

Chapter 2
Legal and Financial

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CHAPTER 2
LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

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CHAPTER 2

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

110 MINIMUM REQUIREMENTS FOR LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

111 Introduction

The Wasatch Plateau area of Carbon County, Utah, contains seams of high quality bituminous coal with a long history of coal mining activities. The Horizon Mine is located in Consumers Canyon approximately 14 miles northwest of Price, Utah.

The surface facilities, diversions, culverts and the sedimentation pond were installed in compliance with Utah Division of Oil, Gas and Mining (UDOGM) regulations.

The permit area (Plate 1-1) is characterized by steep, narrow canyons containing conspicuous sandstone cliffs. Intermittent and perennial streams occupy the drainages. The complex geological and geomorphological conditions have produced a variety of site specific soils that support a variety of vegetation communities.

A distinction of an underground mine is its minimal effect on the ecosystems. The relatively small scale of surface disturbance when operated with proper drainage and sedimentation controls, causes negligible impact to the prevailing hydrologic balance of the area. Subsidence, a potential problem with any underground mining, will be monitored as mining progresses. The temporary loss of wildlife habitat due to the construction of surface facilities is negligible in light of the available nearby habitat. Upon cessation of mining and portal sealing, the reestablishment of final topography and drainage will proceed. Revegetation of disturbed areas will replace native habitat and restore the land to accommodate proposed post-mining land use(s).

The information contained in this section is intended to fulfill the requirements of R645-301-100 and to ensure that all relevant information on the ownership and control of the mining activities is supplied to the regulatory agency(s).

112 Identification of Interests

112.100 Business Entity

Hidden Splendor Resources, Inc. is incorporated under the laws of the State of Nevada and is in good standing and has legal corporate existence.

112.200 Assignment of Permit Applicant and Mine Operator

The permit applicant and mine operator is:

Hidden Splendor Resources, Inc.
50 West Liberty Street, Suite 880
Reno, Nevada 89501
Telephone: (775) 322-0626
Employer I.D. No. 88-0315046

Applicant's Resident Agent:

The resident agent who will accept service of process is:

Alexander H. Walker, III
57 West 200 South, Suite 400
Salt Lake City, Utah 84101
Telephone: (801) 521-3292

The abandoned mine land reclamation fee will be paid by:

Cecil Ann Walker
Hidden Splendor Resources, Inc.
50 West Liberty Street, Suite 880
Reno, Nevada 89501
Telephone: (775) 322-0626

112.300 Officers of the Applicant

Principal Officers	Position	Address
Cecil Ann Walker 550-22-2400	President and Director	50 West Liberty St., Suite 880 Reno, NV 89501 (775) 322-0626
Alexander H. Walker, III 528-06-0223	Vice President	57 West 200 South, Suite 400 Salt Lake City, UT 84101 (801) 521-3292
Amanda W. Cardinalli 528-06-0227	Treasurer And Director	50 West Liberty St., Suite 880 Reno, NV 89501 (775) 322-0626
Alexander H. Walker, Jr. 199-16-9180	Secretary and Director	50 West Liberty St., Suite 880 Reno, NV 89501 (775) 322-0626

112.400 Coal Mining and Reclamation Operation Owned or Controlled

Hidden Splendor Resources, Inc., 50 West Liberty Street, Suite 880, Reno, Nevada 89501 is a corporation that controls 100% of Hidden Splendor Resources, Inc. The ownership is 50% Alexander H. Walker, Jr. and 50% Cecil Ann Walker. The officers and directors of Hidden Splendor Resources, Inc. control no other coal mining entities.

112.500 Legal or Equitable Owner of the Surface and Mineral Properties

The legal and equitable owners of the surface and mineral properties to be directly affected by this mining operation during the duration of the permit period are:

Hidden Splendor Resources
50 West Liberty Street, Suite 880
Reno, NV 89501

United States of America
Bureau of Land Management
2370 South 2300 West
West Valley City, Utah 84084

Steve and Pete (Jr.) Stamatakis
1111 South 450 West
Price, Utah 84501

Roy M. and Tessie K. Farley
5240 So. Highland Drive
Salt Lake City, Utah 84117

Arthur J. Anderson, Et al
4190 Fortuna Way
Salt Lake City, Utah 84117

Surface and coal ownership are shown on Plates 4-2 and 4-3.

112.600 Owners of Record of Property Contiguous to Proposed Permit Area

Owners of Surface Properties

1. U P & L
P.O. Box 899
Salt Lake City, Utah 84110
2. Hidden Splendor Resources
50 West Liberty Street, Suite 880
Reno, NV 89501
3. J. Mark & James Jacobs
734 S. Cherry Drive
Orem, Utah 84057
4. Agnes and Eldred E. Peirce, Jr.
3432 South 500 East
Price, Utah 84501
5. Steve and Pete (Jr.) Stamatakis
1111 South 450 West
Price, Utah 84501
6. United States of America
Bureau of Land Management
2370 South 2300 West
West Valley City, Utah 84084
7. R. L. Bird
1840 East Bryan Avenue
Salt Lake City, Utah 84108
8. Nielson Ltd.
P.O. Box 620
Huntington, Utah 84528
9. Roy M. and Tessie K. Farley
5240 So. Highland Drive
Salt Lake City, Utah 84117
10. Robert and Linda N. Jewkes
Wellington, Utah 84542
11. Luke G. and Gene S. Pappas
2030 S. Cave Hollow Way
Bountiful, Utah 84010

12. Milton A. Oman
1714 E. Millcreek Way
Salt Lake City, Utah 84106
13. Utah Division of Wildlife Resources
455 West Railroad Avenue
Price, Utah 84501
14. K.C. Jensen and Tonda Hampton
P.O. Box 957
Price, Utah 84501
15. Carbon County
Courthouse Building
Price, Utah 84501
16. Arthur J. Anderson, Et al
4190 Fortuna Way
Salt Lake City, Utah 84117
17. Utah State Fish and Game
1095 West Motor Avenue
Salt Lake City, Utah 84116

112.700 MSHA Numbers

The MSHA numbers issued April 20, 1995 by the Department of Labor to Horizon Mining, LLC have been transferred to Hidden Splendor Resources, Inc. as follows:

- Horizon Mine MSHA Number 42-02074
- Horizon No. 2 Mine MSHA Number 42-02075 (not opening at present time)

112.800 Interest in Contiguous Lands

Hidden Splendor currently owns the Federal Coal Lease UTU-74804 (by assignment from Lodestar Energy, Inc. ("Lodestar") filed with BLM for approval) which is contiguous to the current permit area, and has fee coal interests in SE^{1/4}SE^{1/4}, E^{1/2}SW^{1/4}SE^{1/4} Section 17; and fee coal and surface interests in S^{1/2}NW^{1/4}SW^{1/4}, W^{1/2}SW^{1/4}SE^{1/4} Section 17 and NE^{1/4}NW^{1/4}, NW^{1/4}NE^{1/4} Section 20, Township 13 South, Range 8 East, SLM but has no interest, options or pending bids on other contiguous lands.

112.900 Certification of Submitted Information

Information submitted to the Division is certified as required by the UDOGM regulations.

113 Violation information

Neither Hidden Splendor nor any subsidiary, affiliate, member or manager, or persons controlled by or under common control with the applicant has had a federal or state mining permit suspended or revoked in the last five years; nor forfeited a mining bond or similar security deposited in lieu of bond.

Violation notices in connection with permit C/007/020 are listed in Appendix 2-4

114 Right of Entry information

Under date of March 24, 2003, Lodestar by its Chapter 11 Trustee, pursuant to an Order dated March 18, 2003 by the U.S. Bankruptcy Court for the Eastern District of Kentucky, Lexington Division, assigned Hidden Splendor all right, title and interest in the Horizon Mine. The assignment was made subject to Division approval of the transfer of Mine Permit No. C/007/020. Concurrently, Lodestar, by its Trustee, also executed and delivered a Designation of Operator to Hidden Splendor covering the period prior to DOGM's approval of the permit transfer.

Hidden Splendor bases its right to enter and undertake coal mining on: (1) the Assignment from Lodestar by its Chapter 11 Trustee, pursuant to the March 18, 2003 Order (Appendix 2-1); (2) the Designation of Operator executed by Lodestar (Appendix 2-1); and (3) the Federal coal lease UTU-74804 (Appendix 2-3).

Horizon Mine was issued a Right-of-Way SL 063011 through BLM lands in 1996 to facilitate mining coal from fee lands. The Right-of-Way was incorporated into the Federal coal lease UTU-74804 on September 1, 1998. Appendix 2-3.

The following is a description of lands within the permit boundary for the Horizon Mine comprised of part of the Hidden Splendor lease and a part of the Federal coal lease (Beaver Creek Tract) UTU-74804 which was acquired on September 1, 1998.

