



July 18, 2022

Kurt Blunt
Blue Mountain Energy, Inc.
3607 County Rd. 65
Rangely, CO 81648

**RE: Deserado Mine, Permit No. C-1981-018
4th Quarter 2021 Sediment Pond Inspection Report and 4th Quarter 2021
County Road 65 Subsidence Monitoring Report**

Dear Kurt,

The Division of Reclamation, Mining and Safety (the Division) has reviewed the Sediment Pond Inspection Report and the County Road 65 Subsidence Monitoring Report for the 4th Quarter of 2021. The reports were received on January 27, 2022. The Division finds the reports to be in compliance with the following Rules:

4th Quarter 2021 Sediment Pond Inspection Report

4.05.9(17) – All Impoundments are inspected quarterly, by a qualified person designated by the operator, for the appearance of structural weakness and other hazardous conditions. The reports are retained at the Deserado Mine Office, and copies of the reports are submitted to the Division on a quarterly basis.

4.05.9(15)(a) – No indications of seepage, erosion or animal burrows were identified in the 4th quarter. Spillways for the ponds were noted to be in good repair and functional. SDH-3M has been listed as having channel erosion and a defective spillway for multiple reports. The pond has not been used since this issue was observed. The SDH-3L pond substitutes for the SDH-3M pond.

4.05.9(15)(b) – The existing required monitoring procedures were met.

4.05.9(15)(c) - The amount of water impounded in the ponds was documented in the report.

4.05.9(15)(d) – The existing storage capacity of the impoundments was documented in the report.

4.05.9(15)(e) – The 4th quarter report did not list any other aspects of the structure affecting stability, or requiring maintenance.



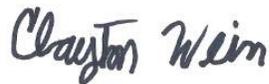
During the 4th quarter, the Portals Area Pond/DP-1, the B Seam Dewatering System No. 1, and the Raw Water Lagoon discharged. The 4th Quarter Discharge Monitoring Reports indicated that discharge from SDH-3/5/D Seam Dewatering System occurred. **Please revise the quarterly pond report to reflect this or provide the Division with a revised 4th Quarter DMR to reflect the pond inspection report.**

4th Quarter 2021 County Road 65 Subsidence Monitoring Report

2.05.6(6) – The report indicated that no mining had occurred under County Road during the 4th quarter. No surface cracks or differential settlement were observed. No other indications of damage were indicated in the report.

This concludes the Division's review of the Sediment Pond Inspection Report and the County Road 65 Subsidence Monitoring Report for the 4th Quarter of 2021. If you have any questions, please contact me at (303)-866-3567 x8144 or clayton.wein@state.co.us.

Sincerely,



Clayton Wein
Environmental Protection Specialist
clayton.wein@state.co.us

cc: Travis Marshal, Senior Environmental Protection Specialist