




COLORADO
Division of Reclamation,
Mining and Safety
Department of Natural Resources

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PERMIT INFORMATION

| | |
|--|--|
| Permit Number: C-1981-012 Mine Name: New Elk Mine Operator: New Elk Coal Company, LLC Operator Address: Mr. Louis Head 12250 Highway 12 Weston, CO 81091 | County: Las Animas Operation Type: Underground Permit Status: Active Ownership: Private |
| | Operator Representative Present: Nick Mason |
| Operator Representative Signature: (Field Issuance Only) | |

INSPECTION INFORMATION

| | | | |
|--|--|--|---|
| Inspection Start Date: August 22, 2018 Inspection Start Time: 07:40 Inspection End Date: August 23, 2018 Inspection End Time: 07:30 | | Inspection Type: Coal Complete Inspection Inspection Reason: Normal I&E Program Weather: Cloudy | |
| Joint Inspection Agency: None | | Joint Inspection Contacts: | |
| Post Inspection Agency: None | | Post Inspection Contacts: | |
| Inspector(s): Robert D. Zuber, P.E. | Inspector's Signature:  | | Signature Date: 8/24/2018 |

Inspection Topic Summary

NOTE: Y=Inspected N=Not Inspected R=Comments Noted V=Violation Issued NA=Not Applicable

Y - Air Resource Protection

R - Availability of Records

Y - Backfill & Grading

R - Excess Spoil and Dev. Waste

NA - Explosives

Y - Fish & Wildlife

R - Hydrologic Balance

Y - Gen. Compliance With Mine Plan

N - Other

R - Processing Waste

R - Roads

Y - Reclamation Success

R - Revegetation

Y - Subsidence

Y - Slides and Other Damage

R - Support Facilities On-site

R - Signs and Markers

R - Support Facilities Not On-site

Y - Special Categories Of Mining

R - Topsoil

COMMENTS

A complete inspection was conducted by Rob Zuber of DRMS on August 22 and 23, 2018. The primary NECC representative who participated in the field inspection was Nick Mason. The weather was partly cloudy, and the ground was somewhat muddy. NECC staff indicated that the site received rain over the previous days.

AVAILABILITY OF RECORDS – Rule 5.02.4(1):

Some recent quarterly reports were not available: pond inspection reports, waste bank inspection reports.

EXCESS SPOIL and DEVELOPMENT WASTE – Rule 4.09

Placement; Drainage Control; Surface Stabilization:

Erosion on DWDA#2 persists. The sump below DWDA#2 did not need immediate maintenance.

No rills were seen on the Development Coal Waste Pile, and the vegetation remains good on this reclaimed area.

HYDROLOGIC BALANCE - Rule 4.05

Drainage Control 4.05.1, 4.05.2, 4.05.3; Siltation Structures 4.05.5, 4.05.6; Discharge Structures 4.05.7, 4.05.10; Diversions 4.05.4; Effluent Limits 4.05.2; Ground Water Monitoring 4.05.13; Surface Water Monitoring 4.05.13; Drainage – Acid and Toxic Materials 4.05.8; Impoundments 4.05.6, 4.05.9; Stream Buffer Zones 4.05.18:

Ponds 001A, 004A, 006A, 007A, and 08 were inspected. None of them were discharging, but all held at least a small amount of water. A large amount of water was in Pond 006A, within approximately four feet from top of embankment. The impounded water in Pond 007A was one to two feet below the lowest row of holes in the primary spillway. No water was seen flowing into the ponds from the pipe and pump systems on site. No significant issues were seen with the embankments or spillways of any ponds, although the top of the Pond 08 dam lacks vegetation.

Number of Partial Inspection this Fiscal Year: 1

Number of Complete Inspections this Fiscal Year: 1

Within the SAE by Pond 007A, BMPs appear to be functioning. There was no discharge from this outfall. No leaks of fluids from equipment were seen within the SAE. No problems were seen with the SAE east of DWDA#2, and the riprap below this area is stable. No problems were seen with the SAE around the slurry injection system.

No issues with ditches were seen. The following ditches were inspected on the ground (several others were viewed from a vehicle): D22A, D22, D32, and D58.

