0034

please copy to operator - Hidden Splendor

Vickie - pls set up conf. w/ LPB, TX, MS 9/22

September 16, 2004

State of Utah - Dept of Natural Resources
ATTN: Mary Ann Wright
1594 W. North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

To: Coal
C/007/0020
Incoming
Copy Mary Ann, Pete, Wayne

Mary Ann Wright,

I am writing to request a conference regarding all of our objections.

- Hidden Splendor should have the same contract as Horizon does. I have enclosed a copy of the contract.
- Hidden Splendor needs to do the reclamation on the water wells.
- We need more subsidence monitoring over the panels on the creek.
- We need to know how they plan to mitigate or replace the water on top of the mountain because there is not bond for it.
- We need to accompany the mine on the water monitoring.
- All of the above should be covered by a bond.

Sincerely, Steve Stamatakis

Steve Stamatakis
Pete Stamatakis

RECEIVED
SEP 20 2004
DIV. OF OIL, GAS & MINING
9/22

RIGHT OF EN'I'RY

This document is verification that on the 3rd day of January, 2001, an agreement by and between Steve Stamatakis and Pete Stamatakis whose addresses are 2672 West Gordon Creek Road, Price, Utah 84501 and 1111 Suoth 450 West , Price. Utah 84501 (hereinafter referred to as "Grantor") and LODESTAR ENERGY, INC., a Delaware corporation, with address of HC35 Box 370, Helper, Utah 82526 (hereinafter referred to as "Grantee") was reached where in summary the:

1. Grantor hereby grants the right of ingress and egress on the premises shown in Exhibit A, for conducting studies, surveys, and evaluations, necessary for maintaining a mining permit, along with locating, drilling, installing, maintaining, studying, and monitoring all water monitoring wells and locations for the express purpose of completing water monitoring and studies as required pursuant to Lodestar's permit or permits with the Utah Department of Oil, Gas, and Mining. Access to the premises shall be coordinated through the Grantor or Grantor's representative so as to accomplish the goal in a safe and non-disruptive manner considering the livestock, or other activities that are ongoing on the premises.

2. The installation of at least two (2) water monitoring holes that will be through the mineable coal seam located on the premises.

3. The installation of at least three (3) exploration holes that will be through the mineable coal seam located on the premises.

4. Any damage to the Grantor's property shall be repaired by the Grantee and the premises shall be restored as near as possible to its original condition.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto on this day herein above written.

GRANTOR

Steve Stamatakis

Pete Stamatakis

GRANTEE LODESTAR ENERGY, INC.

Mark Wayment

GRANT OF EASEMENT

This Grant of Easement made this 3 day of January, 2001, Steve Stamatakis and Pete Stamatakis, brothers, of 2676 West Gordon Creek Road, Price, Utah 84501 and 1111 South 450 West, Price, Utah 84501 (collectively "Stamatakis") to Lodestar Energy , Inc., a Delaware corporation, with address of HC35 Box 370, Helper, Utah 84526 ("Lodestar"):

1. Real Property Affected. The easement hereby granted affects the real property located in Carbon County, Utah ("the Property"):

Township 13 South. Range 8 East, SLM

Section 4:	W1/2, W1/2 NE1/4, NW1/4SE1/4
Section 5:	NW1/4, W1/2SE1/4, SW1/4SE1/4, SE1/4SW1/4
Section 6:	NE1/4, SE1/4, SW1/4, SE1/4NW1/4
Section 7:	NW1/4, SE1/4, SE1/4NE1/4, SE1/4SW1/4, N1/2 SW1/4
Section 8:	N1/2S1/2, S1/2NW1/4, NE1/4NW1/4, NE1/4
Section 9:	NW1/4
Section 18:	N1/2NW1/4, NE1/4NE1/4

2. Term. The initial term of this easement shall be three (3) years from the date of this instrument. This Agreement shall renewable for additional three (3) year terms, commencing at the end of the Initial Term, or any renewal term, provided that Lodestar shall notify Stamatakis, in writing, of Lodestar's intention to renew this Agreement at least ninety (90) days prior to the expiration of the prior term. Any such renewal shall be subject to all terms and conditions set forth herein.

3. Grant of Easement. That in consideration of the payments set forth in Paragraph 4 hereunder, and in further consideration of the other duties required of Lodestar as set forth in this Easement, Stamatakis does hereby grant to Lodestar an easement and right-of-way, together with the right of ingress and egress, for the purposes of conducting studies, surveys, and evaluations necessary for maintaining a mining permit, along with locating, drilling, installing, maintaining, studying, and monitoring all water monitoring wells and locations on Stamatakis' property only, for the express purpose of completing water monitoring and studies as required pursuant to Lodestar's permit or permits with the Utah Department of Oil, Gas, and Mining, and to conduct any and all operations or activities as are necessary to maintain such permits.

4. Consideration. As consideration, Lodestar shall pay to Stamatakis the following amounts:

4.1 The sum of Six Thousand dollars ($6,000.00) as an Easement Fee, to be paid in three equal annual installments of $2,000.00 each. The first installment of Two Thousand ($2,000.00) dollars has been paid on the execution of this Grant of Easement, and receipt thereof is acknowledged by Stamatakis. The remaining payments shall be paid on the anniversary date of this Agreement in the years 2001 and 2002, respectively. The payments shall be paid in two checks of $1,000.00 each.

4.2 Two Thousand Five Hundred dollars ($2,500.00), per exploration hole for each of not more than three (3) exploration holes installed on the Property; the funds shall be paid prior to the start of construction of each hole, and shall be paid in two checks of $1,250.00 each.

