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OK

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CHIEF DEPUTY

December 29, 2003

Judge William S. Howard
United States Bankruptcy Judge
300 Community Trust Bank Building
100 E. Vine Street
Lexington, Kentucky 40588

Re: Summary of Utah's Reclamation Costs; In re Lodestar Energy, Inc., et al.

Case No. 01-50969;

Hon. William S. Howard:

Pursuant to this Court's request, attached hereto is:

- (1) A brief history of the mining and regulatory actions at the White Oak Mine (Mine), and a review of the reclamation work completed to date, including the status of work now under contract as part of the settlement with Frontier Insurance ("Frontier"); and
- (2) A detailed summary of the State of Utah's anticipated reclamation costs to properly reclaim the Mine.

The sum and substance of the attached information is that, while settlement with Frontier Insurance has contributed almost \$1 million dollars for reclamation, **the settlement money was inadequate to address all of the health and safety concerns at the Mine.** The State of Utah reached a settlement with Frontier, knowing that absent prompt action, continued degradation of the site could increase the ultimate reclamation costs and magnify the existing health hazards. The State, therefore, directed that the settlement money be used to take action to prevent site degradation and eliminate some of the most serious problems at the site. The State acted out of concern that delay would amplify costs and could further endanger citizens and the environment.

At this time approximately one half of the work under a contract entered into pursuant to the settlement with Frontier has been completed. This coming May, the contractor will return to establish a channel for the mountain stream, will prepare the ground for planting by roughening the ground and spreading topsoil, and will seed the site. If, prior to the resumption of work,

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additional funds may be obtained from the proposed reclamation fund to eliminate the remaining highwalls and re-establish a stream channel at the original elevation, there would be a large savings over the cost of doing the work later and a much quicker return of the land to a stable rehabilitated condition. *The opportunity to perform these two tasks now is most critical.*

Absent additional funds, necessary reclamation will not be completed and the health and safety problems that are a direct consequence of the coal mining by Lodestar during Chapter 11 protection will remain. There will be continuing threats to health and safety, including substantial highwalls, a stream channel that rests on 20 feet of fill rather than at the original contours, an unstable road, and a Loadout that is an attractive nuisance near a school camp. The bankruptcy estate received more than five million dollars from the mining. Those who benefited should pay the full costs of the reclamation required by the laws established for the protection of the public welfare.

The State of Utah's prompt action in beginning reclamation has served to limit the ultimate costs associated with the project. The State is acutely aware of its responsibility to continue to take actions necessary to see that the finished product protects the citizen and meets Utah's requirements under existing law. It is hoped that the process initiated in this Court will pave a route to meeting those responsibilities, with a minimum of litigation costs.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Steven F. Alder". The signature is fluid and cursive, with a large initial "S" and "A".

Steven F. Alder
Assistant Attorney General

**SUMMARY OF COSTS OF REMAINING RECLAMATION
FOR THE WHITE OAK MINE**

I. History of Mining and Previous Reclamation Work

The White Oak surface coal mine is located in the mountains of central Utah in a narrow mountain valley at about 9,000 feet elevation. The railroad loadout, which is included in the 'permit', is located about three miles by road down the canyon, adjacent to the existing public highway and railroad, and across the road from a school camp. (A map showing the location of the mine relative to the loadout and Scofield Reservoir is attached as Exhibit A) The Utah Division of Oil Gas and Mining (DOGMA or Division) originally issued the permits for this mining operation¹ to Valley Camp of Utah, Inc. as an underground mine. The Division transferred the permit to White Oak Mining and Construction, Inc. on May 27, 1994. The Division approved a second permit transfer from White Oak Mining and Construction, Inc. to Lodestar Energy, Inc. (Lodestar) on July 14, 1999. Lodestar continued to operate the mine as an underground mining operation through September 2001 at which time they shut down the underground mining operation.

A. The 2001 Surface Mining Plan.

On February 2, 2001, the Division received an application from Lodestar to significantly revise the Mining and Reclamation Plan at the White Oak Complex to include contour mining of barrier coal. On March 30, 2001, Lodestar Energy had filed for protection under a Chapter 11 bankruptcy. Contour mining was proposed for areas disturbed by underground coal mining and also in areas that were not disturbed. Although the mining would eliminate some of the underground structures and thus aid in reclaiming the site, it was proposed as an independently viable mining operation.

Under the proposed mining plan, two coal seams were to be mined using contour mining methods². The plan provided that a first cut would create a bench 100 feet to 500 feet wide and a highwall of 80 feet. The second cut would create a bench width of 20 feet to 200 feet wide and a highwall of 115 feet. The average ratio of coal to spoil that would be moved was 1:4. Lodestar expected production of 773,000 total tons of coal. The mining plan provided that the overburden was to be placed in the pit left after the removal of the lower coal seam. Accordingly, reclamation was not scheduled, and was not possible to begin until after a substantial portion of

¹The mine complex has had several names over the years including the Belina Mine Complex and the White Oak Complex. The surface mining at this complex to recover the barrier coal is called Whisky Creek No.1 Mine. These names refer to the same area. The Loadout has two names: the Valcam Loadout and the White Oak Loadout. These names refer to the same area.

² Upper and Lower O'Conner seams which are each 20 feet thick on the average and which are separated by 80 feet of sandstones and shales.

the overburden had been removed, coal had been mined from the upper seam, additional overburden had been removed from between the seams, and the lower seam had been mined.

B. Surface Mining Operations during Chapter 11 Bankruptcy.

The Division approved Lodestar's application for surface mining on October 26, 2001. Lodestar commenced mining shortly after the permit was issued, but DOGM objected to the financial solvency of the bonding company providing the reclamation bond³ and granted Lodestar until January 7, 2002, to replace the bond. The initial amount of the bond for the surface operations at White Oak Mine was \$4,292,000.00, but the bond amount was reduced to \$3,832,000 to allow credit for the removal of some of the underground mining facilities and buildings.

Eventually, pursuant to an Agreed Order entered in February 26, 2002, the bankruptcy court permitted Lodestar to continue mining. The Agreed Order provided that Lodestar or Wexford would file a reorganization plan including replacement bonding by October 28, 2002, or that Utah would have a 10% share of the Wexford Super-Priority Status to be used for reclamation. Wexford and Lodestar both failed to submit a plan by the deadline and the Division agreed to extend the deadline and the bankruptcy court allowed Lodestar to continue mining pursuant to repeated extensions until December. By December 2002, it was apparent that a reorganization plan would be proposed and that an auction sale would take place. No further extensions were granted by the Division, but the Court extended the "Agreed Order" over the objections of Utah, until the end of January 2003, when mining was stopped due to the auction sale of the mining equipment. No offers were made to continue mining the coal, and White Oak became an orphan site.

The only additional coal mining at the White Oak mine occurred during March and April 2003. This mining was limited in scope and occurred as a result of the trustee's sale of previously uncovered pit coal and stockpiled coal to Blue Ridge Services. After the sale, DOGM issued a Cessation Order to Blue Ridge Services for mining without a permit. Eventually an agreement was reached with the trustee to permit removal of the coal. The terms for sale required that Blue Ridge establish an escrow fund based on \$3.00 per ton of coal. Approximately \$106,000⁴ was placed in the escrow to be available for reclamation. The Division used these funds to contract with Blue Ridge Services (after approval of the trustee) to reclaim a portion of the Loadout during May of 2003. The portion of the loadout reclaimed under this contract and the remaining buildings and equipment in the unreclaimed portion is shown on Exhibit B.

³ Frontier Insurance was de-listed from the Treasury Department Circular 570 on June 1, 2000; the New York Insurance commission placed Frontier under its control in Rehabilitation on October 5, 2001.

⁴ This corresponds to about 35,500 tons of coal being sold by Blue Ridge Services during March and April of 2003.

On May 1, 2003, the Division made a declaration of intent to forfeit the Frontier Bond. The Division and Frontier concluded that further mining was not feasible, that the mining would not be completed as planned, and that modification of the mining and reclamation plan in order to accomplish final reclamation should begin. At this time almost all of the overburden had been removed and very little overburden had been placed in the final pit left after removal of the lower seam. Lodestar had failed to contemporaneously reclaim the Mine. Consequently, DOGM issued three imminent harm cessation orders to Lodestar during June, 2003⁵. The violations covered by those cessation orders occurred during the Chapter 11 phase of Lodestar bankruptcy. On July 15, 2003, the bankruptcy was converted to a chapter 7.

According to the reports filed with the Office of Surface Mining, total coal production from the White Oak surface mine between January 2002 and June 2003 was 302,117 tons (**Exhibit C**). Of this production, about 35,500 tons was the pit coal sold by Blue Ridge Services after the cessation of mining in January 2003. Accordingly, about 266,500 tons coal (as reported) was mined by Lodestar during the Chapter 11 bankruptcy and prior to suspension of operations. The majority of this coal was sold under a long-term contract with Tennessee Valley Authority utilities at more than \$20.00 per ton. Accordingly, it is estimated that Lodestar's bankruptcy estate received over \$5 million dollars from the sale of this coal.⁶

C. The Frontier Stipulation and Reclamation Plan.

In light of imminent health and safety concerns at the Mine and the load out and in order to prevent degradation of the mountainous mine area during spring runoff, negotiations began with the Frontier Insurance Company in Rehabilitation to achieve interim reclamation of the site. A settlement agreement was reached and executed on October 8, 2003. The structure of the settlement is in four parts: (1) Frontier and the DOGM agreed on a reclamation plan identifying most strategic and urgent reclamation work to be completed for the money available; (2) Frontier signed a fully-bonded, fixed-price construction contract with a mining contractor to complete the work included in the reclamation plan; (3) Frontier paid into an escrow the funds for the construction contract; and (4) the Settlement with Frontier, including a covenant not to sue, was executed by DOGM and approved by the bankruptcy trustee and Office of Surface Mining. The total amount of the settlement and contract was \$999,000.00. The executed settlement documents are attached as **Exhibit D**. An aerial photograph of the Mine conditions at cessation of mining and prior to beginning the Frontier interim reclamation work is attached as **Exhibit E**. This photograph also identifies the pits areas, and as described in the Frontier contract, the stream channel, and the highwalls that will remain after the Frontier contract.

The stipulated reclamation plan was primarily directed at eliminating the most egregious safety concerns and obtaining interim stabilization of the mountain terrain and stream area. The

⁵ Additionally, 'failure to abate' cessation orders were mailed on August 8, 2003, to William Bishop, Chapter 7 Bankruptcy Trustee, Loadstar Energy Inc. for dangerous highwalls, three open portals, and dangerous multi-story loadout structures along Highway 96.

⁶ The prior mine manager, Mark Wayment, reported to DOGM that most coal was sold under contract to eastern utility companies in TVA and that the average price of these sales was over \$20 per ton. Assuming sales of 266,500 tons at \$20.00 per ton, yields income for the reported production of at least \$5.33 million.

plan establishes itemized tasks, with a budgeted amount for each. The tasks include: structure removal; backfilling, contouring, topsoil replacement, and revegetation for each of five pit areas (designated Pits A, B, C, D, and E as identified on Exhibit E); breaching of the settlement pond; re-establishment of the Whiskey Creek drainage; and guarantees reclamation work to be performed at the loadout area by another contractor. The plan accomplishes backfilling of the open portals, coverage of the two major coal seams, and elimination of the highwalls in two of the five pit areas. The highwalls at the other three pits are to be reduced, but under the interim plan, highwalls up to a height of 40 feet will remain.

D. Work Completed as of December 16, 2003 under Frontier Stipulation and Reclamation Plan

Work was commenced under the reclamation plan on October 8, 2003. Payments of \$435,816.45 have been authorized to date. The contractor continued to work until December 16, 2003 when work ceased for the winter. Upon temporary cessation of work, grading of the pit areas to the required contours was substantially completed in each of the five pit areas. The photographs attached as **Exhibits F** show the conditions as they existed at cessation of work for the winter. The pictures show that pit E has a large highwall that has not been reduced and is about 700 feet long and up to 40 feet high. In addition there are smaller but still significant highwalls in pits C and D and in an unnamed area between A and B (see photographs).

E. Summer 2004 Reclamation Options.

When work resumes in the spring, about May 15, 2004, the contractor will proceed with the re-establishment of the stream bed, including placement of rip rap, clay bed and filter medium, re-contouring, and revegetation of the area. The contractor will also proceed to spread topsoil, "pock" or roughen the site in preparation for revegetation, and finally place seed and mulch as required.

Although substantial work was included in the Frontier plan/contract to reduce the risk of environmental harm within the stream drainage, (including breaching and reducing the size of the existing dam at the prior sediment pond), the plan does not replace the stream channel on the prior contours. Instead, the plan provides that the stream channel will be rebuilt on about 20 feet of fill. A better plan that would both eliminate all of the highwalls and provide a more stable stream channel would be to remove the remaining fill from the canyon bottom and place it in the pit areas adjacent to the highwalls. This would be the highest priority work if additional funding were available before the spring work began. If the funding for this work is not obtained, then of necessity, the site will be reclaimed according to the current plan, as described in part II.

Proceeding with the current interim plan will provide some environmental protection and must proceed. Eventually, however, the remaining highwalls will need to be backfilled and the stream channel established at the original grade. Doing this additional work later will require destruction of reclaimed areas, will retard return of the mining area to a safe and environmentally benign area, and will be at much greater costs. **The savings realized by proceeding with the final reclamation of the highwalls and stream channel immediately (before completing the interim work), is detailed in the following section.**

II. Current Cost Estimate to Complete Required Reclamation

The interim reclamation plan reached in agreement with Frontier does not achieve the full reclamation as required by Title V of the Surface Mining Control and Reclamation Act (SMCRA) and does not eliminate all of the imminent health and safety hazards at the mine. **The Division estimates that total cost of the additional reclamation work required to completely eliminate health and safety hazards and future environmental problems, and make the site usable again is approximately \$ 2,551,796.00. *This estimate assumes the additional work will be done after the interim stabilization work is completed.* The savings that may be achieved by doing the additional stream restoration and highwall elimination concurrently with the Frontier contract is \$ 462,230.00, or a net cost of \$ 2,089,566.00.**

A. Remaining Imminent Health and Safety Concerns.

- (1) Highwalls. As shown in the attached photographs (Exhibits F and G), highwalls (up to 40 feet high) will remain in three of the five designated "pits", creating dangers to hikers, hunters and others, and continuing runoff hazards.
- (2) Stream channel reconstruction. The existing settlement pond and drainage will not be completely restored to the prior stream contours. The stream will be placed on about 20 feet of fill creating a continuing risk of failure and contamination of the water and fishery resources. The settlement pond will be breached but the 80 foot high dam embankment will remain, posing a risk to the fishery below. (photographs, Exhibit H)
- (3) Access road. The existing access road (photographs, Exhibit I) was built prior to Title V, does not meet even minimal engineering safety standards, and poses a high risk of failure.
- (4) Loadout Area, Structures, and Ponds. The loadout area is very accessible to a year-round school camp located across the street, and is adjacent to Eccles Creek which is tributary to the Scofield Reservoir, a Utah State Park and premier fishery. Photographs of the loadout showing the proximity to the school camp, the conveyors, and concrete structures, and the retention ponds are attached as Exhibit J.

B. Title V Standards of SMCRA

- (1) Original Contours. Title V standards of SMCRA requires all areas must be reclaimed to the approximate original contours, including elimination of highwalls, covering of all the exposed coal seams, backfilling of the slopes so they blend into the surrounding area, and establishment of permanent drainages. The omissions in this respect are described above.

(2) Vegetation. Title V also requires complete and successful revegetation. The vegetation requirements contained in the interim plan do not include weed control, and plants and seeds that fully meet the Division's criteria for this location. Additional work and expense is necessary to achieve the Title V standard of full revegetation.

The following sections discuss the specific tasks that remain.

