



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

INSPECTION REPORT

Partial: XXX Complete: _____ Exploration: _____

Inspection Date & Time: 11/16/2001 / 8:35- 9:50 AM

Date of Last Inspection: 10/11/2001

OK
PGL
by
SD

Mine Name: Horizon Mine County: Carbon Permit Number: C/007/020
 Permittee and/or Operator's Name: Lodestar Energy, Inc.
 Business Address: HC 35 Box 370, Helper, Utah 84526
 Type of Mining Activity: Underground XXX Surface _____ Prep. Plant _____ Other _____
 Company Official(s): Mr. Kit Pappas, Environmental Coordinator
 State Official(s): Peter Hess Federal Official(s): None
 Weather Conditions: Sunny, clear; mid-30's Fahrenheit/ Ice on standing water.
 Existing Acreage: Permitted 711 Disturbed 9 Regraded _____ Seeded _____
 Status: Active XXX

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

- Substantiate the elements on this inspection by checking the appropriate performance standard.
 - For complete inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check N/A.
 - For partial inspections check only the elements evaluated.
- Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
- Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
- Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	EVALUATED	N/A	COMMENTS	NOV/ENF
1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. WATER MONITORING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

INSPECTION REPORT

(Continuation sheet)

PERMIT NUMBER: C/007/020

DATE OF INSPECTION: 11/16/2001

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The permittee informed the Division this day that there have been two changes in the upper corporate level structure within Lodestar Energy, Inc. The President and Vice President of Operations for Lodestar have been terminated and a firm by the name of Wexford is in the process of restructuring the Company. The update of Chapter 1 Legal and Financial Information was discussed with Mr. Dave Miller. The permittee has agreed to update same as soon as the official changes in Corporate structure have been finalized.

2. SIGNS AND MARKERS

The permittee has installed the new disturbed area perimeter marker signs where they had been previously noted as missing.

3. TOPSOIL

The permittee has reseeded ASCA #1 (located between the County road and Jewkes Creek) as well as the bare topsoil areas in Portal Canyon. The approved interim seed mix from the mining and reclamation plan has been utilized.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The permittee's water monitoring contractor has completed the field requirements for the fourth quarter of 2001 as of October 13. Analytical results are pending.

8. NONCOAL WASTE

As the Mine is now actively producing coal, the permittee will need to pay particular attention to the generation of non-coal wastes and the proper handling thereof. Electrical cable, empty pallets, and barrier tape were observed in several locations without any regard for order.

9. PROTECTION OF FISH, WILDLIFE, AND RELATED ENVIRONMENTAL VALUES

Several pools of hydraulic fluid were observed on the storage pad north of the run-of-mine coal pile. Mr. Pappas indicated that a front end loader had recently blown the hydraulic seal on a bucket lift cylinder. Prior to the end of today's inspection, an employee was observed cleaning up the oil.

INSPECTION REPORT

(Continuation sheet)

PERMIT NUMBER: C/007/020

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Gear oil was observed on the ground beneath the surface belt gear drive case. The mine manger indicated that the oil had been cleaned up once prior to today's observation. Pools of gear oil were observed on the ground. It was suggested that the permittee place a drip pan under the gear case to prevent additional accumulations of gear oil contamination.

16B. ROADS: DRAINAGE CONTROLS

The initiation of underground mining on November 5, 2001 had generated a large volume of product which is constantly being moved away from the coal stacking tube by a loader. As observed this morning, the western edge of the coal pile appeared to be infringing upon the Carbon County road ditch, blocking it. This has the potential to become a compliance situation, in that the permittee appears to be conducting mining activities outside of their disturbed area perimeter. A review of Plate 3-1, Surface Facilities reveals that the ditch which is located on the east side of the County road between the two legs of the truck loop is within the Horizon Mine disturbed area boundary.

This section of ditch reports directly to the sediment pond. The permittee refers to this same diversion as the County road ditch.

It appears that some clarification is needed relative to whose ditch this is, and who is responsible for maintaining it. If the permittee allows the ditch to become blocked with coal from the storage pile, runoff may report to the County Road 290 surface, and the potential for ice to build up on the road surface may create a safety concern.

In order to quickly address the concerns aired this day, it was suggested that the permittee install several disturbed area perimeter markers along this ditch such that the permittee's equipment operators would know to what length the coal pile can be moved toward the County road. Mr. Pappas suggested to the Mine Manager that several concrete barriers be dispersed along the diversion to mark the maximum extent of the coal storage area for the permittee's equipment operators. This was agreed to by Horizon management.

18. SUPPORT FACILITIES/UTILITY INSTALLATIONS

The permittee continues to expand the facilities within the tightly confined area of Portal Canyon. An office trailer has been installed adjacent to the substation and a bath house trailer for the miners is pending. Both are shown as "proposed" on the approved Plate 3, Surface Facilities map which was mentioned previously.

The diesel fuel tank at the site has been temporarily relocated in order to provide a space for locating the new Mine office trailer.

INSPECTION REPORT

(Continuation sheet)

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The permittee has been instructed to submit a new surface facilities map as quickly as the relocation of and implementation of three to four changes have been completed. The addition of the Mine office trailer is considered to be one change.

20. AIR QUALITY PERMIT

Product from the Horizon Mine is presently being trucked to the Wildcat rail loading facility where it is being crushed, and then reloaded for shipment to the CoVol facility near the Savage Coal Terminal. The permittee has purchased a crusher for the Mine site in order to remove the additional handling costs from their total cost per ton. It was suggested to Mr. Pappas that the Air Quality Approval Order for the Horizon site be amended accordingly to reflect the new crusher prior to the implementation of that device.

Inspector's Signature: _____



Peter Hess #46

Date: November 19, 2001

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

cc: James Fulton, OSM
David Miller, Lodestar
Price Field office

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