

MOUNTAIN OPERATIONS

Lodestar Energy, Inc.
Horizon Mine
1999 Annual Report

ACT/007/020

File in:

Confidential

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Refer to Record No. 0011 Date 03/15/2000

In CC70020, 2000, Incoming

For additional information *Confidential*

COPY

Lodestar Energy, Inc.
Mountain Operations
White Oak, Horizon, and Grand Valley Mines
HC35 Box 370
Helper, Utah 84526

March 15, 2000

Ms. Pamela Grubaugh-Littig
 State of Utah – Dept. of Natural Resources
 Division of Oil, Gas and Mining
 1594 West North Temple, Suite 1210
 Box 145801
 Salt Lake City, UT 84114-5801

Dear Ms. Grubaugh-Littig:

Lodestar Energy, Inc. respectfully submits two (2) copies of its 1999 Annual Report for the Horizon Mine permit number ~~ACR70017020~~ ~~XXXXXXXXXX~~

If there are any questions please feel free to contact me at (435) 637-9200.

Sincerely,

David B. Miller
 Business Manager

File:/MyDocuments/DOGM000315HAR.doc

RECEIVED
 MAR 16 2000
 DIVISION OF
 OIL, GAS AND MINING

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GENERAL INFORMATION

1. Permit Number	ACT/007/020
2. Mine Name	Horizon Mine
3. Permittee Name	Lodestar Energy, Inc.
4. Operator Name (if other than Permittee)	SAME
5. Permit Expiration Date	October 11, 2001
6. Company Representative, Title	David B. Miller, Business Manager
7. Phone Number	(435) 637-9200
8. Fax Number	(435) 448-9456
9. Mailing Address	HC35 BOX 370 Helper, UT 84526
10. Resident Agent, Title	David B. Miller, Business Manager
Mailing Address	HC 35 Box 370 Helper, UT 84526

IDENTIFICATION OF OTHER PERMITS

Identify other permits which are required in conjunction with mining and reclamation activities.

Permit Type	ID Number	Description	Expires on
1. MSHA Mine ID(s)	42-02074	Horizon No. 1 Mine	N/A
	42-02075	Horizon No. 2 Mine (not Started)	N/A
2. MSHA Impoundment(s)		None	
3. NPDES/UPDES Permit(s) (water)	UTG040000-001	Sediment Pond	2003
	UTG040000-002	Sediment Pond	2003
4. PSD (Air) Permit(s)	DAQE336-91	Approval Order	N/A
5.			

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

Changes in administration or corporate structure can often bring about necessary changes to information found in the mining and reclamation plan. The Division is requesting that each permittee review and update the legal, financial, compliance and related information in the plan as part of the Annual Report. Provide the Department of Commerce, Annual Report of Officers, or other equivalent information as necessary to ensure that the information provided in the plan is current. Provide any other changes as necessary regarding land ownership, lease acquisitions, legal results from appeals of violations, or other changes as necessary to update information required in the mining and reclamation plan. Include any certified financial statements, audits or worksheets which may be required to meet bonding requirements. Specify whether the information is currently ON FILE with the Division or included as APPENDIX C to this Annual Report.

Legal/Financial Data:	Report Required?		INCLUDED or ON FILE w/DOGM?			Comments
	YES	NO	YES	NO	ON FILE	
1. Department of Commerce, Annual Report of Officers		X	X			
2. Other						

MINE MAPS

Copies of mine maps, current and up-to-date through at least December 31, 1998, are to be provided to the Division as APPENDIX D to this Annual Report in accordance with the requirements of R645-301-525.270. These map copies shall be made in accordance with 30 CFR 75.1200, as required by MSHA. Upon request, mine maps shall be kept confidential by the Division.

Map Number(s)	Map Title / Description	Confidential?
	Horizon Mine, Current Map	Yes

OTHER INFORMATION

Please provide any comments or further information to be included as part of the Annual Report. Any other attachments are to be provided as APPENDIX E to this Annual Report.

Additional attachments to this report? No Yes

Additional space for providing comments or further information to be included as part of the Annual Report.