1. The Mined Pits

The majority of the additional reclamation work necessary to compensate for the deficiencies of the Frontier interim reclamation is completing the backfilling of the highwalls and the restoration of surface to approximate original contours in the mined out areas. The changes in the slopes necessitated by completely eliminating the highwalls will require moving and placement of about 470,000 cubic yards of fill and additional grading, placement of 125,000 cubic yards of topsoil, and revegetation on approximately 43 acres. The estimated cost of this work is as follows:

Tasks	Quantity	Cost Estimate	Details
1. Backfilling and grading.	470,000 cy ⁷	\$ 600,083.00	sheet 2/20 Exhibit K
2. Topsoil placement	125,000 cy	\$ 129,395.00	sheet 3/30 Exhibit K
3. Topsoil preparation		31,570.00	sheet 4/20 Exhibit K
4. Revegetation	43 acres ⁸	407,739.00	sheet 5/50 Exhibit K
subtotal		\$1,168,787.00	
including overhead and profit			\$1,423,582.00

The above costs for tasks 2, 3, and 4 (preparation and placement of topsoil and revegetation) will be substantially reduced if the work can be funded this spring so the amounts currently allocated in the Frontier contract can be used to supplement the costs of the work. The cost of these three tasks will not be 100% eliminated due to the additional cost of fully complying with SMCRA, which costs are not fully included in the Frontier contract. See discussion on savings, infra.

2. The Existing Drainage.

The mining at the White Oak mine impacts the mountain drainages which lead to Eccles Creek and then to Scofield Reservoir. The Frontier plan provides for the existing drainage to be

⁷ The quantities are provided here are to assist in the description of the work. The costs are computed based on detailed engineering calculations shown on the attached sheets, which include other factors such as hourly costs of equipment, materials, hourly rates for labor, etc.

⁸ The acreage estimate for revegetation includes all of the disturbed areas. Due to the inadequate nature of the Frontier contract it is estimated that the entire site will need additional revegetation.

stabilized and to bypass the existing settlement pond. However, the new stream channel is not permanent because it is to be constructed on 20 feet of spoil, or fill. Not only is the spoil unstable over time under the stream, but when funding becomes available, the material is needed to backfill the highwalls. To establish a permanent drainage, the spoil will have to be excavated and a new channel constructed. To achieve full reclamation to SMCRA standards, and to prevent future damage to the streams, and the fishery, additional work must be done.

This work will require the following tasks and costs:

Tasks	Quantity	Cost Estimate	Details
1. Remove and reinstall of riprap Remove silty clay liners Replace with pea gravel/ fabric	1700 ft	\$ 190,823.00	sheet 6/20 Ex. K
2. Revegetation	3 acres	\$ 104,817.00	sheet 7/20 Ex K
Subtotal		\$ 265,640.00	
Including overhead and profit			\$ 360,089.00

Most of these costs can be substantially reduced or avoided if the work can proceed prior to completion of the Frontier reclamation contract. The above estimate is higher than the cost shown under the savings analysis, supra, due to the better quality of the stream channel reclamation work included. The interim stream channel work is not to the same caliber and will be unstable over time.

3. Haul Road:

Reclamation of the haul road is also not part of the interim stabilization program. During final reclamation, the 1.3 mile road haul road to the White Oak Mine site would be reclaimed or stabilized to the extent possible in sections. The road is extremely unstable, winding up a steep narrow canyon. It was built prior to SMCRA regulation on an active slide area. The operational mine plan required that the operator walk the road daily to check for instability. Without constant maintenance, the road slopes will fail.

Because the haul road was constructed before SMCRA, it was not constructed in a way that the road could be reclaimed consistent with Title V standards, which require a static safety factor of 1.3. Many sections of the road have a safety factor of 1.0, which means that any decrease in forces holding the slope in place, or any increase in the forces that could cause movement will result in a slope failure.

The Division will reclaim the road by stabilizing sections where possible. Mechanical stabilization will consist of pulling up material on 'cut slopes', or placing fill or rock structures to stabilize the slope. Vegetation will be established. Roots can stabilize the fill dirt and prevent erosion. The asphalt road surface must be removed to establish vegetation. In addition, the gutter and guardrails will be removed.

While the direct cost of reclaiming the access road will not be affected by whether or not the work is done as part of the Frontier project, the indirect cost will. Those indirect costs include mobilization/demobilization, and performance bonds. In addition, the unit cost increases as the size of the project decreases.

The costs of the road reclamation is estimated as follows:

Tasks	Quantity	Cost Estimate	Details
1. Asphalt demolition and removal	7674 cy ⁹	\$ 167,481.00	sheet 8/20
2. Concrete demolition	1667 cy	32,533.00	sheet 8/20
3. Guardrail demo and removal	days	17,287.00	sheet 8/20
	Subtotal	\$ 217,301.00	
4. Backfilling & grading	70,000 cy	\$ 191,949.00	sheet 9/20
5. Revegetation		1147,921.00	sheet 10/20
Subtotal for access road reclamation		\$ 557,171.00	
with Overhead and Profit			\$678.635.00

4. The White Oak Loadout.

The loadout is located near the Alpine School District Camp and an existing scenic highway. Consequently, the ease of access clearly makes this site a major public safety hazard. In addition, the loadout abuts Eccles Creek, a spawning stream for the Scofield Reservoir, a major sport fishery. Part of the loadout was reclaimed by Blue Ridge Services with the \$106,000.00 from the sale of Pit coal. The Trustee sold the remaining equipment at the site to Mark Wayment dba Whiskey Creek Mining Services (Wayment) on September 11, 2003 in exchange for his contract to complete reclamation of the site. The Frontier Contract requires that the contractor will complete reclamation to the extent Wayment fails to complete the work but this is not a funded task.

The final reclamation needs at the loadout will depend on the success of the work under the sale contract with Wayment. A contingency of 25 % of the original cost estimates is included to allow for deficiencies and disputes over work required at the Loadout site. In addition, the reclamation plan and obligations of Frontier do not include removal of retention ponds at the loadout.

The known additional tasks are reclamation of the retention ponds and additional revegetation. The costs of these tasks is:

⁹ The amounts are for assistance in describing the size of the work. Estimates are based on details in Exhibit K.

Tasks	Cost Estimate	Details
1. Original reclamation cost at 25% contingency for disputes and deficiencies	(\$ 107,666.00) \$ 40,278.00	sheets 11-18/20
2. Demolition of the retention ponds	14,295.00	sheet 19/20
3. Revegetaion of the retention ponds	18,900.00	sheet 20/20
Subtotal	\$ 73,473.00	
Subtotal with overhead and profit		\$ 89,490.00

5. Vegetation.

Due to the monetary limitations, the Frontier reclamation plan only provided for broadcast seeding of the area, and did not allow for the use of all of the grasses, forbs and other plants that would normally be required. In addition the Frontier contract does not include funds for weed control and monitoring, and repair as required to reestablish a safe and stable vegetative cover at this elevation. The Division's estimated cost of revegetation in Part 1, Mine Pit Areas, has previously estimated the costs of this work for the entire disturbed area.

6. Potential Savings Resulting From Funding Pit and Stream Channel Before Completion of the Frontier Contract.

This estimate of savings is based on the price for work that will not need to be performed if the work as shown above is performed. The estimates here are less than those for the same tasks in Parts 1 and 2 above due to the fact that the Frontier Contract was not based on full SMCRA compliance and was aimed at preventing as much future damage to the site as possible for the money. For example the stream channel will use fabric liners, and other materials that were not included in the Frontier Contract.

The Frontier contract permits the modification of the contract to exclude certain work or the termination entirely without additional damage claims. Whether the Frontier Contract with Ledcor would be modified or another contractor selected to do the work itemized in Parts 1 through 5, above, is not part of this estimate. The Division estimates that the full amount of the Frontier estimates for the work would be available as a savings to do the work to the higher standards. The savings that can be identified are:

Whiskey Creek Reclamation	\$ 116,088.00	(based on Frontier contract)
Topsoil Distribution/Preparation	141,120.00	(based on Frontier contract)
Final Grading and Seeding	45,542.00	(based on Frontier contract)
Survey	18,180.00	(based on Frontier contract)
Potential Savings	\$ 320,930.00	

Additional costs savings if the Frontier Contract is modified to use the current contractor and thus avoiding the indirect costs of mobilization and bonding for a new contractor are:

Mobilization/Demobilization	\$131,500	(based on Frontier contract)
Performance Bond	\$9,800	(based on Frontier contract)

Total Potential Savings \$462,230

SUMMARY OF ADDITIONAL RECLAMATION COSTS FOR THE WHITE OAK MINE

Details of Reclamation Costs

White Oak Mine

Base Cost

Base Cost +
Overhead and Profit
21.6%

White Oak Mine Complex

Backfilling and Grading - * Exhibit K, page 2 of 20	\$600,083	\$730,901
Topsoil Placement - * Exhibit K, page 3 of 20	\$129,395	\$157,603
Topsoil Preparation - * Exhibit K, page 4 of 20	\$31,570	\$38,452
Revegetation - * Exhibit K, 5 of 20	\$407,739	\$496,626
Subtotal	\$1,168,787	\$1,423,582

Whisky Creek Restoration

Riprap - * Exhibit K, page 6 of 20	\$190,823	\$232,422
Revegetation - * Exhibit K, page 7 of 20	\$104,817	\$127,667
Subtotal	\$295,640	\$360,089

White Oak Mine Haul Road

Asphalt removal/Disposal - * Exhibit K, 8 of 20	\$217,301	\$264,673
Backfilling and Grading * Exhibit K, 9 of 20	\$191,949	\$233,794
Revegetation * Exhibit K, 10 of 20	\$147,921	\$180,168
Subtotal	\$557,171	\$678,635

Loadout

Demolition - * Exhibit K, page 11-18 of 20	\$14,295	\$17,411
Earthwork - * Exhibit K, page 19 of 20	\$40,278	\$49,059
Revegetation - * Exhibit K, page 20 of 20	\$18,900	\$23,020
Subtotal	\$73,473	\$89,490

Total	\$2,095,071	\$2,551,796
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Exhibits to Utah's Statement to Judge Howard White Oak Mine

Exhibit A	Location Map
Exhibit B	Loadout Map
Exhibit C	OSM Report
Exhibit D	Frontier Settlement Documents
Exhibit E	Aerial Photo Map of Mine
Exhibit F	Photos - Conditions at White Oak
Exhibit G	Photo – Highwall
Exhibit H	Photos - Drainage Reclamation
Exhibit I	Photos - Access Road
Exhibit J	Photos – Loadout
Exhibit K	Reclamation Cost After Ledcor

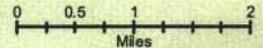
Exhibit A

Location Map

White Oak Mine

Map produced 12-24-2003
by
Division of Oil, Gas, and Mining

File: whiteoak.mxd
Location: P:\groups\coal\wp\007001.WO



1:100,000

Legend

Roads

- Principle Highway
- Paved Local Roads

Water Courses

- Intermittent or braided stream
- Stream or braided stream
- Wash or ephemeral drain