4.3 The sum of Ten Thousand ($10,000.00) Dollars per water monitoring hole for each of not more than two (2) water-monitoring holes to be installed on the Property; the funds shall be paid prior to the start of construction of each hole, and shall be paid in two checks of $5,000.00 each.

4.4 As consideration for each three (3) year renewal period after the initial term, Lodestar shall pay to Stamatakis an amount equal to the prior term's Easement Fee, together with an increase equal to five (5%) percent or the percent increase in United States Consumer Price Index calculated from the date of the prior payment, whichever is greater, of the prior term's Easement Fee. The payment to be paid in three equal annual installments, the first installment to be paid on the renewal date, and the remaining payments to be paid on the anniversary date of the renewal of this Agreement in the subsequent years, all payments in two equal checks.

5. Conduct of Operations. Lodestar shall at all times conduct its operations and activities on the Property in a good and workmanlike manner and in compliance with all local, state, and federal laws and regulations, but nothing herein shall prevent Lodestar from contesting in good faith any such laws, rules, and regulations.

6. Reclamation. Lodestar shall commence and complete reclamation on any disturbance it makes upon the Property as soon as is practical after the completion of each project or installation of each exploration or water monitoring hole. Any reclamation completed on this easement requiring seeding and fencing after the drilling process is finished will be completed with a seed mix specified by the Stamatakis'. The Stamatakis' will be allowed to bid, on the fencing and the reseeding, but Lodestar shall have no obligation to accept such bid.

7. Road Maintenance. Lodestar shall maintain in good repair any roads which it utilizes in its activities upon the Property, including dust suppression where necessary. Any repairs to the roadways will be commenced upon the completion of the drilling and installation of the water monitoring holes in any area of the Property.

8. Use of Water. Lodestar may use water from the Property for a consideration of Sixty Five dollars ($65.00) per load (not to exceed two (2,000) thousand gallons per load), which amount shall be paid upon the completion of each hole and is subject to the availability of water.

9. Duties upon Expiration or Termination. Notwithstanding the provisions of paragraph 6, upon the expiration or termination of this easement, Lodestar shall reclaim the water monitoring holes, exploration holes and any other sites Lodestar may have disturbed but not reclaimed on the Property within six (6) months of the expiration date, and shall reclaim the property to be in substantially the same condition as when found.

10. Hold Harmless. Stamatakis shall not be liable for any injury, death or property damage suffered by Lodestar, its employees, invitees or subcontractors, or anyone else upon the Property at any time, except injury or damage caused solely by Stamatakis' own gross negligence. Lodestar hereby agrees to indemnify, save, defend and hold harmless, and fully releases, acquits and forever discharges Stamatakis, their agents, guests, invitees, successors and assigns from any and all obligations, actions, causes of action, claims, demands, judgements, liabilities, losses costs damages and expenses of whatever kind or character (including, without limitation, reasonable attorney fees) for any injury, death or damages of any kind or character whether to persons, animals or property, arising out of or related to Lodestar's presence upon the Property and/or the construction, maintenance, use and removal of the exploration or water monitoring holes, except to the extent such injury or damage to Lodestar or anyone else is caused solely by Stamatakis' own gross negligence.

11. Assignment. This easement shall not be assigned by Lodestar without the express prior written consent of Stamatakis', which consent shall not be unreasonably withheld.

12. Access to Property. Access to the Property shall be coordinated through either Stamatakis(s) or Stamatakis' representative so as to accomplish the access in a safe and non-disruptive manner considering the livestock, or other activities that are ongoing on the Property. In the event of vandalism to Lodestar's monitoring equipment, access may be delayed no more than a five (5) day period. In case of emergencies, Lodestar will be allowed to install its own lock to maintain access. Notification for access will be given to either Stamatakis or their representative no less than two days prior to access.

13. Termination. This Easment may be terminated by Stamatakis if, at any time during the term hereof, Lodestar fails to perform any requirement under this Easement, and fails to rectify the same within thirty days of Stamatakis providing Lodestar written notification of such failure.

14. Notice. Notice hereunder shall be considered properly given if delivered by certified mail, return receipt requested, as follows:

If to Stamatakis:

Steve Stamatakis
~~Pete Stamatakis~~
2676 West Gordon Creek Road
Price, Utah 84501

Pete Stamatakis
1111 SE. 450 WEST
Price, UT 84501

If to Lodestar:

Lodestar Energy , Inc
HC35 Box 370
Helper, Utah 84526

IN TESTIMONY WHEREOF, the parties have executed this document effective the date first above written.

STAMATAKIS:

Steve Stamatakis

Pete Stamatakis

LODESTAR ENERGY, INC.

By _____

Its GENERAL MANAGER

STATE OF UTAH)
:ss.
COUNTY OF CARBON)

Personally appeared before me this 3 day of ~~December~~ January, 2000, Steve Stamatakis and Pete Stamatakis, two of the signers of the foregoing instrument, who, being personally known to me, did acknowledge that they executed the same.

My Commission Expires:

10/29/2001

Notary Public

Residing at: Price, UT

STATE OF UTAH)
:ss.
COUNTY OF CARBON)

Personally appeared before me this 3 day of ~~December~~ January, 2000, Mark D. Wayment, one of the signers of the foregoing instrument, who, being personally known to me, did acknowledge that he is the General Manager of Lodestar Energy, Inc., a Delaware Corporation, and that he executed the same on behalf of the Corporation.

My Commission Expires:

Notary Public

10/29/2001

Residing at: Price, UT