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: November 28, 2023 **Inspection Start Time:** 10:20 **Inspection End Date:** November 28, 2023 **Inspection End Time:** 15:10	**Inspection Type:** Coal Complete Inspection **Inspection Reason:** OSM Oversight Inspection **Weather:** Cloudy
Joint Inspection Agency: OSMRE	**Joint Inspection Contacts:** Thomas Medlin
Post Inspection Agency: OSMRE	**Post Inspection Contacts:** Thomas Medlin

Inspector(s): Clayton Wein Todd Jesse Travis Marshall	**Inspector's Signature:** Clayton Wein	**Signature Date:** 12/13/2023

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
R - Explosives
R - Fish & Wildlife
R - Hydrologic Balance
Y - Gen. Compliance With Mine Plan
N - Other
R - Processing Waste
R - Roads
R - 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 Division's observations taken during a complete inspection of the Deserado Mine conducted on November 28, 2023. The inspection was also an Office of Surface Mining Reclamation and Enforcement (OSMRE) Complete Oversight Inspection. This report was written by Clayton Wein of the Division. Todd Jesse and Travis Marshall of the Division also attended the inspection. Tomas Medlin represented OSMRE during the inspection. The operator, Blue Mountain Energy (BME), was represented by Kurt Blunt during the inspection. The weather was cloudy and was 18° F at the start of the inspection. The ground was covered with snow at the time of the inspection.

Maintenance Items Identified During This Inspection:

1. During the inspection of the explosive storage area, the straw bales at the runoff outlet channel were noted to have deteriorated. Please replace the straw bales at the outlet to ensure runoff from the pad continues to be treated before leaving the disturbed area.
2. Several large fiberglass pipes laying on the north end of the explosives storage area pad. Please remove these pipes from the pad to an appropriate laydown area or dispose of the pipes if they are no longer usable.
3. A burrow was located on the southwestern part of the Last Chance Pond's embankment. Please plug the burrow.
4. Burrows were identified on the northwestern portion of the RP-4 pond's embankment. Please plug the burrows.

Please complete the above maintenance items no later than December 28, 2023. Please provide the Division with photos of the completed maintenance items by December 28, 2023.

AVAILABILITY OF RECORDS – Rule 5.02.4(1):

The records for the Deserado Mine are located at the mine office with Kurt Blunt. The records were well kept and up to date. Third quarter 2023 reports for the Subsidence Monitoring Report, Coal Waste Banks Inspection Report and Pond Inspection Report were added to the records during the inspection. For more details, please see the Availability of Records Form attached to the end of this report. **Please note the current insurance certificate will expire on December 30, 2023.**

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

The Halandras Landfill is located north of the main facilities area and just west off of County Road 65 (CR-65). The landfill had been retired BME during the fall of 2023 (Photo 1). The pits have been backfilled and graded to approximate original contour. BME is waiting to replace the topsoil until the spring of 2024 to allow time for any settling of the subsoil to occur. The site was stable with no indications of erosional features. Snow completely covered the landfill during the inspection. The operator's representative stated that the landfill's sump will remain in place until reclamation at the site has been completed. There was a fence installed between the backfilled landfill and the access road to deter people from dumping their trash at the site.

EXPLOSIVES – Rule 4.08
Distance Prohibitions 4.08.4; Warnings 4.08.4; Control of Adverse Effects 4.08.4:

The explosives storage area for the Deserado Mine is located at the southern end of the main facilities area. The storage consists of a pad with a storage bunker for the explosives. The cut and fill slope for the pad were stable with no erosional features. The berm for the pad was stable with vegetative cover. Runoff from the pad is directed to an outlet at the southern end of the pad and passes down a channel through straw bales. **During the inspection, the straw bales were noted to have deteriorated (Photo 2). Please replace the straw bales at the outlet to ensure runoff from the pad continues to be treated before leaving the disturbed area. The Division also identified several large fiberglass pipes laying on the north end of the pad. Please remove these pipes from the pad to an appropriate laydown area or dispose of the pipes if they are no longer usable.**

FISH and WILDLIFE – Rule 4.18:

Throughout the areas inspected at the Deserado Mine, numerous sets of deer tracks were seen in the snow. Other small tracks such as rabbits were also seen.

