



State of Utah

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

December 1, 2004

TO: Internal File

FROM: Pamela Grubaugh-Littig, Permit Supervisor *pgl*

RE: Release from Any Claims Arising from Ownership – Supersedes Memos Dated September 8, 2004 and October 28, 2004, Cessation Orders and Civil Penalties, White Oak Mine, C/007/0001

Note: This memo includes violation N04-39-2-1 and cessation order C04-39-1-1. These were also included as part of the Settlement Agreement and received the exclusionary code (EOFT) in the AVS.

Attached is the set of documents that outline the release of the Debtors Trustee, Rennert Parties, Congress and Wexford Parties from any claims arising from or related to the Debtors' mine ownership or mining activities including, without limitation the Utah reclamation obligations. Specifically,

- The Settlement and Term Sheet, page 10 paragraph 6 (a), page 17 paragraph 8 (a)(i), pages 30 to 33 paragraph (g), pages 38 to 46 paragraph 16,
- The Order Approving the Settlement,
- Letter identifying Renco parties and Associates, and
- First Amendment, pages 1 to 2 paragraph 2 (a) and (b) and Exhibit 6.

There are five cessation orders that can now be terminated pursuant to this Settlement Agreement effective August 18, 2004. The cessation orders are:

- C03-50-2-1 (failure to abate CO, initial violation (N03-50-1-1) issued for violating the permit by going beyond the allowable spoil limit).
- C03-42-2-1 (imminent harm CO, issued for hazardous conditions to the health and safety of the public by permittee's failure to construct permanent seals of three underground openings).
- C03-42-2-2 (imminent harm CO, issued for hazardous conditions to the health and safety of the public by permittee's failure eliminate highwalls).
- C03-42-2-3 (imminent harm CO, issued for hazard conditions to the health and safety of the public at the White Oak Loadout).
- C04-39-1-1 (failure to abate CO, initial violation (N04-39-2-1) issued for failure to maintain the inlet to undisturbed bypass culvert #C-40-42 at the Whiskey Creek Mine).

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The penalties for the five FTA/CO's were: $5 \times \$22,500 = \$112,500$.

Additional civil penalties still outstanding for the White Oak Mine were:

N03-46-1-1,	\$160.00
N03-50-1-1,	720.00
N04-39-2-1,	6160.00
C03-42-1-1,	3,560.00
C03-42-1-2,	3,160.00
C03-42-1-3,	3,560.00
C03-51-1-1,	<u>1,800.00</u>

\$19,120.00

Total amount due was $\$112,500 + \$19,120 = \$131,620$, which is now settled as part of the agreement.

All of the violations and cessation orders written against the White Oak Mine have had an Exclusion code entered in the Applicant Violator System, as of October 8, 2004, see attached e-mail. This exclusionary code (EOFT) designates that Debtors Trustee, Rennert Parties, Congress and Wexford Parties are excluded from being blocked in the AVS. Lodestar Energy, Inc. will remain blocked in the AVS due to the fact that they were not part of the Settlement.

Enclosure

cc: Price Field Office (w/o)

O:\007001.WO\FINAL\pgl\terminatecomplianceactionscorrectedMemo2.doc

From: "Amy Willoughby" <awilloughby@osmre.gov>
To: "Sherry Wilson" <SWILSON@osmre.gov>, <PAMGRUBAUGHLITTIG@utah.gov>
Date: 10/8/04 12:17PM
Subject: Re: Lodestar updates in AVS

The exclusion code had been entered in AVS for all Lodestar Energy state violations written against UT permit ACT007001.

>>> Sherry Wilson 10/8/2004 12:10:07 PM >>>
thanks Pam. I will get Amy to update the information in AVS and get back with you next week when it has been completed.

Have a nice weekend.

>>> "Pam Grubaugh-Littig" <PAMGRUBAUGHLITTIG@utah.gov> 10/8/2004 11:57:50 AM >>>

Hi, Sherry. The Division of Oil, Gas, and Mining is in agreement in handling the violations as outlined by AVS in the 9/10/04 e-mail, which is in accordance with the Settlement Agreement. Thanks. Pam

>>> "Sherry Wilson" <swilson@osmre.gov> 10/07/04 02:16PM >>>
Hi Pam - just following up on our call a few days ago. You said you all were interested in having us update AVS as proposed in the 9/10/04 email we sent. As we discussed, please just send me an email so we have a written request for our file. After we get the request, we will do the updates and then send you a verification the updates have been made.

thanks and look forward to hearing from you soon

CC: "Debbie Feheley" <DFEHELEY@osmre.gov>, "Earl Bandy" <EBANDY@osmre.gov>