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

## PERMIT INFORMATION

| | |
|---|---|
| **Permit Number:** C-1981-018<br>**Mine Name:** Deserado Mine<br>**Operator:** Blue Mountain Energy, Inc.<br>**Operator Address:**<br>Mr. Kurtis Blunt<br>3607 County Road 65<br>Rangely, CO, 81648 | **County:** Moffat, Rio Blanco<br>**Operation Type:** Underground<br>**Permit Status:** Active<br>**Ownership:** Private |
| | **Operator Representative Present:**<br><br>Kurt Blunt |
| **Operator Representative Signature: (Field Issuance Only)** | |

## INSPECTION INFORMATION

| | |
|---|---|
| **Inspection Start Date:** June 9, 2020<br>**Inspection Start Time:** 10:05<br>**Inspection End Date:** June 9, 2020<br>**Inspection End Time:** 13:15 | **Inspection Type:** Coal Complete Inspection<br>**Inspection Reason:** Normal I&E Program<br>**Weather:** Clear |
| **Joint Inspection Agency:**<br><br>None | **Joint Inspection Contacts:**<br><br>None |
| **Post Inspection Agency:**<br><br>None | **Post Inspection Contacts:**<br><br>None |

| **Inspector(s):** | **Inspector's Signature:** | **Signature Date:** |
|---|---|---|
| Clayton Wein | Clayton Wein | 6/18/2020 |

1313 Sherman St. Room 215
Denver, CO 80203
(303) 866-3567

**Inspection Topic Summary**
NOTE: **Y**=Inspected **N**=Not Inspected **R**=Comments Noted **V**=Violation Issued **NA**=Not Applicable

**N** - Air Resource Protection
**R** - Availability of Records
**R** - Backfill & Grading
**N** - Excess Spoil and Dev. Waste
**N** - Explosives
**Y** - Fish & Wildlife
**R** - Hydrologic Balance
**Y** - Gen. Compliance With Mine Plan
**N** - Other
**R** - Processing Waste
**R** - Roads
**N** - Reclamation Success
**N** - Revegetation
**R** - Subsidence
**N** - Slides and Other Damage
**R** - Support Facilities On-site
**R** - Signs and Markers
**N** - Support Facilities Not On-site
**N** - Special Categories Of Mining
**R** - Topsoil

## COMMENTS

This was a complete inspection of the Deserado Mine, conducted on June 9, 2020. The inspection was completed by Clayton Wein of the Division. Kurt Blunt of Blue Mountain Energy (BME) was present for the inspection. The weather was clear with a temperature of 55 degrees F. Ground conditions were damp and muddy from the previous day's rain.

AVAILABILITY OF RECORDS – Rule 5.02.4(1):

The records for the Deserado Mine are located at the mine office. The records were up to date. **Please see the attached Availability of Records Form at the end of this report for more details.**

BACKFILL and GRADING – Rule 4.14
Contemporaneous Reclamation 4.14.1; Approximate Original Contour 4.14.2; Highwall Elimination 4.14.1(2)(f); Steep Slopes 4.14.2, 4.27; Handling of Acid and Toxic Materials 4.14.3; Stabilization of Rills and Gullies 4.14.6:

The Deserado Mine began construction of a new refuse disposal are in the late fall of 2019. Construction has progressed to the point where the subsoil and topsoil materials have been completely removed from the coal waste pile area. The subsoil and topsoil have been stockpiled in two separate piles. The piles have been constructed to design specifications and have been seeded and covered with mulch. The subsoil pile was stable and there were no indications of erosion. The topsoil pile had no erosional features or indications of instability observed.

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:

On the south side of the rail loadout there is one sump and one sediment pond. The RS-1 sump was dry during the inspection. The embankments of the sump were vegetated and stable. The outlet and inlet to the sump were unobstructed. The RR-1 Pond was holding a small puddle of water. There was no discharge from the spillway occurring. The embankment for the pond was stable with vegetation. There were no erosional features. The primary and emergency spillway were unobstructed. There is a diversion ditch along the south side of the rail

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loadout. The ditch is designed to transport water to the RR-1 Pond. The ditch was damp from the previous day's rain. The ditch was stable and the embankments were vegetated. There were no erosional concerns identified. No obstructions in the ditch were observed.

There are two sediment ponds located to the northwest (SS-2) and the north (SS-1). The SS-2 pond was dry at the time of the inspection. The embankment was stable and vegetated. There were no erosional features. The primary and emergency spillway were unobstructed. The SS-1 pond was damp (Photo 1). The embankments of the pond were stable with vegetation. No erosional concerns were noted. The spillways were clear of debris. The culvert inlet to the pond was unobstructed.

