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: NA
Operator Representative Signature: (Field Issuance Only)	

INSPECTION INFORMATION

Inspection Start Date: May 12, 2021 **Inspection Start Time:** 10:00 **Inspection End Date:** May 12, 2021 **Inspection End Time:** 11:05	**Inspection Type:** Aerial 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 Brock Bowles	Clayton Wein	5/17/2021

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
N - Availability of Records
N - Backfill & Grading
N - Excess Spoil and Dev. Waste
N - Explosives
N - Fish & Wildlife
R - Hydrologic Balance
Y - Gen. Compliance With Mine Plan
N - Other
R - Processing Waste
R - Roads
R - Reclamation Success
Y - 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
Y - Topsoil

COMMENTS

This was an aerial inspection of the Deserado Mine conducted on May 12, 2021. This inspection report was writen by Clayton Wein of the Division. The aerial photographs were taken by Brock Bowles of the Division. The weather was clear and the ground conditions were dry.

Please note Maintenance Items identified during the inspection are in bold text in this report.

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:

The Raw Water Lagoon is located at the southern end of the permit area next to the White River. The pond was full of water during the inspection. The embankment was stable with vegetative cover. There were no erosional features identified on the embankment. **There was a large rill or gully spotted next to the south-central portion of the embankment (Photo 1). The rill/gully had water in it at the time of the inspection. Please inspect the location identified in Photo 1a to ensure the rill is not affecting the embankment of the pond.**

There are three ponds located at the main facilities area: the DP-1 Pond, the PP-1 Pond and the PP-2 Pond. The DP-1 Pond was impounding water at the time of the inspection. The embankment was vegetated and stable. There were no erosional concerns identified. The outlet for the pond has a trash rack cover. The outlet structure was un-obstructed. The PP-2 Pond was holding water (Photo 2). The embankment was stable with vegetation. There were no erosional features identified. The outlet for the pond was in good condition. **Cattails have grown around the outlet structure. Please ensure the outlet is able to function as designed and clear cattails from the area if needed.** The PP-1 Pond is located on the middle bench of the facilities area. The pond was covered by processing plant structures during the aerial inspection.

Refuse Disposal Area RP-A has one sediment pond located at its eastern end. The RP-A Pond was dry during the inspection. The embankment was stable and vegetated. There were no erosional features noted.

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The B Seam Dewatering System No. 1 (BSDS#1) was active during the inspection. All cells were impounding water. The Last Chance Pond appeared to be at the level of the discharge outlet. Embankments for the cells were vegetated and stable. There were no erosional features.

Two ponds, SS-1 and SS-2, are located to the north of the Slot Storage facility. Both ponds were dry at the time of the inspection. The embankments were stable with vegetative cover. There were no erosional features identified. The outlets for the ponds were clear of debris.

The RS-1 Sump and the RR-1 Pond are located at the south side of the rail loadout. The RS-1 Sump was dry. The embankments were stable and vegetated. There were no indications of erosion. The outlet for the sump was unobstructed. The RR-1 Pond was also dry. The embankment was vegetated and stable. No erosional features were noted. The outlet for the pond was clear of debris.

The B Seam Dewatering System No. 2 is located to the east of the Slot Storage. The system was inactive during the inspection. The first cell appeared to be dry. The embankments were stable with vegetative cover. The main cell was almost dry, just a puddle of water was in the pond. The embankment was stable and vegetated. No erosional concerns were identified. The discharge outlet was unobstructed.

Two ponds are located at the northern base of the RP-2/3/4 Refuse Pile. The RP-2/3 Pond is located at the pile's northeast corner. The Pond consists of three cells. All three cells were dry. The embankments for the cells were covered with vegetation and stable. There were no erosional features identified. The spillways from the two smaller cells to the main cell were in good condition. The discharge outlet for the main cell is topped with a trash rack. The trash rack was clear of debris. The RP-4 pond is located at the northwest base of the pile. The pond was dry during the inspection. The embankment was stable and vegetated. There were no erosional concerns identified. The outlet for the RP-4 Pond is also capped with a trash rack. The outlet was clear of debris.

