0002

Internal
C/007/001

From: Priscilla Burton
To: Nance, Angela; OGMCOAL
CC: Helfrich, Joe
Date: 2/25/2009 11:03 AM
Subject: White Oak Insp Rpt #1900
Place: OGMCOAL
Attachments: Insp Rpt 1900 whit oak_20090225111403.pdf

Attached please find a report of the partial inspection report for White Oak, January 28, 2009.

Priscilla Burton, CPSSc
Division Oil Gas & Mining
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(435) 613-3733

State of Utah office hours are Mon. through Thurs.,
7 a.m. to 6 p.m.

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

Inspection Report

Representatives Present During the Inspection:
OGM Priscilla Burton Environmental Scientist III

Permit Number:	C0070001
Inspection Type:	PARTIAL
Inspection Date:	Wednesday, January 28, 2009
Start Date/Time:	1/28/2009 1:30:00 PM
End Date/Time:	1/28/2009 2:00:00 PM
Last Inspection:	Tuesday, December 09, 2008

Inspector: Priscilla Burton, Environmental Scientist III

Weather: 30 F, light snow, white-out

InspectionID Report Number: 1900

Accepted by: jhelfric
2/23/2009

Permitee: **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

- [x] Federal
- [x] State
- [x] County
- [x] Fee
- [ ] Other

Types of Operations

- [x] Underground
- [x] Surface
- [x] Loadout
- [ ] Processing
- [ ] Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Gate to reclaimed White Oak Mine closed and under two feet of snow. Gate to White Oak loadout was ajar, but there was no sign of entry through 1 ft of snow to the gate. Photos in 007001 Image folder under 1/28/2009 date. Task 3073 recommendations for backfilling and grading work are restated.

Inspector's Signature: Priscilla Burton **Date** Wednesday, January 28, 2009

Priscilla Burton, Environmental Scientist III
Inspector ID Number: 37

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 performace 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	☑	☐	☑	☐
2. Signs and Markers	☐	☐	☐	☐
3. Topsoil	☐	☐	☐	☐
4.a Hydrologic Balance: Diversions	☐	☐	☐	☐
4.b Hydrologic Balance: Sediment Ponds and Impoundments	☐	☐	☐	☐
4.c Hydrologic Balance: Other Sediment Control Measures	☐	☐	☐	☐
4.d Hydrologic Balance: Water Monitoring	☐	☐	☐	☐
4.e Hydrologic Balance: Effluent Limitations	☐	☐	☐	☐
5. Explosives	☐	☐	☐	☐
6. Disposal of Excess Spoil, Fills, Benches	☐	☐	☐	☐
7. Coal Mine Waste, Refuse Piles, Impoundments	☐	☐	☐	☐
8. Noncoal Waste	☐	☐	☐	☐
9. Protection of Fish, Wildlife and Related Environmental Issues	☐	☐	☐	☐
10. Slides and Other Damage	☐	☐	☐	☐
11. Contemporaneous Reclamation	☐	☐	☐	☐
12. Backfilling And Grading	☑	☐	☑	☐
13. Revegetation	☐	☐	☐	☐
14. Subsidence Control	☐	☐	☐	☐
15. Cessation of Operations	☐	☐	☐	☐
16.a Roads: Construction, Maintenance, Surfacing	☐	☐	☐	☐
16.b Roads: Drainage Controls	☐	☐	☐	☐
17. Other Transportation Facilities	☐	☐	☐	☐
18. Support Facilities, Utility Installations	☐	☐	☐	☐
19. AVS Check	☐	☐	☐	☐
20. Air Quality Permit	☐	☐	☐	☐
21. Bonding and Insurance	☐	☐	☐	☐
22. Other	☑	☐	☑	☐

1. Permits, Change, Transfer, Renewal, Sale

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 contractor for Frontier) started work at the White Oak Mine on October 13, 2003. Ledcor left the site for the winter on December 17, 2003. Ledcor, was terminated in June 2004, monies remaining were set aside for reclamation work by AMR.

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.

AMR programs administered the reclamation work at the White Oak Mine (AMR/007934) and at the loadout using the $1.217 million was received from the Global Settlement Agreement and funds left over from the Frontier contract. The contractor VCM was awarded the contract to continue reclamation at the White Oak Mine. Mark Wayment was awarded the reclamation work at the White Oak Loadout. Mark Wayment began work at the Loadout on October 3, 2004 and ended in December 2004. Work at the mine began in June 2005 and was completed on November 1, 2005. Work additional work was completed at the loadout on November 4, 2005. Weed control was conducted by AMR during the summer of 2006.

