



The State of Utah  
 Department of  
 Natural Resources  
 Division of  
 Oil, Gas & Mining

ROBERT L. MORGAN  
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*Division Director*

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*Governor*

GAYLE F. McKEACHNIE  
*Lieutenant Governor*

Representatives Present During the Inspection:  
 Steve Demczak Environmental Scientist III

# Inspection Report

Permit Number:	C0070001
Inspection Type:	COMPLETE
Inspection Date:	Wednesday, July 25, 2007
Start Date/Time:	7/25/2007 12:00:00 PM
End Date/Time:	7/25/2007 2:00:00 PM
Last Inspection:	Monday, June 18, 2007

Inspector: Steve Demczak, Environmental Scientist III

Weather: Thunder Storm

InspectionID Report Number: 1362

Accepted by: dhaddock *OK*  
 8/30/2007

Permittee: **LODESTAR ENERGY INC**  
 Operator: **LODESTAR ENERGY INC**  
 Site: **WHITE OAK MINE**  
 Address: **2525 HARRODSBURG RD STE 235, LEXINGTON KY 40504-1628**  
 County: **CARBON**  
 Permit Type: **PERMANENT COAL PROGRAM**  
 Permit Status: **RECLAIMED**

**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, Divison 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 received an "Exclusionary Code" in the AVS on October 21, 2004 due to the General Settlement Agreement signed on August 18, 2004. The Rennert parties, Congress Financial, Wexford and the Debtors trustee will receive the "exclusion" code. Lodestar Energy, Inc will remain liable in the AVS.

Inspector's Signature:

*Steve Demczak*  
 Steve Demczak, Environmental Scientist III

Inspector ID Number: 39

Date

Monday, July 30, 2007

**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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**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 type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>	<input 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"/>

## **2. Signs and Markers**

No identification signs are at the main gate to the loadout or mine site.

## **3. Topsoil**

All topsoil has been used except the substitute topsoil next to the railroad tracks. This material has been contaminated by coal from a railroad derailment. Pile is still in place.

## **4.a Hydrologic Balance: Diversions**

The road diversions were functioning as designed except in areas where the concrete is broken and runoff is under cutting the road.

## **8. Noncoal Waste**

The railroad loadout has some non-coal waste material.

## **16.a Roads: Construction, Maintenance, Surfacing**

The road is in poor condition and is eroding away in some areas.

## **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 was being done by the Mark Wayment group. \$1.217 million was received from the Global Settlement Agreement and the contractor VCM was awarded the contract to continue reclamation at the White Oak Mine. Work started on October 3, 2004 and ended in December 2004. Reclamation work began in June 2005 and was completed on November 1, 2005 for the mine and November 4, 2005 for the loadout. Weed control was conducted by AMR during the summer of 2006.

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 were used for reclamation at White Oak.

AMR programs administered the reclamation work at the White Oak Mine and did additional reclamation at the loadout. All reclamation work is now completed. The Division will contract the spraying of weeds annually at the mine site.