County Boundaries

- County Boundaries

Ownership

- FOREST SERVICE
- PRIVATE
- WATER BODIES
- White Oak Mine

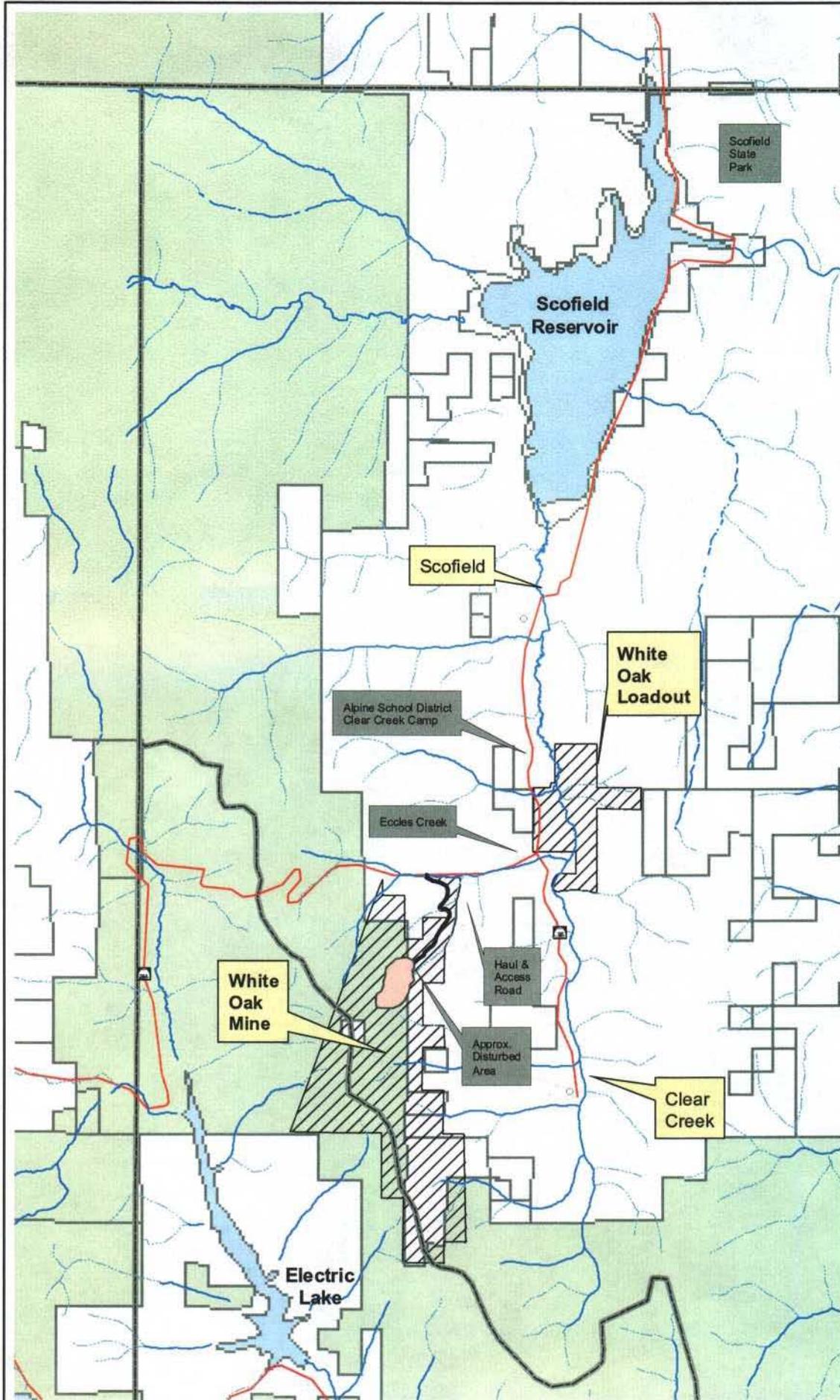


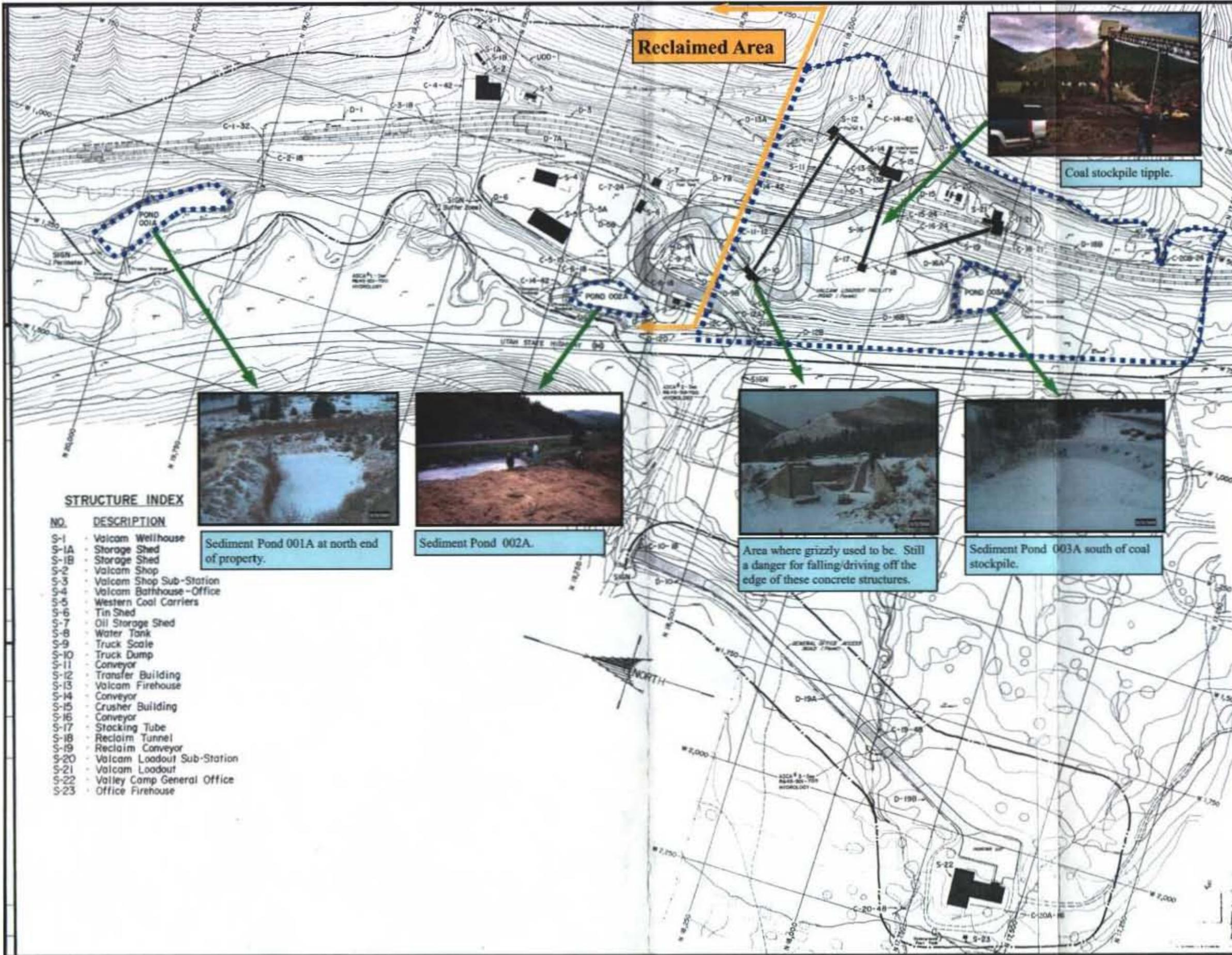
Exhibit A



Locator Map

Exhibit B

Loadout Map



Reclaimed Area



Coal stockpile tipple.



Sediment Pond 001A at north end of property.



Sediment Pond 002A.



Area where grizzly used to be. Still a danger for falling/driving off the edge of these concrete structures.



Sediment Pond 003A south of coal stockpile.

STRUCTURE INDEX

NO.	DESCRIPTION
S-1	Valcam Wellhouse
S-1A	Storage Shed
S-1B	Storage Shed
S-2	Valcam Shop
S-3	Valcam Shop Sub-Station
S-4	Valcam Bathhouse-Office
S-5	Western Coal Carriers
S-6	Tin Shed
S-7	Oil Storage Shed
S-8	Water Tank
S-9	Truck Scale
S-10	Truck Dump
S-11	Conveyor
S-12	Transfer Building
S-13	Valcam Firehouse
S-14	Conveyor
S-15	Crusher Building
S-16	Conveyor
S-17	Stocking Tube
S-18	Reclaim Tunnel
S-19	Reclaim Conveyor
S-20	Valcam Loadout Sub-Station
S-21	Valcam Loadout
S-22	Valley Camp General Office
S-23	Office Firehouse

White Oak Mine

Loadout facility

Map produced: 12-26-03
By: Ken Wyatt
Utah Oil Gas & Mining

Approx. Scale

1" = 220 Feet

Exhibit B

Legend

■■■■■ 3 Sediment ponds and dashed blue area remain to be reclaimed.



North



Location Map

Exhibit C

OSM Report

United States Department of the Interior
OFFICE OF SURFACE MINING
Reclamation and Enforcement
P.O. Box 25065
Denver Federal Center
Denver, Colorado 80225

801-359-3940

FAX TRANSMITTAL COVER SHEET

To: Wayne Western Date: 12/15/03
Office: Utah Division of Oil, Gas, & Mining
From: Nancy Sindt-Kneisley

Number of pages to follow (including this cover sheet): 1

Fee Accounting and Collections Branch

FAX number: (303) 236-8263
Confirmation Number: 1 (800) 799-4265
or (303)-236-0330 Ext.306

MESSAGE:

Per your request:

UT / ACT/007/001
Lodestar Energy Inc.
Surface production

Quarter 2002/1	Tons: 22,969.45
Quarter 2002/2	Tons: 65,966.36
Quarter 2002/3	Tons: 78,247.89
Quarter 2002/4	Tons: 90,200.24
Quarter 2003/1	Tons: 20,233.99
Quarter 2003/2	Tons: 24,500.00

302,117.93

RECEIVED
DEC 15 2003
DIV. OF OIL GAS & MINING

Exhibit D

Frontier Settlement Documents

**RECLAMATION CONTRACT
LODESTAR ENERGY, INC.
WHISKEY CREEK MINE
CARBON COUNTY, UT**

- LEDCOR INDUSTRIES -

This Contract for the reclamation of the Lodestar Energy, Inc., Whiskey Creek Mine ("Reclamation Contract") is made as of the _____ day of October, 2003, by and among Frontier Insurance Company in Rehabilitation and under the Supervision of the New York Insurance Department, a New York corporation, (hereinafter the "Surety" or "Frontier"), 195 Lake Louise Marie Road, Rock Hill, New York 12775-8000; and Ledcor Industries (USA) Inc., a Washington Corporation, 5905 South Virginia Street, Suite #300, Reno, NV 89502 (hereinafter the "Contractor").

RECITALS

The work to be performed under this agreement is in furtherance of Frontier's obligations to the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining ("DOGGM") under a Consent Order and Agreement to implement the Whiskey Creek Mine Reclamation Plan ("Reclamation Plan").

To facilitate reclamation of the Whiskey Creek Mine, the Surety, DOGM, and an Escrow Agent will enter into an Escrow Agreement providing for payment to Contractor upon achievement of certain reclamation milestones. Contractor shall be an intended third-party beneficiary of the Escrow Agreement.

The Surety will deposit in escrow the sum of \$_____ ("Contract Sum") for funding the Whiskey Creek Mine reclamation. Funds are to be disbursed as progress payments to the Contractor in accord with the terms of this Contract and the Escrow Agreement.

COVENANTS

IN consideration of the mutual covenants contained herein, it is hereby agreed between the parties as follows:

1) **The Scope of Work**

- A) The work remaining to be done in order to complete mine reclamation is referred to herein as the "Work." The scope of the Work to be completed by Contractor is set forth in the Whiskey Creek Mine Reclamation Plan which is incorporated by reference and attached as Exhibit 1 herein, as it may be amended from time to time. The Contractor shall execute the Work described in the Contract Documents as enumerated and discussed in Paragraphs 5 and 6, as they apply to the Work. The Contractor has conducted the necessary investigations to familiarize itself with site conditions and to perform the Work related to surface reclamation of the Whiskey Creek Mine located in Carbon County, Utah. The Contractor has developed a proposal to perform the Work based on its review and knowledge of the Reclamation Plan, the Contract Documents, and site conditions and has professional training and experience in mining and reclamation activities.

2) **Date of Commencement and Substantial Completion**

- A) The date of commencement is the date identified as such in Frontier's Notice to Proceed.
- B) "Substantial Completion" shall be deemed to have been achieved when, following receipt of certification by the Consultant, DOGM has

conducted an on-site inspection and submitted a final inspection report stating that the major work items have been completed in accordance with the Contract Documents enumerated in paragraph 5.

- C) "Final Completion" shall be deemed to have been achieved when, following receipt of a final certification by the Consultant, DOGM has conducted a final on-site inspection and submitted a final inspection report stating that the Work has been completed in accordance with the Contract Documents enumerated in paragraph 5.

3) **Contract Sum**

- A) Subject to paragraph 4, Frontier shall fund an escrow account to pay the Contractor a lump sum price of \$ _____ for the Work set forth herein. The Contractor acknowledges that the scope of Work for this project entails the entire project and that, despite individual work item descriptions in the Schedule of Values for payment purposes, the Contract Sum is a lump sum fixed fee for the entire project. Deletion of a work item from the Scope of Work shall reduce the Contract Sum by the amount listed for that work item in the Schedule of Values.

- B) The Contract Sum is based upon the Work detailed in the Reclamation Plan submitted by Contractor and approved by DOGM. The Contract Sum supersedes any documents or verbal quotes to the contrary.

4) **Payments**

- A) The Contractor shall be entitled to monthly progress payments. An independent Professional Engineer or otherwise qualified technical

consultant ("Consultant") engaged by Frontier, who shall be Frontier's Representative as designated in DOGM Reclamation Agreement and Escrow Agreement, shall, following receipt of the monthly invoice and progress report from Contractor, inspect the work and certify, subject to DOGM's concurrence, the status and percent of work completed. Upon such certification and approval that portions of the Work have been completed in accord with the Reclamation Plan and the Schedule of Values, the Consultant shall notify Frontier and DOGM. If DOGM contests the certification in writing the parties shall immediately meet and confer to resolve any outstanding issues. If DOGM concurs with the certification, Frontier shall immediately submit a Withdrawal Request authorizing disbursement of the appropriate progress payment to Contractor by the Escrow Agent from the Escrow Account. The Withdrawal Request shall be in a form substantially similar to Exhibit 2. Each request for, and payment of, funds to Contractor shall include a retainage factor of ten (10) percent that will be withheld, pending Substantial Completion Payment and Final Payment.

- B)** Substantial Completion Payment, constituting ninety seven (97) percent of the Contract Sum (remaining Contract balance and seventy (70) percent of retainage) shall be made to the Contractor when the Work has been determined by DOGM to be Substantially Complete in accordance with paragraph 2)(B) of this Contract. Prior to submitting its invoice for the Substantial Completion Payment, the Contractor will inform the

Consultant and DOGM that the Work is substantially complete and that it is applying the Substantial Completion Payment. The parties shall establish a mutual date for the Substantial Completion inspection which shall not be later than 15 days after notice from the Contractor. The inspection report shall be issued within ten days after the inspection.

C) Final Payment constituting the remaining three (3) percent of the contract amount held as retainage shall be made to the Contractor when the Work has been determined by DOGM to be complete in accordance with paragraph 2)(C) of this Contract, including punch list items identified during the Substantial Completion Inspection. Prior to submitting its invoice for Final Payment, the Contractor will inform the Consultant and DOGM that the Work is complete and that it is applying for Final Payment. The parties shall establish a mutual date for the Final Payment inspection which shall not be more than fifteen (15) days after notice by the Contractor. As a condition precedent to final payment, if applicable, the Contractor shall execute all appropriate lien waivers and obtain releases and lien waivers from subcontractors, suppliers and sub-subcontractors. Final payment to the Contractor shall be made no later than thirty days following final certification and approval by DOGM.

D) The Contractor may combine its applications for Substantial Completion Payment and Final Payment if it determines, with the concurrence of the Consultant and DOGM, that all Work required under the Contract is complete.

5) **Enumeration of Contract Documents**

A) The Contract Documents are enumerated as follows:

- A.1) This Reclamation Contract between Frontier and Contractor;
- A.2) The Consent Order and Agreement between Frontier and DOGM.
- A.3) The Reclamation Plan and related drawings and exhibits dated September 15, 2003, submitted to DOGM by Frontier, and approved by DOGM on October 1, 2003, and any revisions or modifications thereto as approved by DOGM.
- A.4) The proposal and "Schedule of Values" received from the Contractor on or about September 15, 2003;
- A.5) All As-Built Drawings, monitoring reports and other certifications, which shall be produced hereunder (if required).
- A.6) The Escrow Agreement entered into by Frontier, the Escrow Agent and DOGM.

6) **Contract Documents**

A) The Contract Documents consist of those enumerated in Paragraph 5, and written and mutually agreed to modifications issued after execution of this Reclamation Contract. The intent of the Contract Documents is to include all items necessary for the proper execution and completion of the Work by the Contractor. The Contract Documents are complementary, and what is required by one shall be as binding as if required by all.

Performance by the Contractor shall be required only to the extent consistent with the Contract Documents and reasonably inferable from them as being necessary to produce the intended results.

- B) Execution of this Reclamation Contract by the Contractor is a representation that the Contractor has reviewed the Reclamation Plan, visited the site and become familiar with the local conditions and, through experience and communication with DOGM, has become familiar with the state and federal regulatory framework under which the work is to be performed.

7) **Contractor**

- A) The Contractor shall supervise and direct the Work, using the Contractor's best skill and attention. The Contractor shall be solely responsible for conducting the Work, including necessary contracting of professional surveying or engineering services to the extent necessary to assure completion of the Work in accordance with the Contract Documents, and shall have control over construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work.
- B) The Contractor shall provide and pay for labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and other facilities and services necessary for the proper execution and completion of the Work, whether temporary or permanent and whether or not incorporated or to be incorporated in the Work.

- C) The Contractor shall enforce strict discipline and good order among the Contractor's employees and other persons carrying out the Contract. The Contractor shall not permit employment of unfit persons or persons not skilled in tasks assigned to them.
- D) The Contractor warrants to Frontier that materials and equipment furnished under the Reclamation Contract will be of good quality and new unless otherwise required or permitted by the Contract Documents, that the Work will be free from defects not inherent in the design or quality required or permitted, and that the Work will conform with the requirements of the Contract Documents. Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. The Contractor's warranty excludes remedy for damage or defect caused by abuse and improper or insufficient maintenance of the Project Site and design deficiencies or defects. If required by Frontier or DOGM, the Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment.
- E) The Contractor warrants that it will comply with, and that its work will conform to, the standards, as applicable, specified in the Federal Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., the Federal Mine Safety and Health Act, 30 U.S.C. § 801 et seq., and applicable Utah law regarding worker safety, mine closure and reclamation at Utah Code §40-10-17 and the regulations thereunder at Utah Code §40 and Utah

Administrative Code §R645, except where the Reclamation Plan as approved by DOGM may vary from regulatory standards for operating mines. Such compliance and conformity includes, but is not limited to, applicable water quality laws, regulations and permits and mine reclamation laws and regulations. Notwithstanding the foregoing, the Contractor makes no warranty that the design of the Work complies with any laws or regulations and the Contractor shall have no responsibility to assure that the Work conforms to such laws or regulations.

- F)** Contractor warrants that it is familiar with site conditions and the dangers associated with mine reclamation and will mandate strict safety measures for its employees in the performance of the Work.
- G)** Unless otherwise provided in the Contract Documents, the Contractor shall pay applicable sales, consumer, use, and other similar taxes which are legally enacted when bids are received or negotiations concluded, whether or not yet effective or merely scheduled to go into effect, and shall secure and pay for permits and governmental fees, licenses and inspections necessary for proper execution and completion of the Work.
- H)** Notwithstanding mining/reclamation regulatory permits, notices and approvals, the Contractor shall comply with and give notices required by laws, ordinances, rules, regulations, and lawful orders of public authorities bearing on performance of the Work.
- I)** The Contractor shall be responsible to DOGM and the property owners for the acts and omissions of the Contractor's employees, Subcontractors

and their agents and employees, and other persons performing portions of the Work under a contract, express or implied, with the Contractor.

Contractor shall specifically incorporate these Contract Documents into any subcontracts or purchase orders executed for the purpose of performing the Scope of Work.

