

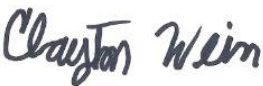


**COLORADO**  
Division of Reclamation,  
Mining and Safety  
Department of Natural Resources

**PERMIT INFORMATION**

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

**INSPECTION INFORMATION**

<b>Inspection Start Date:</b> March 2, 2021 <b>Inspection Start Time:</b> 13:00 <b>Inspection End Date:</b> March 2, 2021 <b>Inspection End Time:</b> 13:05	<b>Inspection Type:</b> Aerial Inspection <b>Inspection Reason:</b> Normal I&E Program <b>Weather:</b> Clear
<b>Joint Inspection Agency:</b>  None	<b>Joint Inspection Contacts:</b>  None
<b>Post Inspection Agency:</b>  None	<b>Post Inspection Contacts:</b>  None
<b>Inspector(s):</b>  Clayton Wein  Brock Bowles	<b>Inspector's Signature:</b>  <b>Signature Date:</b>  3/9/2021

**Inspection Topic Summary**

NOTE: Y=Inspected N=Not Inspected R=Comments Noted V=Violation Issued NA=Not Applicable

N - Air Resource Protection

N - Availability of Records

N - Backfill &amp; Grading

N - Excess Spoil and Dev. Waste

N - Explosives

N - Fish &amp; Wildlife

R - Hydrologic Balance

Y - Gen. Compliance With Mine Plan

N - Other

R - Processing Waste

R - Roads

Y - Reclamation Success

R - Revegetation

N - Subsidence

N - Slides and Other Damage

R - Support Facilities On-site

N - Signs and Markers

N - Support Facilities Not On-site

N - Special Categories Of Mining

N - Topsoil

**COMMENTS**

This was an aerial inspection of the Deserado Mine conducted on March 2, 2021. This report was written by Clayton Wein of the Division and the photographs were taken by Brock Bowles off the Division. The weather was clear and the ground conditions were dry/muddy with snow on north facing slopes.

**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 within the main facilities area; the DP-1 Pond, the PP-1 Pond and the PP-2 Pond (Photo 1). The DP-1 Pond was impounding water during the inspection. The pond was partially covered with ice near the outlet. The embankment was stable with vegetation. There were no indications of erosion observed. The view of PP-1 was obstructed by the Prep Plant. The portion that could be seen appeared to be frozen. The PP-2 pond was Holding water but frozen over. The embankment was vegetated and stable. No erosional concerns were identified.

The RP-A refuse area has one pond located at it. The RP-A Pond had a small amount of snow in it (Photo 2). The pond appeared mostly dry and no discharge was occurring. The embankment was stable with vegetative cover. There were no erosional features observed.

The B Seam Dewatering System No. 1 was holding water in all of its cells (Photo 2). Only the first four cells were unfrozen during the inspection. The embankments for the cells were vegetated and stable. There were no indications of erosion at the site.

The B Seam No. 2 Dewatering System was holding a small amount of frozen water in the first two cells. The third cell of the system remains unused. The embankments for the cells were stable with vegetation. There were no signs of erosional features.

Number of Partial Inspection this Fiscal Year: 6

Number of Complete Inspections this Fiscal Year: 2

Both the ponds located at the Slot Storage facility were observed to be dry. There was a small amount of snow on the north facing portions of the embankments. The embankments for the ponds were stable with vegetated cover. There were no erosional concerns.

The RS-1 Sump and RR-1 Pond on the south side of the rail loadout were dry (Photo 3). The ponds' embankments were covered with vegetation and stable. No erosional features were identified.

The RP-1 Pond was dry during the inspection. The embankment was observed to be stable and vegetated. There were no indications of erosion.

The RP-2/3 Pond was dry in its west and main cells (Photo 4). The east cell was holding a small amount of frozen water. The embankments for the cells were stable and vegetated. There were no erosional features identified. The RP-4 Pond was also dry at the time of the inspection. The embankment was covered with vegetation and stable. No erosional concerns were observed. The RP-5 Pond was dry. The embankment was stable with vegetative cover. There were no erosional features observed.

The Raw Water Lagoon located at the southern edge of the permit area was frozen. The embankments were also partly covered with snow. The embankments were stable and there were no indications of erosional features.

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

##### Drainage Control; Surface Stabilization; Placement:

The RP-A refuse area had material stockpiled on top of it (Photo 5). This disposal pile is relatively new and the material placed on the pile is helping create the base of the pile. Refuse stockpiled in this location will need to dry before it can be spread and compacted. The Disposal area was in good repair and there were no indications of erosion. The associated subsoil and topsoil piles were stable with no erosional concerns.