Township 13 South, Range 8 East, SLM

Section 8: W1/2SE1/4, SE1/4SW1/4, S1/2SW1/4NE1/4, S1/2NE1/4SW1/4,
NE1/4NE1/4SW1/4NE1/4, S1/2SW1/4SW1/4, NE1/4SW1/4SW1/4,
S1/2NW1/4SW1/4SW1/4, S1/2NE1/4SW1/4NE1/4, NE1/4NE1/4SW1/4,
SE1/4NW1/4NE1/4SW1/4, SE1/4SE1/4SE1/4NW1/4, SE1/4SE1/4NW1/4SW1/4
Portion NW1/4NE1/4SW1/4NE1/4 Portion NE1/4NW1/4SW1/4NE1/4
Portion SE1/4NW1/4SW1/4NE1/4 Portion SW1/4NW1/4SW1/4NE1/4
Portion SW1/4NW1/4NE1/4SW1/4 Portion NW1/4NW1/4NE1/4SW1/4
Portion NE1/4NW1/4NE1/4SW1/4 Portion SE1/4SW1/4SE1/4NW1/4
Portion SW1/4SE1/4SE1/4NW1/4 Portion NW1/4SE1/4SE1/4NW1/4
Portion NE1/4SE1/4SE1/4NW1/4 Portion SE1/4NE1/4NW1/4SW1/4
Portion NE1/4SE1/4NW1/4SW1/4 Portion NW1/4SE1/4NW1/4SW1/4
Portion SW1/4SE1/4NW1/4SW1/4 Portion SE1/4SW1/4NW1/4SW1/4
Portion NE1/4NW1/4SW1/4SW1/4 Portion NW1/4NW1/4SW1/4SW1/4

Section 17: NW1/4NE1/4, N1/2NW1/4SW1/4, NE1/4SW1/4, NW1/4SE1/4,
N1/2SE1/4SW1/4, N1/2SW1/4SE1/4, SW1/4NE1/4, NW1/4

Section 18: NE1/4NE1/4

Section 7: SE1/4SE1/4SE1/4, S1/2SW1/4SE1/4SE1/4, NE1/4SW1/4SE1/4SE1/4,
S1/2SE1/4SW1/4SE1/4
Portion NE1/4NE1/4SE1/4SE1/4 Portion SE1/4NE1/4SE1/4SE1/4
Portion SW1/4NE1/4SE1/4SE1/4 Portion SE1/4NW1/4SE1/4SE1/4
Portion NW1/4SW1/4SE1/4SE1/4 Portion NE1/4SE1/4SW1/4SE1/4
Portion NW1/4SE1/4SW1/4SE1/4 Portion SW1/4NW1/4SE1/4SE1/4

Containing 711 acres more or less consisting of 305 acres more or less of Fee coal (Hidden Splendor Resources) and 406 acres more or less of Federal leased coal.

The surveyed disturbed area boundary was found to contain 8.23 acres, however the reclamation bond calculations will continue to include reclamation of 9.15 acres. The disturbed area is located within:

Township 13 South, Range 8 East, SLM

Section 17: Portion NW1/4NW1/4SE1/4 Portion NE1/4NE1/4SW1/4
 Portion NW1/4NE1/4SW1/4 Portion SE1/4NE1/4SW1/4
 Portion SW1/4NE1/4SW1/4

115 Status of Unsuitability Claims

The permit area is not within an area or under study as an area designated as unsuitable for mining under R645-103-400, nor has any petitions been filed with the UDOGM under R645-103-420 that could affect the proposed permit area (see Plate 1-1). No surface operations or facilities are located within 300 feet of an occupied dwelling or within 100 feet of a cemetery. A public road right-of-way passes through the permit area and provides access to public property. Coal haulage activities will occur within 100 feet of the public road right-of-way where the permit area road joins a public county road. Multiple letters were received from Carbon County during 1996 concerning the use of the county road(s) by the Horizon Mine, these letters are included in Appendix 3-1 and discussed in Chapter 3.

116 Permit Term

The Horizon Mine is proposed for a 5 year term under the Permanent Regulatory Program for 5 years. Chapter 3 discusses the extent of underground mining activities to be conducted over the 5 year permit term.

117 Insurance, Proof of Publication, and Facilities and Structures Used in Common

A copy of the Certificate of Insurance issued to Hidden Splendor Resources, Inc, is on file with the Division. Subsequent insurance renewal documents will be submitted to the Division and included in Appendix 2-2.

Notice of the permit transfer application was published in the Sun Advocate, Price, Utah on April 8, 2003. Proof of publication was submitted to the Division pursuant to R645-303-322 and a copy is included in Appendix 2-2.

118 Filing Fee

A copy of this permit application is on file with the Utah Division of Oil, Gas and Mining (UDOGM), P.O. Box 145801, Salt Lake City, Utah 84114-5801. A copy of the filing fee receipt is located in Appendix 2-2.

120 PERMIT APPLICATION FORMAT AND CONTENTS

This permit application will comply with R645-301-120.

130 REPORTING OF TECHNICAL DATA

All technical data submitted in the permit application will be accompanied by the name or organization responsible for the collection and analysis of data, dates of collection and descriptions of methodology used. Technical analyzes will be planned by or under the direction of a qualified professional in the subject to be analyzed.

140 MAPS AND PLANS

The maps and plans in the Mining and Reclamation Plan will correspond with the requirements in R645-301-140.

150 COMPLETENESS

Hidden Splendor believes the information in this permit application to be complete and correct.

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110 MINIMUM REQUIREMENTS FOR LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

111 Introduction

The Wasatch Plateau area of Carbon County, Utah, contains seams of high quality bituminous coal with a long history of coal mining activities. The Horizon Mine is located in Consumers Canyon approximately 14 miles northwest of Price, Utah.

The surface facilities, diversions, culverts and the sedimentation pond were installed in compliance with Utah Division of Oil, Gas and Mining (UDOGM) regulations.

The permit area (Plate 1-1) is characterized by steep, narrow canyons containing conspicuous sandstone cliffs. Intermittent and perennial streams occupy the drainages. The complex geological and geomorphological conditions have produced a variety of site specific soils that support a variety of vegetation communities.

A distinction of an underground mine is its minimal effect on the ecosystems. The relatively small scale of surface disturbance when operated with proper drainage and sedimentation controls, causes negligible impact to the prevailing hydrologic balance of the area. Subsidence, a potential problem with any underground mining, will be monitored as mining progresses. The temporary loss of wildlife habitat due to the construction of surface facilities is negligible in light of the available nearby habitat. Upon cessation of mining and portal sealing, the reestablishment of final topography and drainage will proceed. Revegetation of disturbed areas will replace native habitat and restore the land to accommodate proposed post-mining land use(s).

The information contained in this section is intended to fulfill the requirements of R645-301-100 and to ensure that all relevant information on the ownership and control of the mining activities is supplied to the regulatory agency(s).

112 Identification of Interests

112.100 Business Entity

~~Lodestar Energy~~ Hidden Splendor Resources, Inc. is incorporated under the laws of the State of ~~Delaware~~ Nevada and is in good standing and has legal corporate existence.

112.200 Assignment of Permit Applicant and Mine Operator

The permit applicant and mine operator is:

Lodestar Energy, Inc.
HCR 35 Box 370
Helper, Utah 84526
Hidden Splendor Resources, Inc.
50 West Liberty Street, Suite 880
Reno, Nevada 89501
Telephone: (435) 775-472-3994322-0626
Employer I.D. No. 87-056924688-0315046

Applicant's Resident Agent:

The resident agent who will accept service of process is:

David B. Miller
Lodestar Energy, Inc.
HCR 35 Box 370
Helper, Utah 84526
(435) 448-9455 Alexander H. Walker, III
57 West 200 South, Suite 400
Salt Lake City, Utah 84101
Telephone: (801) 521-3292

The abandoned mine land reclamation fee will be paid by:

Pam Dillender
Lodestar Energy, Inc.
251 Tollage Creek
Pikeville, KY 41501
(606) 432-0307 Cecil Ann Walker
Hidden Splendor Resources, Inc.
50 West Liberty Street, Suite 880
Reno, Nevada 89501
Telephone: (775) 322-0626