One pond, RP-5, is located at the northern base of the RP-5a Refuse Pile. The pond was dry during the inspection. The embankment was stable with vegetative cover. No indications of erosional were observed. The outlet channel was clear of obstructions.

There is one pond, RP-1, located at the base of the reclaimed RP-1 Refuse Pile. The pond was empty during the inspection. The embankment was stable and vegetated. There was no debris on the trash rack over the spillway.

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

During the inspection refuse material was being placed on the RP-A pile. Refuse Was being placed on the central portion of the pile while a dozer was spreading the refuse on the southern part of the pile. The site was stable and there were no indications of erosional features. No off site impacts were observed.

Refuse material on top of the RP-2/3/4 Refuse Pile was placed in windrows. The pile was stable. Erosion on the slopes of the pile has been noted in previous Division inspection reports. **It was observed during this inspection that some of the rills have significantly enlarged into gullies (Photo 3). There are portions on the north-facing slope that were observed to have deep and wide gullies. Please repair the slopes of the RP-2/3/4**

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Refuse Pile as soon as possible to ensure that the stability of the pile does not become affected. No off-site impacts were observed.

Refuse on top of the RP-5a pile has been spread and compacted. The pile was stable during the inspection. Erosion on the slopes of the pile has been noted in previous Division inspection reports. **Similar to RP-2/3/4, the Division observed during this inspection that some of the rill have significantly enlarged into gullies. There are portions on the north-facing slope that were observed to have deep and wide gullies (Photo 4). Please repair the slopes of the RP-5a Refuse Pile as soon as possible to ensure that the stability of the pile does not become affected.** No off-site impacts were 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 in good repair during the inspection. The road was stable and there were no erosional features identified. Access roads throughout the mine site were stable. There were no erosional concerns identified.

RECLAMATION SUCCESS - Rule 4.15, Rule 3:

The RP-1 Refuse Pile is the only reclaimed refuse pile at the mine site. The pile was stable with vegetative cover (Photo 5). There were no erosional features noted. The perimeter ditches were dry and stable. There were no off-site impacts observed.

SUPPORT FACILITIES - Rule 4.04:

Support facilities inspected included:

- Main Facilities/Portals Area
- Explosives Storage
- Fuel Storage Area
- B Vent Shaft No. 1 (Photo 6)
- West Mains Vent Shaft
- Radio Tower/Water Tanks
- RDH-2 (Photo 7)
- Conveyor Corridor/Transfer Buildings
- RDH-4
- Nitrogen Plant #2 (Photo 8)
- Slot Storage

Pads for the support facilities were observed to be stable with no erosional features. The pads were covered with gravel to prevent erosional features from developing. Berms were vegetated and stable. The Division did not observe any off-site impacts.

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Maintenance Items Identified During This Inspection:

1. **Raw Water Lagoon - There was a large rill or gully spotted next to the south-central portion of the embankment. The rill/gully had water in it at the time of the inspection. Please inspect the location identified in Photo 1 to ensure the rill is not affecting the embankment of the pond.**
2. **PP-2 Pond - Cattails have grown around the outlet structure. Please ensure the outlet is able to function as designed and clear cattails from the area if needed.**
3. **Refuse Pile RP-2/3/4 - It was observed during this inspection that some of the rills have significantly enlarged into gullies. There are portions on the north-facing slope that were observed to have deep and wide gullies. Please repair the slopes of the RP-2/3/4 Refuse Pile as soon as possible to ensure that the stability of the pile does not become affected.**
4. **RP-5a - Similar to RP-2/3/4, the Division observed during this inspection that some of the rill have significantly enlarged into gullies. There are portions on the north-facing slope that were observed to have deep and wide gullies. Please repair the slopes of the RP-5a Refuse Pile as soon as possible to ensure that the stability of the pile does not become affected.**