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 main facilities area has three ponds located within it. The DP-1 Pond is located on the southern part of the lower facilities bench. DP-1 collects all runoff from the three main facilities benches. The pond was covered with snow and frozen over during the inspection. Discharge through the primary discharge outlet was observed. The trash rack for the outlet was unobstructed. There were no indications of instability or erosion observed on the embankment (Photo 3). The emergency spillway is a riprap lined channel located at the northwest corner of the pond. The channel was covered with snow and appeared to be stable. The PP-1 Pond is located on the middle facilities bench in the middle of the prep plant. The pond was frozen and covered with snow. There were no erosional features or signs of instability seen. No discharge was observed. The primary outlet was unobstructed. The PP-2 pond is located on the upper facilities bench. This pond was also frozen and covered with snow. The outlet for the pond was observed to be unobstructed (Photo 4). There were no indications of instability or erosion on the pond's embankment.

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Water diversion ditches throughout the main facilities area were unobstructed and stable. Snowmelt was being properly conveyed to the DP-1 Pond. There were no signs of instability in the channels. Two armored channels convey runoff from the Middle facilities bench to the DP-1 Pond (Photo 5). The channels were covered with snow during the inspection. There were no indications of channel erosion or instability. There are several half culverts that transport runoff from the upper and middle facilities benches to the lower facilities bench. The culverts were unobstructed and stable.

The RS-1 Sump and the RR-1 Pond are located on the south side of the rail loadout. The RS-1 Sump was covered with snow and was not impounding any water during the inspection. The sump's embankments were stable and there were no erosional features identified. The RR-1 Pond was also covered with snow. At the time of the inspection no water was entering the pond. The inlets to the pond were stable and the erosional cutting on the middle inlet had not enlarged since the Division's previous inspection. This erosional feature has been documented in previous Division Inspection Reports and is not though to impact the stability of the inlet. The pond's outlet was also clear of debris. The snow covered embankment was stable with no erosional features. The ditch on the south side of the rail loadout's embankment was observed to be covered with snow. There were no indications of blockages or erosion. The ditch was stable during the inspection.

The SS-1 Pond is located to the north of the Slot Storage facility. The pond was holding some frozen water in it during the inspection. There was no discharge through the spillway. The spillway was clear. The pond's embankment's were stable and covered with snow. There were no indications of erosional features. The culvert located at the inlet to the pond was clear. The SS-2 Pond is located at the northwestern base of the Slot Storage facility. The pond was covered with snow (Photo 6). The inlet to the pond was also covered with snow and appeared to be unobstructed. The trash rack for the pond's discharge outlet was clear of debris. The embankment was snow covered and stable. No erosional concerns were identified.

The B Seam Dewatering System #2 was inactive during the inspection. The dewatering system is located to the southeast of the Slot Storage. The upper and lower cells were covered with snow during the inspection. There were no indications of erosion or instability on the embankments. The middle cell was holding some frozen water in it below the level of the discharge outlet (Photo 7). The outlet was clear of debris. The embankment for the middle cell was stable and covered with snow. There were no indications of erosion observed.

The B Seam Dewatering System #1 was holding water in all cells. Most cells in the system were frozen over with the exception of the first cell and the Last Chance Pond. Discharge through the concrete flume spillway at the Last Chance Pond was observed. The flume spillway was stable and there were no indications of undercutting. The embankments' throughout the dewatering system were covered with snow. There were no indications of erosion or instability. **A burrow was located on the southwestern part of the Last Chance Pond's embankment (Photo 8). Please plug the burrow.**

The RP-1 Pond is located at the northern base of the reclaimed RP-1 Refuse Pile. The pond was covered with snow during the inspection (Photo 9). The embankment for the pond was stable with no indications of erosion. The trash rack for the spillway was clear of debris.

The RP-2/3 pond consists of a main cell, a west cell and an east cell. The pond is at the northeastern base of the RP-2/3/4 Refuse Pile. The east cell was the only cell observed to have water impounded in it. There was no

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discharge to the main cell. The main cell and west cell were covered in snow. The trash rack on the outlet was clear. The embankments for the RP-2/3 Pond were stable and had no erosional concerns identified.

The RP-4 Pond is at the northwestern base of the RP-2/3/4 Refuse Pile. The pond was snow covered. The embankment for the pond was stable with no erosional issues identified. The trash rack outlet was clear of blockages. **Burrows were identified on the northwestern portion of the pond's embankment. Please plug the burrows.**

The RP-5 Pond is located at the northern base of the RP-5a Refuse Pile. During the inspection the pond was covered with snow. The outlet for the pond was observed to be clear of debris. The embankment was stable and there were no erosional features identified.

