



## State of Utah

Department of  
Natural ResourcesMICHAEL R. STYLER  
Executive DirectorDivision of  
Oil, Gas & MiningJOHN R. BAZA  
Division DirectorJON M. HUNTSMAN, JR.  
GovernorGARY R. HERBERT  
Lieutenant Governor

## Representatives Present During the Inspection:

OGM Steve Demczak Environmental Scientist III

**Inspection Report**

Permit Number:	C0070001
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, February 19, 2008
Start Date/Time:	2/19/2008 10:00:00 AM
End Date/Time:	2/19/2008 12:00:00 PM
Last Inspection:	Tuesday, January 22, 2008

Inspector: Steve Demczak, Environmental Scientist IIIWeather: Sunny, 20's, 36" plus snow coverInspectionID Report Number: 1561Accepted by: dhaddock  
3/5/2008Permittee: **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, 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 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.

There is 36 plus inches of snow cover at the main gate to the mine.

Inspector's Signature:

Steve Demczak, Environmental Scientist III

Date

Monday, February 25, 2008

Inspector ID Number: 39

**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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input checked="" 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 checked="" 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 checked="" 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"/>

**1. Permits, Change, Transfer, Renewal, Sale**

It was impossible to get to the mine due to the snow cover. There is at a minimum of 36 inches of snow. Snow is higher than the main gate. The loadout is snow covered but is around 30 inches of snow. The entire areas is one blanket of snow.

**3. Topsoil**

All topsoil has been used in reclamation.

**4.a Hydrologic Balance: Diversions**

All diversions are covered with snow.

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

Sediment ponds at the loadout are covered.

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

All sediment controls are snow covered.

**8. Noncoal Waste**

The site is snow covered.

**10. Slides and Other Damage**

No slides are noticed at the loadout area.

**12. Backfilling And Grading**

The mine and loadout are backfilled and graded.

**13. Revegetation**

The mine and loadout have been seeded.

**15. Cessation of Operations**

All areas are reclaimed.

**16.b Roads: Drainage Controls**

The diversion along the road are snow covered.

## 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. \$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.