



0010 U. S. DEPT. OF THE INTERIOR
 OFFICE OF SURFACE MINING
 Mine Site Evaluation
 State Program



*James
 0007/0001
 Copy May 10, 2004 - JAV*

1. Permittee/Person LODESTAR ENERGY INC.		9. Permit Number UT-007-001	10. Permit Type NP
2. Address 2525 HARRODSBURG ROAD, SUITE 235		11. Field Visit Date 03/12/2004 mm - dd - yyyy	12. Purpose OF5
3. City Lexington	4. State KY	13. SRA Present Y	14. Permit Status AB
5. Zip Code 40504	6. Phone Number (859) 223-7959	15. Site Status FP	16. Facility Type ABF
7. Operator Name, if Different than Permittee LEDCOR INDUSTRIES (USA) INC.		17. OSM Office # 140	18. CCID #
8. Mine Name WHITE OAK MINE 1 & 2		19. Land Code F	20. M.S.H.A ID # 42-01279
		21. State Abrev. UT	22. County Name CARBON
		23. AVS Permittee Entity ID Number 144419	24. State Office

25. Hours	26. Signature Block	27. Reviewing Official:
0.0 a. Permit Review	<i>Henry Austin</i> Signature: 3/16/04	<i>James Fulton</i> Signature:
0.0 b. Site Visit Time	Printed Name: HENRY AUSTIN ID # 116	Review Date: 3 11/2004 mm - dd - yyyy
0.0 c. Travel Time	Date: 03/16/2004	Is Supplemental MSE Page Used Y/N Y
2.0 d. Report Writing		

Permit Type — Item 10 IP = Interim Program, PP = Permanent Program, NP = No Permit

Purpose Type Codes Item 12
 Oxx... Oversight Rfx... Reclamation Fees CCR... Citizen Complaint Referral (non site visit)
 Axx... Assistance Fxx... Federal Actions CC... Citizen Complaint (initial site visit)
 CCF... Citizen Complaint Follow-up

Joint Inspection — Item 13 A joint inspection is when a state inspector accompanies an OSM inspector any time during the review of the mine site.

Permit Status — Item 14
 A... Active: Coal mining and reclamation activities occurring or permitted but not yet disturbed.
 IN... Inactive (Permanent Program Permit): Phase II completed or Temporary Cessation of Operations. (Interim Program Permit) Coal mining completed and reclamation activities initiated.
 BR... Bond Release: Reclamation completed and State Regulatory Authority (RA) has released all of the bond (Phase III Release).
 AB... Abandoned: All surface and underground coal mining activities have ceased and operator has left the site without completing reclamation as defined in 30 CFR 840.11(g)
 AB1... Bond Forfeiture: Bond forfeiture officially in process or completed, and reclamation in progress or not yet commenced.
 AB2... Partially Reclaimed Forfeiture: Forfeited site where all bonds have been used to reclaim site, but site not reclaimed to Program standards.
 AB3... Reclaimed Forfeiture: Forfeited site that has been reclaimed to Program standards.
 NA... Not Applicable: When site is unpermitted.

Site Status Codes — Item 15
 ND... No Disturbance: No coal mining and reclamation operations have been started.
 EX... Coal Exploration: Coal exploration operations have started and where coal mining operations have not begun.
 AP... Active Coal Producing: Coal surface mining activities are occurring.
 AN... Active Non-Producing: Active non-producing facility such as tippie or preparation plant.
 NM... No Mining: The Permit Status is active, site is not in Temporary Cessation, no surface coal mining activity, and site not regraded.
 MC... Mining Complete: No mining activity on site, site regraded and awaiting phase bond release.
 TC... Temporary Cessation: The RA has granted cessation of mining pursuant to 30 CFR 816/817.131(b).
 P1... Phase I Release: At least Phase I bond release granted for entire permitted area. For interim permits, partial bond release.
 P2... Phase II Release: At least Phase II bond release for the entire permitted area.
 P3... Phase III Release: Reclamation completed and the RA has released all bond.
 NS... Non-Site Visit: Status of site not determined.
 FP... Forfeiture Pending: The RA is pursuing actions to revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress.
 FR... Forfeited and Reclaimed: Forfeiture reclamation completed.
 FO... Abandoned Site: Abandoned site that is permitted but there is no bond.
 WC... Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.

