



Inspection Report

JON M. HUNTSMAN, JR.

Governor

GARY R. HERBERT

Lieutenant Governor

State of Utah Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

Representatives Present During the Inspection:

OGM Priscilla Burton Environmental Scientist III

Permit Number:	C0070001
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, May 12, 2009
Start Date/Time:	5/12/2009 9:00:00 AM
End Date/Time:	5/12/2009 3:30:00 PM
Last Inspection:	Tuesday, April 28, 2009

Inspector: Priscilla Burton, Environmental Scientist III

Weather: sun 65 F

InspectionID Report Number: 1999

Accepted by: jheltric

5/14/2009

Permitee: **LODESTAR ENERGY INC**

Operator: **WILLIAM BISHOP, TRUSTEE**

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:

Loadout site: Gate appears locked, but chain is attached to the gate at one end with wire. Did not disturb lock set up. Walked around gate to check all culverts, noted one culvert partially blocked. Standing water in pond. Several piles of debris within railroad right of way. Photos in database.

Mine site: Walked the north rim, observed water flowing down 12 gullies to reach stream channel. South rim snow covered. Channel snow covered. Water flowing swiftly beneath snow cover. Channel banks soft with moisture. Channel banks sloughing in steepest gradient. Water carrying a lot of sediment that is reaching Eccles Creek. Photos in database.

Inspector's Signature:

Date

Wednesday, May 13, 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.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 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 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

Chapter 7 was filed by Lodestar Energy, Inc. on July 15, 2003. The Division negotiated with the Bankruptcy Trustee, Bill Bishop, 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. The contract with the Frontier contractor, Ledcor, was terminated in June 2004, monies remaining were set aside for reclamation work by the Division's Abandoned Mine Reclamation program.

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.

4.a Hydrologic Balance: Diversions

Loadout: All culverts checked. Culvert C-4-42 (owned and maintained by the RR) is ripped where it is exposed at the surface, but is functioning (White Oak MRP Dwg R645-301-527, Sheet 1). Culvert C-14-42 is receiving a constant supply of water from an underground pipe. This culvert carries water to Mudd Creek (Dwg R645-301-527 Sheet 2).

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Loadout: Sediment Pond 001A contains water (Dwg R645-301-527, Sheet 1).

4.c Hydrologic Balance: Other Sediment Control Measures

Loadout: gouges are still effective.

Mine site: Gouges have not been sufficient sediment control on the steep slopes of this site. Other measures need to be employed. There are 12 rills carrying running water all the way from the upper slopes to the channel. The water in the channel is sediment laden.

8. Noncoal Waste

Loadout: several piles of debris have been stacked within the railroad right of way. A rusty, 15 ft length of metal culvert lies on the ground just inside the locked gate.

Mine site: blocks of cement, roof bolts, culvert downspouts, and metal debris were noted at the mine site and along the access road. The cement may be useful when filling the void above the portal.

9. Protection of Fish, Wildlife and Related Environmental Issues

Loadout: no comment.

Mine site: Water leaving site is sediment laden. Confluence of Whiskey Creek and Eccles Creek provides a striking contrast (see photos in database).

12. Backfilling And Grading

Loadout: A 30 ft x 7 ft X 5 ft "Vegetation Supporting Material" pile remains along the railroad tracks, above the sediment pond.

Mine Site: Soil is dry and hard on the southeast facing slope between gullies. 12 gullies run through the site affecting vegetation establishment and bringing sediment to the channel. Cave-in above portals is mostly snow covered with standing water at the base.

16.b Roads: Drainage Controls

Loadout: The inlet to culvert C-7-24 beneath RR access road is partially plugged (Dwg R645-301-527 Sheet 2).

Mine site: Culverts along access road are all clear. Only culvert C-25-36 in the area known as "the bowl" was collecting water (from road snowmelt), all others were dry (White Oak Plate R645-301-742.310). Flexible plastic tubing (downspouts) are no longer attached to any culverts.

19. AVS Check

An evaluation of Lodestar Energy, Inc. in the Applicant Violator System (AVS) database lists a total of 197 violations against this company in CO, KY, UT and WV. A Settlement Agreement dated 8/18/2004 excluded all the owners, officers and directors of Lodestar Energy Inc. from being blocked by the AVS system.