Stockpiling of refuse material was also occurring on the RP-2/3/4 pile (Photo 6). The pile had refuse stockpiled in windrows on about half of its top. The pile was stable and there were no indications of sloughing or instability. No erosional concerns were identified. The slopes of the pile were partly covered in snow.

The RP-5a refuse pile was observed to be stable (Photo 6). There were no indications of instability or excessive erosion. Large rills are on the slopes of both the RP-2/3/4 and 5a piles. The slopes are included on the spring maintenance list for 2021. The rills on the slopes of the refuse piles have not affected the stability of the piles.

#### 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):

Access road throughout the mine site were observed to be in good condition. There were no roads with erosional issues or concerns of instability. The haul road was in good repair. There were no erosional features identified. The intersection of County Road 65 and the haul road was stable with no erosional issues (Photo 7).

#### SUPPORT FACILITIES - Rule 4.04:

Support Facilities inspected included:

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- Main Facilities Area/Portals
- Water Storage Tanks
- West Mains Vent Shaft
- Radio Tower
- Conveyor Corridor/Transfer Buildings
- Slot Storage
- Nitrogen Plant #2
- Rock Dust Tank #4

At the time of the inspection, the support facilities were in good condition. The pads for the facilities were stable and there were no erosional concerns. Berms were observed to be vegetated and stable. No off-site impacts were observed.

**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 main facilities area. Ponds DP-1, PP-1 and PP-2 are outlined in blue circles.



**Photo 2:** The B Seam Dewatering System No. 1.

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**Photo 3:** The RS-1 sump and RR-1 pond are outlined in blue circles in the photo above.



**Photo 4:** The RP-2/3/ pond.

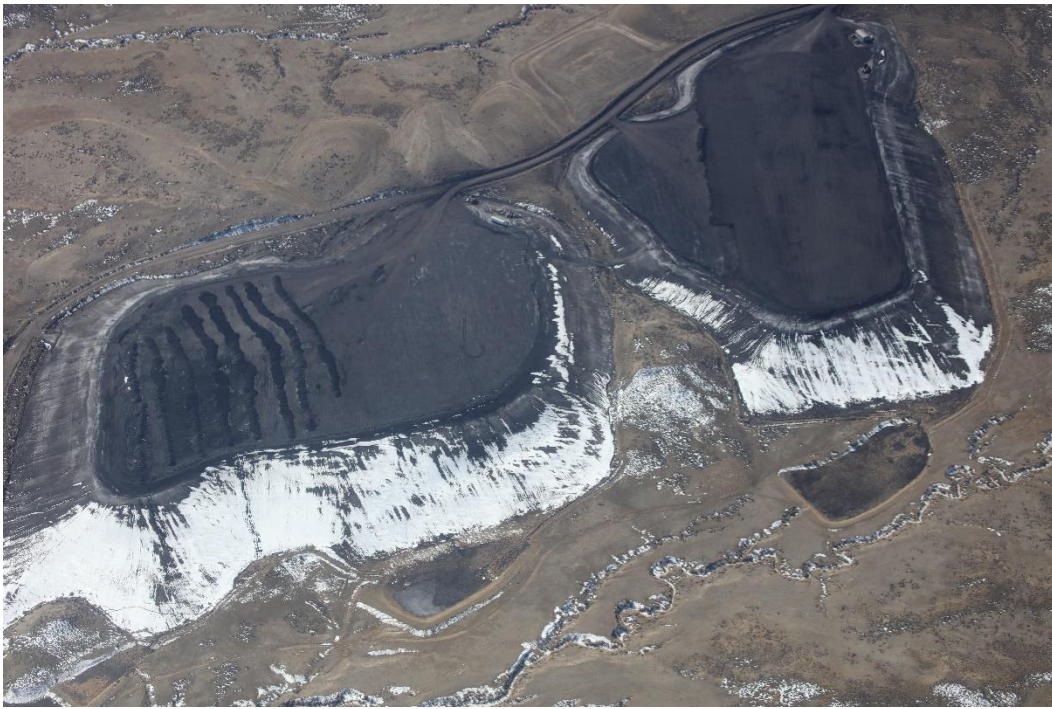
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**Photo 5:** The RP-A refuse disposal area. The photo was taken looking west.



**Photo 6:** The RP-2/3/4 refuse pile is on the left side of the photo and the RP-5a /refuse pile is on the right side of the photo.

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**Photo 7:** The County Road 65 and haul road intersection.

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