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

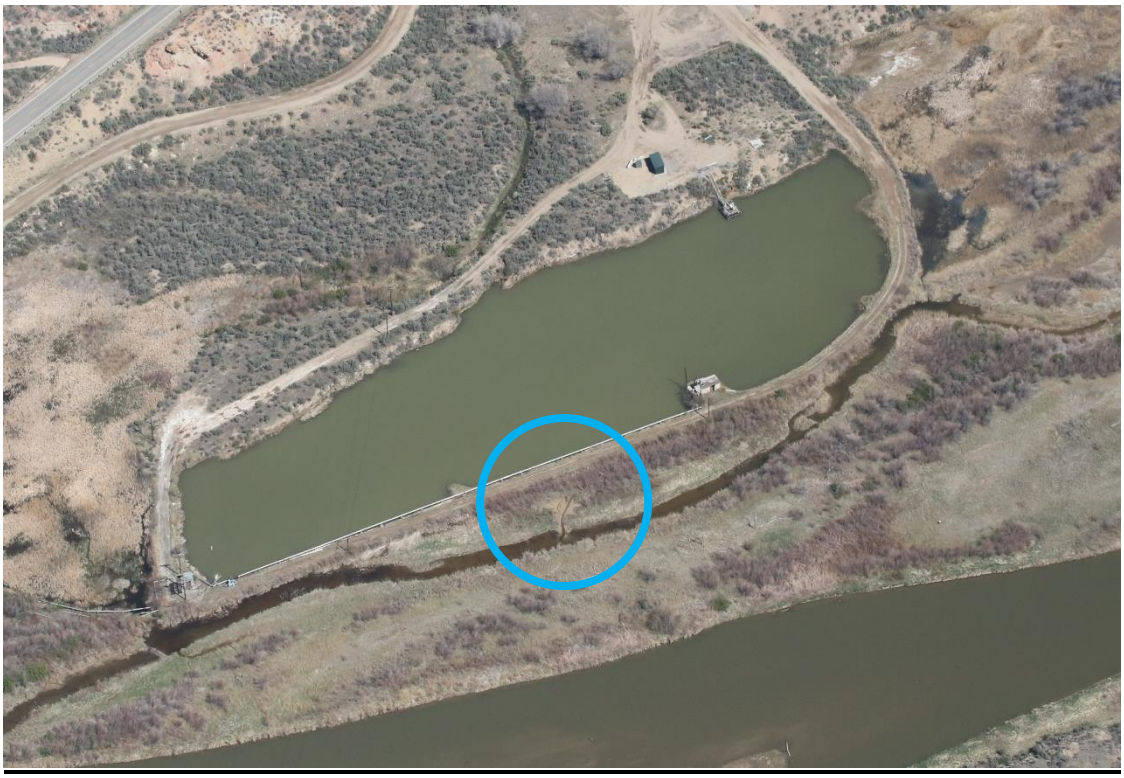

Photo 1: The Raw Water Lagoon. The erosional feature is outlined in the blue circle.

