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C/0071080 OK


# 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)


November 8, 2001

CERTIFIED MAIL
7099 3400 0016 8895 9994

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

Re: Bond Replacement Required, Lodestar Energy, Inc., White Oak Mine Complex, C/007/001, Horizon Mine, C/007/020, Outgoing File

Dear Mr. Miller:

Lodestar Energy, Inc. must maintain surety for the Horizon Mine and White Oak Mine Complex as required by the provisions of UCA 40-8-14 and rules enacted thereunder. The Supreme Court of the State of New York declared Frontier insolvent on October 15, 2001. In accordance with Utah Regulation R645-301-840.520, Lodestar Energy, Inc., must replace the two Frontier Insurance Company bonds within 60 days of receipt of this letter, but no later than COB January 7, 2002. The White Oak Mine bond, Frontier Insurance Company Bond #143715, in the amount of $4,292,000; and the Horizon Mine bond, Frontier Insurance Company Bond #143714, in the amount of $711,000, require replacement.

If replacement surety is not posted within 60 days, Lodestar must cease coal extraction and comply with the provisions of R645-301-541.100 through R645-301-541.400 as applicable and immediately begin to conduct reclamation operations in accordance with the reclamation plan.

If you have any questions, please call me.

Sincerely,

Mary Ann Wright
Associate Director, Mining

vs
cc: Price Field Office
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