STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215 Denver, Colorado 80203 Phone: (303) 866-3567 FAX: (303) 832-8106

October 28, 2013

Scott Wanstedt Blue Mountain Energy, Inc 3607 County Road 65 Rangely, CO 81648

Re: Deserado Mine (Permit No. C-1981-018)

Permit Expiration

Dear Mr. Wanstedt:

The purpose of this letter, as required by Rule 2.08.5(2)(a) of the Rules and Regulations of the Colorado Mined Land Reclamation Board for Coal Mining, is to inform you that the five-year permit term for the Deserado Mine will expire on July 27, 2014. In order to ensure that Blue Mountain Energy, Inc may continue operating the mine beyond that date, a complete application for renewal of the permit must be received at least 180 days prior to its expiration (Rule 2.08.5(3)(f)). Therefore, a complete application would be required on or before January 28, 2014.

A renewal application form is available on the Division's web site at http://mining.state.co.us/SiteCollectionDocuments/RenewalApp.pdf. The form should be submitted with the following information, at a minimum, as required by Rule 2.08.5(2)(b):

- 1. A statement of the name and address of the permittee, the term of the requested renewal, the permit number, and a description of any changes to the matters set forth in the original application for a permit or prior permit renewal;
- 2. A copy of the newspaper notice to be placed in a local newspaper in accordance with the requirements of Rule 2.07.3(2); and
- 3. Evidence that a liability insurance policy or adequate self-insurance under Rule 2.03.9 will be provided by the applicant for the proposed period of renewal.

Should you or your staff have questions or need additional information, please contact me.

Sincerely.

Zach T. Trujillo

Environmental Protection Specialist

Zach.trujillo@state.co.us

C-RN-21



John W. Hickenlooper Governor

Mike King Executive Director

Loretta E. Pineda