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: March 29, 2023 **Inspection Start Time:** 11:15 **Inspection End Date:** March 29, 2023 **Inspection End Time:** 14:45	**Inspection Type:** Coal Complete Inspection **Inspection Reason:** Normal I&E Program **Weather:** Cloudy
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 Todd Jesse	Clayton Wein	4/7/2023

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
N - Backfill & Grading
R - Excess Spoil and Dev. Waste
N - Explosives
Y - Fish & Wildlife
R - Hydrologic Balance
Y - Gen. Compliance With Mine Plan
N - Other
R - Processing Waste
R - Roads
N - 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 report documents the observations made by the Division during a complete inspection of the Deserado Mine on March 29, 2023. The inspection was completed by Clayton Wein and Todd Jesse of the Division. Kurt Blunt represented Blue Mountain Energy during the inspection. The weather was partly cloudy with a temperature of 50 degrees F. The ground conditions were muddy and some snow cover remained at the mine site. Due to the soft ground conditions, some portions of the mine site were inaccessible during the inspection. Please note Maintenance Items are listed in this report in **Bold** text. Please provide the Division with photos of the maintenance items once they have been completed.

AVAILABILITY OF RECORDS – Rule 5.02.4(1):

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

EXCESS SPOIL and DEVELOPMENT WASTE – Rule 4.09
Placement; Drainage Control; Surface Stabilization:

The Halandras Landfill is located on the west side of County Road 65 (CR-65), north of the main facilities area. The landfill was completely covered with snow. There were no indications of offsite impacts or erosional features.

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 min facilities area of the mine site: the DP-1 pond, the PP-1 pond and the PP-2 pond. Access to the DP-1 pond and the PP-2 pond was impassable. PP-1 The PP-1 pond was holding water with no discharge occurring. The embankments were covered with snow. There were no indications of instability or erosion.

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Ditches throughout the main facilities are were observed to be functioning as designed, transporting runoff to the DP-1 pond. **Some ditches have partly filled in with sediment. Please add cleaning the facilities/portals area ditches when ground conditions allow.**

The SS-1 pond and the SS-2 pond are located to the north of the Slot Storage facility. The SS-1 pond was holding water during the inspection. No discharge was observed. The discharge outlet was clear of debris. Embankments for the pond were partly covered with snow. There were no erosional concerns or indications of erosion observed. The SS-2 pond was covered with snow (Photo 1). The embankment was stable with no erosional concerns identified.

There are a couple of culverts below access roads adjacent to the SS-1 pond. Both culverts are south of the SS-1 pond. The culverts were observed to be partly filled with sediment (Photo 2). Runoff was observed being conveyed to the SS-1 pond properly even with the excess sediment in the culverts and ditches. **Please clean out the culverts and ditches of the excess sediment. The current ground conditions were too soft to complete these items. The operator has added the culverts to the list of items requiring maintenance when ground conditions allow.**

Water was observed to be impounded in the second cell of the B Seam Dewatering System No. 2 (Photo 3). The cell was frozen over and the embankments were covered with snow. The level of water and ice had not reached the primary discharge outlet. The embankment was stable and no erosional features were identified. The third cell of the system is not used. The cell was covered with snow and there was not any water observed to be impounded in the cell. The first cell was inaccessible during the inspection.

All cells of the B Seam Dewatering System No. 1 were holding water. The first 4 cells were un frozen and the remaining cells were observed to be frozen over. The Discharge point at the Last Chance Pond could not be accessed. The Division was not able to determine if discharge from the system was occurring. The embankments of the cells were covered with snow. There were no observed indications of erosion or instability.

The RP-2/3 pond was accessible during the inspection. The RP-2/3 pond is located at the northeastern base of the RP-2/3/4 refuse pile. There are three cells to the pond; the main cell, east cell and west cell. All three cells were observed to be holding a small amount of water in them. The level of water in the main cell was well below the primary discharge outlet. The trash rack over the discharge outlet was clear of debris. The embankments of the pond were covered with snow. No erosional features or indications of instability were observed.

The Raw Water Lagoon is located in the southern portion of the permit area, north of the White River and adjacent to CR-65. The pond was holding water and frozen over during the inspection (Photo 4). The embankment was snow covered and stable. There were no erosional concerns identified.

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

The Deserado Mine has three active refuse disposal sites; the RP-2/3/4 pile, RP-5a pile and the RP-A pile. Refuse on the RP-2/3/4 and RP-5a piles had been places into windrows to allow for drying of the refuse material. The slopes of the RP-2/3/4 and RP-5a piles were covered with snow. There were no erosional features identified. No concerns of instability were seen. Refuse material was actively being placed and spread at the RP-A pile (Photo 5). The refuse material placed at the RP-A pile is continuing to fill out the base of the pile. The RP-A pile

is relatively new and is continuing to fill out the designed footprint. No erosional concerns were noted. The RP-A refuse pile was stable.

