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

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JUN 24 2002

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DIVISION OF
OIL, GAS AND MINING INSPECTION REPORT

Partial Complete XXX Exploration
Inspection Date: 06/13/2002 / Time: 8:30-11 AM
Date of Last Inspection: 05/20/2002

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
Company Official(s): Mr. Kit Pappas, Engineering Dept.
State Official(s): Peter Hess Federal Official(s): None
Weather Conditions: Sunny / clear; temperature in seventies, Fahrenheit
Type of Mining Activity: Underground XXX Surface Prep Plant Other
Existing Acreage: Permitted 711 Disturbed 9 Regraded Seeded
Status: Active

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

- 1. Substantiate the elements on this inspection by checking the appropriate performance standard.
a. 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.
b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

Table with 5 columns: Item, EVALUATED, N/A, COMMENTS, NOV/ENF. Contains 21 rows of inspection items with checkboxes.

**INSPECTION REPORT**  
(Continuation Sheet)

PERMIT NUMBER: C/007/020

DATE OF INSPECTION: 06/13/2002

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

**4A. HYDROLOGIC BALANCE: DIVERSIONS**

The culvert designated as DC-2 was observed to have sediment built up at both the inlet and at the outlet where it discharges into the mine site sediment pond. A flat rock about eighteen inches long and four inches thick is located in such a way at the discharge end that it allows sediment to build up in the CMP. Mr. Pappas made a note such that surface personnel could perform the necessary maintenance.

**4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS**

As noted in last month's inspection report, Mr. Pappas conducted the second quarter impoundment inspection for the mine site pond on May 14, 2002. There were no hazardous conditions or signs of instability reported during the permittee's inspection for the incised impoundment. On 05/14/2002, the water level was seven feet below the 60% cleanout elevation. Mr. Pappas' inspection was P.E. certified by Mr. Dave Miller on 05/15/2002.

As noted during today's field inspection, the mine site sediment pond is dry.

The Division is currently reviewing a permit amendment that would, upon Division approval, allow the permittee to discharge mine water into the mine site sediment pond. The intent behind doing this has two purposes:

- 1) Should the mine get into another situation similar to the one encountered in March in which the mine felt it was necessary to discharge mine water directly to the outside rather than allow for a settling zone, the pond could be used to settle suspended solids rather than the mine be faced with another noncompliance discharge to the surface waters of the County.
- 2) The permittee is currently assuming the responsibility for watering the Carbon County road leading to the site. Allowing mine water to collect in the mine site sediment pond would give water trucks a point from which to gather water for that purpose. This should avert any water rights issues, as the water collected in mine has always been available for mine utilization for dust control purposes. It is felt that the control of fugitive dust on the County access road to the site meets this criteria.

**4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES**

The areas at the site that utilize other methods of sediment control appear to be functioning as intended. All controls appear to be in good working order.

**INSPECTION REPORT**  
(Continuation Sheet)

PERMIT NUMBER: C/007/020

DATE OF INSPECTION: 06/13/2002

**4D. HYDROLOGIC BALANCE: WATER MONITORING**

The permittee was informed this day that the Division has implemented a more strict policy relative to the acceptance of "No Access" as meetings the terms and conditions of surface and ground water monitoring regimes. If no access is reported for a site for a quarter, then the permittee must be able to provide documentation that is adequate to confirm that it was not possible to get to that site when the attempt was made. It is necessary for a permittee to make at least two attempts during a water monitoring quarter with verification that the attempts were made to avoid a compliance situation. Division reclamation specialists have been instructed to issue hindrance violations for the reporting of no access without what is to be determined by the inspector as inadequate justification. What method the permittee utilizes to provide this adequate justification was discussed and determined to be up to the permittee. Well maintained field notes including date, time, weather conditions, site location, and other pertinent information should be included with the field notes, as well as possibly a photograph that incorporates the date of the exposure. Other methods of documentation may be developed, but it is hoped that each permittee will develop an adequate expertise prior to a reporting of no access such that all compliance situations relative to the surface and ground water monitoring regimes can be avoided.

The permittee conducted surface and ground water monitoring requirements for the second quarter of 2002 on June 12 for the following monitoring wells, springs, and surface points; HZ-95-1, HZ-95-1S, HZ-95-2, HZ-95-3, SP-9, GV-70, 2-6-W, SS-3, SS-5, SS-7, SS-8, SS-11, and SS-12.

The following sites were reported as having "no flow"; ground water monitoring points SP-1, SP-2, and SP-3 and surface water monitoring site SS-10.

It needs to be documented that when the permittee attempted to monitoring ground water monitoring well HZ-01-06-1, the length of the well probe (1,000') was not sufficient to record a reading. The permittee has ordered additional wire to lengthen the probe such that a water depth reading can be obtained and the water monitoring requirements completed.

**4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS**

The permittee's UPDES permit remains in affect until April 30, 2003.

**14. SUBSIDENCE CONTROL**

The permittee is currently practicing pillar extraction in the mine. Monitoring is reported on an annual basis within the annual report. Monitoring points SUB-3 and SUB-4 lie on the surface above the area where secondary extraction will be completed. Upon completion of the pillaring, mining activities will be resumed in the 1<sup>st</sup> Left North Mains development section.

**19. AVS CHECK**

A midterm permit review has recently been completed by the Division relative to the Lodestar Energy, Inc.; Whiskey Creek (White Oak Complex) surface mine. As such, an update of the legal and financial information for these Mountain Operations has been reviewed and approved by the Division as C/007/001-LF02A. As noted in that midterm review, Lodestar Energy, Inc. is undergoing a restructuring through the U.S. bankruptcy court in Lexington, Kentucky.

INSPECTION REPORT  
(Continuation Sheet)

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20. AIR QUALITY PERMIT

The permittee's surface personnel were observed watering the equipment operating area about the coal stockpile for fugitive dust control purposes.

As noted above, the permittee has taken it upon the Company to attempt to control the fugitive dust on the Carbon County access road. A water truck owned by D & D Equipment Company was observed wetting the County road following today's mine site inspection. Dust control on this road is considered by this individual to be a safety issue as well as an environmental issue. Negotiations between the County and permittee continue regarding the financial liability that is being absorbed by the permittee.

Inspector's Signature: \_\_\_\_\_

  
Peter Hess #46

Date: June 17, 2002

**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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