



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
OGM	Dana Dean	Environmental Scientist III

## Inspection Report

Permit Number:	C0070001
Inspection Type:	COMPLETE
Inspection Date:	Monday, October 04, 2004
Start Date/Time:	10/4/2004 10:00:00 AM
End Date/Time:	10/4/2004 3:00:00 PM
Last Inspection:	Friday, September 10, 2004

Inspector: Steve Demczak, Environmental Scientist IIIWeather: Sunny, 50'sInspectionID Report Number: 422Accepted by: pgrubaug  
10/29/2004

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. These violations will receive an "Exclusionary Code" in the AVS due to the General Settlement Agreement signed on August 18, 2004. The Renner parties, Congress Financial, Wexford and the Debtors trustee will receive the "exclusion" code. Lodestar Energy, Inc will remain liable in the AVS.

See Section #22 for more information.

Inspector's Signature

Steve Demczak, Environmental Scientist III

Inspector ID Number: 39

Date

Thursday, October 07, 2004

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

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801  
 telephone (801) 538-5340 facsimile (801) 359-3940 TTY (801) 538-7223 [www.ogm.utah.gov](http://www.ogm.utah.gov)

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*Where ideas connect™*

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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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 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 checked="" 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 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 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" 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**

Reclamation has started today at the White Oak mine site. Pit E was being backfilled by using one truck. The other truck had mechanical problems and could not be used. The reclamation is planned to be fully operational tomorrow. Louis Amodt from AMR will be on site over-seeing the reclamation project at the White Oak Mine. The loadout is continuing to be reclaimed by Mark Wayment and his crew. The coal storage area is being graded during the inspection. It is my judgment that additional work will be needed after Mark Wayment's crew leaves the location. The possibility of additional grading and seeding may be needed after the crew leaves the property.

**2. Signs and Markers**

The permit sign at the White Oak Mine was knocked over and is laying on the slope of Whiskey Creek. I informed Louis Amodt that management wanted the sign to be re-installed by the contractor.

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

No sediment pond was discharging during the inspection. Louis Amodt indicated that the mine sediment pond may be cleaned out this fall. The material will be used to reclaim the old truck loadout turn-a-round to cover the cut slope.

**4.c Hydrologic Balance: Other Sediment Control Measures**

There were discussions of installing additional straw bales for sediment control.

**6. Disposal of Excess Spoil, Fills, Benches**

The contractor was in the process of backfilling Pit E.

**15. Cessation of Operations**

October 4, 2004 was the first day this year for the reclamation of the White Oak Mine.

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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.

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 received \$1.217 million dollars - this was finalized by the Bankruptcy Court on August 18, 2004.

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.