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 at the Deserado mine was well maintained and dry. The road was stable with no erosional concerns. **The portion of the haul road extending from CR-65 to the main facilities area has had some areas fill partially with sediment. Some of the straw bales used as check dams have also deteriorated. Please clean out the portions of the ditch that have become sedimented and replace the straw bales as necessary.**

Vital access roads throughout the mine site had been plowed of snow. During the inspection access roads were muddy from snowmelt. Most roads were passable but soft. The Division observed the roads to be stable with no off site impacts. **Some roads have become rutted. Please repair these access roads when the ground conditions allow. Roads identified with rutting include the access roads to the RDH-2 pad, RDH-3 pad and the road to the bottom of RP-2/3/4.**

SUPPORT FACILITIES - Rule 4.04:

Support facilities that were able to be accessed included; the main facilities/portals area, B Vent Shaft no. 1, RDH-2, RDH-3 (Photo 6), RDH-4, the Nitrogen Plant No. 2, The conveyor corridor, the Slot Storage, The radio tower (Photo 7), the West Mains Vent Shaft, and the water storage tanks. **A couple of culverts near the Nitrogen Plant No. 2 were observed to be mostly plugged with sediment. The first culvert is a small pipe located on the north side of the Nitrogen plant No. 2 pad (Photo 8). Both the inlet and outlet of the culvert were almost completely buried. The second culvert is located at the entrance to the access road from the haul road directly southwest of the Nitrogen Plant No. 2 (Photo 9). Please clear out these culverts as soon as possible to help ensure snowmelt continues to flow through the designed ditches.**

SIGNS AND MARKERS – Rule 4.02:

The mine identification signs are posted on the entrance to the permit boundary on CR-65. The signs displayed the current contact information for the permittee and the Division. The signs also include the assigned DRMS permit number. The ID signs were placed in unobstructed locations and the text was clearly legible.

TOPSOIL – Rule 4.06
Removal 4.06.2; Substitute Materials 4.06.4(4); Storage and Protection 4.06.3; Redistribution 4.06.4:

Several topsoil stockpiles are located throughout the mine site. All stockpiles inspected were covered with snow during the inspection. The topsoil pile markers were seen on top of the piles. Topsoil pile markers were T-posts covered with pieces of white PVC. There were no indications of erosion or instability observed on any of the stockpiles.

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

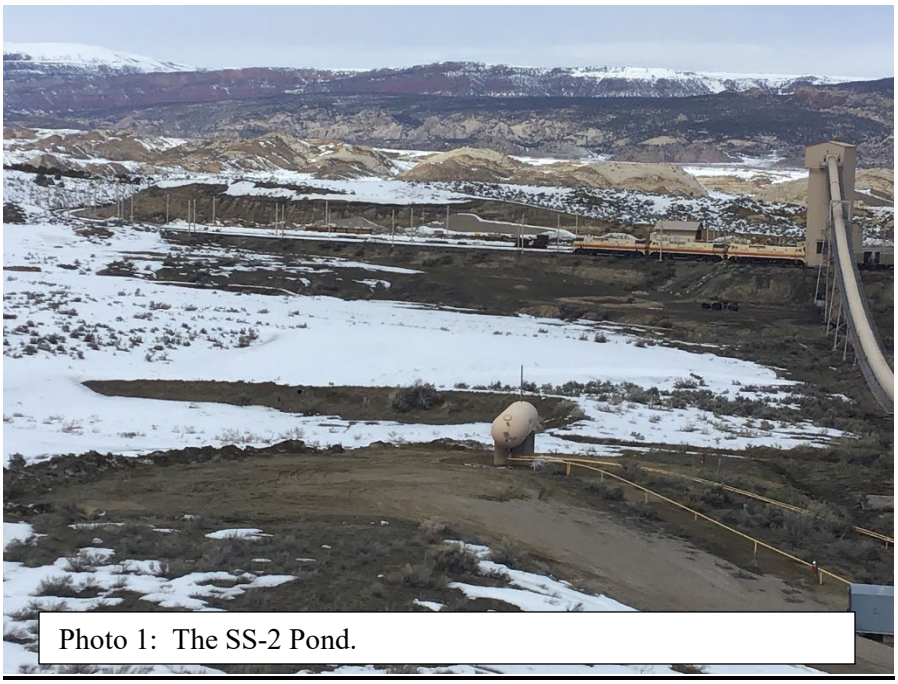

Photo 1: The SS-2 Pond.

Photo 2: The inlet to the culvert south of the SS-1 pond.

