



DESERADO MINE

BLUE MOUNTAIN ENERGY

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October 27, 2016

Mr. Clayton Wein
Division of Reclamation, Mining and Safety
1313 Sherman Street, Room 215
Denver, CO 80203

RE: Professional Certification for the Coal Processing Waste Banks
Deserado Mine - Permit No. C-1981-018

Dear Clayton:

During the third quarter of 2016, qualified persons working under my direction and I conducted a series of compliance inspections on the active coal processing waste banks located within the Deserado permit area. These inspections were conducted roughly on a bi-weekly basis.

I am a professional engineer registered in the State of Colorado and my experience fulfills the requirements of the Colorado Surface Coal Mining Reclamation Act.

The purpose of these inspections and subsequent certification is to ensure proper construction of the refuse piles and to satisfy the requirements of Rule 4.10.2 of the Colorado Mined Land Reclamation Board.

INSPECTION OF ACTIVE AREAS 2-3-4 and 5A

There are no apparent points of seepage, or indications of slope failure on the active piles. The surface drainage facilities were adequately maintained and were working properly to convey surface runoff. Sediment control structures need periodic maintenance and are cleaned out as conditions warrant.

The following maintenance work was completed since the last quarterly report:

1. Refuse was spread and compacted on Areas 2-3-4 and 5a.
2. The east cell of the sediment pond for Areas 2-3-4 was cleaned.

Our permit requires no sub-drain system, as geotechnical investigations for the disposal site revealed no groundwater present.

Refuse is spread and compacted in lifts not exceeding 24" in depth. Typically refuse is spread much thinner producing 6" to 8" lifts.

Permanent out slopes remain at approximately 95% complete on the toe of sub-area 2-3-4. The infill between these sub-areas is complete. The slopes appeared stable with some localized erosion noted.

Fourteen compaction tests were performed during the quarter. All test provided adequate results showing compaction greater than the minimum 90% proctor requirement.

Refuse Area 5A has progressed to the point where the drainage characteristics are evolving. The in-pit ditches on the east and west sides are established with appropriate channel protection to carry the projected runoff.

To date, a total of 5,857,041 tons of wet refuse have been placed in the 2/3/4 combined sub-area and a total of 4,818,692 tons of wet refuse have been placed in sub-area 5A.

The topsoil and subsoil piles for sub-areas 1, 2/3/4 and 5A have been seeded and are stable. Vegetative growth appears adequate to control erosion on the piles. The disturbed top surface of the subsoil pile for sub-area 5A was seeded in the fall of 2010 and the perennial vegetation is now well established.

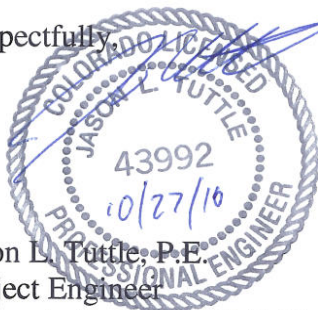
Quarterly monitoring of RP-4 refuse pond embankment has continued, and appears to be stable.

To the best of my knowledge, based on my professional expertise, the permanent refuse structures at the Deserado mine are being constructed in conformance with the prudent state-of-the-art construction practices as they relate to coal processing waste bank construction. Further, the structures are being constructed in compliance with the approved design, as specified within Section III.B.3 of the approved permit documents and depicted on Maps 76, 77, 77A and 150 and other permit documents or maps as amended from time to time.

I certify, based on my field observations and those observations of my qualified designates and professional investigations, as detailed above, that the permanent refuse disposal structures at Blue Mountain Energy, Inc., Deserado Mine, located in Rio Blanco County, Colorado, are being constructed in compliance with the design approved as a portion of Permit No. C-1981-18, issued by the Colorado Division of Reclamation, Mining and Safety.

Respectfully,

Jason L. Tuttle, P.E.
Project Engineer
Colorado Registered P.E. No. 43992



xc: Jeff Dubbert
Scott Wanstedt
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