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

PERMIT INFORMATION

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

INSPECTION INFORMATION

Inspection Start Date: September 16, 2020 **Inspection Start Time:** 11:25 **Inspection End Date:** September 16, 2020 **Inspection End Time:** 15:05	**Inspection Type:** Coal Complete Inspection **Inspection Reason:** Normal I&E Program **Weather:** Clear
Joint Inspection Agency: None	**Joint Inspection Contacts:** None
Post Inspection Agency: None	**Post Inspection Contacts:** None

Inspector(s):	**Inspector's Signature:**	**Signature Date:**
Clayton Wein	Clayton Wein	9/21/2020

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

COMMENTS

This was a complete inspection of the Deserado Mine conducted on September 16, 2020. The inspectionn was completed by Clayton Wein of the Division. Kurt Blunt represented Blue Mountain Energy, Inc. during the inspection. The weather was clear with a temperature of 84 degrees F. The ground conditions were dry.

AVAILABILITY OF RECORDS – Rule 5.02.4(1):

The records for the Deserado Mine are located in the mine office with Kurt Blunt. The records were well kept and up to date. Please see the Availability of Records Form attached to the endo of this report for more details.

EXCESS SPOIL and DEVELOPMENT WASTE – Rule 4.09
Placement; Drainage Control; Surface Stabilization:

The Halandras Landfill is utilized as a dump for the nontoxic or acid generating waste material for the Deserado Mine. The site was well kept and no off site impacts were identified. The sump located at the end of the landfill was dry at the time of the inspection. The sump was stable and the outlet was unobstructed.

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:

Three ponds are located at the main facilities area; the DP-1 Pond, the PP-1 Pond and the PP-2 Pond. The DP-1 pond (Photo 1) was impounding water during the inspection. The level of the water had reached the primary discharge outlet and was discharging into Scullion Gulch. The Primary outlet's trash rack was clear of obstructions and functioning as designed. The emergency spillway was dry and stable. The embankment for the pond was vegetated and stable. There were no indications of erosion. The DP-1 Pond had been recently cleaned and a portion of the cattails had been remove to increase the ponds holding capacity. The PP-1 pond was holding water (Photo2). The pond's embankments were stable with vegetation. There were no erosional features. The

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spillway was clear. The PP-2 Pond was holding water at the time of the inspection. The embankment for the pond had vegetation and was stable. There were no erosional features. The outlet for the pond was in good condition.

Throughout the inspection of the main facilities, drainage ditches were observed to be clear of debris and functioning as designed to transport water to the DP-1 Pond.

There is on sump and one pond located on the south end of the rail loadout. The RS-1 Sump was observed to be dry. The embankments of the sump were vegetated and stable. There were no indications of erosion. The outlet for the sump was clear. The RR-1 pond was also observed to be dry (Photo 3). The embankment was stable with vegetation. No erosional features were observed. The outlet for the pond was in good condition. A ditch located on the south side of the rail loadout transports runoff to the RR-1 Pond. The ditch was dry. The berm was vegetated and stable. There were no obstructions observed.

There are two ponds located to the north of the Slot Storage. The SS-1 pond is located directly north of the facility. The pond was dry. The embankments were stable with vegetation. The outlet for the pond was clear. The SS-2 Pond is located to the northwest of the facility. The pond was observed to be dry (Photo4). The embankment was vegetated and stable. There were no ind9bsdsications of erosion. The outlet for the pond was clear of debris.

The B Seam Dewatering System No. 1 (BSDS#2). Was inactive during the inspection. The system consists of three cells. Only the first two cells in the system are used. The first cell was holding a small amount of water in it. There was no discharge through the spillway to the second cell. The embankment was stable with vegetation. No erosional features were noted. The second cell in the system was also holding some water in it. The level of the impounded water was below the spillway. The embankment was vegetated and stable. No erosion was identified.