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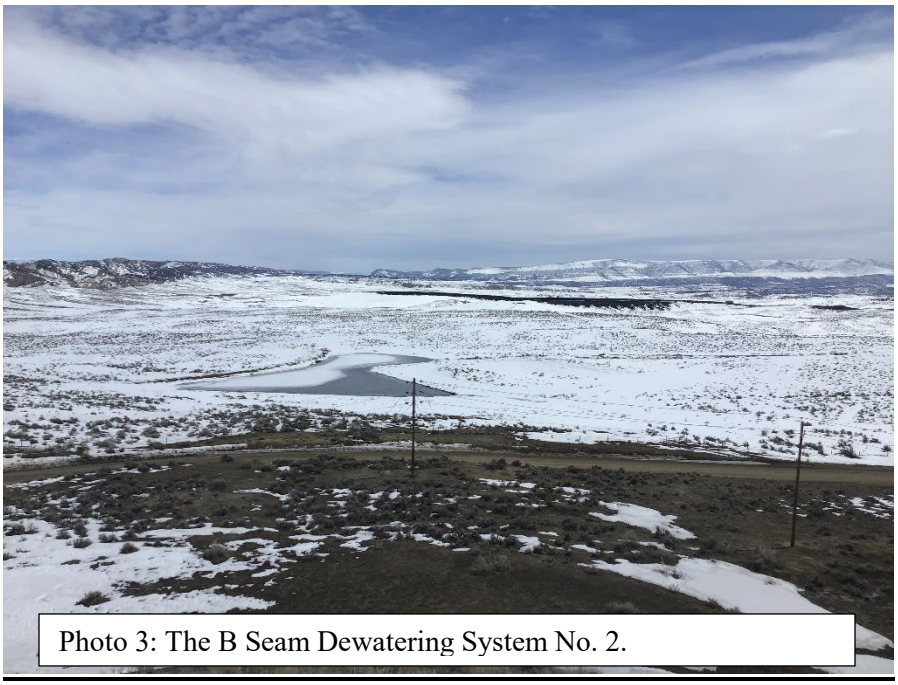

Photo 3: The B Seam Dewatering System No. 2.

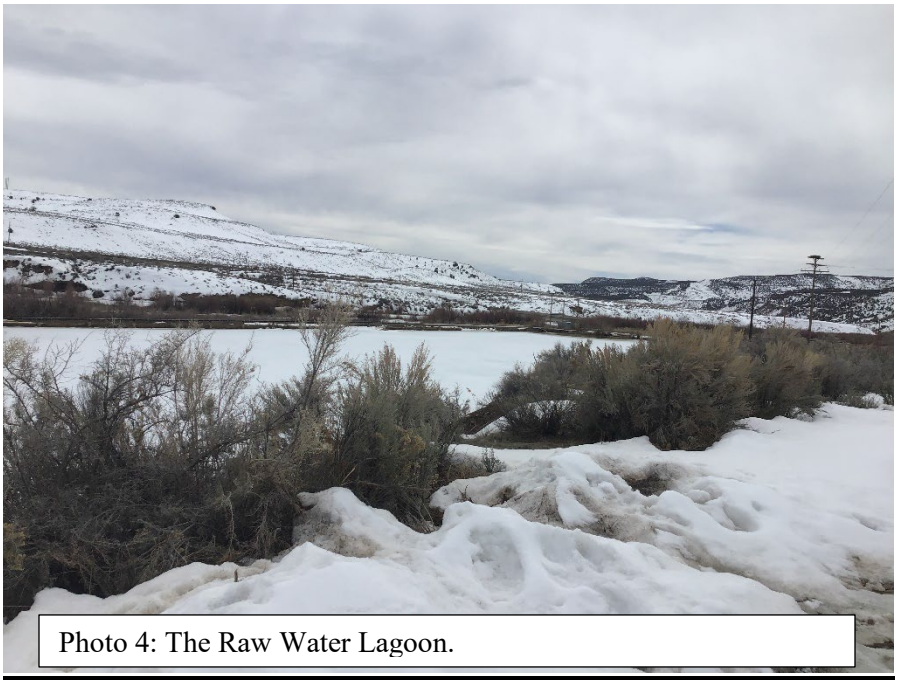

Photo 4: The Raw Water Lagoon.

