



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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by
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INSPECTION REPORT

Partial _____ Complete XXX Exploration _____
Inspection Date: 12/11,13, 2002 / Time: 8:30-10 AM
Date of Last Inspection: 11/19/2002

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. Dave Miller, P.E. and Business Manager, Engineering Dept.
State Official(s): Peter Hess Federal Official(s): None
Weather Conditions: Overcast, cold / 20's-30's Fahrenheit / Snow in forecast
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

- 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 type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" 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 checked="" 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 type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/020

DATE OF INSPECTION: 12/11,13/2002

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The permittee has made application to the Utah Division of Water Quality for a renewal of the current UPDES permit for the Horizon Mine (UTG040019). The current permit remains in effect until April 30, 2003.

2. SIGNS AND MARKERS

The permittee has repaired the topsoil storage sign in place on the alternate sediment control area adjacent to the mine site sediment pond.

4A. HYDROLOGIC BALANCE: DIVERSIONS

The ditches on the SE side of Portal Canyon remain under snow.

The diversions that were capable of being inspected appeared to be able to function as designed.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The fourth quarter impoundment inspection was conducted on October 11, 2002 by Mr. Kit Pappas. Mr. Miller certified that inspection report on October 21st. No signs of instability, erosion or other hazardous conditions were noted with the incised facility.

The mine site sediment pond contained ice, with the elevation of same being well below the elevation of the primary discharge. No hazards were noted.

4D. HYDROLOGIC BALANCE: WATER MONITORING

Discharge monitoring reports for the months of September, October, and November were reviewed. UPDES point 002A is the mine water discharge point and is the only outfall that has ever discharged, averaging 300-375 gallons per minute (intermittent discharge). There were no exceedances reported for the three-month period for any of the required effluent parameters.

Jewkes Creek above the mine was frozen; lower Jewkes Creek was flowing due to mine water being discharged.

Fourth Quarter surface water monitoring requirements were completed by Mr. Miller this day.

Ground water monitoring requirements for the fourth quarter of this year were completed on October 8th.

14. SUBSIDENCE CONTROL

To date, the permittee has not conducted the annual survey of the subsidence monitoring points. That information will be due as part of the 2002 annual report. Underground extraction ceased at the Horizon Mine on June 25, 2002.

INSPECTION REPORT
(Continuation Sheet)

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15. CESSATION OF OPERATIONS

It is understood that the permittee has received an offer to purchase the Horizon Mine. Same must be evaluated by the bankruptcy court and the financier involved.

19. AVS CHECK

The permittee received notification from the Division on November 22, 2002 that the recent information received in the permit amendment did not correlate with the information registered with the Utah Department of Commerce. Mr. Miller was uncertain as to how often the Utah Department of Commerce updated their records. Follow up with the Division is pending.

21. BONDING AND INSURANCE

The permittee's general liability insurance remains in effect until August 31, 2003.

The status of the bond situation is unknown at this time. An extension for additional time was asked for by the permittee in early November 2002.

Inspector's Signature: _____


Peter Hess #46

Date: December 16, 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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