



COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

May 30, 2017

Scott Wanstedt
Blue Mountain Energy Inc.
3607 CR 65
Rangely, CO 81648

**RE: Blue Mountain Energy Inc.
Notice of Intent No(s). X-2007-230-00, X-2008-230-01, X-2008-230-02, X-2011-230-03, and
X-2013-230-04
Expiration Date and Update of Cost Estimates**

Dear Mr. Wanstedt,

In accordance with Rule 3.05.2(4) of the Rules and Regulations of the Colorado Mined Land Reclamation Board for Coal Mining, the amount of performance bond required shall be adjusted by the Division from time to time for good cause in accordance with 3.02.2(4). Rule 3.02.2(4) requires the performance bond to be adjusted every two and one-half years.

In addition, the above noted Notice of Intent(s) (NOI) have expired or are set to expire. As such, the NOIs are no longer ACTIVE. An NOI will remain active until such time that the activities associated with the NOI have been completed and bond release granted. In order for the NOI to be brought back into active status, an amendment to the NOI requesting a change in the expiration date is required.

Below is a list of the now or forthcoming INACTIVE NOI's and the NOI's current status, along with the requirements to ensure that the NOI is in compliance and ACTIVE.

X-2007-230-00 - Expired January 31, 2008. The Division currently holds a corporate surety for \$4,520.00. Based on the Division's 2017 Reclamation Cost Estimate (RCE) the required liability is \$7,776.46. The Division received the Drill Hole Abandonment Report for all holes approved under this NOI. In order for this NOI to be released, a Final Reclamation Report and bond release request is required by the Division. If it is the intention of BME to not close out this NOI, **Please provide the Division with an amendment request extending the expiration date to such time that all reclamation activities have been completed and a Final Reclamation Report can be submitted to the Division with any required additional bond amount reflective of the Division's updated 2017 Reclamation Cost Estimate (RCE).**

X-2008-230-01 - Expired June 1, 2011. The Division currently holds a corporate surety for \$4,316.00. Based on the Division's 2017 Reclamation Cost Estimate (RCE) the required liability is \$7,549.84. The Division has not received the Drill Hole Abandonment Report for all holes approved under this NOI. In order for this NOI to be released or remain active, a 180-day Report, Drill Hole Abandonment Report, and Final Reclamation Report and bond release request is required by the Division. If it is the intention of



BME to not close out this NOI, **Please provide the Division with a 180-day Report, an amendment request extending the expiration date to such time that all reclamation activities have been completed and a Final Reclamation Report can be submitted to the Division with any required additional bond amount reflective of the Division's updated 2017 Reclamation Cost Estimate (RCE).**

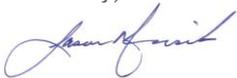
X-2008-230-02 - Expired June 1, 2011. The Division currently holds a corporate surety for \$46,476.00. Based on the Division's 2017 Reclamation Cost Estimate (RCE) the required liability is \$102,950.84. The Division received Mineral Prospecting Drill Hole Abandonment Reports for holes/sites B, C, E1, E2, E3, E4, N1, N2 and N3. These forms are similar to the Coal Program's Drill Hole Abandonment Reports, but lack some fields that are required per Rule 4.07.3(3). In order for this NOI to be released or remain active, a 180-day Report, Coal Exploration Drill Hole Abandonment Reports, and Final Reclamation Report and bond release request is required by the Division. If it is the intention of BME to not close out this NOI, **Please provide the Division with a 180-day Report, an amendment request extending the expiration date to such time that all reclamation activities have been completed and a Final Reclamation Report can be submitted to the Division with any required additional bond amount reflective of the Division's updated 2017 Reclamation Cost Estimate (RCE).**

X-2011-230-03 - Expired January 1, 2016. The Division currently holds a corporate surety for \$44,840.00. Based on the Division's 2017 Reclamation Cost Estimate (RCE) the required liability is \$52,210.67. The Division received the Drill Hole Abandonment Report for all holes approved under this NOI. In order for this NOI to be released, a Final Reclamation Report and bond release request is required by the Division. If it is the intention of BME to not close out this NOI, **Please provide the Division with an amendment request extending the expiration date to such time that all reclamation activities have been completed and a Final Reclamation Report can be submitted to the Division with any required additional bond amount reflective of the Division's updated 2017 Reclamation Cost Estimate (RCE).**

X-2013-230-04 - Expires December 31, 2017. The Division currently holds a corporate surety for \$35,773.63. The Division received the Drill Hole Abandonment Report for three holes approved under this NOI. In order for this NOI to be released, a Final Reclamation Report and bond release request is required by the Division. If it is the intention of BME to not close out this NOI, **Please provide the Division with an amendment request extending the expiration date to such time that all reclamation activities have been completed and a Final Reclamation Report can be submitted to the Division with any required additional bond amount reflective of the Division's updated 2017 Reclamation Cost Estimate (RCE).**

If you have any questions or comments feel free to contact me. (303) 866-3567 ext 8134

Sincerely,



Jason Musick

Environmental Protection Specialist