The B Seam Dewatering System No. 2 was not actively pumping during the inspection. The First cell was holding water. The level of the water in the cell had not reached the spillway. The embankments were vegetated and stable. No erosional features were observed. The spillway was clear of debris. The second cell of the system was also holding water (Photo 2). There was no discharge occurring. The embankment was stable with vegetation. No erosional concerns were identified. The spillways were unobstructed. The third cell of the system remains unused.

The B Seam Dewatering System No. 1 was impounding water in all of its cells. All cells of the system were full and the Last Chance Pond was discharging (Photo 3). The embankments of all the cells in the system were stable with vegetation. There were no indications of erosion. The spillways were clear of obstructions.

One pond is located at the north base of the RP-1 reclaimed refuse pile. The pond was dry during the inspection. The embankment was stable and vegetated. There were no indications of erosion. The primary and emergency spillway were unobstructed.

Two ponds are located at the northern base of the RP-2/3/4 refuse pile. The RP-2/3 Pond at the northeast corner and the RP-4 Pond at the northwest corner. The RP/2/3 Pond consists of three cells; the west cell, the main cell and the east cell. At the time of the inspection only the east cell west holding water. The west cell and the main cell were dry. The embankments of the cells were stable with vegetation. There were no indications of erosion. The spillways into the main cell were stable and unobstructed. The primary and emergency spillway for the main cell were clear of debris. The RP-4 Pond was holding a small amount of water (Photo 4). There was no discharge from the primary spillway. The spillways were unobstructed. The embankments were stable with vegetation. No erosional features were identified.

One pond is located at the northwest base of the RP-5a refuse pile (Photo 5). The pond was holding some water during the inspection. The level of water in the pond was below the primary spillway. The embankment was stable and vegetated. There were no erosional features identified. The spillways were unobstructed.

Perimeter ditches for the refuse piles RP-2/3/4 and RP-5a were in good repair and unobstructed. The ditches were dry during the inspection.

The ditch on the east side of the access road paralleling the east side of RP-2/3/4 had become filled with sediment. **Please clear the ditch to original design specifications.**

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One pond is located at the eastern base of the RP-A refuse pile. The pond was dry at the time of the inspection. The pond is relatively new and vegetation has not yet grown in on the embankment. The embankment was stable and there were no indications of erosion. The spillways were clear of debris.

Three ponds are located at the main facilities area; the DP-1 Pond Photo 6), the PP-1 Pond and the PP-2 Pond. The DP-1 pond was impounding water. The level of the water had reached the primary spillway and was discharging. The spillway was unobstructed. The emergency spillway was also clear of debris. The embankment of the pond was stable with vegetation. There were no indications of erosion. The PP-1 Pond was full at the time of the inspection. The embankments were vegetated and stable. There were no erosional features noted. The spillway for the pond was clear. The PP-2 Pond was holding water. The spillways were clear of debris. The embankment was stable with vegetation. No erosional concerns were identified.

Ditches throughout the main facilities area were well kept and unobstructed. There were no concerns of instability or erosion identified.

The Raw Water Lagoon was holding water. The embankments of the pond were stable with vegetation. No indications of erosion were observed.

PROCESSING WASTE/COAL MINE WASTE PILES – Rule 4.10 and 4.11
Drainage Control; Surface Stabilization; Placement:

The RP-1 refuse pile is the only reclaimed refuse pile at the Deserado Mine. The pile was stable with vegetation. There were no erosional features observed.

The RP-2/3/4 refuse pile was stable during the inspection. The slopes of the pile were stable with minor riling occurring. The rills on the slopes of the pile have been documented in previous Division inspection reports. The rills do not affect the stability of the pile. If the rills increase in size the Division will request that the Operator regrade the slopes.

The RP-5a refuse pile was stable. The slopes of the pile were in good condition. The riling occurring on the slopes of the pile are similar to those on RP-2/3/4. If the rills enlarge, the Division will request that the Operator regrade the slopes.

Refuse had been placed at the new refuse area, RP-A (Photo 7). Refuse had been places on the base of the pile for drying. Some refuse material has been spread and will be compacted to create the designed base for the pile. The site was stable and there were no erosional features identified.