APPENDIX A

Certified Reports

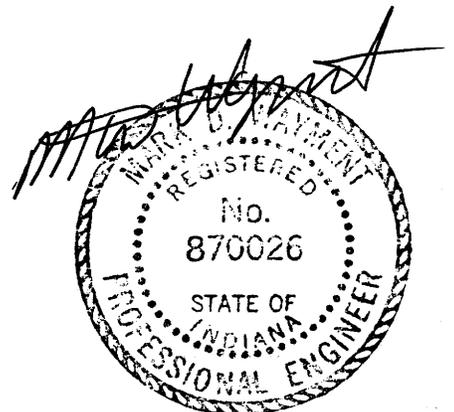
Excess Spoil Piles
Refuse Piles
Impoundments

as required under R645-301-514

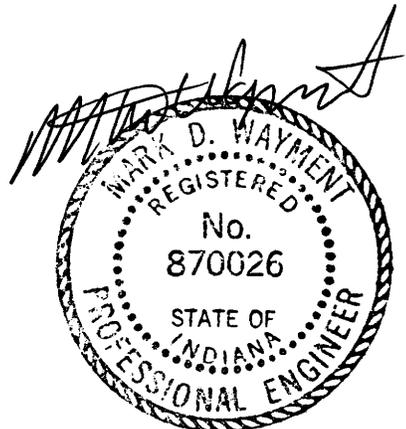
CONTENTS

Sedimentation Pond Reports

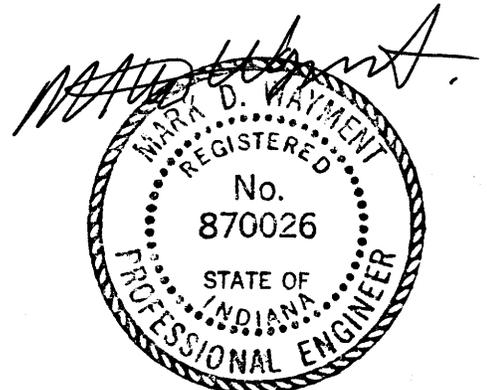
IMPOUNDMENT INSPECTION AND CERTIFIED REPORT		Page 1 of 20	
Permit Number	ACT 007/020	Report Date	1/25/00
Line Name	Horizon Mine		
Company Name	Lodestar Energy, Inc.		
	Impoundment Number	001	
	UPDES Permit Number	UTG040019	
IMPOUNDMENT INSPECTION			
Inspection Date	11/14/99		
Inspected By	Vicky Miller		
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Quarterly Inspection		
<p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p>Material was compacted with no signs of instability, structural weakness or other hazardous conditions.</p>			
Required for an impoundment which functions as a SEDIMENTATION POND.	<p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p>Available Sediment Storage: All 60% Sediment Storage Elevation - 7580.6 feet 100% Sediment Storage Elevation - 7582.1 feet</p>		
	<p>3. Principle and emergency spillway elevations.</p> <p>Principle spillway elevation - 7583.1 feet Emergency spillway elevation - 7585 feet</p>		
	<p>4. Field Information.</p> <p>----- The slopes were vegetated, with evidence of pond use by livestock and wildlife. UPDES samples were taken during the quarter. Water has discharged through the pond decant during the quarter. The inlet to the pond was in good repair and the pond contains water.</p>		



IMPOUNDMENT INSPECTION AND CERTIFIED REPORT		Page 1 of 20	
Permit Number	ACT 007/020	Report Date	10/16/99
Mine Name	Horizon Mine		
Company Name	Lodestar Energy, Inc.		
	Impoundment Number	001	
	UPDES Permit Number	UTG040019	
IMPOUNDMENT INSPECTION			
Inspection Date	8/13/99		
Inspected By	Vicky Miller		
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Quarterly Inspection		
<p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p>Material was compacted with no signs of instability, structural weakness or other hazardous conditions. Pond contains water. The majority of the water is being pumped from the mine into a ditch which reports to the sediment pond.</p>			
Required for an impoundment which functions as a SEDIMENTATION POND.	<p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes; and, estimated average elevation of existing sediment.</p> <p>Available Sediment Storage: All 60% Sediment Storage Elevation - 7580.6 feet 100% Sediment Storage Elevation - 7582.1 feet</p>		
	<p>3. Principle and emergency spillway elevations.</p> <p>Principle spillway elevation - 7583.1 feet Emergency spillway elevation - 7585 feet</p>		
	<p>4. Field Information.</p> <p>-----</p> <p>The inlet to the pond was in good repair. Cattle have used the pond during the entire quarter. Slopes are vegetated. NPDES reports have been filed monthly.</p> <p>The pond appears stable and able to function as intended.</p>		



