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: October 14, 2020 **Inspection Start Time:** 10:50 **Inspection End Date:** October 14, 2020 **Inspection End Time:** 14:00	**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	10/19/2020

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
R - Fish & Wildlife
R - Hydrologic Balance
Y - Gen. Compliance With Mine Plan
N - Other
R - Processing Waste
R - Roads
R - Reclamation Success
N - Revegetation
N - 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 October 14, 2020. The inspection was completed by Clayton Wein of the Division. Kurt Blunt of Blue Mountain Energy, Inc. was present for the inspection. The weather was clear and breezy with a temperature of 68 degrees F. The ground conditions were dry.

AVAILABILITY OF RECORDS – Rule 5.02.4(1):

The records for the mine are located in the mine office with Kurt Blunt. The records were well kept and up to date. For more details, please see the Availability of Records Form attached to the end of this report.

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:

Reclaimed drill pads located just off of County Road 65, near the northern portion of the permit area were visited. These pads had been recently regarded to approximate original contour. The pads were regarded and left roughened to help promote vegetative growth (Photo 1). The pads were stable and there were no indications of surface settling or erosion.

FISH and WILDLIFE – Rule 4.18:

During the inspection of the B Seam Dewatering System #2, a group of Antelope were seen (Photo 2). The group was located south/southeast of the second cell in the system.

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:

There are three ponds located at the main facilities area, the DP-1 Pond, the PP-1 Pond and the PP-2 Pond. During the inspection the DP-1 Pond was impounding water. Water was observed to be discharging through the primary spillway. The trash rack around the spillway was clear of debris. The embankment was vegetated and

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stable. There were no indications of erosion. The PP-1 Pond was holding water (Photo 3). The embankments of the pond were stable with vegetation. No erosional features were identified. The spillway was observed to be clear of debris. The PP-2 pond was holding water. The Spillway was clear of debris. The embankment was vegetated and stable. There were no erosional concerns identified.

The south side of the rail loadout has one Pond (RR-1) and one sump (RS-1). The RR-1 pond was dry during the inspection. The spillway was clear of blockages. The embankment was vegetated and stable. No erosional features were noted. The RS-1 sump was also dry during the inspection. The inlet and outlet of the sump were unobstructed. The embankments were vegetated and no indications of instability were seen. No erosional features were identified.

There are two ponds located to the north of the Slot Storage. The SS-1 Pond was damp during the inspection. There was no discharge from the pond. The embankments were stable with vegetation. No indications of erosion were observed. The SS-2 Pond was dry (Photo 4). The embankment was vegetated and stable. The spillway was clear of debris. No erosional features were identified.

The B Seam Dewatering System #2 was holding water in its first cell. The level of the impounded water had not reached the spillway. The spillway was clear of blockages. The second cell was also holding water. The level of the water was not close to the primary spillway. The spillway was clear of debris. The embankments of the cells were stable with vegetation. No indications of erosion were observed at the site.

All cells of the B Seam Dewatering System #1 were holding water. The last chance pond was about full and was discharging (Photo 5). The outlet was clear of obstructions. The embankments were observed to be stable with vegetation. One large burrow was identified on the embankment of the Last Chance Pond. The burrow was filled during the inspection and will be revisited by BME staff to ensure that the hole has not reopened.

The main refuse disposal area has three ponds, the RP-2/3 pond, the RP-4 pond and the RP-5 pond. At the time of the inspection the rp-5 pond was dry (Photo 6). The trash rack over the spillway was in good condition. The embankment of the pond was vegetated and stable. No indications of erosion were observed. The RP-4 pond was dry. The trash rack on the outlet was clear of debris. The embankment was stable with vegetation. No erosional features were noted. The RP-2/3 pond consists of three cells; a main cell, a west cell and an east cell. The cells were dry during the inspection. The spillways between the east/west cell and the main cell were clear of blockages. The primary discharge outlet was in good condition and the trash rack was clear. The embankments were observed to be vegetated and stable. No erosional concerns were identified.

The RP-1 pond collects runoff from the reclaimed RP-1 refuse pile. The pond was dry and the spillway was in good condition. The embankment was stable with vegetation. There were no erosional features noted.

