



# DESERADO MINE

## BLUE MOUNTAIN ENERGY

3607 County Rd. 65  
Rangely, CO 81648  
(970)675-4300  
fax (970)675-4399

March 25, 2020

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

RE: Sediment Pond Inspection Report for 1st Quarter 2020.  
County Road 65 Subsidence Monitoring Report  
Blue Mountain Energy, Inc., Deserado Mine (Permit C-1981-018).

Dear Clayton:

Enclosed is the Sediment Pond Inspection Report for the 1st quarter 2020 for the Deserado Mine. The only discharges that occurred during the quarter was from the D-seam dewatering system, B-seam dewatering system, and Raw Water Lagoon.

Pumping to the 'D-seam' dewatering pond system were reinitiated during late November 2017. Pumping from the 'B-seam' continued to the old system (BD-1-7 and BD-LC) and should continue that direction until we get a discharge permit at BD2-4.

### COUNTY ROAD 65 SUBSIDENCE REPORT

Longwall mining under County Road 65 did not occur during the quarter. Virtually no settlement is visible since the last report. Monitoring of the area is done daily as the area is traversed for other duties around the mine property.

If you have any questions, please call me at (970) 675-4347.

Sincerely,



Jason Tuttle P.E.  
Project Engineer

enc.:

Blue Mountain Energy, Inc. - Deserado Mine  
Quarterly Sediment Pond Inspection Report  
First Quarter 2020

Inspector: Kurtis Blunt - Sr. Environmental Engineer

Operational Status

| #  | Type of Ponds | Name   | Description                                     | Date     | Approx H <sub>2</sub> O Level % | Sediment Level % | Outflow Yes | Outflow No | H <sub>2</sub> O Samp. Yes | H <sub>2</sub> O Samp. No | Comments                             |
|----|---------------|--------|-------------------------------------------------|----------|---------------------------------|------------------|-------------|------------|----------------------------|---------------------------|--------------------------------------|
| 1  | Sed Ponds     | DP-1   | D-Portal                                        | 3/10     | 100                             | 45               | X           |            | X                          |                           |                                      |
| 2  | "             | RP-1   | Refuse Area 1                                   | 3/10     | 0                               | 10               |             | X          |                            | X                         |                                      |
| 3  | "             | RP-2/3 | Refuse Area 2/3                                 | 3/10     | 15                              | 15               |             | X          |                            | X                         |                                      |
| 4  | "             | RP-4   | Refuse Area 4                                   | 3/10     | 0                               | 30               |             | X          |                            | X                         |                                      |
| 5  | "             | RP-5   | Refuse Area 5A                                  | 3/10     | 0                               | 25               |             | X          |                            | X                         |                                      |
| 6  | "             | RR-1   | Railroad Fill Slope Pond 1                      | 3/10     | 0                               | 5                |             | X          |                            | X                         |                                      |
| 7  | "             | RRS    | Railroad Loadout Washdown Sump                  | 3/10     | 0                               | 5                |             | X          |                            | X                         |                                      |
| 8  | "             | SS-1   | Slot Storage Building Access Road Pond          | 3/10     | 0                               | 10               |             | X          |                            | X                         |                                      |
| 9  | "             | SS-2   | Slot Storage Bldg Emerg. Coal Storage Area Pond | 3/10     | 0                               | 6                |             | X          |                            | X                         |                                      |
| 10 | "             | HSI-1  | Halandras Sanitary Land Fill Pond               | 3/10     | 0                               | 5                |             | X          |                            | X                         |                                      |
| 11 | "             | SDH-2U | Down Hole Sump Upper Influent Pond              | inactive | inactive                        | 5                |             | X          |                            | X                         | Shut off 2/96 due to mine sealing    |
| 12 | "             | SDH-2L | Down Hole Sump Lower Effluent Pond              | inactive | inactive                        | 5                |             | X          |                            | X                         | Shut off 2/96 due to mine sealing    |
| 13 | "             | SDH-3L | Down Hole Sump Discharge 2 - Lower              | 3/10     | 90                              | 10               | X           |            | X                          |                           | Pumping restarted late November 2017 |
| 14 | "             | SDH-3M | Down Hole Sump Discharge 2 - Middle             | 3/10     | 0                               | 0                |             | X          |                            | X                         | New 10/2015                          |
| 15 | "             | SDH-3U | Down Hole Sump Discharge 2 - Upper              | 3/10     | 0                               | 0                |             | X          |                            | X                         | New 10/2015                          |
| 16 | "             | TS-1   | Transfer Building 1                             | 3/10     | 0                               | 20               |             | X          |                            | X                         |                                      |
| 17 | "             | TS-2   | Transfer Building 2                             | 3/10     | 0                               | 20               |             | X          |                            | X                         |                                      |
| 18 | "             | TS-2a  | Temp Coal Storage by Transfer 2                 | 3/10     | 0                               | 5                |             | X          |                            | X                         |                                      |
| 19 | "             | BD-1   | B-Dewatering Pond #1                            | 3/10     | 90                              | 40               |             | X          |                            | X                         | Outflow weekly                       |
| 20 | "             | BD-2   | B-Dewatering Pond #2                            | 3/10     | 95                              | 25               |             | X          |                            | X                         | Outflow weekly                       |
| 21 | "             | BD-3   | B-Dewatering Pond #3                            | 3/10     | 95                              | 0                |             | X          |                            | X                         | Outflow weekly                       |
| 22 | "             | BD-4   | B-Dewatering Pond #4                            | 3/10     | 95                              | 0                |             | X          |                            | X                         | Outflow weekly                       |
| 23 | "             | BD-5   | B-Dewatering Pond #5                            | 3/10     | 95                              | 0                |             | X          |                            | X                         | Outflow weekly                       |
| 24 | "             | BD-6   | B-Dewatering Pond #6                            | 3/10     | 95                              | 0                |             | X          |                            | X                         | Outflow weekly                       |
| 25 | "             | BD-7   | B-Dewatering Pond #7                            | 3/10     | 95                              | 0                |             | X          |                            | X                         | Outflow weekly                       |
| 26 | "             | BD-LC  | B-Dewatering Last Chance Pond                   | 3/10     | 95                              | 0                | X           |            | X                          |                           | Outflow weekly                       |
| 27 | "             | BD2-3  | BD2-Dewatering Pond #3 (lower large pond)       | 3/10     | 25                              | 0                |             | X          |                            | X                         |                                      |
| 28 | "             | BD2-4  | BD2-Dewatering Pond #4 (discharge pond)         | 3/10     | 0                               | 0                |             | X          |                            | X                         |                                      |
| 29 | "             | BD2-5  | BD2-Dewatering Pond #5 (initial small pond)     | 3/10     | 0                               | 5                |             | X          |                            | X                         |                                      |
| 30 | Proc Pond     | PP-1   | Prep Plant Process Pond                         | 3/10     | 50                              | 20               |             | X          |                            | X                         |                                      |
| 31 | "             | PP-2   | Prep Plant Process Pond                         | 3/10     | 25                              | 50               |             | X          |                            | X                         |                                      |
| 32 | "             | RW-1   | Raw Water Lagoon @ White River                  | 3/10     | 100                             | 25               | X           |            |                            | X                         | Freshwater storage pumped from river |