Facility Type Codes — Item 16
 A... Surface D... Ancillary (Haulroad, Conveyor, and/or Rails) H... Exploration Permits L... Remaining site permitted under 30 CFR 785.25
 B... Underground E... Refuse and/or Impoundment I... Notice of Intent to Explore
 C... Preparation Plant F... Loading Facility and/or Tippie J... Exempt 16 and 2/3
 G... Stockpiles K... Government Financed Construction Exemption

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Small Business Regulatory Enforcement Fairness Act (SBREFA)
Your Comments Are Important

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to help small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you are a small business (a business with 500 or fewer employees including those of affiliates) and wish to comment on the enforcement or compliance activities of OSM, call 1-888-REG-FAIR (1-888-734-3247).

U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING

Mine Site Evaluation

State Program
Continuation Page

Permittee/ Person LODESTAR ENERGY INC.

Permit Number UT-007-001

Field Visit Date 03/12/2004

28. Performance Standard Categories

Codes: 1=Compliance, 2=Noncompliance, 3=Not Planned, 4=Not Started, 5=Noncompliance Identified Elsewhere, 6=Previously Cited

- | | | |
|---|--|---|
| <p>A. Administrative</p> <ol style="list-style-type: none"> 1. ___ Mining within Valid Permit 2. ___ Mining within Bonded Area 3. <u>2</u> Terms & Conditions of Permit 4. ___ Liability Insurance 5. ___ Ownership and Control 6. ___ Temporary Cessation 7. ___ AML Rec. Fees -- Non-Respondent 8. ___ AML Rec. Fees -- Failure to Pay <p>B. Hydrologic Balance</p> <ol style="list-style-type: none"> 1. ___ Drainage Control 2. ___ Inspections & Certifications 3. ___ Siltation Structures 4. ___ Discharge Structures 5. ___ Diversions 6. ___ Effluent Limits 7. ___ Ground Water Monitoring 8. ___ Surface Water Monitoring 9. ___ Drainage -- Acid-Toxic Materials 10. ___ Impoundments 11. ___ Stream Buffer Zones <p>C. Topsoil & Subsoil</p> <ol style="list-style-type: none"> 1. ___ Removal 2. ___ Substitute Materials 3. ___ Storage and Protection 4. ___ Redistribution | <p>D. Backfilling & Grading</p> <ol style="list-style-type: none"> 1. ___ Exposed Openings 2. ___ Contemporaneous Reclamation 3. ___ Approximate Original Contour 4. <u>2</u> Highwall Elimination 5. ___ Steep Slopes (includes downslope) 6. ___ Handling of Acid & Toxic Materials 7. ___ Stabilization (rills and gullies) <p>E. Excess Spoil Disposal</p> <ol style="list-style-type: none"> 1. ___ Placement 2. ___ Drainage Control 3. ___ Surface Stabilization 4. ___ Inspections & Certifications <p>F. Coal Mine Waste (Refuse Piles/Impoundments)</p> <ol style="list-style-type: none"> 1. ___ Drainage Control 2. ___ Surface Stabilization 3. ___ Placement 4. ___ Inspections and Certifications 5. ___ Impounding Structures <p>G. Use Of Explosives</p> <ol style="list-style-type: none"> 1. ___ Blaster Certification 2. ___ Distance Prohibitions 3. ___ Blast Survey/Schedule 4. ___ Warnings & Records 5. ___ Control of Adverse Effects | <p>H. ___ Subsidence Control Plan</p> <p>I. Roads</p> <ol style="list-style-type: none"> 1. ___ Road Construction 2. ___ Certification 3. ___ Drainage 4. ___ Surfacing and Maintenance 5. ___ Reclamation <p>J. Signs & Markers</p> <ol style="list-style-type: none"> 1. ___ Signs 2. ___ Markers <p>K. ___ Distance Prohibitions</p> <p>L. Revegetation</p> <ol style="list-style-type: none"> 1. ___ Vegetative Cover 2. ___ Timing <p>M. ___ Postmining Land Use</p> <p>N. Other</p> <p style="margin-left: 20px;">General</p> <p style="margin-left: 20px;">Performance</p> <p style="margin-left: 20px;">Category</p> <p style="margin-left: 20px;">___ 1) _____</p> <p style="margin-left: 20px;">___ 2) _____</p> <p style="margin-left: 20px;">___ 3) _____</p> |
|---|--|---|

