



The State of Utah

Department of  
Natural Resources

Division of  
Oil, Gas & Mining

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*Executive Director*

LOWELL P. BRAXTON  
*Division Director*

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GAYLE F. McKEACHNIE  
*Lieutenant Governor*

## Inspection Report

Permit Number:	C0070001
Inspection Type:	PARTIAL
Inspection Date:	Friday, August 06, 2004
Start Date/Time:	8/6/2004 10:00:00 AM
End Date/Time:	8/6/2004 3:00:00 PM
Last Inspection:	Monday, July 12, 2004

Inspector: Steve Demczak, Environmental Scientist III

Weather: Warm, 80's, Sunny

InspectionID Report Number: 361

Accepted by: pgrubaug *OK*

9/21/2004

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	<b>Total Permitted</b>
151.10	<b>Total Disturbed</b>
	<b>Phase I</b>
	<b>Phase II</b>
	<b>Phase III</b>

### 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.

See Section #22 for more information.

Inspector's Signature

*Steve Demczak*  
 Steve Demczak, Environmental Scientist III

Inspector ID Number: 39

Date Friday, August 13, 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, Division 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**1. Permits, Change, Transfer, Renewal, Sale**

The loadout continues to be reclaimed. Mark Wayment's construction crew is breaking up concrete footers, removing asphalt from the road, and stacking-up coal fines against the cut slopes. The coal fines and concrete will be covered with subsoil and topsoil.

**2. Signs and Markers**

The identification sign to the mine site is laying on the stream bank of Eccles Creek. The sign seemed to be secured in previous inspections.

**3. Topsoil**

The substitute topsoil at the loadout will be used by Mark Wayment's crew to reclaim the site. Some of the soil is covered by coal from a derailment by the railroad last year.

**4.a Hydrologic Balance: Diversions**

Several diversions were inspected and did contain sediment. However, these diversions would function during a storm event.

**4.b Hydrologic Balance: Sediment Ponds and Impoundments**

The sediment ponds were inspected and no hazardous conditions were noticed during the inspection. No sediment ponds were discharging during the inspection.

**8. Noncoal Waste**

Mark Wayment's crew has picked-up a large amount of non-coal waste material. There is still non-coal waste material thought out the loadout.

**12. Backfilling And Grading**

Mark Wayment's crew has started to backfill the cutslopes. These cutslope were reclaimed to AOC.

**15. Cessation of Operations**

White Oak Mining is in Reclamation.

**18. Support Facilities, Utility Installations**

All support facilities at the loadout and mine have been removed. Concrete has been placed against highwalls or road cuts.

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**Inspection Continuation Sheet**

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**22. Other**

The Division issued the Determination to Forfeit at the White Oak Mine on May 1, 2003. Chapter 7 was filed by Lodestar Energy, Inc. on July 15, 2003. The Division negotiated with the Bankruptcy Trustee and Frontier Insurance to stabilize this site. The amount of \$999,000 was escrowed from Frontier Insurance Company on October 3, 2003. Ledcor (the Frontier contractor) started work at the White Oak Mine on October 13, 2003. Ledcor (the contractor for Frontier) left the site for the winter on December 17, 2003. Reclamation work at the White Oak Loadout is being done by the Mark Wayment group. A Settlement Agreement with the Debtor Trustee, Rennert parties, Congress and Wexford is being formulated.

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 monies remaining from that contract will be used for reclamation at White Oak.

AMR program will administer the reclamation work at the White Oak Mine.