## Inspection Categories

### Erosional

First Quarter 2020

| #  | Name   | Date     | Rills & Gullies<br>on Embankment |    | Adequate<br>Vegetation |    | Channel<br>Erosion |    | Embankment<br>Burrows |    | Other |    | Comments/<br>Maintenance Required |
|----|--------|----------|----------------------------------|----|------------------------|----|--------------------|----|-----------------------|----|-------|----|-----------------------------------|
|    |        |          | Yes                              | No | Yes                    | No | Yes                | No | Yes                   | No | Yes   | No |                                   |
| 1  | DP-1   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 2  | RP-1   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 3  | RP-2/3 | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 4  | RP-4   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 5  | RP-5   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 6  | RR-1   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 7  | RR5    | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 8  | SS-1   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 9  | SS-2   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 10 | HSL-1  | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 11 | SDH-2U | inactive |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Shut off 2/96 due to mine sealing |
| 12 | SDH-2L | inactive |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Shut off 2/96 due to mine sealing |
| 13 | SDH-3L | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Pumping straight to SDH-3L        |
| 14 | SDH-3M | 3/10     |                                  | X  | X                      |    | X                  |    |                       | X  |       | X  | Eroded - No longer active         |
| 15 | SDH-3U | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | No longer active                  |
| 16 | TS-1   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 17 | TS-2   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 18 | TS-2a  | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 19 | BD-1   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Seeded Fall 2012                  |
| 20 | BD-2   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Seeded Fall 2012                  |
| 21 | BD-3   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Seeded Spring 2014                |
| 22 | BD-4   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Seeded Fall 2012                  |
| 23 | BD-5   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Seeded Fall 2012                  |
| 24 | BD-6   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Seeded Fall 2012                  |
| 25 | BD-7   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Seeded Fall 2014                  |
| 26 | BD-LC  | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Seeded Fall 2014                  |
| 27 | BD2-3  | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Seeded Spring & Fall 2017         |
| 28 | BD2-4  | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Seeded Spring & Fall 2017         |
| 29 | BD2-5  | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  | Seeded Spring & Fall 2017         |
| 30 | PP-1   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 31 | PP-2   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |
| 32 | RW-1   | 3/10     |                                  | X  | X                      |    |                    | X  |                       | X  |       | X  |                                   |