Performance Standard Categories 30 CFR Counterpart

<p>A. Administrative.....(816/817.71-74)</p> <ol style="list-style-type: none"> 1. Valid Permit.....773.11 2. Mining within Bonded Area.....773.11 3. Terms & Conditions of Permit.....773.17 4. Liability Insurance.....800.60 5. Ownership and Control.....778.13 6. Temporary Cessation.....842.11(e) & 816/817.131 7. AML Rec. Fees -- Non-Respondant.....870.15(b) 8. AML Rec. Fees -- Failure to Pay.....870.15(a) <p>B. Hydrologic Balance.....(816/817.41-57)</p> <ol style="list-style-type: none"> 1. Drainage Control.....45 2. Inspections & Certifications.....49(a)(10) 3. Siltation Structures.....46 4. Discharge Structures.....47 5. Diversions.....43 6. Effluent Limits.....42 7. Ground Water Monitoring.....41(c) 8. Surface Water Monitoring.....41(e) 9. Drainage--Acid - Toxic Materials.....41(f) 10. Impoundments.....49 11. Stream Buffer Zones.....57 <p>C. Topsoil & Subsoil.....(816/817.22)</p> <ol style="list-style-type: none"> 1. Removal.....22(a) 2. Substitute Materials.....22(c) 3. Storage and Protection.....22(c) 4. Redistribution.....22(d) <p>D. Backfilling & Grading.....(816/817.95-107)</p> <ol style="list-style-type: none"> 1. Exposed Openings.....816/817.13, 14, 15, & 823.11 & 21 2. Contemporaneous Reclamation.....100 3. Approximate Original Contour.....102(a)(1) 4. Highwall Elimination.....102(a)(2) 5. Steep Slopes (includes downslope).....107 6. Handling of Acid & Toxic Materials.....102(c) 7. Stabilization (rills and gullies).....95(b) 	<p>E. Excess Spoil Disposal.....(816/817.71-74)</p> <ol style="list-style-type: none"> 1. Placement.....71(e) 2. Drainage Control.....71(f) 3. Surface Stabilization.....71(g) 4. Inspections & Certifications.....71(h) <p>F. Coal Mine Waste (Refuse Piles/Impoundments)(816/817.81-84)</p> <ol style="list-style-type: none"> 1. Drainage Control.....83(a) 2. Surface Stabilization.....83(b) 3. Placement.....83(c) 4. Inspections and Certifications.....83(d) 5. Impounding Structures.....84 <p>G. Use of Explosives.....(816/817.61-68)</p> <ol style="list-style-type: none"> 1. Blaster Certification.....61(c) 2. Distance Prohibitions.....61(d) 3. Blast Survey/Schedule.....62-64 4. Warnings & Records.....66 & 68 5. Control of Adverse Effects.....67 <p>H. Subsidence Control Plan.....(817.121-122)</p> <p>I. Roads.....(816/817.150-151)</p> <ol style="list-style-type: none"> 1. Road Construction.....150(c) 2. Certification.....151(a) 3. Drainage.....150(b)-151(d) 4. Surfacing and Maintenance.....150(e)-151(d) 5. Reclamation.....150(f) <p>J. Signs & Markers(816/817.11)</p> <ol style="list-style-type: none"> 1. Signs.....11(a),(b),&(c) 2. Markers.....11(a),(b),(d),(e),&(f) <p>K. Distance Prohibitions.....(761.11)</p> <p>L. Revegetation.....(816/817.111-116)</p> <ol style="list-style-type: none"> 1. Vegetative Cover.....111 & 116 2. Timing.....113 <p>M. Postmining Land Use.....(816/817.133)</p>
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U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING

Mine Site Evaluation

**State Program
Continuation Page**

Permittee/ Person LODESTAR ENERGY INC.

Permit Number UT-007-001

Field Visit Date 03/12/2004

29. Off-Site Impact Data and Identified Violation Data.

List all Ten-Day Notice actions and all Federal NOV or CO actions taken or reviewed during this current OSM site visit. List the off-site impacts associated with either State or Federal actions taken during this site visit.

