



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

November 2, 2001

Ms. Pamela Grubaugh-Littig
 Utah Coal Program
 Utah Division of Oil, Gas and Mining
 1549 West North Temple, Suite 1210
 Salt Lake City, UT 84114-5801

RE: Notification of Incapacity of Surety Company

Dear Ms. Grubaugh-Littig:

Lodestar Energy, Inc. is providing this letter in compliance with Utah Regulation R645-301.840.520. It has come to our attention that the Utah Insurance Department completed proceedings for the revocation of Certificate of Authority against Frontier Insurance Company 195 Lake Louis Marie Road, Rock Hill, NY 12775 on October 24, 2001. The certified letter of the proceeding and order was mailed to Frontier Insurance Company on October 25, 2001.

The order becomes final in fifteen (15) days after the date of mailing unless a written request for a hearing is received from the Respondent. The Respondent has 30 days from the date the order becomes final to seek an agency review by filing a written petition.

An "Order of Rehabilitation" was entered by the Supreme Court of the State of New York on October 15, 2001, which includes a finding that "Frontier is insolvent". It is our understanding that Frontier would deny that any "incapacity" is created by any such insolvency.

Please feel free to contact Eberley Davis – Lodestar (Lexington) at (859)255-4006 or myself at (435) 448-9454.

Sincerely,

David B. Miller
 Business Manager

Cc: Eberley Davis – Lodestar Energy (Lexington)

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 OIL, GAS AND MINING

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