

March 30, 2004

Milton A. Oman Estate
P.O. Box 11798
Salt Lake City, Utah 84147-0798

Certified Mail
7099 3400 0016 8895 5750

Della L. & Hilda M. Madsen
Meadow, Utah 84644

Certified Mail
7099 3400 0016 8895 5743

Scott Kiscaden
Blue Ridge Mining Services
P.O. Box 1916
Mechanicsville, Virginia 23116

Certified Mail
7099 3400 0016 8895 5736

Re: White Oak Reclamation – Request to Sign Road Acknowledgement Form

Dear Road Surface Landowner:

Preliminary land ownership research indicates that the haul/access road to the White Oak Mine passes over lands held by three landowners, as noted above. Our mine plan allows for an approved post mining land use of “grazing and wildlife habitat.” The plan also calls for leaving the haul road in place in order to facilitate this land use, particularly grazing. I would like to be sure that you understand that the road is not part of the current, funded reclamation plan. Thus, I have enclosed an Acknowledgement of Post Mining Retention of Haul/Access Road indicating that the haul road will remain in place as part of the approved post mining land use.

Currently only one quarter of the roughly \$4M reclamation bond estimate is available for reclamation. The Utah Coal Regulatory Program (CRP) is hoping to capture some further funding from the bankruptcy court to complete the reclamation of the White Oak Mine. The purpose of this work is to eliminate environmental and public safety hazards, and restore the site to a stable post mining land use. This work should also serve to reduce your liability as a landowner.

Roughly one third of the reclamation work is now completed and work is planned to resume when the snow is off the site later this spring. Ledcor Industries, USA Inc of Reno, NV, has been contracted to 1) seal underground mine openings (completed); 2) remove dangerous equipment and structures (completed at the pit, partially completed at the loadout); 3) eliminate dangerous highwalls (partially complete); 4) restore major drainage ways (minimally complete), and 5) ecological stabilization of the site (not complete). We believe that you will be pleased to have

these mining hazards and features removed from your property, and to have the surface use of the site again, along with the road for access.

Please respond to this letter as soon as possible by signing and returning one copy of the form to me, and keeping the other copy for your records. You may call me at (801) 538-5306, or email me at maryannwright@utah.gov if you have questions. Thank you for your attention to this matter.

Sincerely,

Mary Ann Wright
Associate Director, Mining

Enclosure: consent form

cc: Steve Alder
Bill Gorton
Ledcor

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ACKNOWLEDGEMENT OF POST MINING RETENTION OF HAUL/ACCESS ROAD

The undersigned, Scott Kiscaden, (Landowner) as part of the modifications in post mining land use and final reclamation of the White Oak mine by the Utah Division of Oil, Gas & Mining, Department of Natural Resources (Division), hereby acknowledges as follows.

RECITALS

1. On October 26, 2001, the Division approved the application of Lodestar Energy Inc., received on February 2, 2001 to significantly revise the Mining and Reclamation Plan at the White Oak Complex to include contour mining of barrier coal.
2. Contour mining was proposed for areas disturbed by underground coal mining and also in areas that were not disturbed.
3. The approved mining plan required that in accordance with R645-301-412 the landowners were to provide comments by January 26, 2002 concerning the post mining use for section 30 and were to remove references to a road from the top of the canyon into the mine area that the landowner agreed to build. The comments of landowner, Milton Oman, provided in December 1983 authorized retention of the haul road as part of the post mining land use (agreement attached).
4. The approved mining plan required that the main haul road be reclaimed as part of the final reclamation.
5. Lodestar Energy had filed for protection under a Chapter 11 bankruptcy prior to approval of the permit and under the conditions for issuance of the permit for surface mining was required to obtain an acceptable bond.
6. After objections by the Division to the failure of Lodestar to replace the bond, a hearing was held and the matter was resolved by an Agreed Order entered in February 26, 2002.
7. The Agreed Order provided that Lodestar or Wexford would file a reorganization plan including replacement bonding by October 28, 2002, or that Utah would have a 10% share of the Wexford Super-Priority Status to be used for reclamation.