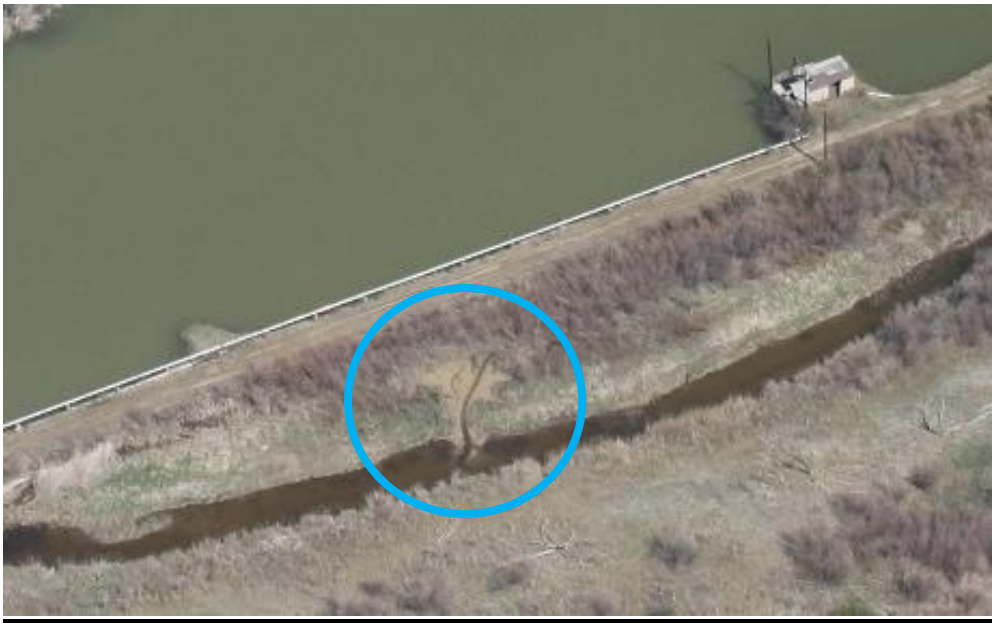

Photo 1a: A zoomed in view of the erosional feature next to the Raw Water Lagoon's south embankment.

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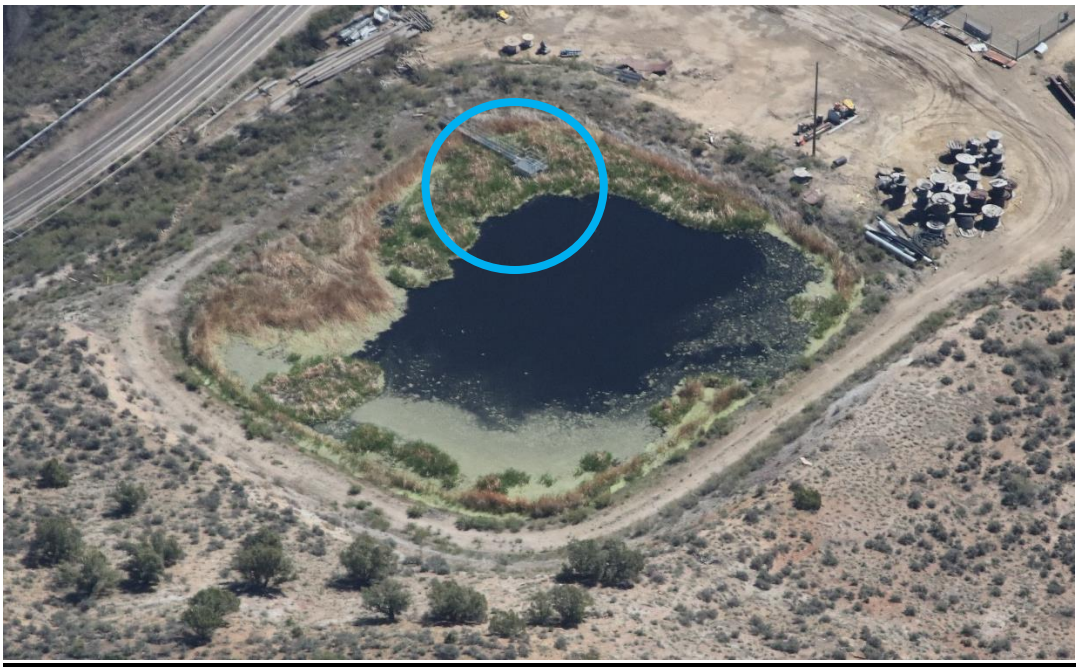

Photo 2: The PP-2 Pond. The outlet is outlined in the blue circle.