112.300 Officers of the Applicant

Principal Officers	Position	Address
--------------------	----------	---------

<p><u>Troy L. Francisco</u> <u>Walker</u> <u>(606) 432-0307</u> <u>550-22-2400</u></p>	<p><u>GEO and President</u> <u>251 Tollage Creek</u> <u>Pikeville, KY</u> <u>41501</u> <u>Dennis W.</u> <u>Bryant</u> <u>(270) 664-6677</u> <u>VP-</u> <u>Western KY</u> <u>Operations</u> <u>11713</u> <u>State Route 270-</u> <u>West</u> <u>Clay, KY 42404</u> <u>John</u> <u>A. Siegel, Jr.</u> <u>(212) 541-6000</u> <u>and</u> <u>Director</u></p>	<p><u>50 West Liberty St., Suite 880</u> <u>Reno, NV 89501</u> <u>(775) 322-0626</u></p>
<p><u>Alexander H. Walker, III</u> <u>528-06-0223</u></p>	<p>Vice President</p>	<p><u>30 Rockefeller Plaza, Suite 4225</u> <u>New York</u> <u>57 West 200 South, Suite</u> <u>400</u> <u>Salt Lake City, UT 84101</u> <u>(801) 521-3292</u></p>
<p><u>Amanda W. Cardinalli</u> <u>528-06-0227</u></p>	<p><u>Treasurer And Director</u></p>	<p><u>50 West Liberty St., Suite 880</u> <u>Reno, NY 10112V 89501</u> <u>(775) 322-0626</u></p>
<p><u>Dennis A</u> <u>Alexander H.</u> <u>Sadlowski</u> <u>Walker, Jr.</u> <u>(212) 541-6000</u> <u>199-16-9180</u></p>	<p>Secretary <u>30</u> <u>Rockefeller Plaza,</u> <u>Suite 4225</u> <u>New York, NY</u> <u>10112</u> <u>Ira Leon</u> <u>Rennert</u> <u>(212) 541-6000</u> <u>and</u> <u>Director</u></p>	<p><u>30 Rockefeller Plaza</u> <u>50 West Liberty</u> <u>St., Suite 4225</u> <u>880</u> <u>New York</u> <u>Reno, NY 10112V 89501</u> <u>(775) 322-0626</u></p>

112.400. Coal Mining and Reclamation Operation Owned or Controlled

Lodestar Holding, Inc., 30 Rockefeller Plaza, Suite 4225, New York, NY 10112 (212) 541-6000, owns 100% of the Lodestar Energy, Inc. stock. Refer to Appendix 2-4 for a listing of mining operations owned or controlled by officers or director of Lodestar Energy, Inc.
Hidden Splendor Resources, Inc., 50 West Liberty Street, Suite 880, Reno, Nevada 89501 is a corporation that controls 100% of Hidden Splendor Resources, Inc. The ownership is 50% Alexander H. Walker, Jr. and 50% Cecil Ann Walker. The officers and directors of Hidden Splendor Resources, Inc. control no other coal mining entities.

112.500 Legal or Equitable Owner of the Surface and Mineral Properties

The legal and equitable owners of the surface and mineral properties to be directly affected by this mining operation during the duration of the permit period are:

Hidden Splendor Resources
50 West Liberty Street, Suite 880
Reno, NV 89501

United States of America
Bureau of Land Management
2370 South 2300 West
West Valley City, Utah 84084

Steve and Pete (Jr.) Stamatakis
1111 South 450 West
Price, Utah 84501

Roy M. and Tessie K. Farley
5240 So. Highland Drive
Salt Lake City, Utah 84117

Arthur J. Anderson, Et al
4190 Fortuna Way
Salt Lake City, Utah 84117

Surface and coal ownership are shown on Plates 4-2 and 4-3.

112.600 Owners of Record of Property Contiguous to Proposed Permit Area

Owners of Surface Properties

1. U P & L
P.O. Box 899
Salt Lake City, Utah 84110
2. Hidden Splendor Resources
50 West Liberty Street, Suite 880
Reno, NV 89501
3. J. Mark & James Jacobs
734 S. Cherry Drive
Orem, Utah 84057
4. Agnes and Eldred E. Peirce, Jr.
3432 South 500 East
Price, Utah 84501
5. Steve and Pete (Jr.) Stamatakis
1111 South 450 West
Price, Utah 84501
6. United States of America
Bureau of Land Management
2370 South 2300 West
West Valley City, Utah 84084
7. R. L. Bird
1840 East Bryan Avenue
Salt Lake City, Utah 84108
8. Nielson Ltd.
P.O. Box 620
Huntington, Utah 84528
9. Roy M. and Tessie K. Farley
5240 So. Highland Drive
Salt Lake City, Utah 84117
10. Robert and Linda N. Jewkes
Wellington, Utah 84542

11. Luke G. and Gene S. Pappas
2030 S. Cave Hollow Way
Bountiful, Utah 84010
12. Milton A. Oman
1714 E. Millcreek Way
Salt Lake City, Utah 84106
13. Utah Division of Wildlife Resources
455 West Railroad Avenue
Price, Utah 84501
14. K.C. Jensen and Tonda Hampton
P.O. Box 957
Price, Utah 84501
15. Carbon County
Courthouse Building
Price, Utah 84501
16. Arthur J. Anderson, Et al
4190 Fortuna Way
Salt Lake City, Utah 84117
17. Utah State Fish and Game
1095 West Motor Avenue
Salt Lake City, Utah 84116

112.700 MSHA Numbers

The MSHA numbers issued April 20, 1995 by the Department of Labor to Horizon Mining, LLC have been transferred to ~~Lodestar Energy~~ Hidden Splendor Resources, Inc. as follows:

- Horizon Mine MSHA Number 42-02074
- Horizon No. 2 Mine MSHA Number 42-02075 (not opening at present time)

112.800 Interest in Contiguous Lands

~~Lodestar~~ Hidden Splendor currently owns the ~~Beaver Creek Coal Lease (UTU-74804)~~ Federal Coal Lease UTU-74804 (by assignment from Lodestar Energy, Inc. ("Lodestar") filed with BLM for approval) which is contiguous to the current permit area, and has fee coal interests in SE¹/₄, SE¹/₄, E¹/₂, SW¹/₄, SE¹/₄, Section 17; and fee coal and surface interests in S¹/₂, NW¹/₄, SW¹/₄, W¹/₂, SW¹/₄, SE¹/₄, Section 17 and NE¹/₄, NW¹/₄, NW¹/₄, NE¹/₄, Section 20, Township 13 South, Range 8 East, SLM but has no interest, options or pending bids on other contiguous lands.

112.900 Certification of Submitted Information

Information submitted to the Division is certified as required by the UDOGM regulations.

113 Violation information

~~Neither the permittee/operator, nor any of its subsidiaries, affiliates, members or managers~~Hidden Splendor nor any subsidiary, affiliate, member or manager, or persons controlled by or under common control with the applicant has had a federal or state mining permit suspended or revoked in the last five years; nor forfeited a mining bond or similar security deposited in lieu of bond.

Violation notices in connection with permit ~~ACT/007/020C/007/020~~ACT/007/020C/007/020 are listed in Appendix 2-4

~~The mining operations associated with Lodestar Energy, Inc. receiving violation notices in connection with underground or surface mining activities within the last three years are listed in Appendix 2-4.~~

114 Right of Entry information

~~Horizon Mining, LLC agreed to assign to Lodestar Energy, Inc., Under date of March 24, 2003, Lodestar by its Chapter 11 Trustee, pursuant to an Order dated March 18, 2003 by the U.S. Bankruptcy Court for the Eastern District of Kentucky, Lexington Division, assigned Hidden Splendor all right, title and interest in the Horizon Mine; The assignment was made subject to Division approval of the transfer of Mine Permit No. ACT/007/020C/007/020.~~

~~Lodestar Energy, Inc. Concurrently, Lodestar, by its Trustee, also executed and delivered a Designation of Operator to Hidden Splendor covering the period prior to DOGM's approval of the permit transfer.~~

~~Hidden Splendor bases its right to enter and undertake coal mining on: (1) a lease from Hidden Splendor Resources, Ltd. and 2) the Beaver Creek Tract~~the Assignment from Lodestar by its Chapter 11 Trustee, pursuant to the March 18, 2003 Order (Appendix 2-1); (2) the Designation of Operator executed by Lodestar (Appendix 2-1); and (3) the Federal coal lease UTU-74804 (Appendix 2-3).

~~The documentation pertaining to the lease from Hidden Splendor can be found in Appendix 2-1. The Hidden Splendor lease document describes a lease of fee coal and a sublease of federal coal. The federal coal lease SL 0630311 has expired.~~

~~Horizon Mine was issued a Right-of-Way SL 063011 through BLM lands in 1996 to facilitate mining coal from fee lands. The Right-of-Way was incorporated into the Beaver Creek Tract~~Federal coal lease UTU-74804 on September 1, 1998. Horizon stipulates that it will mine only fee coal and federal coal within the original Right-of-Way grant. The Right-of-Way lease and the Beaver Creek Tract lease can be found in Appendix 2-3.