12. Backfilling And Grading

The following recommendations for backfilling and grading work were provided under review Task 3073 after a technical site visit to the reclaimed White Oak Mine site in August 2008. These recommendations were still in the WG3073 DRAFT folder and had not been sent to file through the Permit Supervisor as of this inspection date. The site needs extensive repair work. The channel needs repair. The portals need to be sealed properly. The slope should be reworked to break the long convex slope. Originally, the reclamation plan called for benches and grade breaks (MRP, Vol. 3, Reclamation Plan, page R-2 of 37). If there is not sufficient funds to fully rework the slope, barriers to flow must be established perpendicular to the fall line at random locations as described below.

1.At random locations in each major gully, material should be moved to fill in gullies, thereby developing small grade breaks that will speed up the process of filling in the gully.

2.Where gullies are graded as described above, the soil surface should be roughened. Erosion control logs should be installed in gullies above and below the grading work described in item #1, to slow water as it approaches the graded soil and to catch soil washed from the recently graded site.

3.Protection for soils should be accomplished by transplanting evergreen ground cover or small shrubs above each erosion control log to take advantage of the saturated conditions created by the erosion control log.

Suggestions for evergreen ground cover are Arctostaphylos uva-ursi; Mahonia (Berberis) repens; Paxistima canbyi.

Suggestions for small evergreen shrub species Artemesia sp.; Mahonia (Berberis) aquifolium; Juniper horizontalis.

Suggestions for deciduous shrub species include Amelanchia utahensis; Cowania mexicana; Rhus trilobata; Ribes alpinum; Sheperdia Canadensis; Symphoricarpos albus.

4.Phosphorus fertilizer mixed with organic matter should be placed in the planting hole with the woody plant. Phosphorus should be incorporated at ½ the recommended agronomic rate or 45 lbs. of P2O5/acre.

5.The regraded soil should be reseeded and Triticale (sterile annual rye). The triticale will provide a quick growing tall stand of grass that will provide shade and protect slower growing native species and which will create a standing mulch to lessen raindrop impact and slow overland flow.

6.WoodstrawTM mulch should be applied to the surface of the re-graded gullies to provide wind protection and shade for seeds and to reduce overland flow.

7.Extensive stabilization is needed for the main channel at the site. The channel has been excessively scoured and eroded approximately 70-100 yards down gradient from the former highwall area. In order to stabilize the channel several techniques could be utilized. The channel alignment is straight. Establishing some degree of sinuosity may help to reduce flow velocities during storm events. Energy dissipation could also be achieved by constructing a sediment pond/basin or series of small pools to provide some dead storage and retention of water during high intensity/short duration events. Although the riprap that was installed in the channel was scoured out, it would appear (based upon rainfall data) that excessive storm events were responsible for the dislodging and removal of the material. Riprap should be re-installed. More robust techniques for keying in the riprap could be explored in order to provide the material with a higher probability of remaining in place during short duration/high intensity rainfall events.

8.The gullies that were observed on the reclaimed slopes should be either be armored with additional riprap if necessary and/or install additional erosion/sediment control structures at intervals along the gradient. The sediment control measures could include the installation of straw/hay bales, Excelsior logs, silt fences etc. The sediment control measures would need to be properly installed by trenching (to insure adequate soil contact and prevent undercutting) and keying the structures (utilizing rebar). In addition, they would require routine maintenance (particularly after large rainfall events).

9. Noxious weeds, mostly thistle, need to be eliminated, as there are several large pockets located near the perimeter.
2.Where gully's are graded as described above, the soil surface should be roughened. Erosion control logs should be installed in gullies above and below the grading work described in item #1, to slow water as it approaches the graded soil and to catch soil washed from the recently graded site.

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See also Inspection Report #1739 for summary of the August technical site visit.

22. Other

Marion Energy is drilling a well along Eccles Creek, just downstream from the White Oak Mine access road. Hurrican Drillers were on site. Photo of drill rig adjacent to State Hwy and creek. Panorama shows proximity to White Oak Mine access road.