- J) When professional certification of performance criteria of materials, systems or equipment is required by law, professional standards or the Contract Documents, Contractor will obtain or provide the necessary certifications and Frontier and DOGM shall be entitled to rely upon the accuracy and completeness of such certifications.
- K) The Contractor shall keep the premises and surrounding area free from accumulation of waste materials or rubbish caused by operations under the Contract. At completion of the Work, the Contractor shall remove from the Work area waste materials, rubbish, the contractor's tools, construction equipment, machinery and surplus materials.
- L) The Contractor shall provide Frontier and DOGM or their agents reasonable access to the Work wherever located.
- M) To the fullest extent permitted by law, the Contractor shall indemnify and hold harmless Frontier, Frontier's consultants, and agents and employees, and DOGM, and its employees or any of them from and against claims, damages, losses and expenses, including but not limited to, attorneys' fees and costs, arising out or resulting from performance of the Work, provided that such claim, damage, loss or expenses is attributable to

bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the Work itself) including loss of use resulting therefrom, but only to the extent caused in whole or in part by negligent acts or omissions of the Contractor, a Subcontractor, anyone directly or indirectly employed by them or anyone for whose acts they may be liable. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity which would otherwise exist as to a party or person described in this paragraph.

8) Administration of the Contract

- A) The Contractor will have control over and responsibility for construction means, methods, techniques, testing, sequences, procedures and safety precautions and programs in connection with the Work. Contractor shall be responsible for the supervision and coordination of Contractor's Subcontractors.
- B) As set forth above, DOGM must approve and accept the results of the surface reclamation activities as described in the Scope of Work. The Escrow Agent's obligation to make progress payments, Substantial Completion Payment or Final Payment is conditioned upon approval by DOGM of those phases where DOGM approval is necessary, as set forth above.
- C) The Contractor will submit the necessary documentation to DOGM regulatory authorities when requested in order to assure necessary DOGM approvals. The Contractor will also take any necessary and appropriate

actions to correct deficiencies to bring the Work into conformity with the Contract Documents. In case of a dispute with DOGM as to the necessity or appropriateness of DOGM requirements or the improper withholding of necessary approvals in regard to the Scope of Work, it shall be the obligation solely of the Contractor to resolve the dispute with DOGM.

Frontier reserves the right to participate in discussions to resolve disputes.

9) **Time**

A) Contractor shall make its best efforts to achieve Substantial Completion during the 2003 reclamation season. If the Contractor is delayed at any time in progress of the Work by changes ordered in the Work, by labor disputes, fire, unusual delay in deliveries, adverse weather conditions including winter conditions or snow accumulation that makes continued performance infeasible, concealed and unanticipated site conditions, unavoidable causalities or any causes beyond the Contractor's control, then the Contract Time shall be extended to the end of the Spring 2004 planting season. In no event shall the Contract Time extend beyond the end of the Spring 2004 planting season.

B) CONTRACTOR'S SOLE REMEDY FOR DELAY, HINDRANCE OR INTERFERENCE FOR WHATEVER PURPOSE OR CAUSED BY WHATEVER SOURCE IS AN EXTENSION OF TIME TO COMPLETE THE WORK. WITH THE EXCEPTION OF REMOBILIZATION COSTS DUE TO WORK CESSATION CAUSED BY ADVERSE SNOW AND WINTER CONDITIONS AS ADDRESSED IN

PARAGRAPH 9A, IN NO WAY WILL AN EXTENSION OF TIME TO PERFORM THE WORK RESULT IN ALLOWANCE OF INCREASED COSTS TO CONTRACTOR.

10) **Payments and Completion**

- A) Payment shall be made as provided in paragraphs 3 and 4 of this Agreement.
- B) Payments may be withheld on account of: (1) failure of Contractor to receive necessary approvals regarding completion of a phase of Work by the Consultant or DOGM, (2) defective Work not remedied, (3) claims or liens filed by third parties, but payment may be withheld only to the extent of said claims of liens, (4) reasonable evidence that the Work cannot be completed for the unpaid balance of the Contract Sum, (5) damage to the property owner or another contractor, or (6) persistent failure to carry out the Work in accordance with the Contract Documents.
- C) Acceptance of Final Payment by the Contractor, a Subcontractor or material supplier shall constitute a waiver of payment claims by that payee.

11) **Protection of Persons and Property**

- A) The Contractor shall be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the performance of the Work. The Contractor shall take reasonable precautions for safety of, and shall provide reasonable protection to prevent damage, injury or loss to: employees on the Work and other

persons who may be affected thereby; the Work and materials and equipment to be incorporated therein; and other property at the Whiskey Creek site or adjacent thereto.

- B) The Contractor shall give notices and comply with applicable laws, ordinances, rules, regulations and lawful orders of public authorities bearing on safety of persons and property and their protection from damage, injury or loss. The Contractor shall promptly remedy damage and loss to property at the site caused in whole or in part by the Contractor, a Subcontractor, a Sub-subcontractor, or anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable and for which the Contractor is responsible.
- C) The Contractor shall erect and maintain, as required by existing conditions and the progress of the Work, all reasonable safeguards for safety and protection, including posting danger signs and other warnings against hazards, promulgating safety regulations and notifying owners and users of adjacent utilities.

12) **Insurance and Bonds**

- A) The Contractor shall purchase from and maintain in a company or companies lawfully authorized to do business in Utah, and acceptable to Frontier, insurance for protection from claims under workers' or workmen's compensation acts and other employee benefit acts which are applicable, claims for damages because of bodily injury, including death, and from claims for damages, other than to the Work itself, to property

which may arise out of or result from the Contractor's operations under the Contract, whether such operations be by the Contractor or by a Subcontractor or anyone directly or indirectly employed by any of them. The Contractor shall require the same insurance coverages be obtained by Subcontractors. This insurance shall be written for not less than \$2,000,000 for each occurrence and \$4,000,000 aggregate, and shall include contractual liability insurance applicable to the Contractor's obligations under paragraph 7.(L). The insurance policy shall name Frontier and DOGM as additional insureds. Certificates of such insurance shall be filed with DOGM and Frontier prior to the commencement of the Work.

- B)** Within ten days of the Reclamation Contract execution, the Contractor shall furnish bonds covering the faithful performance of the Reclamation Contract, payment of obligations arising thereunder and maintenance of the site. The bonds shall be written by a reputable bonding company having a U.S. Department of Treasury listing and satisfactory to DOGM and shall be in the penal sum of one hundred percent (100%) of the Contract Sum for both the performance and payment bonds. DOGM shall be the named obligee on the bonds. The bonds shall be provided on AIA form A312.

13) Correction of Work

The Contractor shall promptly correct Work rejected by DOGM or the Consultant for failing to conform to the requirements of the Contract Documents, whether observed before or

after Substantial Completion and whether or not fabricated, installed or completed, and shall correct any Work found to be not in accordance with the requirements of the Contract Documents prior to Final Payment. The provisions of this paragraph shall apply to Work done by Subcontractors as well as to Work done by direct employees of the Contractor. If Contractor fails to make satisfactory arrangements to promptly correct the work within 30 days after receiving written notice from DOGM, DOGM may make a claim on Contractor's performance bonds.

14) Miscellaneous Provisions

A) The Reclamation Contract shall be governed by the laws of the State of Utah.

B) As between Frontier and the Contractor, any applicable statute of limitations shall commence to run and any alleged cause of action shall be deemed to have accrued:

B.1) Not later than the date of Substantial Completion for acts or failures to act occurring prior to the relevant date of Substantial Completion;

B.2) Not later than the date of issuance of the Department approval for acts or failures to act occurring subsequent to the relevant date of Substantial Completion and prior to issuance of the Final Payment; and

B.3) Not later than the date of the relevant act or failure to act by the Contractor for acts or failures to act occurring after the date of the Final Payment.

15) **Default and Termination of the Contract**

- A) If the Contractor defaults or neglects to carry out the Work in accordance with the Contract Documents; fails to make payments to Subcontractors or Suppliers for materials or labor in accordance with respective agreements between the Contractor and the Subcontractors; persistently disregards laws, ordinances or rules, regulations or orders of a public authority having jurisdiction or fails to perform a provision of the Reclamation Contract, Frontier, after seven days written notice to the Contractor, and Contractor's failure to commence, within fifteen days receipt of such notice, good faith efforts to cure, and without prejudice to any other remedy Frontier may have, may make good such deficiencies and may deduct the cost thereof, including compensation for Consultants' services and expenses made necessary thereby, as well as all attorney's fees and expenses from the payment then or thereafter due the Contractor. The Contractor shall not be entitled to receive further payment until the Work is finished. Alternatively, at Frontier's option and concurrence of DOGM, Frontier may terminate the Contract and take possession of the site and of all materials thereon owned by the Contractor and may finish the Work by whatever method Frontier may deem expedient. If the unpaid balance of the Contract Sum exceeds costs of finishing the Work, including compensation for Consultants' services and expenses as well as attorney's fees and expenses made necessary thereby, such excess shall be paid to the Contractor, but if such costs exceed such unpaid balance,

Frontier shall pay the difference to Frontier or Frontier may make a claim on Contractor's bond.

16) **Frontier's Termination for Convenience**

- A) Frontier may, at any time and with the concurrence of DOGM, terminate the Reclamation Contract in whole or in part for Frontier's convenience and without cause. Termination by Frontier under this paragraph shall be by a written notice of termination delivered to the Contractor specifying the extent of termination and the effective date.
- B) Upon receipt of a notice of termination for convenience, the Contractor shall immediately, in accordance with instructions from Frontier, proceed with performance of the following duties regardless of delay in determining or adjusting amounts due under this paragraph.
 - B.1) Cease operations as specified in the notice;
 - B.2) Place no further orders and enter into no further subcontracts for materials, labor, services or facilities except as necessary to complete continued portions of the Reclamation Contract;
 - B.3) Terminate all subcontracts and orders to the extent they relate to the Work terminated;
 - B.4) Proceed to complete the performance of Work not terminated; and
 - B.5) Take actions that may be necessary, or that DOGM may direct, for the protection and preservation of the terminated Work.
- C) Upon such termination, the Contractor shall recover as its sole remedy payment for Work properly performed in connection with the terminated

portion of the Work prior to the effective date of termination and for items properly and timely fabricated off the Project site, delivered and stored in accordance with Frontier's instructions and all costs incurred for actions taken to protect and preserve the terminated Work. The Contractor hereby waives and forfeits all other claims for payment and damages, including, without limitation, anticipated profits.

D) Frontier shall be credited for (1) payments previously made to the Contractor for the terminated portion of the Work, (2) valid claims which Frontier has against the Contractor under the Contract and (3) the value of the materials, supplies, equipment or other items that are to be disposed of by the Contractor that are part of the Contract Sum.

17) **Third Party Beneficiaries**

It is expressly acknowledged by the parties that DOGM is the intended Third Party Beneficiary of this Contract.

18) **Dispute Resolution**

In any dispute arising hereunder, the parties will endeavor first to resolve the dispute through mediation under the rules of the American Arbitration Association or an entity specifically agreed upon by both parties and DOGM. Any controversy that remains unresolved forty-five (45) days after the appointment of a mediator shall be settled by arbitration with a single arbitrator subject to the rules of the American Arbitration Association or an entity specifically agreed to by the parties.

19) **Correspondence**

All correspondence with Frontier concerning this Reclamation Contract shall be

addressed to:

John Hillman
Frontier Insurance Company in Rehabilitation
195 Lake Louise Marie Road
Rock Hill, New York 12775-8000

with a copy to :

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

All correspondence to DOGM concerning this Reclamation Contract shall be to:

Mary Ann Wright, Associate Director
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

with a copy to :

Steven Alder, Esq.
Office of the Utah Attorney General
1594 West North Temple
Salt Lake City, Utah 84114-5801

All correspondence to the Contractor concerning this Reclamation Contract shall be to:

Milan Soucek
5905 South Virginia St., Third Floor
Reno, Nevada 89502

with a copy to:

Mark S. Sertic, Esq.
777 Sinclair St., Suite 201
Reno, NV 89501

20) **Counterparts**

A) This Reclamation Contract or any amendment thereto, may be executed in multiple counterparts, each of which shall be deemed an original agreement, and all of which shall constitute one (1) agreement between the parties.

21) **Acknowledgement**

The Parties hereto acknowledge that they have had the opportunity to consult with legal counsel regarding the obligations created by the Contract Documents and attached Exhibits which are incorporated into this Reclamation Contract and enter into this Reclamation Contract as of the day and year first written above.

LEDCOR INDUSTRIES (USA) INC.

("CONTRACTOR")

(Signature)

(Printed Name and Title)

FRONTIER INSURANCE COMPANY IN
REHABILITATION AND UNDER THE
SUPERVISION OF THE NEW YORK
INSURANCE DEPARTMENT

(Signature)

Neal Conolly Esq., Administrator
(Printed Name and Title)

LODESTAR ENERGY, INC.
WHISKEY CREEK MINE RECLAMATION AGREEMENT
- LEDCORE INDUSTRIES -
SCHEDULE OF VALUES

TASK 1	Mobilization	\$ _____
TASK 2	Erosion Control/RIP-RAP	\$ _____
TASK 3	Area B Backfilling.....	\$ _____
TASK 4	Area A Backfilling	\$ _____
TASK 5	Area C and Open Portal Backfilling.....	\$ _____
TASK 6	Area D Backfilling.....	\$ _____
TASK 7	Area E Backfilling	\$ _____
TASK 8	General Grading of Borrow Areas	\$ _____
TASK 9	Whiskey Creek Restoration.....	\$ _____
TASK 10	Sediment Pond Closure	\$ _____
TASK 11	Topsoil Distribution/Preparation	\$ _____
TASK 12	Revegetation	\$ _____
	Lump Sum Total	\$ _____

**UTAH DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING**

LODESTAR ENERGY, INC.
WHISKEY CREEK MINE
PERMIT NO. ACT/007/001

RECLAMATION AGREEMENT

This Reclamation Agreement regarding the Lodestar Energy, Inc., Whiskey Creek Mine (the "Agreement") is made and entered on _____ by and between Frontier Insurance Company, in Rehabilitation and under the Supervision of the New York Insurance Department ("Frontier"), and Utah Department of Natural Resources, Division of Oil, Gas and Mining ("DOGM").

RECITALS

1. Lodestar Energy, Inc. ("Lodestar") received approval from DOGM of its plan of operations under Permit No. ACT/007/001 for coal mining and reclamation and coal preparation and train loading operations in Carbon County, Utah on July 14, 1999 by a permit transfer. As a condition to receiving its permit, Lodestar obtained a corporate surety bond from Frontier Insurance Company providing for the reclamation of surface disturbances associated with the Whiskey Creek Mine and loadout.

2. Frontier Insurance Company issued performance bond, No. 143715 (the "Bond") to DOGM and the United States Department of Interior, Office of Surface Mining ("OSM") as obligees, on behalf of Lodestar for the reclamation of surface disturbances associated with the Whiskey Creek Mine and loadout.

3. Lodestar was the subject of an involuntary Chapter 11 bankruptcy petition filed on March 30, 2001 captioned In re: Lodestar Energy, Inc., Lodestar Holdings, Inc. and Industrial Fuels Minerals Co. Case Nos. No. 01-50969 and 01-50972, Jointly Administered

under Case No. 01-50969, in the United States Bankruptcy Court for the Eastern District of Kentucky (Lexington Division). Relief was granted on April 27, 2001.

4. The Bankruptcy Court appointed a Chapter 11 Trustee, William D. Bishop, under U.S. Bankruptcy Code Sections 1107 and 1108 on or about February 3, 2003.

5. The Lodestar Chapter 11 bankruptcy proceeding was converted to a Chapter 7 bankruptcy proceeding on or about July 15, 2003 requiring, inter alia, liquidation of Lodestar's assets.

6. By letter dated May 1, 2003, DOGM issued to the Trustee and Frontier a Determination to Forfeit Reclamation Bond notifying the parties of its intent to forfeit the bond due to Lodestar's failure to comply with applicable regulations and failure to cure Orders issued to Lodestar to abate hazardous conditions at the permitted sites.