The following is a description of lands within the permit boundary for the Horizon Mine

including comprised of part of the Hidden Splendor lease and a part of the Federal coal lease (Beaver Creek Tract coal lease) UTU-74804 which was acquired on September 1, 1998.

Township 13 South, Range 8 East, SLM

Section 8: W1/2SE1/4, SE1/4SW1/4, S1/2SW1/4NE1/4, S1/2NE1/4SW1/4,
NE1/4NE1/4SW1/4NE1/4, S1/2SW1/4SW1/4, NE1/4SW1/4SW1/4,
S1/2NW1/4SW1/4SW1/4, S1/2NE1/4SW1/4NE1/4, NE1/4NE1/4SW1/4,
SE1/4NW1/4NE1/4SW1/4, SE1/4SE1/4SE1/4NW1/4, SE1/4SE1/4NW1/4SW1/4
Portion NW1/4NE1/4SW1/4NE1/4 Portion NE1/4NW1/4SW1/4NE1/4
Portion SE1/4NW1/4SW1/4NE1/4 Portion SW1/4NW1/4SW1/4NE1/4
Portion SW1/4NW1/4NE1/4SW1/4 Portion NW1/4NW1/4NE1/4SW1/4
Portion NE1/4NW1/4NE1/4SW1/4 Portion SE1/4SW1/4SE1/4NW1/4
Portion SW1/4SE1/4SE1/4NW1/4 Portion NW1/4SE1/4SE1/4NW1/4

Portion NE1/4SE1/4SE1/4NW1/4 Portion SE1/4NE1/4NW1/4SW1/4
Portion NE1/4SE1/4NW1/4SW1/4 Portion NW1/4SE1/4NW1/4SW1/4
Portion SW1/4SE1/4NW1/4SW1/4 Portion SE1/4SW1/4NW1/4SW1/4
Portion NE1/4NW1/4SW1/4SW1/4 Portion NW1/4NW1/4SW1/4SW1/4

Section 17: NW1/4NE1/4, N1/2NW1/4SW1/4, NE1/4SW1/4, NW1/4SE1/4,
N1/2SE1/4SW1/4, N1/2SW1/4SE1/4, SW1/4NE1/4, NW1/4

Section 18: NE1/4NE1/4

Section 7: SE1/4SE1/4SE1/4, S1/2SW1/4SE1/4SE1/4, NE1/4SW1/4SE1/4SE1/4,
S1/2SE1/4SW1/4SE1/4
Portion NE1/4NE1/4SE1/4SE1/4 Portion SE1/4NE1/4SE1/4SE1/4
Portion SW1/4NE1/4SE1/4SE1/4 Portion SE1/4NW1/4SE1/4SE1/4
Portion NW1/4SW1/4SE1/4SE1/4 Portion NE1/4SE1/4SW1/4SE1/4
Portion NW1/4SE1/4SW1/4SE1/4 Portion SW1/4NW1/4SE1/4SE1/4

Containing 711 acres more or less consisting of 305 acres more or less of Fee coal (Hidden Splendor Resources) and 406 acres more or less of Federal leased coal.

Text Moved Here: 1

The surveyed disturbed area boundary was found to contain 8.23 acres, however the reclamation bond calculations will continue to include reclamation of 9.15 acres. The disturbed area is located within:

Township 13 South, Range 8 East, SLM

Section 17: Portion NW1/4NW1/4SE1/4 Portion NE1/4NE1/4SW1/4
Portion NW1/4NE1/4SW1/4 Portion SE1/4NE1/4SW1/4
Portion SW1/4NE1/4SW1/4

End Of Moved Text

115 Status of Unsuitability Claims

The permit area is not within an area or under study as an area designated as unsuitable for mining under R645-103-400, nor has any petitions been filed with the UDOGM under R645-103-420 that could affect the proposed permit area (see Plate 1-1). No surface operations or facilities are located within 300 feet of an occupied dwelling or within 100 feet of a cemetery. A public road right-of-way passes through the permit area and provides access to public property. Coal haulage activities will occur within 100 feet of the public road right-of-way where the permit area road joins a public county road. Multiple letters were received from Carbon County during 1996 concerning the use of the county road(s) by the Horizon Mine, these letters are included in Appendix 3-1 and discussed in Chapter 3.

116 Permit Term

The Horizon Mine is proposed for a 5 year term under the Permanent Regulatory Program for 5 years. Chapter 3 discusses the extent of underground mining activities to be conducted over the 5 year permit term.

117 Insurance, Proof of Publication, and Facilities and Structures Used in Common

A copy of the Certificate of Insurance issued to ~~Lodestar Energy~~ Hidden Splendor Resources, Inc., by ~~Reliance National~~, effective through August 2002, is on file with the Division. ~~The insurance company has listed Lodestar Energy, Inc and subsidiaries, as the named insured party under Commercial General policy number 1320442, which is currently in effect at Horizon Mine.~~ Subsequent insurance renewal documents will be submitted to the Division and included in Appendix 2-2.

Notice of the permit transfer application was published in the Sun Advocate, Price, Utah on ~~June 3~~ April 8, 1999 2003. Proof of publication was submitted to the Division pursuant to R645-303-322 and a copy is included in Appendix 2-2.

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118 Filing Fee

A copy of this permit application is on file with the Utah Division of Oil, Gas and Mining (UDOGM), P.O. Box 145801, Salt Lake City, Utah 84114-5801. A copy of the filing fee receipt is located in Appendix 2-2.

120 PERMIT APPLICATION FORMAT AND CONTENTS

This permit application will comply with R645-301-120.

130 REPORTING OF TECHNICAL DATA

All technical data submitted in the permit application will be accompanied by the name or organization responsible for the collection and analysis of data, dates of collection and descriptions of methodology used. Technical analyzes will be planned by or under the direction of a qualified professional in the subject to be analyzed.

140 MAPS AND PLANS

The maps and plans in the Mining and Reclamation Plan will correspond with the requirements in R645-301-140.

150 COMPLETENESS

~~Lodestar~~ Hidden Splendor believes the information in this permit application to be complete and correct.

Licenses and permits needed to conduct a coal mining operation are listed below.

LICENSES & PERMITS - HORIZON MINE

PERMIT	ISSUING AUTHORITY
C/007/020	Division of Oil, Gas, & Mining 1594 West North Temple, Suite 1210 P.O. Box 145801 Salt Lake City, Utah 84114-5801
Construction & Air Quality DAQE-700-00	Division of Air Quality 288 150 No. 164950 West P.O. Box 16690 144820 Salt Lake City, Utah 84116-0690 84114-4820
Construction, Sedimentation Pond and Drainage System	Division of Water Pollution Control 288 No. 1460 West P.O. Box 16690 Salt Lake City, Utah 84116-0690
Water Rights (leased)	Division of Water Rights 453 S. Carbon Avenue Price, Utah 84501
Construction Sewer Facilities	Southeastern Utah Health District 6 East Main Street Price, Utah 84501
Carbon County Planning & Zoning	Carbon County Courthouse Price, Utah 84501
UPDES (UTG040019)	State of Utah Department of Environmental Quality Water Quality Division 288 No. 1460 West Salt Lake City, Utah 84114-4870
MSHA (see Section 112.700)	U.S. Department of Labor Mine Safety and Health Administration P.O. Box 25367 Denver, Colorado 80225

**Appendix 2-1
Lease Documents**

Insert

March 18,2003 Bankruptcy Court Order

Assignment of Permit

Assignment of Mining Leases, Water Leases, etc.

Assignment of Federal Lease UTU-74804

March 24, 2003 Designation of Operator

Hidden Splendor letter to be DO until permit transfer

**April 16, 2003 BLM Transfer of Interest and Recognition of
Name Change**

APPENDIX 2-1
LEASE DOCUMENTS

EASTERN DISTRICT OF KENTUCKY
FILED

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF KENTUCKY
(LEXINGTON DIVISION)

MAR 18 2003

AT LEXINGTON

JERRY D. TRUITT, CLERK
U.S. BANKRUPTCY COURT

IN RE:

LODESTAR ENERGY, INC.
LODESTAR HOLDINGS, INC.
INDUSTRIAL FUELS MINERALS CO.

DEBTORS.

CHAPTER 11 PROCEEDING

CASE NOS. 01-50969,
01-50972 and 03-70015

Jointly Administered Under
Case No. 01-50969

Judge Joseph M. Scott, Jr.

