

## INSPECTION REPORT

Partial XXX Complete      Exploration       
 Inspection Date: 05/15/2003 Time: 10:30am-1:30pm  
 Date of Last Inspection: 05/02/2003

Mine Name: White Oak Complex/Whiskey Creek County: Carbon Permit Number: C/007/001  
 Permittee and/or Operator's Name: Lodestar Energy, Inc./Blue Ridge Services, Inc.  
 Business Address: HC 35 Box 370, Helper, Utah 84526  
 Company Official(s): Todd Kiscaden, Scott Kiscaden Federal Official(s): None  
 State Official(s): Dana Dean, Lowell Braxton, Mary Ann Wright, Steve Alder, Steve Demczak,  
and, Wayne Western  
 Weather Conditions: Cool partly cloudy some rain  
 Type of Mining Activity: Underground      Surface XXX Prep Plant      Other       
 Existing Acreage: Permitted 3906 Disturbed 151.1 Regraded      Seeded       
 Status: Active

### REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
  - a. For complete inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check N/A.
  - b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

|     |   | EVALUATED                           | N/A                      | COMMENTS                            | NOV/ENF                  |
|-----|---|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
| 1.  | PERMITS, CHANGE, TRANSFER, RENEWAL, SALE                      | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2.  | SIGNS AND MARKERS   | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 3.  | TOPSOIL   | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 4.  | HYDROLOGIC BALANCE:   |                                     |                          |                                     |                          |
| a.  | DIVERSIONS  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| b.  | SEDIMENT PONDS AND IMPOUNDMENTS                               | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| c.  | OTHER SEDIMENT CONTROL MEASURES                               | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| d.  | WATER MONITORING  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| e.  | EFFLUENT LIMITATIONS  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 5.  | EXPLOSIVES  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 6.  | DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES                        | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7.  | COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS                     | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 8.  | NONCOAL WASTE   | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 9.  | PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 10. | SLIDES AND OTHER DAMAGE                                       | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 11. | CONTEMPORANEOUS RECLAMATION                                   | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 12. | BACKFILLING AND GRADING                                       | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 13. | REVEGETATION  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 14. | SUBSIDENCE CONTROL  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 15. | CESSATION OF OPERATIONS                                       | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 16. | ROADS:  |                                     |                          |                                     |                          |
| a.  | CONSTRUCTION/MAINTENANCE/SURFACING                            | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| b.  | DRAINAGE CONTROLS   | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 17. | OTHER TRANSPORTATION FACILITIES                               | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 18. | SUPPORT FACILITIES/UTILITY INSTALLATIONS                      | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 19. | AVS CHECK (4 <sup>th</sup> Quarter- April, May, June)         | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 20. | AIR QUALITY PERMIT  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 21. | BONDING & INSURANCE   | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |

**INSPECTION REPORT**  
(Continuation Sheet)

PERMIT NUMBER: C/007/001

DATE OF INSPECTION: 05/15/2003

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

**1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE**

OGM issued Notice of Violation (NOV) number N03-50-1-1 on March 11, 2003 because the Permittee had excess spoil stored on site (see #6 below). In addition to requiring the Permittee to cease to strip overburden until the NOV was abated, the NOV provided three abatement options:

1. Submit a plan within 60 days to the Division for reducing the amount of spoil not in the approximate location for final grading to 306,000 LCY or less; OR
2. Post additional bond within 60 days, based on an updated bond calculation, accounting for the extra material out of place: OR
3. Immediately commence reclamation following the approved plan.

May 11 was the 60<sup>th</sup> day; and as of the date of this inspection, the Division had received nothing from Lodestar regarding this NOV. Mark Wayment, no longer a Lodestar Employee, but still acting as Resident Agent for the permit, was contacted and he indicated that Lodestar did not plan to take any action to abate this NOV.

Shortly after taking over the mine as an operator, Blue Ridge Services moved much of the spoil up against the highwall from the location where Lodestar had placed it. Visually it looks like it is now in a more appropriate location for final reclamation, but Lodestar needs to verify that in order to abate the NOV. The Division must now issue a Failure to Abate Cessation Order (FTA/CO), requiring that all mining activity by Lodestar be ceased until they provide proof to show that there are not more than 306,000 LCY of spoil not in the approximate location for final grading.

**6. DISPOSAL OF EXCESS SPOIL/FILL/BENCHES**

Permit Condition #2 states that "the Permittee may take more than 60 days to do rough backfilling and grading provided that no more than 306,000 LCY of spoil may be stored in the temporary spoil pile or in any pit or other location at the mine where it is not in the approximate location for final grading."

Rough calculations based on information gathered during a field visit conducted on February 4, 2003 indicated that there were approximately 576,262 LCY of spoil not in the approximate location for final grading. The Permittee conducted a survey of the spoil pile at the White Oak Mine during an inspection on February 18, 2003. The purpose was to verify the amount of spoil not in the approximate location for final grading. The survey included the entire spoil area. There were around 540,000 total LCY not in the approximate location for final grading. OGM issued N03-50-1-1 in response to the situation, with an abatement data of May 11, 2003.

Inspector's Signature: \_\_\_\_\_ Date: May 16, 2003  
Dana Dean #50

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

cc: James Fulton, OSM  
Mark Wayment, Lodestar  
Price Field office

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