



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)

February 2, 2001

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

Re: Transportation of Coal from Horizon to Sunnyside Cogeneration Plant, Lodestar Energy, Inc., Horizon Mine, C/007/020, Outgoing File

Dear Mr. Miller:

This letter is in reference to the coal you are currently transporting from the Horizon Mine to the Sunnyside Cogeneration Plant. Prior to this current arrangement, "coal waste" material was being shipped to Wildcat Loadout Facility and the White Oak Mine. (Note: prior to the Board's decision of April 13, 1999, this material was considered coal waste by the Division. Since this material was blended with coal and shipped, the shipper paid the AML fees).

Due to the fact that the Board's decision about the designation of from "coal waste" to "coal", you are obligated to pay the AML fees on all "coal" shipped to Sunnyside Cogeneration Associates. On December 18, 2000, Bill Malencik, a member of my staff, talked to Lodestar Mine Manager, Mark Wayment, concerning the AML fees on the coal being shipped to Sunnyside Cogeneration. Mark Wayment stated Lodestar Energy, Inc. would pay the AML fees. Further, he stated the trucks are being weighed and the tickets are available for review.

If you have any questions, please call me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Pamela Grubaugh-Littig'.

Pamela Grubaugh-Littig
Permit Supervisor

sm

cc: James Fulton, OSM, Denver
Bennett Stein, OSM, AVS
Rusty Netz, Sunnyside Cogen
O:\007020.HZN\FINAL\AMLfees.doc