to make it up the snow and ice covered haulroad. We photographed all disturbed areas.

The former underground mine portals that remained open when the site was abandoned have now been backfilled. Mr. Fluke indicated that MSHA had observed and approved the portal seals and backfilling work completed here. DOGM had cited these portals in an imminent harm cessation order during June, 2003. Dangerous highwalls still exist on site, and the approved reclamation plan / settlement agreement with Frontier Insurance Company will allow highwall retention in some areas.

Whiskey Creek Mine, Pg. 2

There is a dirt road south of the mine site permit area that was discussed with the BLM (Jeff McKenzie) prior to the inspection. Mr. McKenzie indicated use of this road could be dangerous to the public. The road location was not evident due to snow cover on the undisturbed areas. Access to the permit area from this road needs to be restricted and / or modified to provide safe access around the permit area if it has not been modified to do so already. I will follow up with both DOGM and BLM concerning the status of this road.

Mr. Fluke pointed out that the power substation had been dismantled and moved today, and was to be hauled offsite. DOGM has had staff onsite each day to observe all work being done since work began in October, 2003. This concluded the inspection on the Whiskey Creek disturbed areas being backfilled and graded.

We stopped across the street from the coal train loadout, which is included in the Whiskey Creek Mine permit / disturbed areas, as it was for the White Oak Mine complex. This abandoned loadout was also cited by DOGM in an imminent harm cessation order as constituting an imminent harm to the public. A youth day camp exists across the street from this loadout facility. We did not observe anyone outside at the day camp, nor at the loadout. One truck drove away from the day camp facility while we were photographing the loadout area. It appeared there were two pieces of equipment on the loadout site, a fuel truck and a cherry picker-high lift basket. This concluded the inspection.

The reclamation contract for the Whiskey Creek Mine disturbed / affected areas was signed by Mark Wayment, Manager, Whiskey Creek Mining Services, LLC, and William D. Bishop, Chapter 7 Trustee for Loadstar Energy, Inc. on September 16, 2003. The Whiskey Creek Mine Reclamation Agreement for the disturbed / affected areas was signed by Milan Soucek, General Manager, Ledcor Industries (USA) Inc., and Neal Conolly, Esq., Administrator, Frontier Insurance Company in Rehabilitation and Under the Supervision of the New York Insurance Department.

The Utah/DOGM, Office of the Utah Attorney General, OSM/WRCC/DFD, and the U.S. Department of the Interior-Office of the Solicitor are signatories providing consent to the above reclamation contract & reclamation agreement.

Please address any questions concerning this inspection report to Henry Austin at haustin@osmre.gov or to (303) 844-1400 x1466.

cc: John Hillman, Frontier Insurance Company in Rehabilitation
William T. Gorton III, Esq., Stites & Harbison
Milan Soucek, Ledcor Industries (USA) Inc.
Utah / DOGM
Utah / BLM
Utah / USFS