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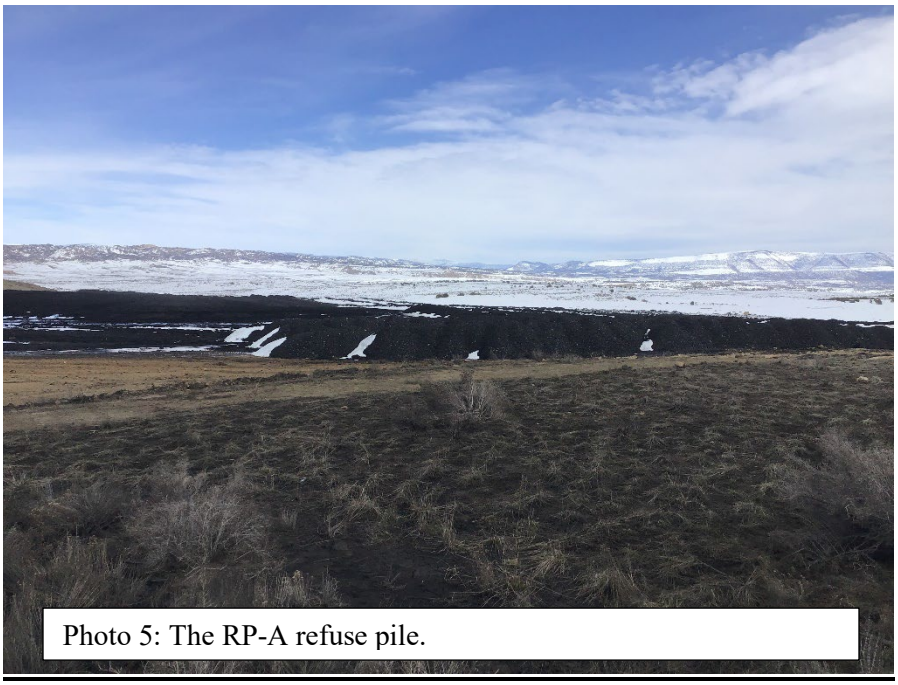

Photo 5: The RP-A refuse pile.

Photo 6: The pad for RDH-3.

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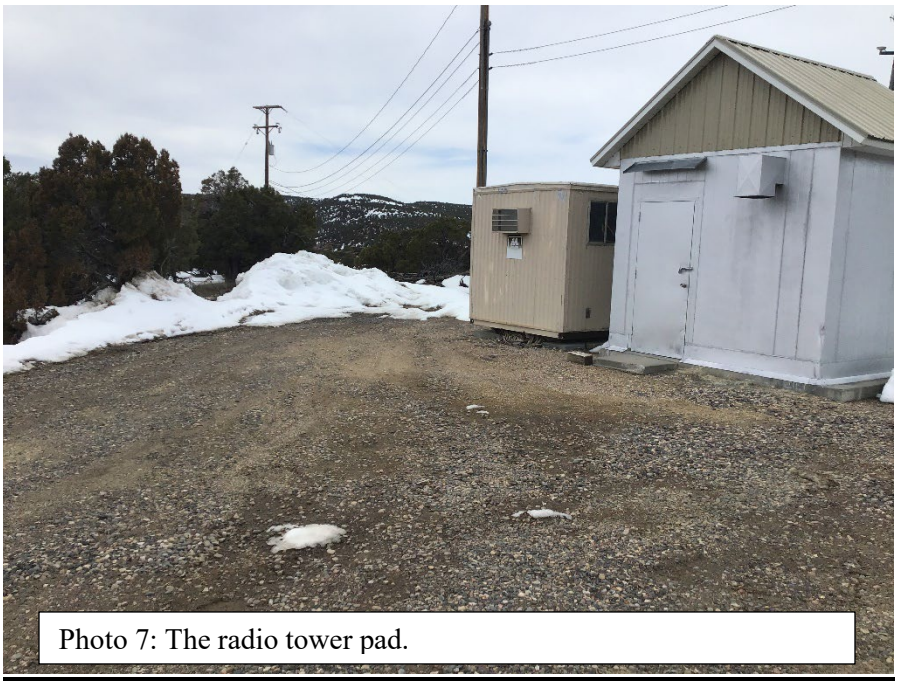

Photo 7: The radio tower pad.

Photo 8: The mostly plugged inlet to the culvert north of the Nitrogen Plant No. 2.

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Photo 9: The mostly plugged inlet to the culvert southwest of the Nitrogen Plant

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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. 12/30/2023
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	4th Q 2022
Subsidence Monitoring Data	PAP
Rill & Gully Survey	NA
Vegetation Monitoring Data	2022 ARR
Specific Variance Approvals	NA
Annual Reclamation Reports	2022
Midterm Review Documents	MT-8
DRMS/OSM Inspection Reports/Enforcement Actions (3 Years)	Up to date, Feb. of 2023
Transfers/Succession of Operator	OK
Temporary Cessation Notification	NA
Reclamation Cost Estimate	MT-8
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	4th Q 2021
Stormwater Management Plan	OK
SPCC Plan	2008
MSHA Pond Inspections	NA
State Engineer's Pond Inspection	DP-1
Quarterly Pond Inspections	4th Q 2021
Annual Hydrology Reports	2022
• 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. 2024
Blasting Variances	NA
Pre-Blast Surveys	NA
ADDITIONAL RECORDS (specify)	

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