Vince Massarotti was cleaning Ditch D12 during the inspection. Check dams have been added to the ditch below the soil storage area, and these appear to be functioning. Armor has been added to the east end of the ditch between the upper and lower portions of the RDA; this improvement should help reduce sediment loading into Pond 08.

Two culverts were inspected: C12A and C30. Both were clear of sediment.

Containment Area 1 and Containment Area 5 were holding significant water, but no signs of past discharge were detected. Containment Area 2 was mostly dry. Containment Areas 3 and 4 were not inspected. There was no sign of problems with any of the containment areas.

The sediment and erosion BMPs at the former Golden Eagle shaft require considerable maintenance. In particular, there is a large amount of sediment behind a row of straw bales, and this should be removed. The wattles along the fence line are apparently not high enough to divert larger runoff events.

PROCESSING WASTE/COAL MINE WASTE PILES – Rule 4.10 and 4.11

Drainage Control; Surface Stabilization; Placement:

There is good vegetation cover on the majority of the reclaimed portion of the RDA. The ditch between the upper and lower portions of the RDA is in good shape. No problems with the upper portion of the RDA were seen. No signs of blowouts below the clear water ditches were seen.

ROADS – Rule 4.03

Construction 4.03.1(3)/4.03.2(3), Drainage 4.03.1(4)/4.03.2(4), Surfacing and Maintenance 4.03.1(5) and (6)/4.03.2(5) and (6), Reclamation 4.03.1(7)/4.03.2(7):

No problems with roads were observed.

REVEGETATION – Rule 4.15

Vegetative Cover; Timing:

In general, NECC is controlling weeds on site, although field bindweed was seen in many locations, including the areas around Pond 007A. A small amount of thistle was seen on the Pond 004A dam. At the Jansen Loadout, Mullein and cheat grass were seen. Bill Massarotti was spraying weeds with 2,4-D during the inspection.

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SUPPORT FACILITIES - Rule 4.04:

The hill below the water tanks was observed from afar, and no erosion or other problems were seen. The retaining wall by the Bates Portals appears stable. No problems were seen at the C&W Train Shop or at the fan within the West Portal area.

No problems were seen at the coal storage areas. Although a large pile of waste is piled on the north end of the raw coal storage area, an inspection of Ditch D32 indicated that this material is stable. A large amount of sediment from Pond 08 is still on the clean coal storage area. Per Vince Massarotti, this will be moved to the RDA in the autumn of 2018, if weather permits.

SIGNS AND MARKERS – Rule 4.02:

The entrance sign was inspected, and it contains the necessary information.

OFFSITE SUPPORT FACILITIES - Rule 4.04, 4.28:

No erosion problems were seen at the Jansen loadout. Some weeds were seen as noted in the REVEGETATION section of this report.

TOPSOIL – Rule 4.06

Removal 4.06.2; Substitute Materials 4.06.4(4); Storage and Protection 4.06.3; Redistribution 4.06.4:

No erosion problems were seen with Topsoil Stockpile #2, although there is little vegetation on it, and some field bindweed was seen. The silt fence below this pile is functioning.

No problems were seen with the topsoil stockpile by Containment Area 1; the vegetation on this pile is excellent.

ENFORCEMENT ACTIONS/COMPLIANCE

No enforcement actions were initiated as a result of this inspection, nor are any pending.

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PHOTOGRAPHS



Pond 007A embankment - river is to the right

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Ditch D32 with coal waste on Raw Coal Storage area



Erosion control at sediment storage area

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Number of Complete Inspections this Fiscal Year: 1



Top: Development Coal Waste Pile
Bottom: DWDA#2

Number of Partial Inspection this Fiscal Year: 1

Number of Complete Inspections this Fiscal Year: 1



Road to RDA

Cut slope above Ditch D26



Water tanks and road

Number of Partial Inspection this Fiscal Year: 1

Number of Complete Inspections this Fiscal Year: 1

Recently placed riprap



Interface between upper and lower portion of RDA



Top of dam for Pond 08

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Number of Complete Inspections this Fiscal Year: 1