IMPOUNDMENT INSPECTION AND CERTIFIED REPORT		Page 1 of 20	
Permit Number	ACT 007/020	Report Date	8/9/99
Mine Name	Horizon Mine		
Company Name	Lodestar Energy, Inc.		
	Impoundment Number	001	
	UPDES Permit Number	UTG040019	
IMPOUNDMENT INSPECTION			
Inspection Date	7/17/99		
Inspected By	Vicky Miller and Mark Wayment		
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Quarterly Inspection		
<p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p>Material was compacted with no signs of instability, structural weakness or other hazardous conditions. Slopes and area damp.</p>			
Required for an impoundment which functions as a SEDIMENTATION POND.	<p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p>Available Sediment Storage: All 60% Sediment Storage Elevation - feet 7580.6' 100% Sediment Storage Elevation - feet 7582.1'</p>		
	<p>3. Principle and emergency spillway elevations.</p> <p>7583.1 feet Principle spillway 7585 feet Emergency spillway</p>		
	<p>4. Field Information.</p> <p>-----</p> <p>The inlet to the pond was in good repair. Some sign of use by deer, small mammals and birds. Pond was full of water. Slopes are vegetated.</p> <p>The pond appears stable and able to function as intended.</p>		



IMPOUNDMENT INSPECTION AND CERTIFIED REPORT

Permit Number	ACT 007/020	Report Date	May 1999
Mine Name	HORIZON		
Company Name	HORIZON MINING, LLC		
	Impoundment Number	001	
	UPDES Permit Number	UTG040019	

IMPOUNDMENT INSPECTION

Inspection Date	3/26/99
Inspected By	Vicky Miller

Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Quarterly Inspection
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1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.

Material was compacted with no signs of instability, structural weakness or other hazardous conditions. Ice along the edges of the water, with signs of frost on the soil. No sign of water leaving the pond, except through the spillways.

Required for an impoundment which functions as a SEDIMENTATION POND.	<p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p>Available Sediment Storage: 0.92 ACF 60% Sediment Storage Elevation - 7578 feet 100% Sediment Storage Elevation - 7582 feet Pond Volume: 1.48 ACF</p>
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<p>3. Principle and emergency spillway elevations.</p> <p>7583.1 feet Principle spillway 7585 feet Emergency spillway</p>
--

<p>4. Field Information.</p> <p>The pond contained water and is monitored monthly to meet UPDES requirements. The primary pond ditch is in good repair. Pond appears stable and able to function as intended, however the pond is full of water.</p>
--

<p>5. Field Evaluation.</p> <p>Pond appears stable and able to function as intended.</p>
--

4. Field Information. Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on outslopes of embankments, etc.

The pond is full and discharges regularly.

5. Field Evaluation. Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

CERTIFIED REPORT

IMPOUNDMENT EVALUATION (If NO, explain under Comments)

	YES	NO
1. Is impoundment designed and constructed in accordance with the approved plan?	Yes	
2. Is impoundment free of instability, structural weakness, or any other hazardous condition?	Yes	
3. Has the impoundment met all applicable performance standards and effluent limitations from the previous date of inspection?	Yes	

COMMENTS AND OTHER INFORMATION

Certification

Statement:



I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself or under my direction and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability in accordance with the Utah R645 Coal Mining Rules.

By: Richard B. White

(Full Name and Title)

Signature: Richard B White Date: 5/14/99

P.E. Number & State: _____

APPENDIX B

Reporting of Technical Data

including monitoring data, reports, maps, and other information
as required under the approved plan
or as required by the Division

in accordance with the requirements of R645-301-130 and R645-301-140.