The RP-A pond is located at the eastern base of the RP-A refuse pile. The pond was dry at the time of the inspection (Photo 7). The embankment was stable and no erosional concerns were identified. The outlet was clear of debris.

The SDH-3 D Seam Dewatering System was active during the inspection. The pond was discharging to Red Wash. The outlet for the pond was stable and unblocked. The embankment was vegetated and stable. No indications of erosion were observed.

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The Raw Water Lagoon was holding water. The embankment for the pond was stable with vegetation. There were no erosional concerns identified.

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

During the inspection, refuse was being actively placed on the RP-2/3/4 refuse pile. The pile was stable. Localized erosion on the slopes were noted and have been documented in previous Division inspection reports. The rills on the slopes have not increased in size since the September inspection. Some rills are approaching the size of gullies. The slops of the refuse pile should be included in the 2021 spring maintenance.

The RP-5a refuse pile was stable. Refuse material on the pile had been compacted. No new refuse had been stockpiled. The slopes of the pile are similar to the RP-2/3/4 pile. Rills have been documented. The slopes of the RP-5a pile should be included on the 2021 spring maintenance list.

The RP-A refuse area has progressed since the September inspection. The base of the pile had been filled in. Refuse material on the site appeared to be compacted (Photo 8). There were no indications of instability or off site impacts.

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 in good condition during the inspection. Water was being applied to the road for dust suppression. The road was stable and the road ditches were observed to be unobstructed. No water was in the ditches during the inspection. Access roads throughout the mine site were stable and in good repair. There were no roads with erosional issues. The access road to the SDH-3 Dewatering System had been recently regarded. County Road 65 was in good condition during the inspection. No impacts from mining activities were observed.

RECLAMATION SUCCESS - Rule 4.15, Rule 3:

The RP-1 refuse pile is the only reclaimed pile at the mine site. The pile was stable with vegetative cover. There were no erosional features observed. The ditches were stable. No down cutting or channel erosion were identified.

SUPPORT FACILITIES - Rule 4.04:

Support Facilities inspected included;

- Prep Plant
- Explosives Storage
- Fuel Storage
- B Vent Shaft No. 1 (Photo 9)
- Rock Dust Tank No. 2
- Slot Storage
- Nitrogen Plant No. 2
- Conveyor Corridor

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The support facilities at the mine were well kept and in good repair. The pads for the facilities were stable. Berms were vegetated and no erosional features were seen. No off site impacts were observed. The slopes of the Slot Storage were stable with vegetative cover. No erosional concerns were noted. The Fuel Storage was well kept and no spills were identified. The berms around the storage tanks were intact.

SIGNS AND MARKERS – Rule 4.02:

The mine identification signs were located to the left of the entrance to the permitted area on County Road 65. The sign displayed the required information about the permit, the permittee and the division. The sign was in good condition and placed in a visible location.

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 are located near mine facilities, refuse areas and sediment ponds throughout the site. The piles were covered with vegetation. No indications of instability or erosion were identified at any of the piles observed during the inspection. Topsoil pile markers were easily located on top of the piles. The collection berms around the piles were stable.

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: One of the reclaimed 2020 drill pads.

Photo 2: The group of Antelope spotted at the BSDS#2.

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Photo 3: The PP-1 Pond.

Photo 4: The SS-2 Pond northwest of the Slot Storage.

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Photo 5: The outlet of the Last Chance Pond at the B Seam Dewatering System No. 1.

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Photo 6: The RP-5 Pond and embankment.

Photo 7: The RP-A Pond and embankment.

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Photo 8: The PR-A Refuse pile is outlined in the green oval in the photo above.

Photo 9: The B Vent Shaft No. 1.

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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	Up to Date
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 September 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	Up to date
• Compaction Testing	Up to date
• Final Certification	RP-1
Coal Processing Waste Banks	Up to date
Haul Road Certifications	OK
Access Road Certifications	OK

HYDROLOGIC RECORDS	
NPDES Permit	Admin. Extension
NPDES Records	Up to date
Stormwater Management Plan	OK
SPCC Plan	2008
MSHA Pond Inspections	NA
State Engineer's Pond Inspection	DP-1
Quarterly Pond Inspections	Up to date
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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