7. Reclamation of the Whiskey Creek Mine remains incomplete, creating dangerous health and safety issues as well as environmental damage.

8. The mining equipment used at the White Oak Mine, and certain real property associated with the mine were sold by the Chapter 11 trustee at an auction sale that was confirmed by the bankruptcy court in February, 2003.

9. The trustee in bankruptcy entered into an agreement for the sale of certain coal in storage and "pit coal" to Blue Ridge Services; DOGM issued a Cessation Order to the Trustee and Blue Ridge objecting to mining operations by Blue Ridge without a permit or bond; and subsequently a Stipulation was approved by the court on March 19, 2003 requiring a portion of the funds from the sale of the coal to be placed into escrow to be used for reclamation of the site.

10. The Trustee subsequently on _____ 2003 approved an agreement among DOGM, Blue Ridge, and Frontier providing for Blue Ridge to complete certain reclamation

work at the Load out facility in exchange for the release of the equipment and buildings at the site and the release of a portion (\$106,000.00) of the moneys held in escrow from the sale of the stockpiled and pit coal.

11. The sale of the remaining personal property within the permit boundaries, including the crushing, processing, loading, and ancillary equipment was approved by the Bankruptcy Court on September 12, 2003 and has been sold by the Trustee as part of the bankruptcy liquidation to Whiskey Creek Mining Services in consideration of removal of all equipment and assumption of the reclamation liabilities at the preparation plant and loadout site.

12. Lodestar has defaulted on its bonded obligations and DOGM has declared Lodestar to be in default under the terms of its permits and the bond, and has terminated Lodestar's right to proceed under its permits without obtaining additional bonding and has demanded that Frontier Insurance Company discharge its obligation under the bond.

13. Frontier Insurance Company has been found to be insolvent and is the subject of an Order of Rehabilitation (attached hereto as Exhibit 1) issued by the Supreme Court of the State of New York on October 15, 2001 (In Re: Application Gregory Serio, Supt. of Insurance of New York v. Frontier Insurance Co., Index No. 405090/01) appointing the Superintendent of the New York Insurance Department as Rehabilitator and under which all persons are enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings against Frontier Insurance Company, or the Superintendent as Rehabilitator (Order ¶ 7). Under the Order, the Rehabilitator is also authorized to inter alia, settle claims within his sole discretion (Order ¶ 1).

14. The Rehabilitator is willing and able to settle the claim on the Whiskey Creek bond in order to discharge Frontier Insurance Company's obligations to DOGM under the bond

by terms of this agreement which provides inter alia for the funding of a defined Reclamation Plan at the Whiskey Creek Mine, as provided herein.

15. DOGM is the Utah agency authorized to administer and enforce the Utah Coal Mining Regulation Program, Utah Code Annotated 40-10-1 et seq. and the rules and regulations thereunder and has an approved permanent program to enforce the Surface Mine Control and Reclamation Act, 30 U.S.C. §1201 et seq., 30 C.F.R. §944. Utah and the U.S. Department of Interior have entered into a State-Federal Cooperative Agreement under 30 U.S.C. § 1273(c) which allows a state with an approved permanent regulatory program to elect to enter an agreement for state regulation of surface coal mining and reclamation operations on federal lands.

16. DOGM has determined that it is in the best interests of the State of Utah to forfeit the bonds and accept Frontier's offer to settle its claim on the bond under the terms and conditions of this Agreement.

17. To facilitate reclamation of the Whiskey Creek Mine, Frontier, DOGM, and Bank One N.A., as Escrow Agent will enter an Escrow Agreement (in a form materially similar to that attached hereto as Exhibit 2) for payment of reclamation expenses upon certain reclamation completion milestones. Frontier will deposit in escrow the contract sum as per an agreement between it and the reclamation Contractor for funding the Whiskey Creek Mine reclamation project ("Reclamation Contract"). Funds are to be dispersed to the Contractor in accord with the terms of the Escrow Agreement.

18. The reclamation work required by the Whiskey Creek Reclamation Plan is a partial satisfaction of the full reclamation requirements set out in the mine plan approved July 14, 1999 for which work Frontier was contracted as surety.

19. Upon funding of the escrow account for the benefit of the Whiskey Creek Mine reclamation plan approved by DOGM, DOGM will forebear from collection of amounts under Bond No. 143715 in accordance with the terms and conditions of this agreement.

20. Frontier and DOGM are reserving their rights collectively and individually to pursue actions against third parties in regard to the Whiskey Creek mining operation under any applicable theory of liability.

COVENANTS

NOW, THEREFORE, in consideration of the mutual covenants contained herein, it is hereby agreed between the parties as follows:

1) **Bond Forfeiture**

A) Bond No. 143715 is hereby declared forfeit.

B) Neither the Trustee nor Frontier shall appeal the forfeiture.

2) **Reclamation Plan, Schedule and Contract**

A) Attached to this Agreement is the Lodestar Energy Whiskey Creek Mine Reclamation Plan and which has been reviewed and accepted by the parties.

B) The Whiskey Creek Mine Reclamation Plan provides for completion of itemized reclamation work at the Whiskey Creek Mine and related facilities including identified pit backfilling, highwall reduction, portal closures, structure removal, stream restoration, topsoil placement, restoration of other disturbances caused by the reclamation project, and revegetation of disturbed areas using best efforts to reach Substantial Completion during the 2003 reclamation season, but in no event later than the Spring 2004 planting season.

C) The Whiskey Creek Mine Reclamation Plan shall be incorporated into this Agreement as further obligations under the Agreement and will become the Scope of Work

under the Reclamation Contract with the Contractor. DOGM will be a named third party beneficiary of the Reclamation Contract.

D) The Reclamation Contract will require the Contractor to provide a performance and payment bond equal to 100% of the contract sum. The bonds will name the DOGM as the Obligee.

3) **Escrow**

Within 15 (fifteen) business days of execution of the Reclamation Contract with a Contractor, Frontier shall deposit in a national bank an amount equaling the contract sum under the Reclamation Contract ("Escrow Fund") pursuant to the Escrow Agreement. The escrow is intended to provide funds necessary and solely to fulfill the obligations under the Reclamation Plan. All costs of establishing and managing the escrow account will be paid by Frontier, the interest on which may be used for such costs.

4) **Release of Escrow Funds**

Funds will be released from escrow in stages to provide progress payments to the Contractor for work completed pursuant to the terms of the Reclamation Contract.

A) On a monthly basis a Utah licensed professional engineer and qualified reclamation professional on behalf of Frontier shall inspect the progress of the Contractor's work under the Reclamation Contract, in conjunction with DOGM representatives, and will report that progress to DOGM and to Frontier. Frontier shall bear the expenses of the services of the consultant.

B) The consultant will report and certify, subject to the DOGM's approval, the work progress stating the percent of work completed and that the work is/is not completed consistent with the terms of the Reclamation Contract and the Reclamation Plan. In particular,

the consultant will certify the percent of the work completed for each item on the Bid Schedule of Values attached to the Reclamation Contract. The consultant will submit its certification to Frontier and DOGM within five (5) days of the inspection. The certification will describe the percent complete and other significant milestones relevant to the reclamation project. The consultant's certifications together with DOGM approval will form the basis of requests for release of funds from the escrow. An Escrow Account Withdrawal Request (in a form materially similar to that attached hereto as Exhibit 3) executed by both Frontier and DOGM will form the basis for payment to the Contractor.

5) **DOGM and OSM Forbearance of Collection under Forfeited Bond**

Upon execution of the agreements incorporated into this Agreement and after Frontier has placed the funds into escrow, DOGM and OSM irrevocably forebear collection on Bond No. 143745. Frontier's liability and the DOGM's and OSM's claims will lay solely in the escrow and Frontier's obligation under this Agreement. DOGM's and OSM's forbearance on collection of the bond is subject to the reservation of their rights to pursue claims against third parties for civil penalties, further reclamation work and for recovery of the costs of additional reclamation work that is not included in the Whiskey Creek Reclamation Plan.

6) **Trustee Obligations**

A) This Agreement is subject to the consent and approval of the Trustee in the Lodestar bankruptcy. Consent shall be obtained as expeditiously as may be permitted by the court. Notwithstanding this requirement, the parties shall proceed to fund the escrow and to commence the work required by the Reclamation Plan. This Agreement is subject to the continuing jurisdiction of the court and to such additional conditions that the bankruptcy court may impose. Both parties shall cooperate to obtain approval of the Agreement.

B) The Trustee agrees to cooperate with Frontier and DOGM in accomplishing the goals of reclamation on the Whiskey Creek Mine and related facilities including but not limited to executing documents necessary to furthering the goals under this Agreement, selling or otherwise disposing of assets related to the Whiskey Creek Mine as part of the Reclamation Plan and facilitating the Plan in general.

7) **Limitation of Liability**

Neither DOGM nor OSM will assert that Frontier, its contractors or its agents or the Trustee in his personal capacity have become an agent for Lodestar or an "operator" or "controller" of a mine or facility, or "occupier of land," as a result of any activity accomplished under this Agreement. DOGM will take the necessary steps to preclude and/or remove the Trustee in his personal capacity from listing on the Applicant Violator System due to any violations associated with the Whiskey Creek Mine.

8) **Reservation of Rights**

A) DOGM Reservation of Rights – This Agreement is made in partial satisfaction of the reclamation requirements for the permitted mining operation. Notwithstanding the forbearance of collection of the bond amounts provided in exchange for the establishment of the escrow funding the Whiskey Creek Reclamation Plan, DOGM expressly reserves, and by the foregoing agreement does not waive its rights to take all legal and other action necessary to complete the reclamation work including without reservation the following: (1) such legal action as may be required to enforce the terms of this Agreement against Frontier, or to enforce the Reclamation Contract in the event of breach or default by the Contractor and to be a party to such actions as may be required, if any; (2) the right to pursue claims against Lodestar and against other persons or parties who may be liable for the costs of reclamation of

the mining operations pursuant to contract, common law, or pursuant to any state or federal statutory provisions.

B) **Frontier Reservation of Rights** – Frontier, by entering this Agreement, does not waive and specifically reserve all rights, claims and causes of action including indemnity, subrogation and other principles of law against any third party associated under any theory of liability with the Whiskey Creek Mine.

9) **Cooperation with Landowners**

Frontier shall use reasonable efforts in the design and implementation of the Plan to cooperate in and accommodating the requests of the landowners in performing the reclamation work to their satisfaction. Frontier shall join in defending any action brought against DOGM for the inadequacy of the Reclamation Plan or for deficiencies or failure of the work done pursuant to this Agreement.

10) **Correspondence with DOGM**

All correspondence with the DOGM concerning this Agreement shall be addressed to:

Mary Ann Wright, Associate Director
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

with a copy to:

Steven Alder, Esq.
Office of the Utah Attorney General
1594 West North Temple
Salt Lake City, Utah 84114-5801

11) **Correspondence with Frontier**

All correspondence with Frontier concerning this Agreement shall be addressed

to:

John Hillman
Frontier Insurance Company in Rehabilitation
195 Lake Louise Marie Road
Rock Hill, New York 12775-8000

with a copy to:

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

Frontier shall notify the DOGM whenever there is a change in the contact person named, title or address. Service of any notice or any legal process for any purpose under this Agreement including its enforcement may be made by mailing a copy by first class mail to the above addresses.

12) **Correspondence with the Trustee**

All correspondence with the Trustee concerning this Agreement shall be addressed to:

William Bishop
Lodestar Energy, Inc. Chapter 7 Trustee
2525 Harrodsburg Road – Suite 235
Lexington, Kentucky 40504

With a copy to:

Laura Day DelCotto, Esq.
Wise DelCotto PLLC
219 North Upper Street
Lexington, Kentucky 40507

13) **Changes in the Reclamation Plan**

Frontier, by its counsel, agents and/or contractors is authorized to make application to the DOGM for changes to the Reclamation Plan. In considering any such request, DOGM shall consider all applicable laws and regulations. DOGM shall be under no obligation to consider any change proposed by Frontier unless it has written assurances that the funds then remaining in the escrow account are sufficient to complete all work at the Whiskey Creek Mine, including the proposed change in allowing for any required retainage following completion of construction. In the event of a change in the Reclamation Plan that results in a lower cost for the work, the Reclamation Plan shall be modified to use the amount saved to add to the amount of reclamation work at the mine site.

14) **Appeals**

Frontier shall have the right to appeal a decision or order of the DOGM official with responsibility of administering this Agreement under the regulations for appealing administrative actions at R645-300-100 Coal Mine Permitting:Administrative Procedures. The parties, to the extent permitted by law may agree to alternative dispute resolution including but not limited to mediation, non-binding arbitration or arbitration.

15) **Force Majeure**

In the event that Frontier or its Contractor is unable to comply, after exercise of reasonable diligence and as a result of unforeseen circumstances not reasonably anticipated, Frontier may petition the DOGM for an extension of time in which to complete the Reclamation Plan. Such extensions will not be unreasonably withheld. Frontier will take such action as may be required including legal action to enforce the terms of the Reclamation Contract. The Contractor's only remedy for delay shall be additional time and shall under no conditions include

monetary damages. If any monetary damages are granted due to delay, Frontier shall be solely liable for the same.

16) **Severability**

The paragraphs of this Agreement shall be severable and should any part hereof be declared invalid or unenforceable, the remainder shall continue in full force and effect between the parties.

17) **Entire Agreement**

This Agreement with its Exhibits 1 through 4 shall constitute the entire integrated agreement of the parties.

18) **Attorney Fees**

The parties shall bear their respective attorney fees, expenses and other costs in the prosecution and defense of this matter or any related matters arising prior to execution of this Agreement.

19) **Modifications**

No changes, additions, modifications or amendments of this Agreement shall be effective unless they are set out in writing and signed by the parties hereto.

20) **Counterparts**

This Agreement or any amendment thereto, may be executed in multiple counterparts, each of which shall be deemed an original agreement, and all of which shall constitute one agreement between the parties.

21) **Consent of Office of Surface Mining**

The Office of Surface Mining is a co-obligee of the Frontier bonds and has jurisdiction as oversight of the Utah Coal Mining Program. This agreement is subject to their

consent, which is indicated by their signatures attached hereto.

Frontier Insurance Company
in Rehabilitation and under the Supervision
of the New York Insurance Department

Neal Connolly, Esq.
Administrator

Utah Division of Oil, Gas and Mining

Lowell Braxton, Director

U.S. Department of the Interior
Office of Surface Mining

James Fulton, Denver Field Office
Division Chief

Attorney to Frontier Insurance
Company in Rehabilitation

William T. Gorton III, Esq.

Office of the Utah Attorney General

Steven Alder, Esq.

U.S. Department of Interior
Office of the Solicitor

RECLAMATION FUND ESCROW AGREEMENT

LODESTAR ENERGY, INC. - WHISKEY CREEK MINE

THIS ESCROW AGREEMENT (“Escrow Agreement”) is made and entered into as of _____, 2003 (the “Effective Date”), by and among Frontier Insurance Company in Rehabilitation and under the Supervision of the New York Insurance Department, a New York corporation (“Frontier in Rehabilitation”), the Utah Department of Natural Resources, Division of Oil, Gas and Mining (“DOGM”), and Bank One Trust Company, NA, a national banking association (“Escrow Agent”), all being duly authorized to execute and deliver this Escrow Agreement.

RECITALS:

WHEREAS, among other commercial activities, Frontier Insurance Company issued reclamation surety bonds covering mining and related operations conducted in Utah by Lodestar Energy, Inc. (“Lodestar”).

WHEREAS, Lodestar operated the Whiskey Creek Mine (the “Mine”) under Permit No. ACT/007/001 issued by DOGM.

WHEREAS, Lodestar defaulted on the performance under its permit. Thereafter, DOGM revoked the permit and ordered that the bond be forfeited.