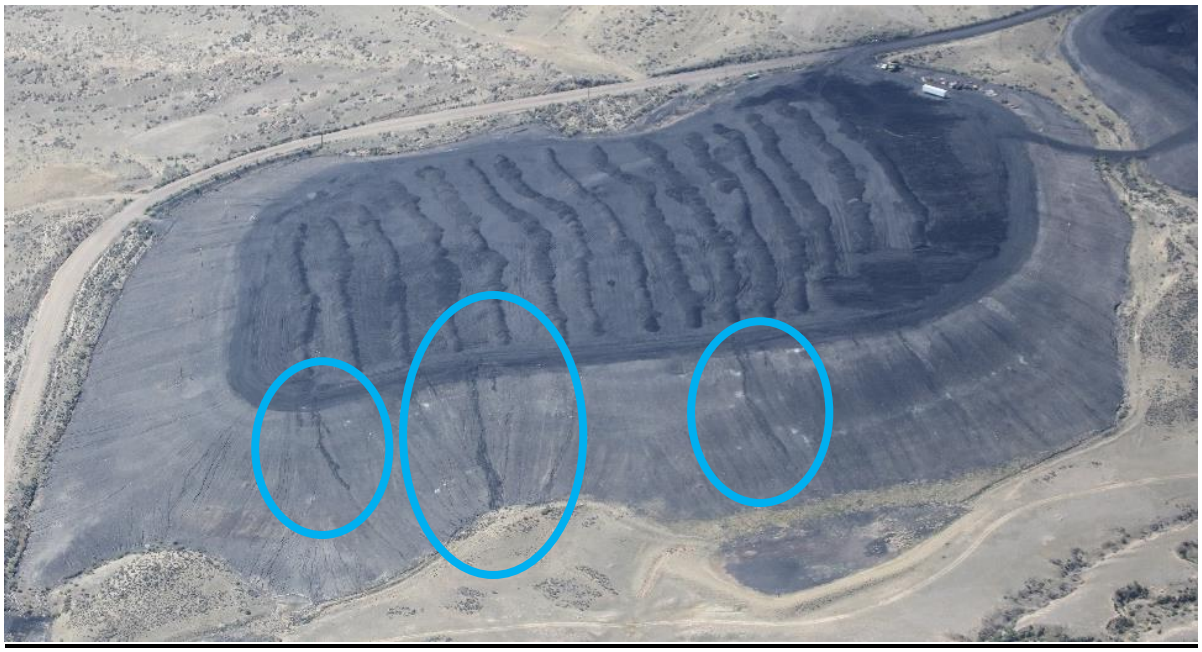

Photo 3: The RP-2/3/4 Refuse Pile. The largest gullies are outlined in blue ovals.

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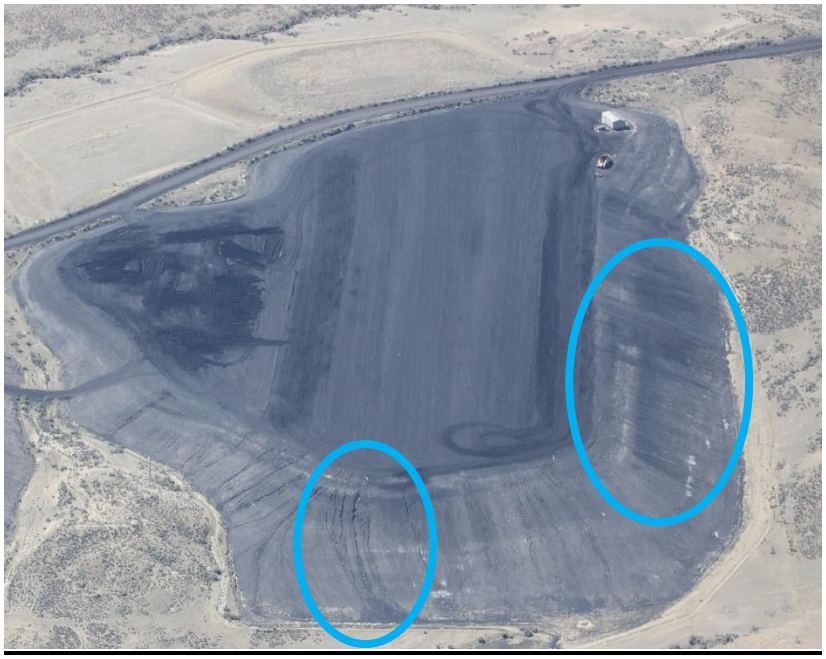

Photo 4: The RP-5a Refuse Pile. The large Gullies are outlined in the blue ovals.

