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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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DIVISION OF NATURAL RESOURCES TELEFAX NUMBER (801)539-4200

DATE: APRIL 28, 2003 NO. OF PAGES SENT 3

FROM: CHRIS MERRITT TELEPHONE NUMBER: (801)539-4109

TO: FRM GRUBRUGH-LITTLE
(DAGM)

FAX NUMBER 359-3940 TELEPHONE NUMBER: 538-5268

SUBJECT: SUCCESSOR-IN-INTEREST ON LEASE UTU-74804
(HORIZON COAL MINE LEASE)

COMMENTS:

HERE IS A COPY OF THE NOTICE RECOGNIZING

HIDDEN SLENDAR RESOURCES, INC. AS SUCCESSOR-IN-

INTEREST TO LODESTAR ENERGY, INC. IN FEDERAL

COAL LEASE UTU-74804 BY ORDER OF THE BANKRUPTCY

COURT.

APR 28 2003



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Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
www.ut.blm.gov

*L. M. Munnitt
4/18/03*

IN REPLY REFER TO:

3453

UTU-74804

(UT-924)

APR 21 2003

NOTICE

Hidden Splendor Resources, Inc.	:	Coal Lease
57 West 200 South, #400	:	UTU-74804
Salt Lake City, Utah 84101	:	

Transfer of Lease Interest By Operation of Law
Name Change Recognized
Amended Notice

On April 1, 2003, an order of the court regarding bankruptcy proceedings jointly administered under Case No. 01-50969 (Chapter 11) (Lodestar Energy, Inc., Lodestar Holdings, Inc., and Industrial Fuels Minerals Co., Debtors) was filed in this office. By this instrument, filed March 18, 2003, in the United States Bankruptcy Court for the Eastern District of Kentucky, Lexington Division, Hidden Splendor Resources, Ltd. received 100 percent of the interest in Federal coal lease UTU-74804.

The transfer of interest is recognized effective March 18, 2003. Acceptable evidence has been submitted to this office that Hidden Splendor Resources, Ltd. has changed its name to Hidden Splendor Resources, Inc. The name change is hereby recognized effective the date of this notice.

The assignment, executed by William D. Bishop, in his capacity as Chapter 11 Trustee of Lodestar Energy, Inc. and Lodestar Holdings, Inc., is unnecessary. The court order conveyed the interest in the lease to Hidden Splendor.

The principal on BLM Bond No. UT1214 will be changed to Hidden Splendor Resources, Inc. However, the bond amount is now down to \$4,000. We require a minimum lease bond of \$5,000. Please submit the additional \$1,000 as soon as possible. Production on the lease will require a further increase in the bond to cover three months royalty.

The principal on BLM Bond No. UT1240, which is a \$10,000 cash bond on a water monitoring well on the lease, will also be changed to Hidden Splendor Resources, Inc., in accordance with the court order (Page 6, Paragraph F).

2.

Federal coal lease UTU-74804 was issued effective September 1, 1998. At time of issuance it contained an estimated minable reserve of 6.3 million tons. 63,000 tons must be mined by September 1, 2008, in order to achieve diligent development required by the terms and conditions of the lease (copy enclosed).

There are no more bonus bid payments due on this lease. Rental of \$3,867 is due by the first of September each year.

We approved a Category 1 royalty rate reduction, for this lease, effective December 1, 1999. The royalty rate was reduced to 5 percent for production up to 900,000 tons of coal from the first three extraction panels, or a period of five years from the effective date, whichever occurs first. The reduction is subject to an annual submission of a certified statement that the conditions that justified the granting of the reduction continue to exist.

A re-certification statement was received in this office on November 14, 2002. Approval of the re-certification will not occur until the lease bond is increased to the minimum of \$5,000.

/s/ Robert Lopez

Robert Lopez
Chief, Branch of
Minerals Adjudication

Enclosures:

1. Copy of Court Order (10 pp)

cc: Pruitt, Gushee & Bachtell, Attn: Oliver W. Gushee, Jr., Ste. 1850 Beneficial Life Tower
Salt Lake City, Utah 84111-1495 (w/encl.)
Price Coal Office (Attn: Steve Falk)
MMS, MRM, Solid Minerals Staff, Attn: Patrick Mulcahy, MS390B2, Box 25165,
Denver, CO 80225-0165
MMS, Attn: Cherry Mallard, MS 3030, Box 25165, Denver, CO 80225-0165
Lodestar Energy, Inc., 251 Tollage Creek, Pikeville, KY 41501 (w/encl.)
Lodestar Energy, Inc., HC 35 Box 370, Helper, UT 84526 (w/encl.)
Accounts (Attn: Dave Mascarenas)