WHEREAS, Frontier and DOGM have entered into an agreement to conduct reclamation activities at the Whiskey Creek Mine. Their agreement is set forth in the Whiskey Creek Reclamation Agreement (“Reclamation Agreement”), dated _____, 2003.

WHEREAS, Frontier has negotiated a Reclamation Contract (“Reclamation Contract”) with Ledcor Industries (USA) Inc. (“Contractor”) to complete work related to reclaiming the Mine.

WHEREAS, Frontier has agreed to place _____ (\$ _____) in escrow to fund the work set forth in the Reclamation Plan to be completed on the terms and conditions set forth in the Reclamation Agreement and this Escrow Agreement.

NOW THEREFORE, in consideration of the recitals, the mutual promises and agreements set forth in this Escrow Agreement, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

SECTION 1. Appointment. Frontier and DOGM hereby appoint Bank One Trust Company, NA as their Escrow Agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment under the terms and conditions set forth herein. Subject to paragraph 4.2, the costs and fees associated with the Escrow Agent's performance of its duties under this agreement shall be born by Frontier from funds other than the Escrow Account (hereinafter defined).

SECTION 2. Escrow Fund.

2.1 Simultaneous with the execution and delivery of this Escrow Agreement, the Escrow Agent agrees to open an interest-bearing escrow account (the "Escrow Account") into which Frontier shall make the deposit set forth in Paragraph 2.2 below.

2.2 Frontier shall deliver to Escrow Agent, simultaneously with the execution and delivery of this Escrow Agreement, the sum of \$ _____ (the "Escrow Funds") for deposit into the Escrow Account. The Escrow Agent agrees to accept the delivery of the Escrow Funds and shall hold the Escrow Funds in the Escrow Account in accordance with the terms and conditions set forth in this Escrow Agreement.

2.3 The interests of Frontier and DOGM in the Escrow Account and in the Escrow Funds shall not be assignable or transferable, other than by operation of law. No transfer of any

of such interests by operation of law shall be recognized or given effect until Escrow Agent shall have received written notice of such transfer from the party to whom the interest is assigned or transferred. Escrow Agent shall be required to give timely notice to DOGM of any such transfer by operation of law.

2.4 The Escrow Funds shall be held as trust funds and shall not be subject to any offset, lien, attachment, trustee process or any other judicial process of any creditor of any party hereto. Escrow Agent shall hold the Escrow Funds in trust for the benefit of DOGM and Frontier. Frontier, tax identification number 132559805, agrees that, for purposes of federal and other taxes based on income, Frontier will be treated as the owner of the Escrow Funds, and that Frontier will report all income, if any, that is earned on, or derived from, the Escrow Funds as its income in the taxable year or years in which such income is properly includable and pay any taxes attributable thereto.

SECTION 3. Investment of Funds in the Escrow Account

3.1 Unless written instructions indicating otherwise, signed by Frontier's representative, are received by the Escrow Agent, all funds shall be invested in the One Group U.S. Treasury Securities Money Market Fund – Class I. Any and all earnings on the funds in the Escrow Account at any time, shall be reinvested in the manner described above.

SECTION 4. Escrow Funds Disbursement and Withdrawal. The Escrow Agent shall disburse the Escrow Funds as follows:

4.1 Promptly, after receipt by the Escrow Agent of a Request for Withdrawal signed by Frontier's representative and DOGM's representative in a form substantially similar to Exhibit 1 attached to this Agreement and incorporated herein by reference, (the "Withdrawal Request"), the Escrow Agent shall withdraw from the Escrow Fund such sums as may be

requested in such Withdrawal Request and as are necessary to pay the progress payments set forth in the Reclamation Contract or otherwise to release funds from escrow in accordance with the terms of the Reclamation Agreement. The Escrow Agent shall disburse such sums as indicated in the Withdrawal Requests.

4.2 Escrow Agent also shall disburse funds as directed by any final, nonappealable order of any court having jurisdiction over the parties subject to the Reclamation Agreement.

4.3 In the event of a dispute with respect to the payment and/or ownership or right of possession of all or any portion of the Escrow Funds, the Escrow Agent is authorized and directed to retain in its possession, without liability to anyone, all or any part of the Escrow Funds until such dispute shall have been settled by written mutual agreement between the parties concerned or, in the absence thereof, receipt by the Escrow Agent of a final, non-appealable order of a court of competent jurisdiction directing disposition of such funds. The Escrow Agent shall be entitled to rely upon such final agreements or orders and to distribute the Escrow Funds and the interest accrued thereon in accordance therewith.

SECTION 5. Duties of Escrow Agent; Compensation and Reimbursement; Limitation of Escrow Agent's Liability.

5.1 The sole duties of Escrow Agent, other than as herein specified, shall be to receive, hold and disburse the Escrow Funds in accordance with this Escrow Agreement.

5.2 Escrow Agent shall be entitled to reasonable compensation as well as reimbursement for its reasonable costs and expenses incurred in connection with the performance by it of services under this Escrow Agreement (including reasonable fees and expenses of Escrow Agent's Counsel). Escrow Agent's fee shall be \$1500.00 plus expense reimbursement. Frontier obligates itself to pay to Escrow Agent the compensation and reimbursement to which

Escrow Agent is entitled. Frontier agrees that the interest that accrues on the Escrow Funds will first be used to compensate and reimburse Escrow Agent and further agrees that Escrow Agent shall have a lien on any remaining accrued interest for payment of its fees and expenses without judicial action to foreclose the said lien. Any interest remaining after payment of amounts due to Escrow Agent shall be paid to DOGM when the original principal amount of the Escrow Funds has been paid out in accordance with this Escrow Agreement.

5.3 Escrow Agent shall incur no liability whatsoever with respect to any action taken or suffered by it in reliance upon any notice, direction, instruction, consent, statement or other documents duly authorized by DOGM and Frontier, nor for other action or inaction except for its own negligence or misconduct. The Escrow Agent shall not be responsible for the validity or sufficiency of this Escrow Agreement. In all questions arising under the Escrow Agreement, Escrow Agent may rely on the advice of Escrow Agent's counsel, and for anything done, omitted or suffered in good faith by Escrow Agent based on such advice, Escrow Agent shall not be liable to anyone; provided however, that this sentence shall not apply to any payment or release of any Escrow Funds not consented to by DOGM and Frontier or ordered by a court of competent jurisdiction. Escrow Agent shall not be required to take any action hereunder involving any expense unless the payment of such expense is made or provided for in a manner reasonably satisfactory to it. The total and entire liability of the Escrow Agent shall be limited to the amount of the Escrow Funds remaining at the time that the action on which such liability occurred.

SECTION 6. Succession. The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving sixty (60) days advance notice in writing of such resignation to the other parties hereto specifying a date when such resignation shall take effect, but such

resignation shall not become effective until a successor escrow agent shall have been appointed and shall have accepted such appointment in writing. In the event Escrow Agent resigns or is otherwise no longer available to serve as escrow agent hereunder, Frontier shall appoint, with DOGM's reasonable consent, a successor Escrow Agent who shall execute a copy of this Agreement for delivery to Frontier and DOGM. In the case of such a resignation, Escrow Agent shall cooperate with the other parties in the orderly transfer of the Escrow Funds to the successor escrow agent and shall promptly refund the pro rata portion of any unearned escrow fees which may have been paid. After resignation, Escrow Agent's fiduciary duty of confidentiality shall continue. Any corporation into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any corporation to which all or substantially all the escrow business of the Escrow Agent's corporate trust line of business may be transferred shall be the Escrow Agent under this Escrow Agreement without further Act.

SECTION 7. General.

7.1 Nothing in this Escrow Agreement is intended to limit any of Frontier's or the DOGM's rights or obligations under any other agreement.

7.2 Notices. All notices, demands or consents required or permitted under this Agreement shall be given in accordance with this Section 6.2. Such notices, demands or consents shall be in writing and shall be deemed to have been given if delivered or sent by hand, by registered first class or certified mail, postage prepaid, with return receipt requested, by national overnight courier or by facsimile to the addresses set forth below, or at such other address as subsequently shall be given by any party to the others in writing, and shall be effective upon receipt:

if to Frontier:

John Hillman
c/o Frontier Insurance Company in Rehabilitation
195 Lake Louise Marie Road
Rock Hill, New York 12775-8000
Phone: 800-386-2100, Ext. 5532/Fax: 845-807-4940

with a copy (which shall not constitute notice) to:

William T. Gorton III, Esq.
Stites & Harbison, PLLC
250 West Main Street - Suite 2300
Lexington, Kentucky 40507
Phone: 859-226-2241/Fax: 859-253-9144

if to DOGM:

Mary Ann Wright, Associate Director
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801
Phone: 801-538-5340/Fax: 801-359-3940

with a copy to:

Steven Alder, Esq.
Office of the Utah Attorney General
1594 West North Temple
Salt Lake City, Utah 84114-5801
Phone: 801-538-5348/Fax: 801-538-7440

if to Contractor:

Milan Soucek
Ledcor Industries (USA) Inc.
5905 South Virginia St., Third Floor
Reno, NV 89502
Phone: 775-829-8887/Fax: 775-829-8195

with a copy to:

Mark S. Sertic, Esq.
777 Sinclair St., Suite 201
Reno, NV 89501
Phone: 775-327-6300/Fax: 775-327-6301
E-mail: msertic@storysertic.com

if to Escrow Agent:

Bank One Trust Company, NA
201 East Main Street
Lexington, KY 40507
Attn: Betty G. Bain
Phone: 859-231-2997
Fax: 859-231-2208

7.3 This Escrow Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

7.4 The headings contained in this Escrow Agreement are for convenience of reference only, shall not be deemed to be a part of this Escrow Agreement and shall not be referred to in connection with the construction or interpretation of this Escrow Agreement.

7.5 This Escrow Agreement shall be construed in accordance with, and governed in all respects by, the laws of Utah.

7.6 This Escrow Agreement shall be binding upon and shall inure to the benefit of Frontier and its successors and assigns (if any); DOGM and its successors and assigns (if any); and to Escrow Agent and its successors and assigns (if any).

7.7 Any term or provision of this Escrow Agreement may be amended, and the observance of any term of this Escrow Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a writing signed by the party to be bound thereby. The waiver by a party of any breach hereof or default in the performance

hereof will not be deemed to constitute a waiver of any other default or any succeeding breach or default. No failure on the part of any party to exercise any power, right, privilege or remedy under this Escrow Agreement, and no delay on the part of any party in exercising any power, right, privilege or remedy under this Escrow Agreement shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

7.8 In the event that any provision of this Escrow Agreement, or the application of any such provision to any person or set of circumstances, shall be determined to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Escrow Agreement, and the application of such provision to persons or circumstances other than those as to which it is determined to be invalid, unlawful, void or unenforceable, shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law. This Escrow Agreement shall be construed in a manner consistent with the terms of the Reclamation Agreement.

7.9 This Escrow Agreement and the other agreements referred to herein set forth the entire understanding of the parties relating to the subject matter hereof and thereof and supersede all prior agreements and understandings among or between any of the parties relating to the subject matter hereof and thereof.

7.10 Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances as may be reasonably requested by any other party to evidence and reflect the transactions

described herein and contemplated hereby and to carry into effect the intents and purposes of this Escrow Agreement.

7.11 Contractor and its successors and assigns shall be third party beneficiaries to this Escrow Agreement; however, nothing in this Escrow Agreement shall be construed to create any rights or obligations except as among the parties hereto, and no other person or entity shall be regarded as a third-party beneficiary of this Escrow Agreement.

SECTION 8. Termination

8.1 Except for the provisions of Sections 4 and 5, which shall survive termination of this Escrow Agreement indefinitely, this Escrow Agreement shall terminate upon final and complete disbursement of the Escrow Funds.

SECTION 9. Counterparts

9.1 This Escrow Agreement or any amendment thereto, may be executed in multiple counterparts, each of which shall be deemed an original agreement, and all of which shall constitute one (1) agreement between the parties.

SIGNATURES:

IN WITNESS WHEREOF, Frontier, DOGM, and Escrow Agent have executed and delivered this Escrow Agreement as of the date first above written.

**FRONTIER INSURANCE COMPANY IN
REHABILITATION**

BANK ONE TRUST COMPANY, NA

By: Neal Conolly Esq.

By: Betty G. Bain

Its: Administrator

Its: Trust Officer

Date:

Date:

**UTAH DEPARTMENT OF NATURAL
RESOURCES
DIVISION OF OIL, GAS AND MINING**

By: Lowell Braxton

Its: Director

Date:

WITHDRAWAL REQUEST

Date _____

Bank One Trust Company, NA
201 East Main Street
Lexington, KY 40507
Attn: Betty G. Bain

Re: Escrow Account # _____

Dear _____:

Reference is made to that certain Escrow Agreement dated _____, by and among Frontier Insurance Company in Rehabilitation ("Frontier in Rehabilitation"), the Utah Division of Oil, Gas and Mining ("DOGM"), and Bank One Trust Company, NA ("Escrow Agent"). Please be advised that on _____, _____ (date) pursuant to Section 4.1 of said Escrow Agreement, a withdrawal from the Escrow Fund in the total amount of \$ _____ is requested for expenses in accord with the Reclamation Contract for the Whiskey Creek Mine. In support of this request the following certifications are made:

Amount Requested	Payee	Payee's Bank/Account #
\$ _____	_____	_____ # _____

Sincerely,

Utah Division of Oil, Gas and Mining

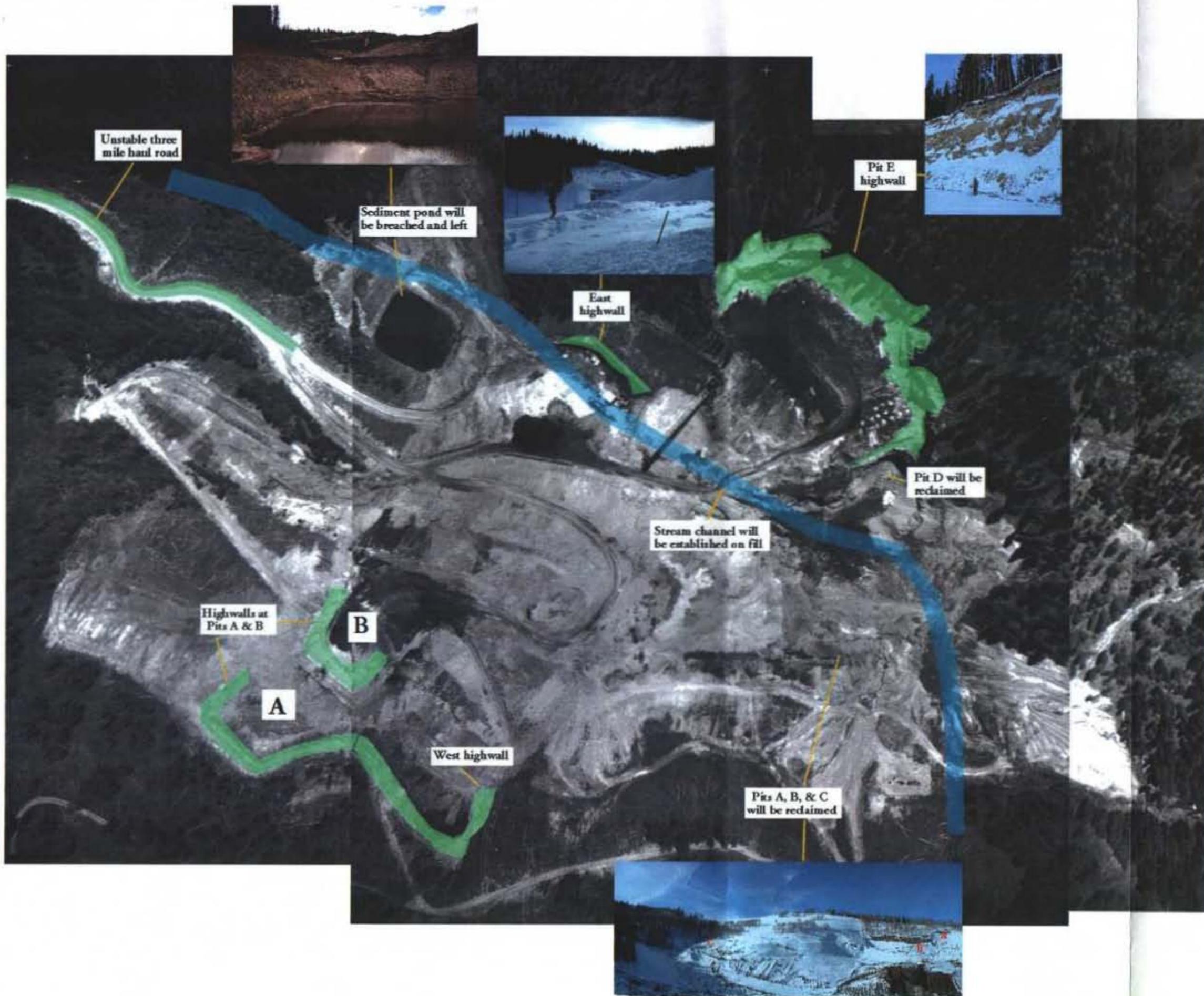
By:
Its:

Frontier Insurance Company in
Rehabilitation

By:
Its:

Exhibit E

Aerial Photo Map of Mine



White Oak Mine

Map produced 12-24-2003
 by
 Ari Merikve
 Division of Oil, Gas, and Mining

File: whiteoakphoto.pdd
 Location: P:\groups\coal\wp\07001\WO



Exhibit E

Legend

- Areas that will remain unreclaimed
- Stream channel to be reclaimed



Locator Map

Exhibit F

Photos - Conditions at White Oak

Conditions at White Oak at Cessation of Work for the Winter



Pits C, B and A (from Left to Right). 20' highwalls will remain at A and B, highwall shown in top center will not be reclaimed by the Frontier Interim Stabilization.