**ORDER PURSUANT TO §§ 105(A), 363, 365, 503 AND 507 OF THE BANKRUPTCY
CODE AUTHORIZING (A) SALE TO HIDDEN SPLENDOR RESOURCES, LTD. OF
CERTAIN OF DEBTORS' PROPERTY FREE AND CLEAR OF ALL LIENS, CLAIMS
AND ENCUMBRANCES AND (B) ASSUMPTION AND ASSIGNMENT OF CERTAIN
UNEXPIRED REAL ESTATE LEASES AND EXECUTORY CONTRACTS**

This matter came before this Court at a hearing (the "Sale Hearing") on January 31, 2003, to consider approval of the sale of a portion of Lodestar Energy, Inc.'s, and Lodestar Holdings, Inc.'s (collectively the "Debtors") property at auction (the "Auction") held on January 30, 2003, to Hidden Splendor Resources, Ltd. ("Hidden Splendor") in accordance with the procedures set forth in the (a) ORDER PURSUANT TO SECTIONS 105(A), 363, 365, 503 AND 507 OF THE BANKRUPTCY CODE (I) AUTHORIZING AND SCHEDULING A PUBLIC AUCTION AND SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' PROPERTY FREE AND CLEAR OF ALL LIENS, CLAIMS AND ENCUMBRANCES; (II) APPROVING PROCEDURES FOR THE SUBMISSION OF BIDS; (III)

APPROVING CURE AMOUNT PROCEDURES FOR ASSUMED AND ASSIGNED UNEXPIRED LEASES AND EXECUTORY CONTRACTS; (IV) SCHEDULING A HEARING TO CONSIDER APPROVAL OF THE ASSET SALE; AND (V) APPROVING THE FORM AND MANNER OF NOTICE OF THE AUCTION AND SALE PROCEDURES PURSUANT TO RULE 2002 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE (doc. no. 1678), dated December 24, 2002 (the "Sale Order") and (b) AMENDED NOTICE OF AUCTION, BIDDING PROCEDURES, ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS, UNEXPIRED LEASES, LICENSES AND PERMITS, AND HEARING FOR AN ORDER AUTHORIZING THE SALE OF THE DEBTORS' ASSETS (doc. no. 1756) ("Notice of Bidding Procedure"). The Court, being fully advised of the relevant facts and having heard the arguments of counsel at the Sale Hearing, and after due deliberation and sufficient cause appearing therefor:

THIS COURT HEREBY FINDS THAT:

- A. The Court has jurisdiction over the matter pursuant to 28 U.S.C. §§ 157 and 1334.
- B. Notice of the Sale Hearing was adequate and sufficient under the circumstances and complied in all respects with the applicable provisions of the Sale Order, the Notice of Bidding Procedures, the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules.
- C. On January 23, 2003, Hidden Splendor submitted a good faith, bona fide offer (the "Hidden Splendor Offer") to purchase the property identified in numbered paragraph 1 below (the "Horizon Mine Property"). The Hidden Splendor Offer, as modified by Hidden Splendor's stipulation to the Debtor's counsel dated January 29, 2003, was deemed by the Debtors to qualify as an Initial Accepted Offer (as defined in the Notice of Bidding Procedures).
- D. On January 23, 2003, Hidden Splendor filed an objection (doc. no. 1788) (the "Hidden Splendor Objection") in the form of a letter to the Court, to the cure amount listed in

Exhibit A to the Debtors' NOTICE OF CURE CLAIMS PROCEDURE AND AMOUNT OF CURE CLAIMS FOR ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS, UNEXPIRED LEASES, LICENSES AND PERMITS IN CONJUNCTION WITH SALE OF DEBTORS' ASSETS for that certain Mining Lease (the "Mining Lease"), dated February 1, 1995, by and between Hidden Splendor, Owner, and Horizon Coal Corporation, Lessee, as amended by Amendment dated June 30, 1997 and Second Amendment dated November 1, 1998, which Mining Lease was subsequently assigned in 1999 to Lodestar Energy, Inc.

E. Hidden Splendor has made its own independent inspection of the Horizon Mine Property, any liabilities of the Debtors that will be assumed by Hidden Splendor in connection with its purchase thereof and all such other matters relating to or affecting the Horizon Mine Property as Hidden Splendor has deemed necessary and appropriate. Hidden Splendor has acknowledged that in proceeding with its purchase of the Horizon Mine Property and the assumption of all of the Debtors' rights, duties and obligations relating thereto, it has done so solely upon its independent inspection and investigation of the Horizon Mine Property.

F. In accordance with the sale procedures set forth in the Notice of Bidding Procedures (the "Sale Procedures"), Hidden Splendor has provided the Debtors with an Initial Deposit (as defined in the Notice of Bidding Procedures), equal to \$10,000.00, corresponding to ten percent (10%) of its Initial Accepted Offer.

G. The Debtors determined at the Auction, which was conducted in accordance with the Sale Procedures, that the Hidden Splendor Offer was the highest and best offer and the Final Accepted Offer (as defined in the Notice of Bidding Procedures) for the Horizon Mine Property.

H. On January 31, 2003, the United States Trustee filed his Notice of Appointment of Chapter 11 Trustee, whereby Mr. William Bishop was appointed as the Chapter 11 Trustee (the "Trustee") in the Cases under section 1104 of the Bankruptcy Code.

I. Thereafter, an objection was made by Blue Ridge Services, LLC ("Blue Ridge") to the sale of certain equipment to Hidden Splendor. The matter was settled by the parties, with the settlement terms incorporated in that certain Order Approving Stipulation and Authorizing Sale to Blue Ridge of Certain of Debtors' Utah Properties ("Blue Ridge Order"), and also incorporated herein as set forth below. The Blue Ridge Objection was withdrawn. No other objections were made to the sale of the Horizon Mine Property to Hidden Splendor.

NOW, THEREFORE, IT IS ORDERED THAT:

1. The sale of the Horizon Mine Property (the "Sale"), at the Purchase Price (as defined in the Notice of Bidding Procedures) of \$100,000.00, free and clear of all liens, claims and encumbrances (collectively, the "Liens"), pursuant to sections 365(f) and (m) of title 11 of the United States Code is hereby approved, contingent upon the closing of such sale (the "Closing") no later than 11 days after the date of the entry of this Order. The Closing may occur after 11 days after the entry of this Order upon the mutual consent of Hidden Splendor and the Trustee. For purposes of this Order, the Horizon Mine Property shall consist of:

A. The Mining Lease, which includes all right, title and interest of Hidden Splendor in the following described lands situated in Carbon County, State of Utah:

Township 13 South, Range 8 East, SLM

Section 8:	SE $\frac{1}{4}$ SW $\frac{1}{4}$
Section 16:	W $\frac{1}{2}$ SE $\frac{1}{4}$
Section 17:	NW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, excluding a 66 foot right-of-

way within the E $\frac{1}{2}$ SW $\frac{1}{4}$
referred to as the "Realigned
Parcel" and more particularly
described in Exhibit A to
Attachment I of the Lease

Section 20: NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$,
SE $\frac{1}{4}$ NE $\frac{1}{4}$

Section 21: NW $\frac{1}{4}$ NE $\frac{1}{4}$
Including a 66 foot wide roadway
containing approximately 1.31 acres
referred to as the "Vacated Parcel" and
more particularly described in Exhibit B to
Attachment I of the Lease

(containing in total 640.00 acres, more or less)

together with all dumps, plants, fixtures,
improvements, rights and privileges, in
anywise belonging.

B. United States Department of the Interior Bureau of Land Management Coal Lease
UTU-74804 (the "BLM Lease"), issued to Horizon Mining, LLC under date of September 1,
1998, pertaining to the following described lands:

Township 13 South, Range 8 East, SLM

Section 6: SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$,
NW $\frac{1}{4}$ SE $\frac{1}{4}$

Section 7: Lots 1-3, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$

Section 8: SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$,
S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$,
SW $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$

Section 17: N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$

Section 18: NE $\frac{1}{4}$ NE $\frac{1}{4}$

C. Water Lease Agreement (the "Water Lease") between Florence A. Sweet and
Horizon Coal Corporation, dated May 1, 1993, pertaining to certain described water rights.

D. Water Right Lease and Sale Agreement (the "Water Right Lease") between
Mountain Coal Company and E. E. Peirce, dated April 7, 1993, assigned to Horizon Coal
Corporation under date of June 12, 1996, pertaining to certain described water rights.

E. Grant of Easement (the "Easement") dated January 3, 2001, by Steve Stamatakis and Pete Stamatakis to Lodestar Energy, Inc., covering certain described lands.