1. A. Specific State Law/Regulations Violated: PL95-87 521(a)(2); 30CFR 816/817 102(a)(2)

B. Description: Failure to eliminate all highwalls, thereby creating an imminent danger to the health or safety of the public. All highwalls at the Whiskey Creek Mine.

C. Performance Standard D4

D. Abated (Y/N) N

E. OSM Action 9

F. OSM Action Number C04-140-116-001 Viol.# 01

G. Optional

H. Any Off-Site Impacts Y/N N

I. Latitude 39°67'78"

J. Longitude 111°17'69

K. Elevation 8,800

L. Off-Site Impacts

	People	Land	Water	Structures
Blasting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hydrology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Encroachment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. A. Specific State Law/Regulations Violated: PL95-87 521(a)(2); 30CFR 773.17(c)

B. Description: Failure to comply with the terms and conditions of the permit, thereby creating an imminent danger to the health and safety of the public. Failure to complete the approved demolition and reclamation plan for the loadout area.

C. Performance Standard A3

D. Abated (Y/N) N

E. OSM Action 9

F. OSM Action Number C04-140-116-001 Viol.# 01

G. Optional

H. Any Off-Site Impacts Y/N N

I. Latitude 39°66'67"

J. Longitude 111°16'08

K. Elevation 8,800

L. Off-Site Impacts

	People	Land	Water	Structures
Blasting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hydrology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Encroachment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. A. Specific State Law/Regulations Violated: _____

B. Description: _____

C. Performance Standard

D. Abated (Y/N)

E. OSM Action

F. OSM Action Number Viol.#

G. Optional

H. Any Off-Site Impacts Y/N

I. Latitude

J. Longitude

K. Elevation

L. Off-Site Impacts

	People	Land	Water	Structures
Blasting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hydrology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Encroachment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. A. Specific State Law/Regulations Violated: _____

B. Description: _____

C. Performance Standard

D. Abated (Y/N)

E. OSM Action

F. OSM Action Number Viol.#

G. Optional

H. Any Off-Site Impacts Y/N

I. Latitude

J. Longitude

K. Elevation

L. Off-Site Impacts

	People	Land	Water	Structures
Blasting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hydrology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Encroachment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OSM Action

- 1) Deferred to State Action
- 2) TDN Issued
- 3) NOV Issued
- 4) FTA-CO Issued
- 5) IH-CO Issued (Imminent Environmental Harm)
- 6) ID-CO Issued (Imminent Danger to Public)
- 7) Previously Cited by RA, Abatement Pending
- 8) Abated during or before OSM Inspection
- 9) Follow-up of Federal Action

Off-Site Impacts

For each type of impact and resource affected, enter "N, D, or J" to describe the degree of off-site impact:
 N - Minor Occurrence
 D - Moderate Occurrence
 J - Major Occurrence

March 15, 2004

Lodestar Energy, Inc.
Mr. William D. Bishop, Trustee
2525 Harrodsburg Rd., Suite 235
Lexington, KY 40504

White Oak Mine Complex 1 & 2, Utah Permit No. C/007/001
(Whiskey Creek Surface Mine)
Utah DOGM & OSM follow up inspection
March 12, 2004

I made arrangements for Mr. Steve Demczak, Utah Division of Oil, Gas and Mining (DOGM), to conduct our follow up inspection regarding the DOGM and OSM enforcement actions issued at this site as a result of the February 11, 2004, inspection that both Mr. Demczak and I conducted here.

Mr. Demczak contacted me today on March 15, 2004, via telephone to inform me of his follow up inspection findings. Mr. Demczak reported that there were no signs of any activity on the coal loadout facility, or the Whiskey Creek surface mine since our last inspection here on February 11, 2004. Our snow mobile access tracks into the Whiskey Creek surface mine via the paved haul road were still barely visible, and covered by snow fall subsequent to our Feb. 11, 2004 inspection, and likewise there was no sign of demolition and reclamation activity resuming on the coal loadout facility. Mr. Demczak photographed the areas and e-mailed me the digital photos taken. On March 11, 2004, Mr. Greg Galecki, Utah-DOGM hydrologist, photographed the dangerous highwalls remaining at the Whiskey Creek surface mine, documenting that the permittee has not resumed reclamation activity here since our February 11, 2004, joint inspection here. Mr. Galecki photographed the dangerous highwalls via snow mobile access to the permit & disturbed area. Mr. Demczak will e-mail these digital photos also.

