




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: Vince Massarotti, Nick Mason |
| Operator Representative Signature: (Field Issuance Only) | |

INSPECTION INFORMATION

| | | | |
|--|---|---|--|
| Inspection Start Date: February 20, 2019 Inspection Start Time: 08:00 Inspection End Date: February 21, 2019 Inspection End Time: 07:30 | | Inspection Type: Coal Complete Inspection Inspection Reason: Normal I&E Program Weather: Clear | |
| 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: 2/22/2019 | | |

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

R - Reclamation Success

R - Revegetation

Y - Subsidence

Y - Slides and Other Damage

R - Support Facilities On-site

Y - 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 February 20 and 21, 2019. February 21st entailed only the Jansen Loadout. The NECC representatives who participated in the field inspection were Vince Massarotti and Nick Mason. The weather was clear and cold. The ground contained some snow on north facing slopes.

AVAILABILITY OF RECORDS – Rule 5.02.4(1):

The New Elk Mine documents were generally found to be in acceptable condition, although the latest quarterly reports (ponds, waste banks) were not found in the files. Please see details in list at end of this report.

EXCESS SPOIL and DEVELOPMENT WASTE – Rule 4.09

Placement; Drainage Control; Surface Stabilization:

Erosion on DWDA#2 looks to be comparable to recent months. The sump below DWDA#2 did not need immediate maintenance.

No rills or other problems were seen on the Development Coal Waste Pile.

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:

The Middle Fork of the Purgatoire River was inspected, and no eroding banks or signs of pollutant loading from the New Elk Mine were seen. Particular areas that were inspected include the reach beside Pond 004A, the stretch from DWDA#2 to the prep plant, and below Pond 007A.

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Ponds 001A, 004A, 006A, 007A, and 08 were inspected. None of them were discharging, but all held at least a small amount of water/snow/ice. The impounded water in Pond 08 appeared to be more than 13 feet below the primary spillway. There was very little water in Pond 007A. 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.

Within the SAE by Pond 007A, BMPs appear to be functioning, and there was no discharge from this outfall. No problems were seen with the SAE east of DWDA#2, and the riprap below this area is stable.

Containment Area (CA) 5 was holding significant water, but no signs of past discharge were detected. Containment Areas 1, 2, 3, and 4 were mostly dry. There were no signs of problems with any of the containment areas, although CA#5 should be cleaned as noted in previous inspection reports.

No problems with ditches were identified. The ditch that carries water under the conveyor and into CA#5 is stable, and the BMPs (sump formed from a berm and straw bales) is functioning. The hillside above Ditch C26 (below the water tanks) appeared stable.

The sediment and erosion BMPs at the Northwest Fan (former Golden Eagle site) require no maintenance at this time.

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

Drainage Control; Surface Stabilization; Placement:

No erosion was seen on the reclaimed portion of the RDA. The ditch between the upper and lower portions of the RDA is in good shape. No ponding or erosion were seen on the upper portion of the RDA. NECC needs to spread some piles of material, preferably soon before spring runoff. 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 significant problems with roads were observed. NECC staff have cleaned the roadside ditches along the road to the RDA. The road beside the conveyor to the RDA is in good shape but should be monitored often for erosion.

RECLAMATION SUCCESS - Rule 4.15, Rule 3:

At the Northwest Fan (former Golden Eagle site), the reclamation of the pad and the areas around the pad remain in good shape, including the BMPs by the erosion from the adjacent property.

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REVEGETATION – Rule 4.15**Vegetative Cover; Timing:**

The vegetation reference area shown on the map below was inspected. Only two t-posts were seen, so it is unclear where exactly the reference area is located. NECC needs to clearly delineate the site with markers. This is part of a larger question: does NECC plan to update the revegetation success criteria in the PAP? The area contains some shrubs and small trees so it is possible that it was never disturbed except for possibly tree cutting in the past. There was no sign of recent grazing in the area. A small pile of soil is on or near the reference area; without a complete set of markers it is uncertain if it is in the reference area.

**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. The chemical storage area west of the soil storage area was inspected. No leaks were detected. The berms are in place to prevent any spills from escaping the area via surface runoff. No leaks or other problems were seen at any of the equipment storage areas.

No problems were seen at the coal storage areas.

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OFFSITE SUPPORT FACILITIES - Rule 4.04, 4.28:

No erosion or other problems were seen at the Jansen loadout.

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. The silt fence below this pile is functioning, but may need replacement in 2019. No problems were seen with the topsoil pile next to CA#1.

ENFORCEMENT ACTIONS/COMPLIANCE

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

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PHOTOGRAPHS



Road to RDA (ditch on right side has been cleared by Vince Massarotti)



RDA

Number of Partial Inspection this Fiscal Year: 5

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Road by conveyor



Sump below road by conveyor

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Ditch to CA#5



CA#5

Number of Partial Inspection this Fiscal Year: 5

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RDA – material near west side needs to be spread



RDA – grade is generally good

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Lower portion of RDA



DWDA#2

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Riprap below SAE that is across Hwy 12 from Pond 08



Silt fence at TSS#2

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Development Coal Waste Pile



CA#1 and adjacent topsoil stockpile

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Pond 001A



Pond 007A

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BMPs at Northwest Fan area



Vegetation reference area

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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, August 2016 |
| DRMS/OSM Inspection Reports/Enforcement Actions (3 Years) | Through January 2019 |
| 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 Certification for Pond 08 (MSHA) | Jan. 2019, with P.E. signature |

HYDROLOGIC RECORDS

| | |
|--|-----------------------------------|
| CDPS Permit | CDPS C-00906 (exp. May 2020) |
| DMRs for WQCD | Through January 2019 |
| Stormwater Management Plan (aka Sediment Control Plan) | Jan 2016 |
| Spill Prevention Containment & Control Plan | April 2012 |
| MSHA Pond Inspections | Pond 08, December 2018 |
| State Engineer's Pond Inspection | n/a |
| Quarterly Pond Inspections | Through Q3 2018 |
| Annual Hydrology Reports | 2017 |
| • Ground Water Monitoring | Thru Nov. 2018 |
| • Surface Water Monitoring | Thru Dec. 2018 |
| • 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 2/19/2019 |
| 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>September 2018</u> |
| • Compaction Testing | <u>n/a</u> |
| • Final Certification | <u>n/a</u> |

Coal Processing Waste Banks

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

Road Certifications

Comment 2

COMMENTS:

1. RCE from MT-07 for \$4,034,998.07 (August 2016) and \$9,698.51 from TR-72 (May 2017).
2. Haul and access road certifications on Map 11 (East Portal) and Map 12 (West Portal) in PAP.
 - Map 11 dated 4/30/2014.
 - Map 12 dated 7/25/2012.

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