F. All of the Debtors' interest in any and all cash bonds, accounts receivable, inventory, machinery and equipment, general intangibles, contracts and leases, furniture, fixtures and real property, permits, easements and any and all other property located on the Horizon Mine premises as of the date of this Order, and specifically including those items identified as owned or leased by Lodestar Energy, Inc. on the November 2002 Daley-Hodkin Appraisal Corporation Horizon Mine Asset List ("List"), including the following items that are not presently located on the Horizon Mine premises but are hereby deemed Horizon Mine Property and expressly subject to this Order:

(a) Located at Oak Leaf Trucking in Loma, Colorado:

1 Underground Roof Bolter Ingersoll/Rand TD2-43-5-AE
Dual Mast, Electric
w/ accessories

1 Forklift Truck with accessories Caterpillar

1 1991 Feeder Breaker

(b) Located at D&D Equipment & Supply in Helper, Utah:

1 1977 Wheel Loader Caterpillar 980B
w/ attachments

(c) Loaned to Genwall Resources Inc. in Huntington, Utah:

1 Hydraulic Core Drill Hagby ONRAM 100
w/ Hydraulic Power Pack.

Specifically excluded from this sale and Order are the following equipment on the List:

- (a) the uninstalled belt conveyer which was located at Mountain States (including belting and rollers);
- (b) 3 Ford pickup trucks.

2. Specifically excluded from the Horizon Mine Property and the Additional Utah Properties under the Blue Ridge Order are the following six pieces of equipment (the "Disputed Assets"), which Disputed Assets shall remain the property of the Debtors and the Debtors' estates to be dealt with as follows:

One (1) Allis-Chalmers vibrator
One (1) Jeffrey crusher
Fletcher roof support cores, serial numbers 92900, 92901, 92902 and 92903

A. Consistent with the terms of the Blue Ridge Order, entered concurrently herewith and relative to the Disputed Assets, Blue Ridge, as agent for the Trustee, and without fee or commission other than the distribution provided below, shall sell the Disputed Assets, *provided, however,* no such sales shall occur until after the Court has entered the Blue Ridge Order and the Trustee has executed and delivered to Blue Ridge the Bill of Sale and Quit Claim Deed (both defined in the Blue Ridge Order) as required by paragraph 10 of the Blue Ridge Order, and that the Trustee shall review and approve all such sale(s) and execute the necessary documents to complete such sale(s).

B. All proceeds of all sales of the Disputed Assets shall be remitted to and made payable to the Trustee. All sales of the Disputed Assets shall be pursuant to arms length, good faith negotiations, and all sales shall be to parties that are not affiliated with the Trustee, the Debtors, Hidden Splendor or Blue Ridge.

C. All proceeds received by the Trustee from the sales of Disputed Assets shall be remitted by the Trustee, as follows: 50% to Blue Ridge and 50% to Hidden Splendor, *provided,*

however, that if the sale to Hidden Splendor pursuant to the Hidden Splendor Offer at the January 30, 2003, auction does not close by April 30, 2003, then all Proceeds shall be remitted to Blue Ridge and *further provided, however*, that the Proceeds from the sales of the Disputed Assets and the transfer of such Proceeds to Blue Ridge and Hidden Splendor, as provided above, shall not be subject to any prior liens, claims or encumbrances.

3. Contingent upon the Closing of the Sale of the Horizon Mine Property to Hidden Splendor and the application of the Cure Amount (as defined below) to the Purchase Price, the Hidden Splendor Objection is hereby withdrawn in its entirety.

4. To effectuate the sale to Hidden Splendor, the Trustee is hereby authorized, pursuant to section 365(b) of the Bankruptcy Code, to assume all leases and other executory contracts pertaining to the Horizon Mine Property and to assign them to Hidden Splendor.

5. Any and all Liens shall attach to the net proceeds received by the Trustee from the sale of the Horizon Mine Property with the same force and effect they now have, subject to further order of the Court, and any parties in interest holding any such liens are hereby directed to execute appropriate documentation releasing and terminating the same and to deliver such documentation to Hidden Splendor or its counsel.

6. The Trustee is hereby authorized and ordered to execute documents conveying the Horizon Mine Property to Hidden Splendor on the Closing date by Bill of Sale pursuant to the terms of the Sale Procedures, the Notice of Bidding Procedures and the Sale Order and to execute any and all other documents that may be required to complete transfer of the Horizon Mine Property, as described herein, to Hidden Splendor, including those documents necessary to satisfy approval requirements of regulatory agencies, without further order of this court.

7. The amount necessary to cure all defaults under the Mining Lease (the "Cure Amount") is \$11,368.31, which amount shall be credited at Closing toward the Purchase Price, as described in paragraph 8, below.

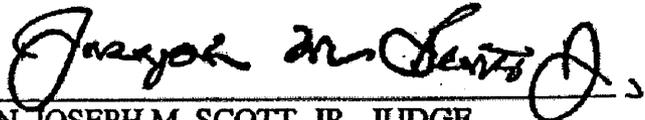
8. The Initial Deposit for the Horizon Mine Property shall also constitute the Final Deposit (as defined in the Notice of Bidding Procedures), which Final Deposit has been paid timely by Hidden Splendor, in accordance with the Sale Procedures.

9. At the Closing, Hidden Splendor shall deliver to the Trustee an amount of immediately available funds equal to the Purchase Price less the Cure Amount and Final Deposit.

10. The sale of the Horizon Mine Property to Hidden Splendor is AS IS, WHERE IS and WITH ALL FAULTS, and without any representations or warranties whatsoever of the Debtors, the Trustee, their agents or representatives, express or implied, of any kind, nature or description, including, without limitation, any warranty of merchantability or fitness for a particular purpose or any express or implied warranty as to the nature, quality, value or condition of any portion of the Horizon Mine Property.

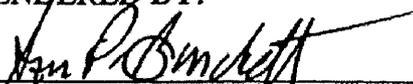
DATED: MAR 18 2003 .

BY THE COURT:



HON. JOSEPH M. SCOTT, JR., JUDGE
UNITED STATES BANKRUPTCY COURT

TENDERED BY:



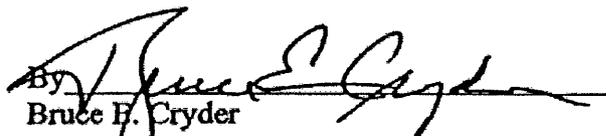
Sam P. Burchett, Esq.
200 West Vine St., Suite 400
Lexington, KY 40507-1620
Telephone: (859) 226-2100
Facsimile: (859) 226-2105
Email: spburchett@aol.com

Local Counsel for Hidden Splendor Resources Ltd.

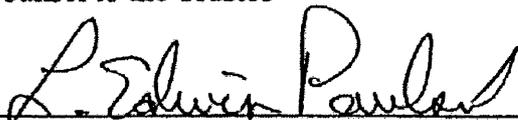
Pursuant to Local Rule 9022-1(c), Sam P. Burchett shall cause a copy of this Order to be served on each of the parties designated to receive this order pursuant to Local Rule 9022-1(a) and shall file with the Court a certificate of service of the Order upon such parties within ten (10) days hereof.

APPROVED AS TO FORM:

GREENBAUM, DOLL & MCDONALD



Bruce H. Cryder
Gregory R. Schaaf
Counsel to the Trustee



L. Edwin Paulson,
Local Counsel for Blue Ridge Services, LLC

(aw)1671/07/plead/sale order

EXHIBIT A

**Attached to and made a part of Assignment from Lodestar Energy, Inc.,
by William D. Bishop, Chapter 11 Trustee, to Hidden Splendor Resources, Ltd.
dated March 24th, 2003.**

(1) Mining Lease dated February 1, 1995 by and between Hidden Splendor Resources, Ltd., a Nevada corporation, Owner, and Horizon Coal Corporation ("Horizon"), Lessee (Memorandum of Mining Lease recorded February 28, 1995 in Book 354, Page 699, records of Carbon County, Utah), as amended by Amendment of Mining Lease dated June 30, 1997 by and between Hidden Splendor Resources, Ltd., as Owner, and Horizon Coal Corporation, as Lessee, and as further amended by Second Amendment of Mining Lease effective November 1, 1998 between Hidden Splendor Resources, Ltd., as Owner, and Horizon Mining, LLC, a Utah limited liability corporation ("Lessee"), covering the following described lands situated in Carbon County, State of Utah:

Township 13 South, Range 8 East, SLM

Section 8: SE $\frac{1}{4}$ SW $\frac{1}{4}$
Section 16: W $\frac{1}{2}$ SE $\frac{1}{4}$
Section 17: NW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$,
SE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$,
N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$,
excluding a 66 foot right-
of-way within the E $\frac{1}{2}$ SW $\frac{1}{4}$
referred to as the
"Realigned Parcel" and
more particularly described
in Exhibit A to Attachment
I of the Lease
Section 20: NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$,
SE $\frac{1}{4}$ NE $\frac{1}{4}$
Section 21: NW $\frac{1}{4}$ NE $\frac{1}{4}$
Including a 66 foot wide roadway
containing approximately 1.31 acres
referred to as the "Vacated Parcel" and
more particularly described in Exhibit B to
Attachment I of the Lease

(containing in total 640.00 acres, more or less)

together with all dumps, plants, fixtures, improvements, rights and privileges, in anywise belonging;

(2) Water Lease Agreement (the "Water Lease") between Florence A. Sweet and Horizon Coal Corporation dated May 1, 1995 (Memorandum of Water Lease Agreement dated May 1, 1995, recorded June 14, 1995 in Book 358 at Page 493, records of Carbon County, Utah) covering Water Rights Numbers 91-94, 91-353, and 91-330 with points of diversion in Sections 18 and 19, Township 13 South, Range 8 East, SLM, Carbon County, Utah, assigned to Lodestar Energy, Inc. by Horizon Mining LLC under Deed and Assignment dated July 14, 1999, recorded in Book 439 at Page 85, records of Carbon County, Utah.

