

June 12, 2003

John A. Madison, CPA
Escrow Agent
Riverpine Services, Inc.
P.O. Box 1916
Mechanicsville, Virginia 23116

Re: Authorization to Release Funds, Blue Ridge Services, White Oak Mine Loadout, C/007/001, and Carbon County, Utah

Dear Mr. Madison:

This letter is sent to authorize the release of the reclamation funds being held in escrow by Zions Bank as reclamation surety for the White Oak Mine, on behalf of the Division of Oil, Gas and Mining. The Division entered into a "Stipulation to Terminate Cessation Order Issued by the State of Utah against Blue Ridge Services, LLC (BRS) and Stipulation to Partially Terminate Cessation Order Issued by the State of Utah against the Debtor/Lodestar Energy, Inc." (Stipulation), March 18, 2003, with Blue Ridge Services LLC, and Frontier Insurance Company in Rehabilitation. As a part of the Stipulation, reclamation funds were paid to a Zions Bank Escrow Account No. 002994648.

Under agreed term, 6.e. of the Stipulation, the Division, BRS, and Frontier, on May 15, 2003, entered into an "Agreement for the Partial Release of the Reclamation Fund" (Agreement) to reclaim part of the White Oak (Valcam) loadout. The partial escrow amount of \$106,848.60 was agreed upon to reimburse BRS for performing reclamation tasks at the Valcam site.

BRS has now completed the agreed upon reclamation of the Valcam site and has formally requested release of \$106,848.60 of the escrow funds, according to the Stipulation and the Agreement. Please make the effective date of this transaction occur as soon as possible. Please forward the check for the herin identified amount to BRS to the attention of:

Mr. Scott Kiscaden
Blue Ridge Services, LLC
18073 North Fork River Road
Abingdon, Virginia 24210

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Thank you for your assistance in this matter. If you have questions, or if we need to also address a letter to Zions Bank to make this authorization, please contact Mary Ann Wright at 801-538-5306 or maryannwright@utah.gov.

Sincerely,

Lowell P. Braxton
Director

vs
cc: Steve Alder, AAG
Bill Gorton, for Frontier
Bruce Cryder for the trustee, Lodestar
Carl Roberts, DOGM
Zions Bank – Escrow Accounts
Price Field Office
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