RDA and Pond 08

Number of Partial Inspection this Fiscal Year: 1

Number of Complete Inspections this Fiscal Year: 1



Looking up the river at DWDA#2



Outfall below SAE, southeast of DWDA#2

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Pad for old North Shaft (was part of Golden Eagle permit)



Clear water ditch at old North Shaft site

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Number of Complete Inspections this Fiscal Year: 1



Erosion BMPs in need of maintenance at old North Shaft site



Barriers at east end of Jansen Loadout (circled)

Number of Partial Inspection this Fiscal Year: 1

Number of Complete Inspections this Fiscal Year: 1

AVAILABILITY OF RECORDS**PERMIT RECORDS**

| | |
|---|----------------------------------|
| DRMS Permit | Expires 2/28/19 |
| Permit Application w/Revisions | yes |
| Findings Document | RN6, June 2017 |
| Insurance Certificate | Exp. 4/24/2019 |
| Bond Document | \$4,133,137.02 (9 cash bonds) |
| Phased Bond Release Documents/Findings | SL2, Findings 11/15/06 |
| Air Emission Permits | 84LA074F-1, 84LA074F-2 |
| County Special Use Permits | n/a – see letter in Exhibit 5 |
| UG Mining Landowner Notification | Feb. 2012 |
| Subsidence Monitoring Reports | n/a |
| Subsidence Monitoring Data | n/a |
| Rill & Gully Survey | See 2017 ARR |
| Vegetation Monitoring Data | n/a |
| Specific Variance Approvals | n/a |
| Annual Reclamation Reports | 2017 |
| Midterm Review Documents | MT7, 2016 |
| DRMS/OSM Inspection Reports/Enforcement Actions (3 Years) | Through July 2018 |
| Transfers/Succession of Operator | To NECC, executed 2/2/2006 |
| Temporary Cessation Notification | n/a |
| Reclamation Cost Estimate | Comment 1 |
| CERTIFICATIONS | |
| Pond Certifications | yes |
| Annual Certifications for Impoundments | Pond 08, Mar. 2018 |

HYDROLOGIC RECORDS

| | |
|---|-----------------------------------|
| NPDES Permit | CDPS C-00906 (exp. May 2020) |
| NPDES Records | Through July 2018 |
| Stormwater Management Plan | Jan 2016 |
| Spill Prevention Containment & Control Plan | April 2012 |
| MSHA Pond Inspections | Pond 8, Dec 2017 |
| State Engineer's Pond Inspection | n/a |
| Quarterly Pond Inspections | Through Q1 2018 |
| Annual Hydrology Reports | 2017 |
| • Ground Water Monitoring | Thru Dec. 2017 |
| • Surface Water Monitoring | Thru Nov. 2017 |
| • Spring & Seep Monitoring | n/a |
| • Mine Water Discharge Monitoring | n/a |
| • Mine Inflow Study | p. 3-4 of 2014 AHR (old study) |
| • Water Consumption Records | Thru 8/21/2018 |
| Well Permits | yes |

BLASTING RECORDS

| | |
|----------------------------|-----|
| Blasting Publication | n/a |
| Blasting Records (3 years) | n/a |
| ATFE Explosives Permit | n/a |
| Blasting Variances | n/a |
| Pre-Blast Surveys | n/a |

(continued)

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AVAILABILITY OF RECORDS
(continued)

Underground Development Waste Banks

| | |
|-------------------------|------------------|
| • Quarterly Inspections | <u>Mar. 2018</u> |
| • Compaction Testing | <u>n/a</u> |
| • Final Certification | <u>n/a</u> |

Coal Processing Waste Banks

| | |
|-------------------------|------------------|
| • Quarterly Inspections | <u>Mar. 2018</u> |
| • Compaction Testing | <u>3/7/2016</u> |
| • Final Certification | <u>n/a</u> |

| | |
|-----------------------------------|---------------------------------------|
| <u>Haul Road Certifications</u> | <u>4/18/2012,</u> <u>7/25/2012</u> |
| <u>Access Road Certifications</u> | <u>Maps 11 & 12</u> |

COMMENTS:

1. RCE from MT-07: \$4,034,998.07, August 2016. NECC needed to add \$9,698.51 from TR-72.

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