(3) Water Rights Lease and Sale Agreement between Mountain Coal Company and E. E. Peirce dated April 7, 1993 covering Water User's Claim #91-4956 and the right to use a facility known as Sweet's Canyon Pond in SW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 17, Township 13 South, Range 8 East, SLM, Carbon County, Utah (assigned to Horizon Coal Corporation June 18, 1996) and assigned to Lodestar Energy, Inc. under Deed and Assignment dated July 14, 1999 recorded July 16, 1999 in Book 439 at Page 85, records of Carbon County, Utah.

(4) Grant of Easement from Steve Stamatakis and Pete Stamatakis to Lodestar Energy, Inc. dated January 3, 2001 affecting the following real property in Carbon County, Utah:

Township 13 South, Range 8 East, SLM

Section 4: W $\frac{1}{2}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$
Section 5: NW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$,
SE $\frac{1}{4}$ SW $\frac{1}{4}$
Section 6: NE $\frac{1}{4}$, SE $\frac{1}{4}$, SW $\frac{1}{4}$,
SE $\frac{1}{4}$ NW $\frac{1}{4}$
Section 7: NW $\frac{1}{4}$, SE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$,
SE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$
Section 8: N $\frac{1}{2}$ S $\frac{1}{2}$, S $\frac{1}{2}$ NW $\frac{1}{4}$,
NE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$
Section 9: NW $\frac{1}{4}$
Section 18: N $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$

(5) Any and all cash bonds, accounts receivable, books, records, coal inventory, machinery, general intangibles, contracts and leases, buildings, fixtures and improvements on the land and any other easements, rights-of-way and related facilities,

roads, and all other rights, privileges and uses belonging to the Horizon Mine and connected in any manner to the Horizon Mine land, leases, water and water rights owned or held by Assignor.

(6) The exclusive right to use the name "Horizon" and "Horizon Mine" so far as Lodestar Energy, Inc. has the power to assign such exclusive right.

WHEN RECORDED RETURN TO:
Oliver W. Gushee, Jr.
Pruitt, Gushee & Bachtell
1850 Beneficial Life Tower
Salt Lake City, UT 84111-1495

COPY

ASSIGNMENT

LODESTAR ENERGY, INC., a Delaware corporation ("Assignor"), by William D. Bishop, in his capacity as Chapter 11 Trustee of Lodestar Energy, Inc. and Lodestar Holdings, Inc., the debtors In re Lodestar Energy, Inc., Case Nos. 01-50969 and 01-50972 jointly administered under Case No. 01-50969 pending in the United States Bankruptcy Court for the Eastern District of Kentucky, Lexington Division, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby assigns and transfers to HIDDEN SPLENDOR RESOURCES, LTD., a Nevada corporation ("Assignee"), 50 West Liberty Street, Suite 880, Reno, Nevada 89501, all of Assignor's right, title and interest, in and to the following:

United States Department of the Interior Bureau of Land Management Coal Lease UTU-74804 dated effective September 1, 1998 covering the following described lands situated in Carbon County, State of Utah:

Township 13 South, Range 8 East, SLM

Section 6: SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$,
NW $\frac{1}{4}$ SE $\frac{1}{4}$
Section 7: Lots 1-3, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$
Section 8: SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$,
S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$,
SW $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
Section 17: N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$
Section 18: NE $\frac{1}{4}$ NE $\frac{1}{4}$

containing 1,288.49 acres, more or less;

and the balance of the cash bond (BLM Bond No. UT1214) deposited by Assignor on March 29, 2001 with the Utah State Office of the Bureau of Land Management, Department of the Interior, to cover one (1) year's rental plus two (2) remaining annual installments on the lease bid for UTU-74804;

free and clear of all liens, claims and encumbrances in accordance with the March 18, 2003, ORDER ISSUED BY THE COURT PURSUANT TO SECTIONS 105(A), 363, 365, 503, AND 507 OF THE BANKRUPTCY CODE AUTHORIZING SALE TO

COPY

DESIGNATION OF OPERATOR

LODESTAR ENERGY, INC., a Delaware corporation ("Assignor"), holder of Mining Permit Number C/007/020 for the Horizon No. 1 Mine ("Permit") on the records of the Utah Division of Oil, Gas and Mining ("DOG M"), by William D. Bishop, in his capacity as Chapter 11 Trustee of Lodestar Energy, Inc. and Lodestar Holdings, Inc. ("Assignor") the debtors In re Lodestar Energy, Inc., Case Nos. 01-50969 and 01-50972 jointly administered under Case No. 01-50969 pending in the United States Bankruptcy Court for the Eastern District of Kentucky, Lexington Division, hereby designates Hidden Splendor Resources, Ltd., a Nevada Corporation qualified to do business in the State of Utah, whose address is 50 West Liberty Street, Suite 880, Reno, Nevada, 89501, as its operator and local agent, with full authority to act in its behalf in complying with the terms of the Permit and regulations applicable thereto and on whom DOGM may serve written or oral instructions, with copies to the undersigned, in securing compliance with the applicable regulations with respect to the lands subject to the Permit.

It is understood that this Designation of Operator does not relieve the Assignor of responsibility for compliance with the terms of the Permit and the applicable regulations. It is also understood that this Designation of Operator does not constitute an assignment of any interest in the lands.

In case of default on the part of the designated operator, the Assignor will promptly comply with all applicable regulations and orders of DOGM.

The Assignor agrees promptly to notify DOGM of any change in the Designated Operator.

LODESTAR ENERGY, INC.

Date: March 24, 2003

By: William D. Bishop
William D. Bishop, in his capacity as Chapter 11 Trustee of Lodestar Energy, Inc. and Lodestar Holdings, Inc.

HIDDEN SPLENDOR RESOURCES, LTD.

FILE COPY

March 24, 2003

Lodestar Energy, Inc.
% William D. Bishop, Chapter 11 Trustee
Quintana Coal Company, Suite 235
2525 Harrodsburg Road
Lexington, KY 40504

Re: *Designation of Operator, Horizon
No. 1 Mine
Carbon County, Utah*

Included among the closing documents are an Assignment of Permit (No. C/007/020) to Hidden Splendor Resources, Ltd. ("Hidden Splendor") and a Designation of Operator for Mining Permit No. C/007/020, both of which are being executed by the Trustee in his capacity as Chapter 11 Trustee for Lodestar Energy, Inc. and Lodestar Holdings, Inc.

Per your request, Hidden Splendor hereby agrees that during the period prior to the Utah Division of Oil, Gas and Mining ("DOG M") approval of transfer of Permit No. C/007/020 to Hidden Splendor, in which Hidden Splendor shall have assumed possession and orderly supervision of the area of the mining permit under the Designation of Operator, Hidden Splendor agrees to indemnify and hold Lodestar Energy, Inc. and the Trustee harmless and defend them against any and all claims, demands, suits, costs, judgments, damages, losses, fines, liabilities and costs arising or related to the operations or conduct of Hidden Splendor occurring during such period until the approval of the transfer of Permit No. C/007/020 has been delivered by DOGM to Hidden Splendor and the Trustee.

Signed:



Cecil Ann Walker
President

OWG:mf
1671.07
Enclosures
\\1671\07\corr\Bishop 3-03.doc



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:
3453
UTU-74804
(UT-924)

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).



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:

3453
UTU-74804
(UT-924)

APR 16 2003

NOTICE

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

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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.

In researching this lease, it was discovered that Lodestar holds an additional \$10,000 bond (BLM Bond No. UT1240) on a water monitoring well located on the lease. It appears that this was not covered by the court order. This bond will remain as is until an acceptable replacement bond is submitted to this office.