The RP-A Pond is located at the eastern base of the RP-A Refuse Pile. The RP-A Pond was stable and covered with snow. There were no indications of erosional concerns. The outlet for the pond appeared to be unobstructed.

Refuse Piles RP-1, RP-2/3/4, RP-5a and RP-A all have perimeter ditches. During the Division's inspection all perimeter ditches associated with the refuse piles were covered in snow. There were no observed erosional features or indications of instability observed.

The Raw Water Lagoon is located in the southern portion of the mine's permit boundary, adjacent to the White River. The pond was frozen over during the inspection. The pump was active during the inspection. The embankment for the pond was covered in snow. There were no indications of erosion or instability.

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

Three refuse piles are active at the Deserado Mine. The RP-2/3/4, RP-5a and RP-A piles. Slopes for the RP-2/3/4 and RP-5a piles were covered with snow. Minor riling was observed on the slopes of the two piles. The rills have not yet reached the size of gullies and do not appear to affect the stability of the refuse piles. The rills will be graded and patched as a part of the spring maintenance that occurs at the mine. No other erosional features were observed on the RP-2/3/4 and RP-5a piles. No indications of instability were observed. The top of the RP-2/3/4 and RP-5a piles were exposed and appeared to have been graded and compacted. The tops of the piles are ready for the winter stockpiling of refuse material in windrows. The RP-A refuse pile was stable and there were no observed erosional features (Photo 10). Some refuse material had been stockpiled in small windrows.

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):

CR-65 has not been undermined in several months. There were no surface cracks or other indications or road damage due to subsidence observed.

The haul road was cleared of snow and well maintained (Photo 11). There were no sections with ruts or other road damage. The ditches that parallel the road were covered in snow. There were no erosional features observed or indications of instability. The intersection of the haul road and CR-65 was cleared of snow.

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Access roads throughout the mine site were traversed during the inspection. The roads were plowed of snow and stable. No erosional features were identified.

RECLAMATION SUCCESS - Rule 4.15, Rule 3:

The RP-1 refuse pile has been reclaimed for several years. The pile was covered in snow. No indications of instability or erosion were observed. The perimeter ditches were covered in snow as well. The ditches appeared stable with no erosion.

SUPPORT FACILITIES - Rule 4.04:

The main facilities for the Deserado mine is composed of three benches. The lower bench contains the mine office, shop, portals, explosive storage and a storage facility for storing hydrocarbons and other chemicals. The lower bench was well kept and organized. Drainage control structures were unobstructed and functioning as designed. There were no erosional concerns identified. Non coal waste was properly contained in dumpsters. The storage facility for hydrocarbons and other chemicals was well kept and all liquids were located within the structure with secondary containment. The middle bench contains the prep plant and fuel storage tanks. The bench was plowed of snow and well kept. All drainage structures were functioning correctly. There were no indications of erosional features. The fuel tanks are located in a secondary containment berm. The berm was in good condition and no fuel spills were observed. The upper facilities bench contains a materials laydown area and the substation. The materials kept on the bench were organized. The fence surrounding the substation was stable. There were no erosional features observed.

The B Seam Vent Shaft #1 pad is located north of the main facilities off of the haul road. The cut and fill slopes for the pad were stable with no erosional features (Photo 12). The safety fence surrounding the shaft was in good condition.

The pad for the RDH-2 rock dust tank is located to the east of the B Seam Vent Shaft #1. The pad had been plowed and was stable. No erosional features were identified.

The Slot Storage is located in the northern part of the permit area just south of the rail loadout. The slopes containing the storage facility were covered with snow. There were no indications of erosion or instability. The pad surrounding the building was well kept.

The nitrogen Plant #2 is located on the southwest side of the Slot Storage. The pad for the small shed was stable and there were no erosional features.

The RDH-4 rock dust tank is located on the north side of the B Seam Dewatering System #1. The pad for the tank had been plowed and was stable. No indications of erosion were observed.

The DW-1R dewatering system is located on the south side of the RP-2/3/4 refuse pile. The pad for the dewatering pump was clear of snow. There were no erosional features or indications of instability.

During the inspection the Conveyor Corridor was traversed. The conveyor was running and well maintained. There were no indications of erosion underneath the conveyor that would cause concern for the stability of the structure.

