

May 1, 2003

CERTIFIED MAIL

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William T. Gorton III, Esq.
Stites & Harbison
250 West Main Street, Suite 2300
Lexington, Kentucky 40507

CERTIFIED MAIL

7099 3400 0016 8895 6115

William Bishop, Lodestar Trustee
2525 Harrodsburg Road, Suite 235
Lexington, Kentucky 40588-2086

Re: Determination to Forfeit Reclamation Bond, Lodestar Energy Inc., White Oak Mine, C/007/001-C03-51-1-1, Outgoing File

Dear Mr. Gorton and Mr. Bishop:

This Division has issued a Cessation Order C03-51-1-1 to Lodestar energy, Inc., for failure to maintain adequate surety for the White Oak Mine Permit on March 12, 2003. Since there has been no cure to this Cessation Order to date, the Division is hereby informing you of its intent to seek forfeiture of the Frontier Insurance Company Bond #143715 in the amount of \$4,292,000 before the Board of Oil, Gas and Mining to reclaim this site. Be advised that there are conditions under which forfeiture may be avoided for this permit. These conditions include the following two options but are not limited to 1) entering into an agreement to reclaim the site or to have a third party reclaim the site; and 2) entering into an agreement for the surety to reclaim the site. I am enclosing a copy of the Utah Coal rules at R645-301-880.900.

Page 2
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Assuming that coal mining has or is about to cease, time is of the essence to begin reclamation. We are open to options for reclaiming the site and look for an immediate response to meet and make arrangements to begin reclamation work on the site. Please contact me at (801) 538-5306, or maryannwright@utah.gov.

Sincerely,

Mary Ann Wright
Associate Director, Mining

an
Enclosure

cc: Bruce Cryder, Lodestar
Bennett Bayer, Esq.
Scott Kiscaden, Blue Ridge Services, LLC
Mark Wayment, Lodestar
Jim Fulton, OSM
Steve Alder, AAG
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