

EVENT VIOLATION INSPECTOR'S STATEMENT

Company/Mine: Blue Ridge Services/White Oak&Whiskey Creek Mines CO # 03-39-1-1
Permit #: C/007/001 Violation # 1 of 1

A. SERIOUSNESS

1. What type of event is applicable to the regulation cited? Refer to the DOGM reference list of event below and remember that **the event is NOT the same as the violation.** Mark and explain each event.

- | | | |
|-------------------------------------|----|--|
| <input checked="" type="checkbox"/> | a. | Activity outside the approved permit area. |
| <input type="checkbox"/> | b. | Injury to the public (public safety). |
| <input type="checkbox"/> | c. | Damage to property. |
| <input type="checkbox"/> | d. | Conducting activities without appropriate approvals. |
| <input type="checkbox"/> | e. | Environmental harm. |
| <input type="checkbox"/> | f. | Water pollution. |
| <input type="checkbox"/> | g. | Loss of reclamation/revegetation potential. |
| <input type="checkbox"/> | h. | Reduced establishment, diverse and effective vegetative cover. |
| <input type="checkbox"/> | i. | No event occurred as a result of the violation. |
| <input type="checkbox"/> | j. | Other. |

Explanation: Blue Ridge Services conducted coal mining and reclamation activities without a mining permit from the Division. Blue Ridge Services was mining on Lodestar permit area at the Whiskey Creek Mine. The Company did not have a written agreement with Lodestar to be a contractor during the inspection.

2. Has the even occurred? Yes

If yes, describe it. If no, what would cause it to occur and what is the probability of the event(s) occurring? (None, Unlikely, Likely).

Explanation: Blue Ridge Services was mining without a permit at the Whiskey Creek Mine.

3. Did any damage occur as a result of the violation? No

If yes, describe the duration and extent of the damage or impact. How much damage may have occurred if the violation had not bee discovered by a DOGM inspector? Describe this potential damage and whether or not it would extend off the disturbed and/or permit area.

Explanation: _____

B. DEGREE OF FAULT (Check the statements which apply to the violation and discuss).

- Was the violation not the fault of the operator (due to vandalism or an act of God), explain. Remember that the permittee is considered responsible for the actions of all persons working on the mine site.

Explanation: _____

- Was the violation the result of not knowing about DOGM regulations, indifference to DOGM regulations or the result of lack of reasonable care.

Explanation: Blue Ridge Services was under the impression that the bankruptcy court permitted them to mine the coal without a mining permit.

- If the actual or potential environmental harm or harm to the public should have been evident to a careful operator, describe the situation and what, if anything, the operator did to correct it prior to being cited.

Explanation: _____

- Was the operator in violation of a specific permit condition?

Explanation: _____

- Has DOGM or OSM cited the violation in the past? If so, give the dates and the type of warning or enforcement action taken.

Explanation: No

C. GOOD FAITH

1. In order to receive good faith for compliance with an NOV or CO, the violation must have been abated before the abatement deadline. If you think this applies, describe how rapid compliance was achieved (give date) and describe the measures the operator took to comply as rapidly as possible.

Explanation: Blue Ridge Services was in the process of taking action prior to the Cessation Order. Blue Ridge Services submitted information with Lodestar Energy to be designated as an operator of Lodestar Energy.

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2. Explain whether or not the operator had the necessary resources on site to achieve compliance.

Explanation: Lodestar Energy and Blue Ridge Services had the resources to achieve compliance. This was a matter of submitting an amendment to the Division and designating Blue Ridge Services as an operator.

3. Was the submission of plans prior to physical activity required by this NOV / CO? Yes If yes, explain.

Explanation: No physical activities were required after the amendment from Lodestar Energy was submitted and approved.

Stephen J. Demczak
Authorized Representative

Signature

March 26, 2003
Date