CONTENTS

Subsidence Map
Raptor Nest Map

APPENDIX C

Legal, Financial, Compliance and Related Information

Annual Report of Officers
as submitted to the Utah Department of Commerce
and other changes in ownership and control information
as required under R645-301-110.

CONTENTS

1999 Annual Report

COMMONWEALTH OF KENTUCKY
JOHN Y. BROWN III, SECRETARY OF STATE
ANNUAL REPORT

(See Reverse Side for Filing Instructions)

RECORD # 0293324

DUE JUNE 30, 1999

(4) FILING FEE

\$15.00

(1) EXACT CORPORATE NAME AND CURRENT PRINCIPAL OFFICE ADDRESS

LODESTAR ENERGY, INC.

333 W VINE ST
SUITE 1700
LEXINGTON KY 40507

(5) STATE OR COUNTRY OF INCORPORATION

DE

(2) THE PRINCIPAL OFFICE ADDRESS IS HEREBY CHANGED TO

[Empty box for principal office address change]

(6) DATE OF INCORPORATION OR DATE AUTHORIZED TO TRANSACT BUSINESS

11/20/1991

(3) CURRENT REGISTERED AGENT AND REGISTERED OFFICE ADDRESS

Changes made to the registered agent or registered office cannot be made on this form. Complete (7) to request a form to be mailed or download form from web site.

C. T. CORP. SYSTEM
KY. HOME LIFE BLDG., RM. 1102
LOUISVILLE KY 40202

(7) MAIL A STATEMENT OF CHANGE OF AGENT OR OFFICE TO

[Empty lines for mailing statement of change of agent or office to]

(8) PRINCIPAL OFFICERS If the corporation has previously filed an annual report, verify the names & titles of officers listed below. Please note any additions to or changes in the principal officers and give the address for each person listed. If (8) is blank, type or print the names & business addresses of the current principal officers. If sole officer, please note.

President John W Hughes

Vice President Eugene C Holdaway

Secretary Justin W Datri

Treasurer

(SEE ATTACHMENT)

Address

Address

Address

Address

Address

(9) DIRECTORS Type or print the names and business addresses of the corporation's directors. No listing of directors is verification that the corporation has dispensed with directors. Nonprofit corporations must list three (3) or more directors.

Name Ira Leon Rennert

Address

Name

30 Rockefeller Plaza, Ste. 4225, NY, NY 10112

Address

Name

Address

Name

Address

I VERIFY THAT INFORMATION IN THIS ANNUAL REPORT IS CURRENT AS OF THE DATE THIS REPORT IS EXECUTED.

AUTHORIZED SIGNATURE

R. E. [Signature]

TITLE

Vice President

DATED

4/13/99

Attachment to Record #0293324

LODESTAR ENERGY, INC.

(8) PRINCIPAL OFFICERS

ADDRESS

John W. Hughes - President and COO	333 W. Vine St., Ste. 1700, Lexington, KY 40507
Eugene C. Holdaway - Senior Vice President	333 W. Vine St., Ste. 1700, Lexington, KY 40507
John A. Siegel, Jr. - Vice President	30 Rockefeller Plaza, Ste. 4225, NY, NY 10112
Roger L. Fay - Vice President	30 Rockefeller Plaza, Ste. 4225, NY, NY 10112
Michael E. Donohue - Vice President and CFO	333 W. Vine St., Ste. 1700, Lexington, KY 40507
R. Eberley Davis - Vice President and Assistant Secretary	333 W. Vine St., Ste. 1700, Lexington, KY 40507
Justin W. D'Atri - Secretary	30 Rockefeller Plaza, Ste. 4225, NY, NY 10112
Dennis A. Sadlowski - Assistant Secretary	30 Rockefeller Plaza, Ste. 4225, NY, NY 10112
Michael C. Ryan - Assistant Secretary	100 Maiden Lane, New York, NY 10038

APPENDIX D

Mine Maps

as required under R645-301-525.270.

CONTENTS

Horizon Mine - Current Map

APPENDIX E

Other Information

in accordance with the requirements of R645-301 and R645-302.

CONTENTS

Not Applicable