8. Wexford and Lodestar both failed to submit a plan by the deadline and the bankruptcy court allowed Lodestar to continue mining pursuant to repeated extensions until mining ceased due to the forced sale of Lodestar's assets on February 3, 2003.
9. On May 1, 2003, the Division made a declaration of intent to forfeit the Frontier Bond, and the Division and Frontier concluded that further mining was not feasible, that the mining would not be completed as planned, and that modification of the mining and reclamation plan in order to accomplish final reclamation should begin. (The Bankruptcy was converted to a Chapter 7 on July 15, 2003)
10. The Division, entered into a settlement agreement and contract with the bonding company, Frontier Insurance in Rehabilitation, on October 8, 2003 to perform certain agreed reclamation work to minimize hazards created by mining activities that affect the public's health, safety and general welfare on the bankrupt mine (site known as the White Oak Mine complex in Carbon County, Utah, Townships 13 & 14 South, Ranges 6 & 7 East, Salt Lake Base Meridian. Notice of these and prior actions was provided to landowners by a letter from Mary Ann Wright on October 9, 2003 (copy enclosed).
11. The Division has continued to pursue the potentially liable parties through actions in the bankruptcy court and anticipate that a settlement will be reached with these parties that will provide additional funding for reclamation of the mining activities to be completed by the Division.
12. In anticipation of this settlement the Division has identified the additional reclamation work that needs to be completed and is developing costs to complete the reclamation of the mine site.
13. The Haul/Access road leading to the White Oak Mine (aka the Belina Haul Road), located in T 13S, R7E, Sections 19 & 30, was constructed prior to the applicable mining regulations and is not built to the standards required by Division and is not suitable for public use.

ACKNOWLEDGEMENT

14. The Division is the Utah agency authorized to administer and enforce the Utah Coal Mining Regulation Program, Utah Code Annotated 40-10-1 et seq. and the rules and regulations, and has an approved permanent program to enforce the Surface Mine Control and Reclamation Act, 30 U.S.C. §1201 et seq., 30 C.F.R. §944. Utah and the U.S. Department of Interior have entered into a State-Federal Cooperative Agreement under 30 U.S.C. § 1273(c) which allows a state with an approved permanent regulatory program to elect to enter an agreement for state regulation of surface coal mining and reclamation operations on federal lands.
15. Pursuant to Surface Mining Control and Reclamation Act of 1977 (Public Law 95-87) and R645-301-412 of the Utah Administrative Code, the site is being reclaimed to the approved Post Mining Land Use for this mine as “Grazing and Wildlife Habitat.”
16. The Division has determined that the Haul Road is now in reasonably good condition and, subject to reasonable precautions and limitations, is suitable for limited private access associated with this approved post mining land use for this site.
17. The proposed reclamation activities will NOT include removal and reclamation of the Haul /Access Road.
18. All Post Mining Land Use consent and Reclamation activity performed is pursuant to authority under the Surface Mining Control and Reclamation Act of 1977 (Public Law 95-87) does not constitute a warranty or guarantee to the Landowner, Claimant, or Lessee relative to the protection of public health, safety, and general welfare or suitability of the premises for any specific use.
19. The landowner’s rights and obligations to comment on this determination are provided for at R645-301-412 Utah Administrative Code.
20. The Division shall incur no liability whatsoever with respect to this action or any actions by the landowner taken or suffered by it in furtherance of, or in reliance upon, this determination and any other action or inaction except for its own negligence or misconduct.
21. The Undersigned has authority to represent the landowner and does hereby on behalf of the landowner by execution of this document acknowledges this determination of post mining land use and the retention of the existing haul road.

22. The Undersigned further accepts the haul road as part of its surface estate in its condition as it exists, and assumes responsibility the future use, maintenance, and access upon the haul road.

Dated this _____ day of _____, 2004

DIVISION OF OIL, GAS & MINING

I certify that I am a legal owner or agent for the legal owner of the above-described property.

By: _____
Name: Lowell P. Braxton
Title: Director

By: _____
Name: _____
Title: _____

Mary Ann Wright
Associate Director of Mining

ACKNOWLEDGEMENT OF POST MINING RETENTION OF HAUL/ACCESS ROAD

The undersigned, Della L. and Hilda M. Madsen, (Landowner) as part of the modifications in post mining land use and final reclamation of the White Oak mine by the Utah Division of Oil, Gas & Mining, Department of Natural Resources (Division), hereby acknowledges as follows.

RECITALS

23. On October 26, 2001, the Division approved the application of Lodestar Energy Inc., received on February 2, 2001 to significantly revise the Mining and Reclamation Plan at the White Oak Complex to include contour mining of barrier coal.
24. Contour mining was proposed for areas disturbed by underground coal mining and also in areas that were not disturbed.
25. The approved mining plan required that in accordance with R645-301-412 the landowners were to provide comments by January 26, 2002 concerning the post mining use for section 30 and were to remove references to a road from the top of the canyon into the mine area that the landowner agreed to build. The comments of landowner, Milton Oman, provided in December 1983 authorized retention of the haul road as part of the post mining land use (agreement attached).
26. The approved mining plan required that the main haul road be reclaimed as part of the final reclamation.
27. Lodestar Energy had filed for protection under a Chapter 11 bankruptcy prior to approval of the permit and under the conditions for issuance of the permit for surface mining was required to obtain an acceptable bond.
28. After objections by the Division to the failure of Lodestar to replace the bond, a hearing was held and the matter was resolved by an Agreed Order entered in February 26, 2002.
29. The Agreed Order provided that Lodestar or Wexford would file a reorganization plan including replacement bonding by October 28, 2002, or that Utah would have a 10% share of the Wexford Super-Priority Status to be used for reclamation.

