



The State of Utah

Department of
Natural ResourcesDivision of
Oil, Gas & MiningROBERT L. MORGAN
*Executive Director*LOWELL P. BRAXTON
*Division Director*OLENE S. WALKER
*Governor*GAYLE F. McKEACHNIE
Lieutenant Governor

Representatives Present During the Inspection:

OGM Steve Demczak Environmental Scientist III

Inspection Report

Permit Number:	C0070001
Inspection Type:	COMPLETE
Inspection Date:	Friday, June 11, 2004
Start Date/Time:	6/11/2004 9:00:00 AM
End Date/Time:	6/11/2004 2:00:00 PM
Last Inspection:	Monday, May 24, 2004

Inspector: Steve Demczak, Environmental Scientist IIIWeather: Sunny, Warm, 60'sInspectionID Report Number: 306Accepted by: pgrubaug *OK*

7/28/2004

Permitee: **LODESTAR ENERGY INC**Operator: **LODESTAR ENERGY INC**Site: **WHITE OAK MINE**Address: **HC 35 BOX 370, HELPER UT 84526**County: **CARBON**Permit Type: **PERMANENT COAL PROGRAM**Permit Status: **ACTIVE**

Current Acreages

3,906.00	Total Permitted
151.10	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- Federal
 State
 County
 Fee
 Other

Types of Operations

- Underground
 Surface
 Loadout
 Processing
 Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

***Outstanding Violations: OSM- C04-140-116-001, DOGM- FTA C03-39-1-1, FTA C03-42-1-1, C03-42-1-2, FTA C03-42-1-3, C0-51--1-1, C03-50-2-1, FTA C04-39-1-1, C03-39-1-1, C03-42-1-2, C03-42-1-1, C03-42-1-3, C03-51-1-1, N03-46-1-1, and N03-50-1-1.

***Permit Conditions- 1) Lodestar Energy must submit water quality data in an electronic format beginning with data for the fourth quarter of 1999. 2) White Oak must revise the reclamation plan to address the elimination of highwalls within 30 days of permit renewal.

***The Division issued the Determination to Forfeit on May 1, 2003. Chapter 7 was filed by Lodestar on July 15, 2003. The Division negotiated with Bankruptcy Trustee and Frontier Insurance in Rehabilitation to stabilize this site. \$999,000 was escrowed from Frontier Insurance Company on October 3, 2003. Ledcor (Frontier contractor) did reclamation work at the mine site from October 13, 2003 to December 17, 2003. On December 29, 2003, the On June 18, 2004, Lodestar trustee Bill Bishop filed the master settlement between various parties (including Renco and Wexford Capital) for reclamation in a "General Settlement Fund" outside of the Lodestar bankruptcy estate. Utah could receive about \$1.2 million dollars. This must be finalized by the Bankruptcy Court.

***The contract with the Frontier contractor, Ledcor, was terminated in June 2004. The moneys remaining from that contract will be used for reclamation at White Oak. AMR program will administer the reclamation work at the White Oak Mine.

Inspector's Signature

Steve Demczak, Environmental Scientist III

Inspector ID Number: 39

Date

Thursday, June 17, 2004

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

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Inspection Continuation Sheet

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

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

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The mine site disturbed area and loadout will continue to be reclaimed this year. AMR will administer reclamation at this site. Work will begin once a contractor has been selected by the Division. Mark Wayment will continue to do reclamation at the loadout.

2. Signs and Markers

The permittee is in Chapter 7 Bankruptcy. The Division has sent a notice for forfeiture to the courts. Since the permittee is insolvent, the identification signs at the road to the mine and at the gate at the loadout has not been updated.

3. Topsoil

The topsoil piles showed no signs of wind or water erosion.

4.a Hydrologic Balance: Diversions

The diversions were functioning but sediment and rocks have fallen into the diversions in several areas.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The sediment ponds were inspected and no hazardous conditions were noticed during the time of the inspection. The mine site sediment pond was not discharging. The riparian area (wetland) acting as a sediment for snow runoff contained about 2 inches of water. It is unlikely that this area will discharge.

4.c Hydrologic Balance: Other Sediment Control Measures

Straw bales were installed last winter and are functioning as designed.

4.d Hydrologic Balance: Water Monitoring

Permittee is not taking water monitoring samples.

8. Noncoal Waste

The mine area is generally clear of non-coal waste materials. The loadout has scrap metal which could be classified as non-coal waste material.

11. Contemporaneous Reclamation

The property is in reclamation.

14. Subsidence Control

No information was submitted for 2003.

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16.a Roads: Construction, Maintenance, Surfacing

The primary road has sunk in places from water saturation. This is on the edges of the road. Vehicles can use the road for access to the mine site.

18. Support Facilities, Utility Installations

Mark Wayment's construction crew is dismantling the conveyor belt line to the coal train silo.

19. AVS Check

Information for Lodestar is still in the AVS.