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MAY 18 2006

UNITED STATES BANKRUPTCY COURT
 EASTERN DIVISION OF KENTUCKY
 LEXINGTON DIVISION

IN RE:

LODESTAR ENERGY, INC.
 LODESTAR HOLDINGS, INC.
 INDUSTRIAL FUELS MINERALS CO.
 DEBTORS

DIV. OF OIL, GAS & MINING
Copy Mary Ann, Steve Alder
 CASE NO. 01-50969
 CASE NO. 01-50972 and
 CASE NO. 03-70015
 CHAPTER 7

NOTICE TO CLAIMANTS

This Notice is sent to all known Claimants of the above-referenced Debtors who may still assert an unpaid claim against the Bankruptcy Estate.

The Court has approved the Trustee's Motion seeking to determine the final Court-approved amount of any claims which were incurred for the time period from April 27, 2001 through December 11, 2002 (the "Allowed Tier 3 Claims") and for permission to make one final payment to all Allowed Tier 3 Claims, while holding back sufficient funds in the Estate to complete and close the bankruptcy case. A copy of the entire Motion and the Court Order sustaining the Motion may be found in the Bankruptcy Court record as Docket No. 4149 and Docket No. 4169, or may be obtained by contacting the Trustee's counsel, or on Trustee's Counsel's website at <http://www.lawyers.com/wisedelcotto/>.

All claims known by the Trustee incurred after December 11, 2002 ("Tier 1 and 2 claims") have previously been approved or disapproved by the Court. Claims incurred before April 27, 2001 ("Tier 4 claims") are not being addressed at this time, and in all likelihood will never be paid since they fall behind Tiers 1-3 Claims and there will not be monies left in the Estate to pay such claims. You should only address the Tier 3 proposed allowance of your claim at this time. If you agree with the proposed Tier 3 allowance on the attached, do nothing and you will receive as much as 100% of your claim amount or your pro rata amount depending on the final total amount of all Allowed Tier 3 Claims. If you disagree with the proposed Tier 3 allowance on the attached, you must respond **as instructed herein**.

Many of the remaining claims involve Workers' Compensation and other employment-related claims. As to employee Workers' Compensation claims, the Trustee has proposed that there are no "Allowed Tier 3 Claims" that will be valid claims against the Estate, since all of those claims are covered by and being paid by either the Kentucky Employers Mutual Insurance ("KEMI") or the Kentucky Coal Self Insurance Guaranty Fund. For other employment-related claims, the Court has previously ruled that any employee wage-related claims which arose after December 11, 2002 will be paid by Congress Financial, the former major secured creditor of the Debtors. For employee retention and severance

benefits claims which have been made based on the Court approved Employee Retention and Severance Program for Key Employees approved on June 20, 2002, the Trustee has proposed that any claims by those employees who either voluntarily resigned or were dismissed with cause, and thus did not meet the conditions and qualifications of the approved Employee Retention and Severance Program, are not allowed claims. Further, severance claims arising from any prepetition employee handbook and/or prepetition severance programs are considered by the Trustee to be Tier 4 Claims.

Any Claimant who disagrees with the proposed "Allowed Tier 3 Claim" stated on the attached Exhibit, either as to the dollar amount or the Tier 3 status (i.e., that the Claim was incurred between April 27, 2001 and December 11, 2002) has **30 days from the date of this Notice** to file with the United States Bankruptcy Court, 100 East Vine Street, Lexington, Kentucky 40507, and serve on the undersigned counsel for the Trustee, a **written** objection to the amount or Tier 3 status on the Exhibit, **including** verification and written support evidencing (1) the date(s) the claim was incurred and (2) the validity of the amount of the claim to the extent Claimant states it is different from the attached. The Trustee, or Wise DelCotto as counsel for the Trustee, will not respond to claim questions without the benefit of written evidence to explain your disagreement with the stated claim allowed as attached hereto. Please do not call to discuss claim issues before sending supporting documentation to any difference you have with the proposed Allowed Claim amount.

For any Claimants who file such timely written objection, a further hearing before the Court will be scheduled by the Trustee if the parties are unable to resolve by agreement the Allowed Tier 3 Claim amount and you will receive future notice of this hearing date and time. For any Claimant who does not file a timely written objection, an Order will be tendered by the Trustee after the 30 days from the date of this Notice determining and allowing the claim in the amount set forth in the attached Exhibit without further notice or opportunity for hearing.

Dated: May 15, 2006.

WISE DELCOTTO PLLC

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COUNSEL FOR TRUSTEE

STATE OF UTAH
DIVISION OF OIL GAS & MINING
PO BOX 14580
SALT LATE CITY, UT 84114

CLAIM NO.	DATE FILED	DESCRIPTION OF CLAIM FILED	TOTAL CLAIM AMOUNT AS SUBMITTED	TOTAL PROPOSED ALLOWED TIER 3 CLAIM AMOUNT
249	6/4/2001	RECLAMATION BOND	\$\$4,292,000.00	\$0

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