



COLORADO

**Division of Reclamation,
Mining and Safety**

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

January 29, 2018

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

**RE: Blue Mountain Energy, Inc. Deserado Mine, Permit C-1981-018
Fourth Quarter 2017 Pond Inspection Report Review
Fourth Quarter 2017 County Road #65 Subsidence Report Review**

Dear Mr. Wanstedt:

Fourth Quarter 2017 Pond Inspection Report Review

The Colorado Division of Reclamation, Mining, and Safety (CDRMS) has reviewed and found the above referenced report to be in compliance with the following CDRMS regulation(s):

4.05.9(17) - Examined at least quarterly by a qualified person designated by the operator, for appearance of structural weakness and other hazardous conditions.

4.05.9(17) - A copy of the report shall be submitted to the Division on a quarterly basis.

The forth quarter pond inspection report was received by the Division on January 19, 2018. Pond inspections were conducted by Scott Wanstedt of BME on December 15 and 18, 2017.

It is noted that discharge was only observed from the B-Seam dewatering last chance pond. The Division understands that, based on the information in the report, seepage at the BD2-5 dewatering pond was observed. This area is being monitored to ensure that the integrity of the pond is not compromised.

Fourth Quarter 2017 County Road #65 Subsidence Report Review

The Colorado Division of Reclamation, Mining, and Safety (CDRMS) have found the above referenced report to be in compliance with the requirements of C-1981-081 unless noted below.

Longwall mining did not occur under RCR #65 during the quarter. Only superficial surface impacts from prior mining was observed and no significant damage that would warrant repairs. These observations



Blue Mountain Energy, Inc

Page 2

1/29/2018

reflect the Division's observations during the on-the-ground inspections conducted during the third quarter 2017.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Musick", with a stylized flourish at the end.

Jason Musick

Environmental Protection Specialist