The B Seam Dewatering System No. 2 (BSDS#1) was also inactive during the inspection. All cells of the system were holding water. The level of the water in the Last Chance Pond was just at the spillway. There was a small amount of water being discharged. The spillway was unobstructed. The embankments for the cells were vegetated and stable. There were no indications of erosional features.

The RP-1 Pond is located at the north base of the reclaimed RP-1 Refuse Pile. The pond was dry at the time of the inspection. The embankment was stable with vegetation. No erosional features were observed. The outlet for the pond was in good condition and the trash rack over the outlet was clear.

The RP-2/3 Pond consists of three cells and is located at the northeast base of the RP-2/3/4 Refuse Pile. The west cell and the main cells were dry (Photo 5). The east cell was damp. The east cell had been recently cleaned. The embankments of the cells were vegetated and stable. There were no erosional features identified. The trash rack on the primary spillway was clear of debris.

The RP-4 Pond is located at the northwest base of the RP-2/3/4 Refuse Pile. The pond was observed to be dry. The embankment was stable with vegetation. There were no erosional features noted. The spillway was in good condition.

The RP-5 pond is located at the north base of the RP-5a Refuse Pile. The pond was dry. The embankment was vegetated and stable. No erosional features were identified. The outlet was clear of debris.

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The RP-A Pond is located at the eastern base of the RP-A refuse pile. The pond was dry during the inspection. The embankment was stable. There were no concerns of erosion.

The SDH-3 Dewatering System was holding water during the inspection (Photo 6). The pond was discharging through the primary spillway. The embankments of the pond were vegetated and stable. There were no indications of erosion.

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

The Refuse on the RP-2/3/4 Pile and RP-5a Pile was spread out and compacted. No new refuse had been stockpiled on top of the piles. The outslopes of the piles were stable with some localized erosion (Photo 7). The rills on the slopes of the piles have been noted in previous inspection reports. The rills do not appear to affect the stability of the piles. The slopes will be included on the list of spring maintenance items for 2021 or sooner if the rills increase in size.

Refuse was actively being placed on the RP-A refuse Pile. The pile was stable and there were no concerns identified. The RP-A refuse Pile is relatively new and is in the phase of creating the foundational lifts of refuse.

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):

Access roads throughout the mine site were in good condition. There were no segments with erosional issues of indications of instability.

The Haul Road was well maintained. The road was stable and no erosional features were identified.

The portion of County Road 65 from the intersection with the Haul Road to the northern permit boundary is a dirt road. The road was stable with no erosional concerns.

RECLAMATION SUCCESS - Rule 4.15, Rule 3:

The RP-1 Refuse Pile has been reclaimed for several years. The pile was vegetated and stable. There were no indications of erosion.

SUBSIDENCE – Rule 4.20:

The portion of County Road 65 connecting the intersection of the Haul Road to the northern permit boundary has been undermined in years and months past. The road was stable and there were no cracks from subsidence identified.

SUPPORT FACILITIES - Rule 4.04:

Support facilities inspected included;

- Explosives Storage
- Main Facilities Area
- Fuel Storage Area

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- B Seam Vent Shaft No. 1
- 13L Return Shaft
- Slot Storage
- Nitrogen Plant #2
- Radio Tower
- Water Storage Tanks
- West Mains Vent Shaft

The pads for the above referenced facilities were in good condition and stable. Berms for the pads were vegetated and stable. No indications of erosion at any of the sites was identified. No off-site impacts were observed.

DOCUMENTS RECEIVED: Minor Revision No. 178 Preliminary Adequacy Responses, April and July 2020 DMRs.