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. Bond Form 3404-1 (1p double sided)
2. Copy of Lease (7 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
Lodestar Energy, Inc., HC 35 Box 370, Helper, UT 84526
Accounts (Attn: Dave Mascarenas)

Appendix 2-2
Insurance and Newspaper Acknowledgments

Insert
New Certification of Insurance
and
Affidavit of Publication

APPENDIX 2-2

INSURANCE AND NEWSPAPER ACKNOWLEDGMENTS

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

I, Ken Larson, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State a true copy of which is hereto attached, was published in the full issue of such newspaper for 1 (One) consecutive issues, and that the first publication was on the 8th day of April, 2003, and that the last publication of such notice was in the issue of such newspaper dated the 8th day of April, 2003.

Ken G. Larson

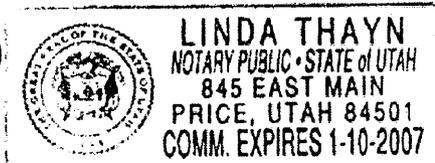
Ken G Larson - Publisher

Subscribed and sworn to before me this 8th day of April 2003.

Linda Thayne

Notary Public My commission expires January 10, 2007 Residing at Price, Utah

Publication fee, \$ 177.76



Notice is hereby given that Hidden Splendor Resources, Inc. ("Hidden Splendor"), formerly Hidden Splendor Resources, Ltd., a Nevada corporation, whose address is 57 West 200 South, #400, Salt Lake City, Utah 84101, has acquired the Horizon Mine from Lodestar Energy, Inc., a Delaware corporation, by William D. Bishop, in his capacity as Chapter 11 Trustee of Lodestar Energy, Inc. and Lodestar Holdings, Inc., the Debtors In Re: Lodestar Energy, Inc., Case Nos. 01-50969 and 01-50972, jointly administered under Case No. 01-50969 pending in the United States Bankruptcy Court for the Eastern District of Kentucky, Lexington Division, in accordance with the March 18, 2003 Order issued by the Court Authorizing Sale to Hidden Splendor Resources, Ltd. Pursuant to Sections 105(a), 363, 365, 503, and 507 of the Bankruptcy Code of Certain Debtors' Property Free and Clear of All Liens, Claims and Encumbrances. Hidden Splendor has submitted an application to the Utah Division of Oil, Gas and Mining under the provisions of the Utah Administrative Code Rule R645-303-300 for approval of the transfer of Permit No. C/007/020 ("Permit") to Hidden Splendor. Upon approval of the Permit transfer, the Permit and the permit area would be owned or controlled by Hidden Splendor. The permit area is located in Carbon County, Utah and is described as follows:

Township 13 South, Range 8 East, SLM

- Section 8: W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, Portion NW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, Portion NE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, Portion SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, Portion SW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, Portion SW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, Portion NW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, Portion NE $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, Portion SE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, Portion SW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, Portion NW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, Portion NE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, Portion SE $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, Portion NE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, Portion NW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, Portion SW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, Portion SE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, Portion NE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, Portion NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$
- Section 17: NW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$
- Section 18: NE $\frac{1}{4}$ NE $\frac{1}{4}$
- Section 7: SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, Portion NE $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$, Portion SE $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$, Portion SW $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$, Portion SE $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$, Portion NW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$, Portion NE $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, Portion NW $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, Portion SW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$

The permit area of the Horizon Mine contains 711 acres, more or less, consisting of 305 acres, more or less of Fee coal and 406 acres, more or less of Federal leased coal.

Pertinent comments are solicited from anyone affected by this proposed transfer of the Permit. Such comments should be filed within the next thirty (30)

Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Published in the Sun Advocate April 8, 2003.

**Appendix 2-4
Entity Reference File**

**Insert
Statement of Qualifications submitted to BLM
and
Updated Horizon Mine Permit Violation History**

**Remove
All Lodestar Energy Corporate Structure
Mine Entities and Violation History**

APPENDIX 2-4
ENTITY REFERENCE FILE

**STATEMENT OF QUALIFICATIONS
OF
HIDDEN SPLENDOR RESOURCES, INC.**

In compliance with 43 CFR 3472.2-2, it is hereby stated:

- (1) That HIDDEN SPLENDOR RESOURCES, INC. (the "Corporation"), is incorporated under the laws of the State of Nevada.
- (2) That the Corporation is authorized to hold coal leases.
- (3) That the names of officers authorized to act on behalf of the Corporation are:

<u>Name</u>	<u>Address</u>	<u>Title</u>
Cecil Ann Walker	50 West Liberty, #880 Reno, NV 89501	President
Alexander H. Walker, III	57 West 200 South, #400 Salt Lake City, UT 84101	Vice President
Alexander H. Walker, Jr.	50 West Liberty, #880 Reno, NV 89501	Secretary
Amanda W. Cardinalli	50 West Liberty, #880 Reno, NV 89501	Treasurer

(4) That, as of this date, the percentage of common stock of said Corporation, which is the only class of stock, owned and controlled by or on behalf of persons whom the Corporation knows to be or who the Corporation has reason to believe are aliens or who have addresses outside the United States, is as follows:

Less than ten percent (10%) of the outstanding common stock, which is the voting stock of the Corporation.

(5) That more than ten percent (10%) of the Corporation's outstanding common stock as shown by the books of the Corporation or is known to be or believed to be owned by or controlled by each of the following:

<u>Name</u>	<u>Address</u>	<u>Citizenship</u>	<u>Federal Coal Acreage Holdings</u>
Alexander H. Walker, Jr. and Cecil Ann Walker	50 West Liberty, Suite 880 Reno, NV 89501	U.S.A.	Federal Coal Lease UTU-74804

(6) That neither the Corporation nor any stockholder identified under paragraph (5) above nor any affiliate of the corporation hold an interest in any federal coal permits and/or leases (other than the acreage in UTU-74804, when the Assignment is approved).

It is hereby certified that the statements made herein are true, complete and correct to the best of the undersigned's knowledge and belief and that the officer executing this Statement has full authority to execute instruments of this nature.

Executed this 6 day of May, 2003.

HIDDEN SPLENDOR RESOURCES, INC.

By: Cecil Ann Walker
Cecil Ann Walker, President

**Utah Notice of Violation/Cessation Order Listing
For Horizon Mine Permit No. C/007/020**

NOV/CO No.	Nature of Violation	Date of NOV/CO	Termination Date
96-26-4-3 1 of 3	Park vehicles in designated area	10/31/96	11/1/96
96-26-4-3 2 of 3	Store material in approved area	10/31/96	11/1/96
96-26-4-3 3 of 3	Store and protect topsoil	10/31/96	11/1/96
97-26-5-1	Missing parameters in water sampling 3 rd Quarter	6/26/97	9/16/97
97-26-7-1	Receive approval prior to modifying undisturbed diversions	8/21/97	3/4/98
98-26-1-1	Cessation Order – Culvert Installation	1/13/98	Vacated 2/25/98
98-26-1-1	Store materials only in designated areas	2/13/98	3/9/98
98-26-2-1	Receive approval on culvert installation	2/23/98	5/15/98
98-26-3-1	Maintain coal mine waste	5/29/98	6/10/98
98-26-4-1	Riparian topsoil placement	8/26/98	11/3/98
99-26-1-1	Failure to comply with Division Order	4/6/99	12/10/99
99-26-1-1	Cessation Order – Mining Outside Permit Area	4/8/99	Vacated 6/1/99
99-26-2-1	Water Monitoring	5/19/99	6/28/99
02-46-2-1	Discharge of dirty mine water	3/15/02	3/21/02
03-51-2-1	Cessation Order – Conducting coal mining and reclamation operations without an adequate bond.	3/12/03	

Licenses and permits needed to conduct a coal mining operation are listed below.

LICENSES & PERMITS - HORIZON MINE

PERMIT	ISSUING AUTHORITY
C/007/020	Division of Oil, Gas, & Mining 1594 West North Temple, Suite 1210 P.O. Box 145801 Salt Lake City, Utah 84114-5801
Construction & Air Quality DAQE-700-00	Division of Air Quality 150 No. 1950 West P.O. Box 144820 Salt Lake City, Utah 84114-4820
Construction, Sedimentation Pond and Drainage System	Division of Water Pollution Control 288 No. 1460 West P.O. Box 16690 Salt Lake City, Utah 84116-0690
Water Rights (leased)	Division of Water Rights 453 S. Carbon Avenue Price, Utah 84501
Construction Sewer Facilities	Southeastern Utah Health District 6 East Main Street Price, Utah 84501
Carbon County Planning & Zoning	Carbon County Courthouse Price, Utah 84501
UPDES (UTG040019)	State of Utah Department of Environmental Quality Water Quality Division 288 No. 1460 West Salt Lake City, Utah 84114-4870
MSHA (see Section 112.700)	U.S. Department of Labor Mine Safety and Health Administration P.O. Box 25367 Denver, Colorado 80225