30. Wexford and Lodestar both failed to submit a plan by the deadline and the bankruptcy court allowed Lodestar to continue mining pursuant to repeated extensions until mining ceased due to the forced sale of Lodestar's assets on February 3, 2003.
31. On May 1, 2003, the Division made a declaration of intent to forfeit the Frontier Bond, and the Division and Frontier concluded that further mining was not feasible, that the mining would not be completed as planned, and that modification of the mining and reclamation plan in order to accomplish final reclamation should begin. (The Bankruptcy was converted to a Chapter 7 on July 15, 2003)
32. The Division, entered into a settlement agreement and contract with the bonding company, Frontier Insurance in Rehabilitation, on October 8, 2003 to perform certain agreed reclamation work to minimize hazards created by mining activities that affect the public's health, safety and general welfare on the bankrupt mine (site known as the White Oak Mine complex in Carbon County, Utah, Townships 13 & 14 South, Ranges 6 & 7 East, Salt Lake Base Meridian. Notice of these and prior actions was provided to landowners by a letter from Mary Ann Wright on October 9, 2003 (copy enclosed).
33. The Division has continued to pursue the potentially liable parties through actions in the bankruptcy court and anticipate that a settlement will be reached with these parties that will provide additional funding for reclamation of the mining activities to be completed by the Division.
34. In anticipation of this settlement the Division has identified the additional reclamation work that needs to be completed and is developing costs to complete the reclamation of the mine site.
35. The Haul/Access road leading to the White Oak Mine (aka the Belina Haul Road), located in T 13S, R7E, Sections 19 & 30, was constructed prior to the applicable mining regulations and is not built to the standards required by Division and is not suitable for public use.

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36. The Division is the Utah agency authorized to administer and enforce the Utah Coal Mining Regulation Program, Utah Code Annotated 40-10-1 et seq. and the rules and regulations, and has an approved permanent program to enforce the Surface Mine Control and Reclamation Act, 30 U.S.C. §1201 et seq., 30 C.F.R. §944. Utah and the U.S. Department of Interior have entered into a State-Federal Cooperative Agreement under 30 U.S.C. § 1273(c) which allows a state with an approved permanent regulatory program to elect to enter an agreement for state regulation of surface coal mining and reclamation operations on federal lands.
37. Pursuant to Surface Mining Control and Reclamation Act of 1977 (Public Law 95-87) and R645-301-412 of the Utah Administrative Code, the site is being reclaimed to the approved Post Mining Land Use for this mine as “Grazing and Wildlife Habitat.”
38. The Division has determined that the Haul Road is now in reasonably good condition and, subject to reasonable precautions and limitations, is suitable for limited private access associated with this approved post mining land use for this site.
39. The proposed reclamation activities will NOT include removal and reclamation of the Haul /Access Road.
40. All Post Mining Land Use consent and Reclamation activity performed is pursuant to authority under the Surface Mining Control and Reclamation Act of 1977 (Public Law 95-87) does not constitute a warranty or guarantee to the Landowner, Claimant, or Lessee relative to the protection of public health, safety, and general welfare or suitability of the premises for any specific use.
41. The landowner’s rights and obligations to comment on this determination are provided for at R645-301-412 Utah Administrative Code.
42. The Division shall incur no liability whatsoever with respect to this action or any actions by the landowner taken or suffered by it in furtherance of, or in reliance upon, this determination and any other action or inaction except for its own negligence or misconduct.
43. The Undersigned has authority to represent the landowner and does hereby on behalf of the landowner by execution of this document acknowledges this determination of post mining land use and the retention of the existing haul road.

44. The Undersigned further accepts the haul road as part of its surface estate in its condition as it exists, and assumes responsibility the future use, maintenance, and access upon the haul road.

Dated this _____ day of _____, 2004

DIVISION OF OIL, GAS & MINING

I certify that I am a legal owner or agent for the legal owner of the above-described property.

By: _____
Name: Lowell P. Braxton
Title: Director

By: _____
Name: _____
Title: _____

Mary Ann Wright
Associate Director of Mining

**ACKNOWLEDGEMENT OF POST MINING RETENTION OF HAUL/ACCESS
ROAD**

The undersigned, Milton A. Oman, (Landowner) as part of the modifications in post mining land use and final reclamation of the White Oak mine by the Utah Division of Oil, Gas & Mining, Department of Natural Resources (Division), hereby acknowledges as follows.

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45. On October 26, 2001, the Division approved the application of Lodestar Energy Inc., received on February 2, 2001 to significantly revise the Mining and Reclamation Plan at the White Oak Complex to include contour mining of barrier coal.
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Dated this _____ day of _____, 2004

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Title: Director

By: _____
Name: _____
Title: _____

Mary Ann Wright
Associate Director of Mining