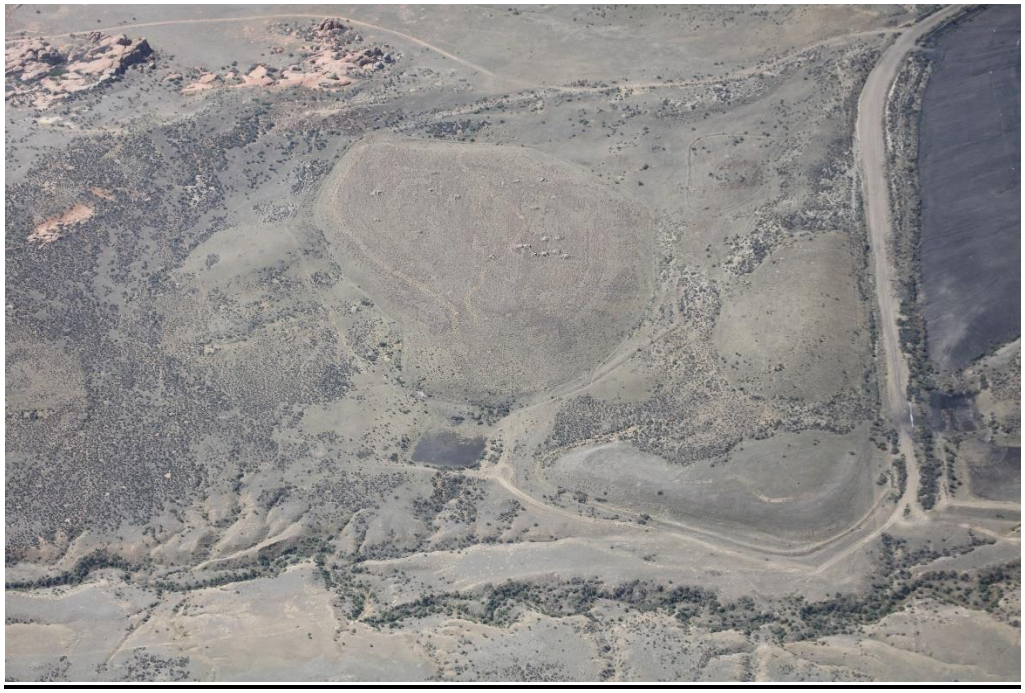

Photo 5: The RP-1 Refuse Pile.

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Photo 6: The B Seam Vent Shaft No.1.

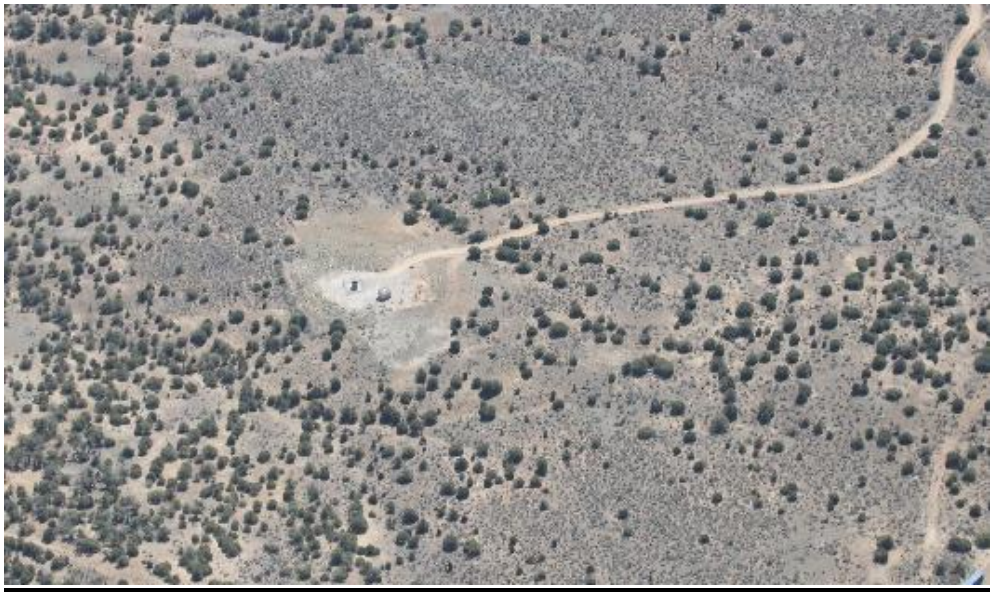

Photo 7: The RDH-2 Pad.

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Photo 8: The Nitrogen Plant No. 2 facility and pad.

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