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

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April 30, 2002

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Mr. Steve Tanner
2060 North 1345 West
Helper, UT 84526

Re: Reclamation Bonding for White Oak and Horizon Mines

Dear Mr. Tanner:

On April 24, 2002, I briefly met with Representative Brad King and Senator Mike Dmitrich regarding your concern that the above-referenced mines are not adequately bonded under the Utah Coal Regulatory Program. I agreed to update you on the current situation. Little change has occurred subsequent to Mary Ann Wright's February 7, 2002 letter to you on this subject.

On February 8, 2002, I addressed concerns you raised with U.S. Congressman Jim Matheson in the following manner:

> **"The Division of Oil, Gas and Mining shares the same concern regarding adequacy of operational and reclamation bonding raised by Mr. Tanner. We have served Lodestar Energy notice that replacement of the Frontier bonds by a surety company that meets the requirements of Utah's Coal Regulatory Program is a priority for us. We have appeared in Federal Bankruptcy Court in support of this position, and are achieving a settlement that will preclude an injunction against Utah by this court. The settlement and our actions put Utah in a superior position to any other state Coal Regulatory Program in the United States vis-a-vis the bankruptcy of Lodestar and its surety Frontier.**
>
> **While the issue of the bankruptcy of a coal mining company and the simultaneous bankruptcy of its surety company is indeed complicated, I hope you can appreciate the actions we have taken to protect citizens of Utah and the environment both in the field and in the courts."**

The above-referenced bankruptcy court settlement produced a timeline for acquisition of adequate reclamation bonding for the White Oak and Horizon mines which is being monitored for compliance by a Utah Assistant Attorney General.

I hope this helps you understand how this situation is being dealt with.

Sincerely,

Lowell P. Braxton
Director

cc Representative Brad King
M.A. Wright, Associate Director