Pit D – 99% complete. Pit E – 10 days from completion. Looking South.



East Highwall, which will not be reclaimed under Frontier plan near Pit E.

Exhibit G

Photo – Highwall

Remaining 40' x 700' Highwall at Pit E

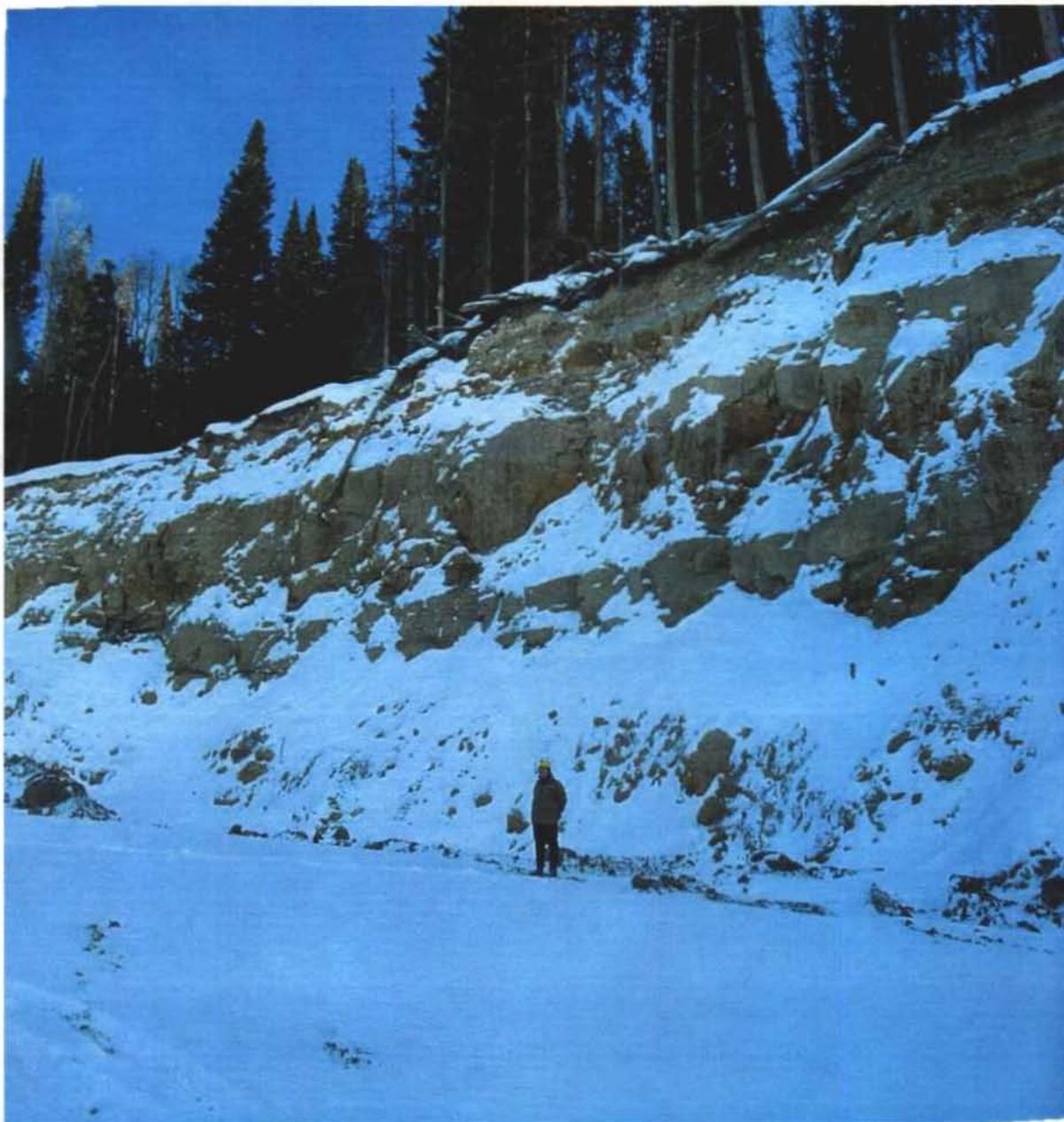


Exhibit H

Photos - Drainage Reclamation

Existing Drainage Reclamation at Mine Frontier Plan

December 2003



Red lines in both photos depict drainage to be established on 20' of fill.



Additional funding would allow highwall elimination and Whisky Creek to be re-established at its base level.

Exhibit I

Photos - Access Road

White Oak Access Haul Road Looking Uphill



White Oak Access Haul Road Looking Downhill



Exhibit J

Photos – Loadout

White Oak Loadout with Nearby Camp



Area where grizzly used to be. Still a danger for falling/driving off the edge of these concrete structures.



Remaining silo and conveyors.

White Oak Loadout Ponds Remaining



Sed. Pond at North end of property (Pond 001).



Pond 002 near partially reclaimed area.



Proximity of Pond 003 to school.

Exhibit K

Reclamation Cost After Ledcor

Exhibit K**Summary of Reclamation Costs****Revised Dec. 29, 2003**

Details of Reclamation Costs
 White Oak Mine

Base Cost Base Cost +
 Overhead and Profit
 21.6%

White Oak Mine Complex

Backfilling and Grading - * See worksheet Mine Earth page 2 of 20	\$600,083	\$730,901
Topsoil Placement - * See worksheet Mine Topsoil page 3 Of 20	\$129,395	\$157,603
Topsoil Preparation - * See worksheet Mine Soil Prep page 4 of 20	\$31,570	\$38,452
Revegetation - * See worksheet Mine Reveg page 5 of 20	\$407,739	\$496,626
Subtotal	\$1,168,787	\$1,423,582

Whisky Creek Restoration

Riprap - * See worksheet Stream Riprap page 6 Of 20	\$190,823	\$232,422
Revegetation - * See worksheet Stream Reveg page 7 of 20	\$104,817	\$127,667
Subtotal	\$295,640	\$360,089

White Oak Mine Haul Road

Asphalt removal/Disposal - * See worksheet Haul Road Demo pages 8 of 20	\$217,301	\$264,673
Backfilling and Grading * See worksheet page 9 of 20	\$191,949	\$233,794
Revegetation * See worksheet page 10 of 20	\$147,921	\$180,168
Subtotal	\$557,171	\$678,635

Loadout

Demolition - * See worksheets Loadout Demo page 11-18 Of 20	\$14,295	\$17,411
Earthwork - * See worksheet Loadout Earth page 19 of 20	\$40,278	\$49,059
Revegetation - * See worksheet Loadout Reveg page 20 of 20	\$18,900	\$23,020
Subtotal	\$73,473	\$89,490

Total	\$2,095,071	\$2,551,796
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Summary of Reclamation Costs

	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dis.	Units	Cost
Whisky Creek Earthwork															
Haul Material															
992G EROPS (9-27) (3Q02)	29340	108.55	0.1	49.35	352.13	1	352.13 \$/HR		469223	LCY	1222	LCY/HR	384	HR	135218
773D (20-1) (2Q02)	13625	51.2	0.1	39.15	180.63	5	903.15 \$/HR						384	HR	346810
D8R 2001Semi-U EROPS (9-43) (3Q02)	13055	46	0.1	49.35	181.54	0.25	45.39 \$/HR						384	HR	17430
Foreman Average, Outside															
5,000 gal H2O truck Diesel (20-6) (2Q02)	4895	27.15	0.1	39.15	99.81	1	99.81 \$/HR						384	HR	20602
Pickup Truck Crew 4x4 1 ton (20-7) (2Q02)	880	3.85	0.1	0	9.74	1	9.74 \$/HR						384	HR	3740
Rough Grade Material															
773D (20-1) (2Q02)	13055	46	0.1	49.35	181.54	1	181.54 \$/HR		53	Acres	0.253	AC/HR	209.5	HR	38033
Total															

	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dis.	Units	Cost
Whisky Creek Place Topsoil															
Load Topsoil															
992G EROPS (9-27) (3Q02)	29340	108.55	0.1	49.35	352.13	1	352.13 \$/HR		58859	LCY	1222	LCY/HR	48.2	HR	16973
773D (20-1) (2Q02)	13625	51.2	0.1	39.15	180.63	5	903.15 \$/HR						48.2	HR	43532
Slope Areas															
D8R 2001Semi-U EROPS (9-43) (3Q02)	13055	46	0.1	49.35	181.54	1	181.54 \$/HR		35618	LCY	135	LCY/HR	263.8	HR	47890
Flat Areas															
D8R 2001Semi-U EROPS (9-43) (3Q02)	13055	46	0.1	49.35	181.54	1	181.54 \$/HR		23302	LCY	563	LCY/HR	41.4	HR	7516
Grade Out Haul Roads															
D8R 2001Semi-U EROPS (9-43) (3Q02)	13055	46	0.1	49.35	181.54	1	181.54 \$/HR		6500	LCY	210	LCY/HR	31	HR	5628
Foreman Average Outside															
5,000 gal H2O truck Diesel (20-6) (2Q02)	4895	27.15	0.1	39.15	99.61	1	99.61 \$/HR						48.2	HR	2586
Pickup Truck Crew 4x4 1 ton (20-7) (2Q02)	880	3.85	0.1	0	9.74	1	9.74 \$/HR						48.2	HR	469

Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
Whiskey Creek Surface Preparation																				
North East Facing Slopes																				
Surface Roughening		Excavation B02315 400 0	1.73	/CY						11.98	340									
Subtotal																				7034
South West Facing Slopes																				
Surface Roughening		Excavation B02315 400 0	1.73	/CY						30.98	340									
Subtotal																				18222
Reseeding Rate 25%																				5314
Subtotal																				5314
Total																				31670

Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
Whisky Creek Vegetation																			
North East Facing Slopes																			
Hydroseeding Materials	Seed Final S	C0070011	106	/AC					11.96						AC		11.96	AC	1268
Hydroseeding Labor and Equipment	Hydroseeded O	C0070017	19.85	/MSF					520.978						MSF		520.978	MSF	10341
Spread Hay Materials	Mulch (mater)	C0070016	410.25	/AC					11.96						AC		11.96	AC	4907
Spread Hay Labor	Mulch (mat)	C0070018	0.6	/SY					520978						FT		57695	SY	34752
Hydroseeding Mulch and Tracer Materials	Mulch (mater)	C0070016	410.25	/AC					11.96						AC		11.96	AC	4907
Hydroseeding Mulch and Tracer Labor	Hydroseeded O	C0070017		/MSF					520.978						MSF		520.978	MSF	0
Trees 4.15 acres, 550/acre	Trees	C0070013	2.5	EA											EA		6578	EA	16445
Shrubs 4.15 acres, 900/acre	Shrubs	C0070014	2.88	EA											EA		10764	EA	31000
Subtotal																			
South West Facing Slopes																			
Hydroseeding Materials	Seed Final S	C0070011	106	/AC					30.96						AC		30.96	AC	3284
Hydroseeding Labor and Equipment	Hydroseeded O	C0070017	19.85	/MSF					1349.439						MSF		1349.439	MSF	26786
Spread Hay Materials	Mulch (mater)	C0070016	410.25	/AC					30.96						AC		30.96	AC	12710
Spread Hay Labor	Mulch (mat)	C0070018	0.6	/SY					1349439						FT		146335	SY	86933
Hydroseeding Mulch and Tracer Materials	Mulch (mater)	C0070016	410.25	/AC					30.96						AC		30.96	AC	12710
Hydroseeding Mulch and Tracer Labor	Hydroseeded O	C0070017		/MSF					1349.439						MSF		1349.439	MSF	0
Trees 4.15 acres, 400/acre	Trees	C0070013	2.5	EA											EA		13340	EA	33350
Shrubs 4.15 acres, 900/acre	Shrubs	C0070014	2.88	EA											EA		9423	EA	27136
Matting Steep Areas	Polypropylene	02370 550 O	1.72	SY					87120						FT		9680	SY	16650
Subtotal																			
Re seeding Rate 25%																			
Subtotal																			
Total																			

Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
Stream Vegetation																				
Reparation Area																				
Surface Roughening	Excavation	B02315 400 0	1.73	/CY						340					CY/AC		1020	CY	1785	
Hydroseeding Materials	Seed Final	S00070011	106	/AC						3					AC		3	AC	318	
Hydroseeding Labor and Equipment	Hydroseeded	O00070017	19.85	/MSF						130.673					MSF		130.673	MSF	2594	
Spread Hay Materials	Mulch (metal)	C00070016	410.25	/AC						3					AC		3	AC	1231	
Spread Hay Labor	Mulch (metal)	C00070018	0.81	/SY						130680					FT		14520	SY	8712	
Hydroseeding Mulch and Tracer Materials	Mulch (metal)	C00070016	410.25	/AC						3					AC		3	AC	1231	
Hydroseeding Mulch and Tracer Materials	Hydroseeded	O00070017		/MSF						130.673					MSF		130.673	MSF	0	
Willows	Willows	C00070015	2.5	/EA											EA		5236	EA	13090	
Shrubs	Shrubs	C00070014	2.88	/EA											EA		24770	EA	71338	
Trees	Trees	C00070013	2.5	/EA											EA		1815	EA	4538	
Subtotal																			104617	
Reseeding Rate 25%																				0
Subtotal																				0
Total																				104617

Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
Haul Road Demolition																				
Asphalt Demolition																				
Demolition Cost	Concrete de	ConcreteDe	10.06	/CY											FT		5903	CY	\$59,384	
Asphalt's Vol. Demolished																1.3	7674	CY		
Loading Cost	Front end lo	02315 400 1	1.35	/CY													7674	CY	\$10,360	
Asphalt's Vol. Demolished																				
Transportation Cost Non Steel Truck	Truck dump	01560 200 5	406.01	/day							11477			0.19	day		136 3	Load/day	\$56,612	
Transportation Cost Non Steel Drive	Truck Driver	Trfw	\$39.15	/HR										1.5	HR		1076	Load/hr	\$42,125	
Subtotal																			\$147,271	
Crub and Gutter Demo																				
Concrete Demolition																				
Demolition Cost	Concrete de	ConcreteDe	10.06	/CY						1282							1282	CY	\$12,897	
Concrete's Vol. Demolished																1.3	1667	CY		
Loading Cost	Front end lo	02315 400 1	1.35	/CY													1667	CY	\$2,250	
Transportation Cost	12 CY (18 T)	02320 200 0	3.23	/CY													1667	CY	\$5,384	
Disposal Costs	On site disp	02220 875 5	7.2	/CY													1667	CY	\$12,002	
Subtotal																			\$24,833	
Guardrail 057																				
Structure's Demolition Cost (Equip.)	Excavator 2	01560 200 0	826.37	/day											8 9	day		8 9	day	\$7,372
Structure's Demolition Cost (Labor)	Eq. Op., Mex	Eqmnd	\$49.35	/HR											71	hr		71	day	\$3,504
Structure's Vol. Demolished																				
Rubble's Weight (exclude steel)																				
Transportation Cost Non Steel Truck																				
Transportation Cost Non Steel Drive																				
Disposal Cost Non Steel																				
Steel's Weight																				
Transportation Cost Steel Truck	Truck dump	01560 200 5	406.01	/day											8 9	day		8 9	day	\$3,631
Transportation Cost Steel Truck Drive	Truck Driver	Trfw	\$39.15	/HR											71	hr		71	day	\$2,782
Disposal Cost Steel																				
Subtotal																			\$11,154	
Total																			\$274,117.00	

Summary of Reclamation Costs

	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dls.	Units	Cost
Haul Road Earthwork															
Haul Road Rock Lifts															
773D (20-1)(2Q02)															
769D (20-1)(2Q02)	10640	39.75	0.1	39.15	149.38	3	448.14 \$/HR		6000	CY	207	CY/HR	29	HR	12996
CAT 330BL 2001 (10-8)(3Q02)	10860	38.05	0.1	49.35	159.08	1	159.08 \$/HR						29	HR	4613
															17609
Excavator Pulls Up Sidecast Material															
773D (20-1)(2Q02)															
CAT 330BL 2001 (10-8)(3Q02)	10860	38.05	0.1	49.35	159.08	1	159.08 \$/HR		55188	CY	236	CY/HR	233.8	HR	37193
Excavator Loads Trucks from Belina Upper Fill, Big Fill, and Eccles Junction Hauling and Dumping Along Roadside.															
CAT 330BL 2001 (10-8)(3Q02)	10860	38.05	0.1	49.35	159.08	1	159.08 \$/HR		55187	CY	415	CY/HR	133	HR	21158
769D (20-1)(2Q02)	10640	39.75	0.1	39.15	149.38	3	448.14 \$/HR						133	HR	59603
CAT 330BL 2001 (10-8)(3Q02)	10860	38.05	0.1	49.35	159.08	1	159.08 \$/HR		12500	CY	415	CY/HR	30.1	HR	4788
769D (20-1)(2Q02)	10640	39.75	0.1	39.15	149.38	3	448.14 \$/HR						30.1	HR	13489
Foreman Average, Outside					53.65	1	53.65 \$/HR						233.8	HR	12543
5,000 gal H2O truck Diesel (20-6) (2Q02)	4895	27.15	0.1	39.15	99.61	1	99.61 \$/HR						233.8	HR	23289
Pickup Truck crew 4x4 1 ton (20-7) (2Q02)	880	3.85	0.1	0	9.74	1	9.74 \$/HR						233.8	HR	2277
															74340
Total															74340

Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
Haul Road Vegetation																				
North East Facing Slopes										340					CYAC					
Surface Roughening	Excavation	02315 400 D	1.73	/CY						8.6					AC		2924	CY	5059	
Hydroseeding Materials	Seed Final	S0070011	106	/AC						8.6					AC		8.6	AC	912	
Hydroseeding Labor and Equipment	Hydroseed	D0070017	19.85	/MSF						374.616					MSF		374.616	MSF	7436	
Spread Hay Materials	Mulch (mate)	C0070016	410.25	/AC						8.6					AC		8.6	AC	3528	
Spread Hay Labor	Mulch (mate)	C0070016	0.6	/SY						374.616					FT		41624	SY	24674	
Hydroseed Mulch and Tractor Materials	Mulch (mate)	C0070016	410.25	/AC						8.6					AC		8.6	AC	3528	
Hydroseed Mulch and Tractor Materials	Hydroseed	D0070017		/MSF						374.616					MSF		374.616	MSF	0	
Trees 4.15 acres, 400/acre	Trees	C0070013	2.5	EA										3440	EA		3440	EA	8600	
Shrubs 4.15 acres, 900/acre	Shrubs	C0070014	2.88	EA										7740	EA		7740	EA	22291	
Matting Sleep Areas	Polypropylene	02370 550 D	1.72	SY						374.616					FT		41624	SY	71583	
Subtotal																			127421	
Re seeding Rate 25%																				0
Subtotal																				0
Total																				127421

Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
Conveyor 014																			
Structure's Demolition Cost	Mixed Materials Bld. Large	02220 100 0100	0.28	CF	400	6	4								FT		8600	CF	2480
Structure's Vol. Demolished																			
Rubber's Weight (exclude steel)											75				TON				
Transportation Cost Non Steel Truck																			
Transportation Cost Non Steel Drive																			
Disposal Cost Non Steel	Refuse Disposal City Sanitation	C00700110	25	ton													78	ton	1950
Steel's Weight											208				TON				
Transportation Cost Steel Truck	Truck dump 16 ton payload	01560 200 5300	517.66	day										0.58	day		4.9	Load/day	2537
Transportation Cost Steel Truck Drive	Truck Driver, Heavy	1rhv	338.10	HR										3	HR		58	Load/hr	1480
Disposal Cost Steel																			
Equipment's Disposal Cost																			
Dismantling Cost																			
Equipment's Vol. Demolished																			
Loading Costs																			
Transport Costs																			
Disposal Costs																			
Concrete Demolition																			
Demolition Cost	Concrete demolition	ConcreteDemo1	13.56	CY						8.9					CY		8	CY	122
Concrete's Vol. Demolished																1.3			
Loading Cost	Front end loader 3 CY	02315 400 1300	1.23	CY															
Transportation Cost	12 CY (16 Ton) Dump Truck 1/2 mi. rd. lg.	02320 200 0320	3.29	CY															
Disposal Costs	On site disposal	02220 875 5950	6.8	CY															
Concrete Demolition																			
Demolition Cost																			
Concrete's Vol. Demolished																			
Loading Cost																			
Transportation Cost																			
Disposal Costs																			
Concrete Demolition																			
Demolition Cost																			
Concrete's Vol. Demolished																			
Loading Cost																			
Transportation Cost																			
Disposal Costs																			

Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
Transfer 015																				
Structure's Demolition Cost	Mixed Materials Bld. Large	02220 100 0100	0.26	CF	20	10	14								FT		2600	CF	728	
Structure's Vol. Demolished																				
Robot's Weight (exclude steel)											15				TON					
Transportation Cost Non Steel Truck																				
Transportation Cost Non Steel Drive																				
Disposal Cost Non Steel	Refuse Disposal City Sanitation	C00700110	25	/ton													13	ton	325	
Steel's Weight											65				TON					
Transportation Cost Steel Truck	Truck dump 16 ton payload	01540 200 0300	517.85	/day									0.38	3	day		15	Load/day	776	
Transportation Cost Steel Truck Drive	Truck Driver, Heavy	Yfmv	338.10	/hr											hr		12	Load/hr	487	
Disposal Cost Steel																				
Equipment's Disposal Cost																				
Disassembly Cost																				
Equipment's Vol. Demolished																				
Loading Cost																				
Transport Costs																				
Disposal Costs																				
Concrete Demolition																				
Demolition Cost	Concrete demolition	Concrete Demo1	13.56	/CY	20	10	0.5								FT		4	CY	54	
Concrete's Vol. Demolished																	1.3		5	CY
Loading Cost	Front end loader 3 CY	02315 400 1300	1.25	/CY																
Transportation Cost	12 CY (16 Ton) Dump Truck 1/2 mi. rd. ing	02230 200 0320	3.20	/CY																
Disposal Costs	On site disposal	02220 876 5650	6.8	/CY																
Concrete Demolition																				
Demolition Cost																				
Concrete's Vol. Demolished																				
Loading Cost																				
Transportation Cost																				
Disposal Costs																				

Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
Firehouse 016																				
Structure's Demolition Cost	Mixed Materials Bld. Large	02220 100 0100	0.28	CF	10	8	5								FT		400	CF	104	
Structure's Vol. Demolished																				
Rubble's Weight (exclude steel)												15			TON					
Transportation Cost Non Steel Truck																				
Transportation Cost Non Steel Drive																				
Disposal Cost Non Steel	Refuse Disposal City Sanitation	000700110	25	ton													13	ton	325	
Steel's Weight																				
Transportation Cost Steel Truck																				
Transportation Cost Steel Truck Drive																				
Disposal Cost Steel																				
Equipment's Disposal Cost																				
Dismantling Cost																				
Equipment's Vol. Demolished																				
Loading Cost																				
Transport Costs																				
Disposal Costs																				
Concrete Demolition																				
Demolition Cost	Concrete demolition	ConcreteDemo1	13.56	ICY	10	8	0.5								FT		1	CY	14	
Concrete's Vol. Demolished																	1.5	1	CY	1
Loading Cost	Front end loader 3 CY	02318 400 1300	1.23	ICY																
Transportation Cost	12 CY (16 Ton) Dump Truck 1/2 mi. rd. b	02320 200 0320	3.28	ICY																
Disposal Costs	On site disposal	02220 875 5550	6.8	ICY																
Concrete Demolition																				
Demolition Cost																				
Concrete's Vol. Demolished																				
Loading Cost																				
Transportation Cost																				
Disposal Costs																				

Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swel Factor	Quantity	Unit	Cost	
Conveyer D17																				
Structure's Demolition Cost	Mixed Materials Bld. Larga	02220 100 0100	0.26	CF	180	10	4								FT		6400	CF	1664	
Structure's Vol. Demolished																				
Rubber's Weight (excludes steel)											38				TON					
Transportation Cost Non Steel Truck																				
Transportation Cost Non Steel Drive																				
Disposal Cost Non Steel	Refuse Disposal City Sanitation	C00700110	25	/ton													38	ton	975	
Steel's Weight											91				TON					
Transportation Cost Steel Truck	Truck dump 18 ton payload	01580 200 0300	517.88	/day									0.38		day		2.2	Load/day	1138	
Transportation Cost Steel Truck Drive	Truck Driver, Heavy	Yrly	338.10	/HR									5		HR		17	Load/hr	648	
Disposal Cost Steel																				
Equipment's Disposal Cost																				
Dismantling Cost																				
Equipment's Vol. Demolished																				
Loading Costs																				
Transport Costs																				
Disposal Costs																				
Concrete Demolition																				
Demolition Cost	Concrete demolition	ConcreteDemo1	13.58	/CY							3.4				CY		3	CY	41	
Concrete's Vol. Demolished																	1.3		4	CY
Loading Cost	Front end loader 3 CY	02315 400 1300	1.23	/CY															4	CY
Transportation Cost	12 CY (18 Ton) Dump Truck 1/2 mi. rfd. imp	02330 200 0320	3.29	/CY															4	CY
Disposal Costs	On site disposal	02220 875 5850	6.8	/CY															4	CY
Concrete Demolition																				
Demolition Cost																				
Concrete's Vol. Demolished																				
Loading Cost																				
Transportation Cost																				
Disposal Costs																				
Concrete Demolition																				
Demolition Cost																				
Concrete's Vol. Demolished																				
Loading Cost																				
Transportation Cost																				
Disposal Costs																				

Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
Loadout 018																			
Structure's Demolition Cost	Mixed Materials Bld. Large	02220 100 0100	0.26	CF	35	25	80								FT		5200	CF	13600
Structure's Vol. Demolished																			
Rubble's Weight (exclude steel)											26				TON				
Transportation Cost Non Steel Truck																			
Transportation Cost Non Steel Drive																			
Disposal Cost Non Steel	Refuse Disposal City Sanitation	C00700110	25	ton													26	ton	650
Steel's Weight											180				TON				
Transportation Cost Steel Truck	Truck dump 16 ton payload	01960 200 5300	517.66	day										0.38	day		4.3	Lead/day	2226
Transportation Cost Steel Truck Drive	Truck Driver, Heavy	Trhw	338.10	HR										3	HR		34	Lead/hr	1285
Disposal Cost Steel																			
Equipment's Disposal Cost																			
Dismantling Cost																			
Equipment's Vol. Demolished																			
Loading Costs																			
Transport Costs																			
Disposal Costs																			
Concrete Demolition																			
Demolition Cost	Concrete demolition	ConcreteDemo1	13.56	ICY						1.5					CY		2	CY	27
Concrete's Vol. Demolished																			
Loading Cost	Front end loader 3 CY	02515 400 1300	1.23	ICY															
Transportation Cost	12 CY (16 Ton) Dump Truck 1/2 mi. rd.	02320 200 0320	3.28	ICY															
Disposal Costs	On site disposal	02220 875 5960	6.8	ICY															
Concrete Demolition																			
Demolition Cost																			
Concrete's Vol. Demolished																			
Loading Cost																			
Transportation Cost																			
Disposal Costs																			
Concrete Demolition																			
Demolition Cost																			
Concrete's Vol. Demolished																			
Loading Cost																			
Transportation Cost																			
Disposal Costs																			
Total																			

Summary of Reclamation Costs

Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swirl Factor	Quantity	Unit	Cost	
Loadout Demolition Summary																				
Conveyor 014																				\$5,727
Traveller 015																				\$7,368
Firehouse 016																				\$454
Conveyor 017																				\$4,512
Loadout 018																				\$17,652
Conveyor 018																				\$5,826
Reclaim Tunnel 022																				\$5,691
Reclaim Tunnel 022																				\$5,691
Assume Division will do 25%																				\$14,255

Summary of Reclamation Costs

	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Drs.	Units	Cost
Loadout Earthwork															
992G EROPS (9-26) (3Q00)	29905	117.1	0.1	47.15	362.87	1	362.87 \$/HR		30000	LCY	1222	LCY/HR	24.5	HR	8890
773D (20-1) (2Q00)	14200	54.45	0.1	38.1	186.75	5	933.75 \$/HR						24.5	HR	22877
D6R U EROPS (9-41) (3Q00)	13465	50.3	0.1	47.15	186.64	1	186.64 \$/HR						24.5	HR	4573
Foreman Average, Outside					50	1	50 \$/HR						24.5	HR	1225
5,000 gal H2O truck Diesel (20-6) (2Q00)	5010	25.7	0.1	38.1	97.68	1	97.68 \$/HR						24.5	HR	2393
Pickup Truck Crew 4x4 1 ton (20-6) (2Q00)	785	7.4	0.1	0	13.05	1	13.05 \$/HR						24.5	HR	320

Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
Loadout Vegetation																				
Every thing but ponds																				
Seeding	Hydro seeding with mulch and fertilizer	02920 510 1700		27 MSF					570						MSF		570 MSF		15300	
Mulch	Hay, 1" deep, power mulcher large	02910 500 0360		51 MSF					570						MSF		570 MSF		0	
Trees	Bare root seedlings, 17" to 24"	02912 350 0713		2.89 EA											EA		1200 EA		0	
Shrubs	Bare root seedlings, 17" to 24"	02912 350 0713		2.89 EA											EA		4800 EA		0	
Every thing but ponds																				
Seeding	Hydro seeding with mulch and fertilizer	02920 510 1700		27 MSF					130						MSF		130 MSF		3510	
Mulch	Hay, 1" deep, power mulcher large	02910 500 0360		51 MSF					130						MSF		130 MSF		0	
Trees	Bare root seedlings, 17" to 24"	02912 350 0713		2.89 EA											EA		1200 EA		0	
Shrubs	Bare root seedlings, 17" to 24"	02912 350 0713		2.89 EA											EA		4800 EA		0	