ROADS – Rule 4.03
Construction 4.03.1(3)/4.03.2(3), Drainage 4.03.1(4)/4.03.2(4), Surfacing and Maintenance4.03.1(5) and (6)/4.03.2(5) and (6), Reclamation 4.03.1(7)/4.03.2(7):

The haul road was well maintained. The road was stable and no erosional concerns were noted. The ditches for the road were dry during the inspection. There were no obstructions in the ditches. Access roads throughout the site were in good condition. Some portions of the roads were damp or had puddles on them d=from the previous day's rain. The roads were stable with no erosional concerns.

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SUPPORT FACILITIES - Rule 4.04:

Support facilities inspected include;

- Slot Storage
- Nitrogen Plant No. 2
- RDH-4 (Photo 8)
- RDH-3
- Halandras Landfill
- Radio Tower
- West Mains Vent Shaft
- Water Storage Tanks
- B Vent Shaft No. 1
- Explosives Storage (Photo 9)

Support facilities inspected were in good repair. The pads were observed to be stable and there were no erosional features identified. The berms on the pads were stable with vegetation. No off site impacts were observed.

SIGNS AND MARKERS – Rule 4.02:

The mine identification sign was located on the right hand side of the County Road 65 when entering the site. The sign was in good condition and easy to spot. The sign displayed the required information regarding the permit, the permittee and the Division.

TOPSOIL – Rule 4.06

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

Topsoil piles inspected throughout the mine site were stable and vegetated. There were no piles observed with erosional features. The perimeter ditches were stable with vegetative cover.

**DOCUMENTS RECEIVED: None**

**OTHER (SPECIFY): None**

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## ENFORCEMENT ACTIONS/COMPLIANCE

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

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## PHOTOGRAPHS

**Photo 1:** The SS-1 Pond.

**Photo 2:** The second cell of the B Seam Dewatering System No. 2.

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**Photo 3:** The outlet of the Last Chance Pond.

**Photo 4:** The RP-4 Pond.

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**Photo 5:** The RP-5 Pond.

**Photo 6:** The DP-1 Pond.

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**Photo 7:** The refuse creating the base of the RP-A refuse Pile.

**Photo 8:** RDH-4.

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**Photo 9:** The explosives storage.

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# AVAILABILITY OF RECORDS

| PERMIT RECORDS | | HYDROLOGIC RECORDS | |
|---|---|---|---|
| DRMS Permit | RN-7 | NPDES Permit | Under Admin. Exten. |
| Permit Application w/Revisions | OK | NPDES Records | 1st Q 2020 |
| Findings Document | RN-7 | Stormwater Management Plan | OK |
| Insurance Certificate | Exp. 12/30/2020 | SPCC Plan | 2008 |
| Bond Document | OK | MSHA Pond Inspections | NA |
| Phased Bond Release Documents/Findings | NA | State Engineer's Pond Inspection | DP-1 |
| Air Emission Permits | OK | Quarterly Pond Inspections | 1st Q 2020 |
| County Special Use Permits | OK | Annual Hydrology Reports | 2019 |
| UG Mining Landowner Notification | OK | • Ground Water Monitoring | AHR |
| Subsidence Monitoring Reports | 1st Q 2020 | • Surface Water Monitoring | AHR |
| Subsidence Monitoring Data | PAP | • Spring & Seep Monitoring | NA |
| Rill & Gully Survey | NA | • Mine Water Discharge Monitoring | AHR |
| Vegetation Monitoring Data | 2019 ARR | • Mine Inflow Study | AHR |
| Specific Variance Approvals | NA | • Water Consumption Records | AHR |
| Annual Reclamation Reports | 2019 | Well Permits | OK |
| Midterm Review Documents | MT-7 | | |
| DRMS/OSM Inspection Reports/Enforcement Actions (3 Years) | Up to May 2020 | | |
| | | **BLASTING RECORDS** | |
| Transfers/Succession of Operator | OK | Blasting Publication | NA |
| Temporary Cessation Notification | NA | Blasting Records (3 years) | NA |
| Reclamation Cost Estimate | RN-7 | ATFE Explosives Permit | Exp. 2021 |
| **CERTIFICATIONS** | | Blasting Variances | NA |
| Pond Certifications | OK | Pre-Blast Surveys | NA |
| Annual Certifications for Impoundments | OK | | |
| Fill Certifications for Excess Spoil or Underground Development Waste | OK | **ADDITIONAL RECORDS (specify)** | |
| • Quarterly Inspections | 1st Q 2020 | | |
| • Compaction Testing | 1st Q 2020 | | |
| • Final Certification | RP-1 | | |
| Coal Processing Waste Banks | 1st Q 2020 | | |
| Haul Road Certifications | OK | | |
| Access Road Certifications | OK | | |

COMMENTS:

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