OSM Cessation Order C04-140-116-001 was issued as a result of our Feb. 11, 2004, inspection and sent via certified mail to Lodestar Energy, Inc. (LEI), Attn: Mr. William D. Bishop, Trustee. OSM mailed a notice of eligibility for individual civil penalties to Mr. Bishop who is serving as the Chapter 7 Trustee for LEI; and OSM also sent via certified mail the OSM Cessation Order and notice of eligibility for individual civil penalties to Mr. Ira Rennert, Director of Lodestar Energy, Inc., in OSM's AVS system.

Mr. Dennis Sadlowski, of The Renco Group, phoned me February 23, 2004, on behalf of Mr. Rennert, and acknowledged their receipt of the OSM Cessation Order and notice of eligibility for individual civil penalties. He asked me specific questions regarding the notice of eligibility for individual civil penalties primarily, and questions about the OSM / AVS system. I described the OSM inspection and enforcement process, administrative appeals process, and also discussed the AVS system. I referred Mr. Sadlowski to James Fulton, Chief, Denver Field Division, Earl Bandy, Chief, OSM-AVS System, and Carl Johnston, Denver, CO, OSM civil penalty assessment officer.

White Oak Mine No. 1 & 2, pg. 2

Subsequent to our February 11, 2004, inspection I contacted the following individuals by phone to make them aware of our inspection findings and enforcement actions, and the imminent danger to the public caused by the abandoned surface mine site's dangerous highwalls, and the incomplete structural demolition at the coal loadout: United States Department of the Interior, Bureau of Land Management (BLM-Jeff McKenzie), United States Department of Agriculture, United States Forest Service (USFS-Dale Harber & Carter Reed), and the United States Department of Labor, Mine Safety and Health Administration (MSHA-Bob Coronett & Ted Farmer).

Mr. Demczak indicated he had received no communications from Lodestar Energy, Inc., subsequent to our February 11, 2004, inspection; and Mr. Sadlowski above was the only individual to contact me. I contacted Ms. Laura Day DelCotto, Esq., of Wise DelCotto PLLC in Lexington, KY, representing Mr. William D. Bishop, subsequent to the February 11, 2004, inspection to inform her of Lodestar's obligation to update the ownership and control portion of Lodestar's White Oak Mine permit within 30 days of the OSM Cessation Order issuance. Wise DelCotto PLLC sent updated ownership and control information to Utah-DOGM (the SMCRA permit issuance authority for the White Oak Mine No. 1 & 2, Utah permit number C/007/001).

Mr. Demczak is issuing DOGM Failure to Abate Cessation Order C04-39-1-1, for failing to abate DOGM Notice of Violation NOV 04-39-2-1 that was issued as a result of our February 11, 2004, inspection. These DOGM enforcement actions are for failure to maintain the culvert inlet on the undisturbed runoff diversion in Whiskey Creek. Failure to maintain this culvert inlet, and the undisturbed runoff diversion in Whiskey Creek, could impact the sediment pond during Spring 2004 snow melt runoff, and/or other precipitation events and cause off site impacts downstream of the surface mining operation in both Whiskey Creek and Eccles Creek.

The permittee is hereby (again) notified that OSM Cessation Order C04-140-116-001 requires complete highwall elimination at the Whiskey Creek Mine and full implementation of the approved reclamation plan for the Whiskey Creek Mine; and to complete the approved demolition and reclamation plan at the coal loadout facility, in order to eliminate imminent dangers to the health and safety of the public at both locations. Initiation and completion of the above reclamation activities were ordered to begin upon the permittee's receipt of the above cessation order.

The permittee is further notified that by failing to abate the above cessation order by March 12, 2004, as directed in the Order, can result in the assessment of daily civil penalties and further alternative enforcement actions against the permittee, and individual officers of Lodestar Energy, Inc., until the above abatement actions are completed.

Please address any questions concerning this inspection report to Henry Austin at haustin@osmre.gov or to (303) 844-1400 x1466.