### Structural

| #  | Name   | Date     | Differential<br>Settling |    | Cracks or<br>Slides |    | Seepage |    | Other |    | Comments/Maintenance Required     |
|----|--------|----------|--------------------------|----|---------------------|----|---------|----|-------|----|-----------------------------------|
|    |        |          | Yes                      | No | Yes                 | No | Yes     | No | Yes   | No |                                   |
| 1  | DP-1   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 2  | RP-1   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 3  | RP-2/3 | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 4  | RP-4   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 5  | RP-5   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 6  | RR-1   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 7  | RR5    | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 8  | SS-1   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 9  | SS-2   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 10 | HSL-1  | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 11 | SDH-2U | inactive |                          | X  |                     | X  |         | X  |       | X  | Shut off 2/96 due to mine sealing |
| 12 | SDH-2L | inactive |                          | X  |                     | X  |         | X  |       | X  | Shut off 2/96 due to mine sealing |
| 13 | SDH-3L | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 14 | SDH-3M | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 15 | SDH-3U | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 16 | TS-1   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 17 | TS-2   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 18 | TS-2a  | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 19 | BD-1   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 20 | BD-2   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 21 | BD-3   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 22 | BD-4   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 23 | BD-5   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 24 | BD-6   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 25 | BD-7   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 26 | BD-LC  | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 30 | BD2-3  | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 31 | BD2-4  | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 32 | BD2-5  | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 30 | PP-1   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 31 | PP-2   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |
| 32 | RW-1   | 3/10     |                          | X  |                     | X  |         | X  |       | X  |                                   |

# Inspection Categories

First Quarter 2020

## Appurtenant Structures

| #  | Name   | Date     | Defective<br>Spillways |    | Dewatering<br>Device Clogged |    | Faulty Gates,<br>Baffles, Pumps |    | Other |    | Comments/Maintenance Required     |
|----|--------|----------|------------------------|----|------------------------------|----|---------------------------------|----|-------|----|-----------------------------------|
|    |        |          | Yes                    | No | Yes                          | No | Yes                             | No | Yes   | No |                                   |
| 1  | DP-1   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 2  | RP-1   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 3  | RP-2/3 | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 4  | RP-4   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 5  | RP-5   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 6  | RR-1   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 7  | RR5    | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 8  | SS-1   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 9  | SS-2   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 10 | HSL-1  | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 11 | SDH-2U | inactive |                        | X  |                              | X  |                                 | X  |       | X  | Shut off 2/96 due to mine sealing |
| 12 | SDH-2L | inactive |                        | X  |                              | X  |                                 | X  |       | X  | Shut off 2/96 due to mine sealing |
| 13 | SDH-3L | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  | Pumping straight to SDH-3L        |
| 14 | SDH-3M | 3/10     | X                      |    |                              | X  |                                 | X  |       | X  | Eroded -no longer active          |
| 15 | SDH-3U | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  | no longer active                  |
| 16 | TS-1   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 17 | TS-2   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 18 | TS-2a  | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 19 | BD-1   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 20 | BD-2   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 21 | BD-3   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 22 | BD-4   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 23 | BD-5   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 24 | BD-6   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 25 | BD-7   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 26 | BD-LC  | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 27 | BD2-3  | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 28 | BD2-4  | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 29 | BD2-5  | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 30 | PP-1   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 31 | PP-2   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |
| 32 | RW-1   | 3/10     |                        | X  |                              | X  |                                 | X  |       | X  |                                   |

Notes:

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.

My certification fulfills the requirements for an annual inspection for impoundments required by Section 4.05.9(14) and quarterly inspections of such by Section 4.05.9(17) of the Rules and Regulations of the Colorado Mined Land Reclamation Board Pursuant to the Colorado Surface Coal Mining Reclamation Act.

I certify, based on my field observations and those observations of my qualified designates and professional investigations, as detailed above, that the each pond referenced above, at Blue Mountain Energy, Inc., Deserado Mine, located in Rio Blanco County, Colorado, was constructed and maintained in accordance with the approved plan and to comply with the requirements of Section 4.05.9.

Jason L. Tuttle  
Project Engineer  
Colorado Registered Professional Engineer

