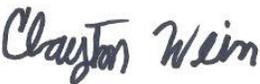




PERMIT INFORMATION

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: June 30, 2021 Inspection Start Time: 10:30 Inspection End Date: June 30, 2021 Inspection End Time: 13:20		Inspection Type: Coal Partial 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): Clayton Wein	Inspector's Signature: 		Signature Date: 7/2/2021

Inspection Topic Summary

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

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

COMMENTS

This was a partial inspection of the Deserado Mine conducted on June 30, 2021. The inspection was completed by Clayton Wein of the Division. Kurt Blunt of BME attended the inspection. The weather was clear with a temperature starting at 73 degrees F. The ground conditions were dry.

Please note the maintenance items in bold text within this report.

EXCESS SPOIL and DEVELOPMENT WASTE – Rule 4.09

Placement; Drainage Control; Surface Stabilization:

During the inspection, the Halandras Landfill was observed to be well kept. There were no indications of erosion at the site. The topsoil stockpiles were vegetated and stable. The sump located on the southwest part of the facility was dry and stable.

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 are. The DP-1 pond is located on the lower bench. The pond was impounding water during the inspection. The inlet to the pond was unobstructed and stable. The trash rack over the outlet was clear of debris (Photo 1). The pond was discharging. The embankment for the pond was stable with vegetative cover. No indications of erosion were observed. The PP-1 pond is located on the middle bench. The pond was holding water and was observed to be stable. There were no erosional concerns. The PP-2 pond, located on the upper bench, was also holding water. The outlet was clear of debris. The embankment was vegetated and stable. No erosional features were identified.

One sump, RS-1, and one pond RR-1, are located on the south side of the rail loadout. RS-1 was dry during the inspection. The sump's embankments were stable with vegetative cover. There were no erosional concerns. The outlet for the sump was stable. The RR-1 pond was dry. The inlets for the pond were stable. The embankment was observed to be vegetated and stable (Photo 2). There were no erosional issues.

Number of Partial Inspection this Fiscal Year: 8

Number of Complete Inspections this Fiscal Year: 4

Two ponds SS-1 and SS-2 are associated with the Slot Storage facility. Both ponds are located to the north of the facility. SS-1 had a small puddle of water in it during the inspection. There was no discharge from the pond. The embankments were stable and vegetated. There were no indications of erosional features. The SS-2 pond was dry. The Embankment was stable with vegetative cover. No erosional features were observed. The outlet for the pond was stable and unobstructed.

The B Seam Dewatering System No. 2 was inactive during the inspection. The upper cell was dry. The embankment was vegetated and stable. There were no concerns of erosion identified. The second cell was also dry (Photo 3). The embankment was observed to be vegetated and stable. No erosional features were noted.

Two small ponds are located on the east side of the conveyor transfer building just southwest of the Slot Storage. Both ponds were dry. The embankments for the ponds were observed to be stable with vegetation. No indications of erosion were seen.

All cells of the B Seam Dewatering System No. 1 were holding water. The Last Chance pond was full and discharging into Red Wash. The outlet was clear of debris and stable. The cells' embankments were stable with vegetation. There were no observed erosional features.

The RP-1 Refuse pile is located at the northern base of the reclaimed RP-1 refuse pile. The pond was dry. The trash rack on the outlet was unobstructed. The embankment was vegetated and stable. There were no erosional features observed.

The RP-2/3 pond is located at the northeastern base of the RP-2/3/4 refuse pile. All 3 cells of the pond were dry during the inspection. The trash rack on the outlet was unobstructed. The pond's embankments were stable with vegetative cover (Photo 4). There were no noted erosional features. The RP-4 pond is located at the Northwestern base of the RP-2/3/4 refuse pile. This pond was also dry. The outlet was clear. The embankment had no indication of instability or erosion. The embankment is covered with vegetation.

The RP-5 pond is located at the northern base of the RP-5a refuse pile. The pond was dry at the time of the inspection. The outlet was unobstructed. The embankment was observed to be stable with vegetative cover. No indications of erosion were noted.

The SDH-3/5 D Seam Dewatering System had a small amount of water impounded in its cell (Photo 5). There was no discharge to Red Wash occurring. The outlet was unobstructed and stable. The pump for the system was being replaced during the Division's June 3, 2021 inspection. The pump had been completely installed and tested prior to this inspection. The embankment of the cell was vegetated and stable. There were no observed erosional concerns.

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

Drainage Control; Surface Stabilization; Placement:

At the time of the inspection, refuse material was observed being placed on the RP-A refuse pile. The pile was stable with no erosional concerns.

The slopes of the RP-2/3/4 and RP-5a refuse piles were stable with no erosional concerns. The slopes of the piles had been regarded in the spring of 2021.

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RECLAMATION SUCCESS - Rule 4.15, Rule 3:

The reclaimed RP-1 refuse pile was observed to be stable with vegetative cover. There were no indications of erosional features.

SUPPORT FACILITIES - Rule 4.04:

Support Facilities inspected at the mine included;

- Explosives Storage
- Fuel Storage Area
- The Main Facilities/Prep Plant Area
- B Seam Vent Shaft No. 1
- Slot Storage
- Nitrogen Plant No. 2
- Conveyor Corridor/Transfer Stations
- RDH-4
- Halandras Landfill

Support facilities inspected during the inspection were observed to have stable pads with no erosional concerns. Facilities such as the Explosives Storage and B Seam Vent Shaft have cut and fill slopes. These areas were observed to be stable with no indications of sloughing. Berms for the support facility pads were stable and covered with vegetation. No off site impacts were observed. **The culvert located at the entrance to the Slot Storage facility was observed to be partly filled with sediment at the inlet. Please clean the inlet to the culvert.** The Ditch located on the lower bench of the main facilities area had been partially cleaned out. This ditch transports runoff from the middle and lower benches to the DP-1 Pond. **Please continue to clean out this ditch.**

DOCUMENTS RECEIVED: None

OTHER (SPECIFY): None

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Number of Complete Inspections this Fiscal Year: 4

ENFORCEMENT ACTIONS/COMPLIANCE

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

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Number of Complete Inspections this Fiscal Year: 4

PHOTOGRAPHS



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



Photo 2: The embankment of the RR-1 pond.

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Photo 3: The 2nd cell of the B Seam Dewatering System No. 2.



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

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Photo 5: The SDH-3/5 D Seam Dewatering System cell.

Number of Partial Inspection this Fiscal Year: 8

Number of Complete Inspections this Fiscal Year: 4