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

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor
GAYLE F. McKEACHNIE
Lieutenant Governor

Inspection Report

Permit Number:	C0070001
Inspection Type:	COMPLETE
Inspection Date:	Thursday, March 31, 2011
Start Date/Time:	3/31/2011 10:00:00 AM
End Date/Time:	3/22/2011 12:00:00 PM
Last Inspection:	Monday, February 28, 2011

Inspector: Priscilla Burton.

Weather: sun, windy, 40 F

InspectionID Report Number: 2699

Accepted by: jhelfric
4/12/2011

Permittee: **LODESTAR ENERGY INC**

Operator:

Site: **WHITE OAK MINE**

Address: ,

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:

Inspector's Signature:

Date

Monday, March 21, 2011

Priscilla Burton,

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 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

4.a Hydrologic Balance: Diversions

I could not access the inlet or outlet of culvert C-14-42 through the snowpack.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

inaccessible.

4.c Hydrologic Balance: Other Sediment Control Measures

not visible.

6. Disposal of Excess Spoil, Fills, Benches

inaccessible

7. Coal Mine Waste, Refuse Piles, Impoundments

inaccessible

8. Noncoal Waste

not visible.

9. Protection of Fish, Wildlife and Related Environmental Issues

There was no sediment evident at the Whiskey Creek confluence with Eccles Creek.

10. Slides and Other Damage

inaccessible.

12. Backfilling And Grading

inaccessible.

13. Revegetation

inaccessible.

14. Subsidence Control

inaccessible.

15. Cessation of Operations

Bond forfeiture site ceased operations in 2001.

16.a Roads: Construction, Maintenance, Surfacing

Joe Fielder has plowed a one lane access to the first bend in the road and has been retrieving logs from the lower slopes of Whiskey Canyon..

16.b Roads: Drainage Controls

not visible.

19. AVS Check

Outstanding violations: OSM-C04-140-116-001, DOGM-FTA C03-39-1-1, FTA/C03-42-1-1, C03-42-1-3, FTA/C03-42-1-3, CO-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, 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, Bill Bishop, have the "exclusion" code in the database. Lodestar Energy, Inc. remains liable in the AVS.

21. Bonding and Insurance

Reclamation of the site took place over the years 2003 - 2005 (see discussion below). Severe erosion and subsidence over portals was noted in 2008. The Division's Coal Program is administering the remaining Global Settlement Funds under solicitation #AR11035. Construction of terraces and stream channel restoration work was begun in September 2010. The work was partially completed when the site was closed down due to snow in early November 2010. The work will begin again in June 2011.

22. Other

Lodestar Energy 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 the site. The amount of \$999,000 was escrowed from Frontier Insurance Company on October 3, 2003. Ledcor (Frontier's contractor) started work at the White Oak Mine on October 13, 2003. Ledcor left the site for the winter on December 17, 2003. The contract with Ledcor was terminated in June 2004. The monies remaining were used in addition to the Global Settlement (described below) for reclamation at White Oak. Reclamation work at the White Oak loadout was being done by the Mark Wayment group.

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 Division's AMR program administered the funds from the Global Settlement Agreement and awarded the reclamation work described in AMR/007/934 to a new contractor, VCM. VCM started on October 3, 2004 and ended in December 2004. Reclamation work began again in June 2005 and was completed on November 1, 2005 for the mine. Wayment finished the loadout on November 4, 2005. Weed control was conducted by AMR during the summer of 2006.