



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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May 26, 2000

David Miller, Resident Agent  
Lodestar Energy, Inc.  
HC 35 Box 370  
Helper, Utah 84526

Re: Mining Outside of the Approved Permit Area, Lodestar Energy Inc., Horizon Mine, ACT/007/020, Outgoing File

Dear Mr. Miller :

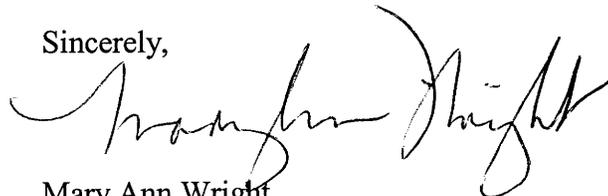
The Division has recently been made aware of additional investigations and possible action by the Bureau of Land Management at the Horizon Mine due to a trespass mining situation. Apparently, Horizon Mining LLC had conducted mining in an area which extended approximately 200 feet east of their approved Right-of-Way (ROW). This area had not been thoroughly investigated when the Division and BLM took action during March and April of 1999.

The Division has looked into this situation and acknowledge that Horizon Mining LLC had indeed mined outside of the approved Right-of-Way and permit area on the east side of the ROW. However, the Division believes that the Cessation Order issued by the Division on April 8, 1999 adequately addresses the issue. The Order states: "Cease mining in that portion of the Horizon Mine that lies outside of the DOGM approved permit area, specifically cease mining of Federal Coal Lease UTU-74804 outside of the BLM Right of Way, and 1<sup>st</sup> Left, North Mains." Since the mine has complied with the Cessation Order and is not currently mining coal we see no need for further enforcement action by the Division. Essentially, all of the mining that was conducted outside of the approved permit area (both heading west as well as that toward the east) is covered under the April 1999 Cessation Order. The Division findings however, does not preclude the BLM from taking further action to satisfy their own concerns and obligations.

Page 2  
David Miller  
May 26, 2000

Please keep in mind that a permit and federal mining plan approval still needs to be obtained before resuming mining in the federal lease outside of the approved right of way. If you have any questions, please call.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Wright". The signature is fluid and cursive, with the first name "Mary Ann" and the last name "Wright" clearly distinguishable.

Mary Ann Wright  
Associate Director, Mining

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cc: Alan Rabinoff, BLM ( SLC)  
Richard Manus, BLM (Price)  
Price Field Office  
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