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

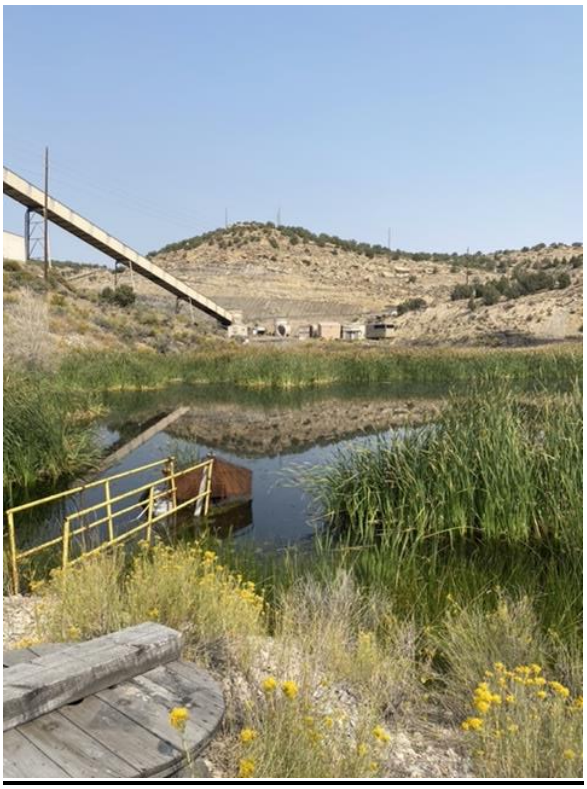

Photo 1: The outlet of the DP-1 Pond.

Photo 2: The PP-1 Pond.

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Photo 3: The inlet to the RR-1 Pond.

Photo 4: The SS-2 Pond.

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Photo 5: The West cell and main cell of the RP-2/3 Pond.

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Photo 6: The SDH-3 Dewatering System Pond.

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Photo 7: The RP-5a Refuse Pile.

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AVAILABILITY OF RECORDS

PERMIT RECORDS	
DRMS Permit	RN-7
Permit Application w/Revisions	OK
Findings Document	RN-7
Insurance Certificate	Exp. 12/30/2020
Bond Document	OK
Phased Bond Release Documents/Findings	NA
Air Emission Permits	OK
County Special Use Permits	OK
UG Mining Landowner Notification	OK
Subsidence Monitoring Reports	2nd Q 2020
Subsidence Monitoring Data	PAP
Rill & Gully Survey	NA
Vegetation Monitoring Data	2019 ARR
Specific Variance Approvals	NA
Annual Reclamation Reports	2019
Midterm Review Documents	MT-7
DRMS/OSM Inspection Reports/Enforcement Actions (3 Years)	Up to July 2020
Transfers/Succession of Operator	OK
Temporary Cessation Notification	NA
Reclamation Cost Estimate	RN-7
CERTIFICATIONS	
Pond Certifications	OK
Annual Certifications for Impoundments	OK
Fill Certifications for Excess Spoil or Underground Development Waste	OK
• Quarterly Inspections	2nd Q 2020
• Compaction Testing	2nd Q 2020
• Final Certification	RP-1
Coal Processing Waste Banks	2nd Q 2020
Haul Road Certifications	OK
Access Road Certifications	OK

HYDROLOGIC RECORDS	
NPDES Permit	Admin. Extension
NPDES Records	2nd Q 2020
Stormwater Management Plan	OK
SPCC Plan	2008
MSHA Pond Inspections	NA
State Engineer's Pond Inspection	DP-1
Quarterly Pond Inspections	2nd Q 2020
Annual Hydrology Reports	2019
• Ground Water Monitoring	AHR
• Surface Water Monitoring	AHR
• Spring & Seep Monitoring	NA
• Mine Water Discharge Monitoring	AHR
• Mine Inflow Study	AHR
• Water Consumption Records	AHR
Well Permits	OK
BLASTING RECORDS	
Blasting Publication	NA
Blasting Records (3 years)	NA
ATFE Explosives Permit	EXP. 2021
Blasting Variances	NA
Pre-Blast Surveys	NA
ADDITIONAL RECORDS (specify)	

COMMENTS:

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