



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Representatives Present During the Inspection:

OGM	Steve Demczak	Environmental Scientist III
OGM	Priscilla Burton	Environmental Scientist III
OGM	Joe Helfrich	Environmental Scientist III
OGM	Steve Christensen	Environmental Scientist II
OGM	Dave Darby	Environmental Scientist III
OGM	Louis Amodt	Environmental Scientist III
OGM	Wayne Western	Environmental Scientist III

Inspection Report

Permit Number:	C0070001
Inspection Type:	COMPLETE
Inspection Date:	Wednesday, August 06, 2008
Start Date/Time:	8/6/2008 10:00:00 AM
End Date/Time:	8/6/2008 1:00:00 PM
Last Inspection:	Tuesday, July 08, 2008

Inspector: Steve Demczak, Environmental Scientist III

Weather: overcast, 59 F

InspectionID Report Number: 1739

Accepted by: *jhelfric*

9/8/2008

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	Total Permitted
151.10	Total Disturbed
	Phase I
	Phase II
	Phase III

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:

Excessive rill and gullyng at the site prompted a team site visit and evaluation of the reclamation to date. Some monies are available for soil testing and work at the site. A slump in the slope above the mine portals was noted. Seeded vegetation is growing sparsely at the site.

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 Wednesday, August 20, 2008

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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 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 checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" 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 type="checkbox"/>	<input checked="" 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 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input checked="" 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 sign at main gate to the mine site.

3. Topsoil

Approximately 85% vegetative cover on the slope not composed of spoil (at the end of the paved road) is reduced to less than 10% on the east slope in the vicinity of the excess spoil pile (MRP, Figure 9-3). Erosion of the reclaimed site is occurring in gullies down the fall line. With vegetation less than 10% and no mulch cover, there is no protection of the soil from erosion. Gullies were noted to be several feet deep and 18 - 24 inches wide. In addition to reducing slope and establishing some temporary barriers to flow along the fall line, soil texture and chemical characteristics may be of importance to a stabilization plan and to vegetation establishment. Surface soil was sampled on the (mostly barren) east facing slope. Soil was collected from the surface four inches at random locations across the slope. All soil was combined into one sample. Soil was allowed to dry and was delivered to BYU Laboratory for analysis of pH, EC, SAR, texture, B, %carbonate and clay type. Sub-sample locations were photographed and the following was noted: Rock fragment cover = 70%, surface soil is gray shale. Vegetation that I noted included aster, thistle, smooth brome, lupine, intermediate wheat, small quaking aspen.

4.a Hydrologic Balance: Diversions

The main diversions at the site was eroded and rip rap was blown out at the lower portion of the mine.

4.c Hydrologic Balance: Other Sediment Control Measures

Most sediment is going off site due to erosion of the diversion and to a lesser extent steep slopes of the site.

6. Disposal of Excess Spoil, Fills, Benches

All spoil was used for reclamations.

8. Noncoal Waste

The mine site was clear of non-coal waste.

9. Protection of Fish, Wildlife and Related Environmental Issues

There are signs of wildlife on the ground at the mine site.

10. Slides and Other Damage

No slides were noticed during the inspection. There was a sink hole at the upper end of the property. This could have been a underground entry collapse.

12. Backfilling And Grading

The Division's Abandoned Mine Reclamation staff coordinated the contract for backfilling/ grading and seeding and completed the work in the fall 2005 (AMR/007934). Originally, the reclamation plan called for benches and grade breaks (MRP, Vol. 3, Reclamation Plan,, page R-2 of 37). The site has no grade breaks and is convex in shape. Recommendations: Install erosion control logs in gullies to catch soil and allow gullies to fill in. ; At random locations in each gully move material to fill in gullies, thereby developing small grade breaks which will speed up the process of filling in the gully; Use mulch on the surface of the regraded gullies to reduce overland flow; reseed barren areas with the original mix and include a sterile wheat which will germinate quickly and create a standing straw mulch to lessen raindrop impact and slow overland flow down the slope; Incorporate results of soil testing in developing seed mix.
(see full details in the "Other" section below)

13. Revegetation

16.a Roads: Construction, Maintenance, Surfacing

The road to mine site has started to fall over the ouslope. It is a matter of time before the road goes completely over the side (washed away)

16.b Roads: Drainage Controls

Road drainage is poor with the concrete diversion broken up and under cutting the road.

22. Other

The Division forfeited the bond 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.