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The water storage tanks, West Mains Vent Shaft and Radio Tower are located above and east of the main facilities area. The pad for the water tanks was plowed of snow and stable. No erosion was identified. The pad for the West Mains Vent Shaft was covered with snow. There were no observed signs of erosion or instability. The safety fence surrounding the shaft was in good condition. The pad for the Radio tower was cleared of snow. The pad had no erosional features or indications of instability.

SIGNS AND MARKERS – Rule 4.02:

Mine identification signs were observed to be posted on the right hand side of CR-65 as the county road enters both the southern permit boundary and the northern permit boundary. The signs were placed in unobstructed locations and the text was easily legible. Information on the signs contained the mine permit number, permittee name and contact information. The signs also display contact information for the Division.

TOPSOIL – Rule 4.06

Removal 4.06.2; Substitute Materials 4.06.4(4); Storage and Protection 4.06.3; Redistribution 4.06.4:

Various topsoil piles were visited during the inspection. The topsoil pile for the main facilities area (Photo 13), B Seam Vent Shaft #1 topsoil Pile, RDH-2 topsoil pile, Halandras Landfill topsoil piles, RR-1 Pond topsoil pile (Photo 14), Slot Storage topsoil pile, RDH-4 topsoil pile, B Seam Dewatering System #1 topsoil pile, RP-2/3/4 topsoil piles, RP-5a topsoil pile, various Access road topsoil piles, and various Haul Road topsoil piles. Topsoil stockpiles visited during the inspection were covered with snow. The piles did not exhibit any erosional features of concerns with stability. Topsoil pile markers placed on the tops of the piles were white PVC markers with topsoil written on them. The markers were placed in visible locations and easy to spot. Perimeter berms for the stock piles were also covered with snow. No indications of erosion were identified.

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 Partially Reclaimed Halandras Landfill.

Photo 2: The Stakes at the Outlet Channel from the Explosives Storage Pad That Need to Have the Straw Bales Replaced.

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Photo 3: The Embankment of the DP-1 Pond.

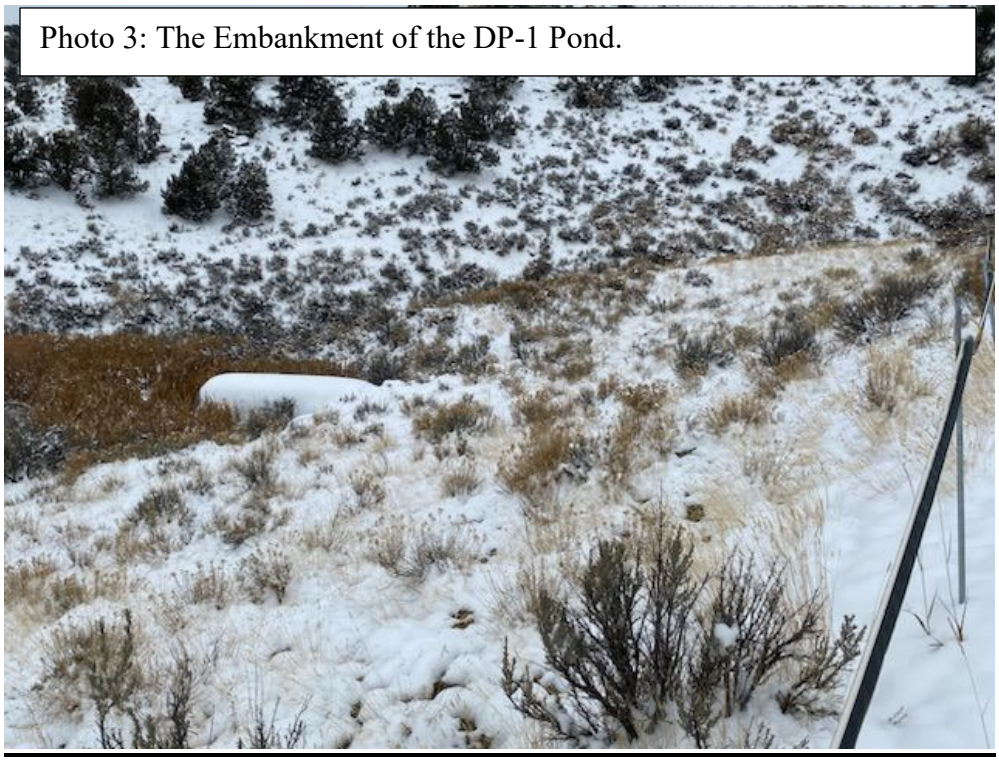

Photo 4: The Outlet of the PP-2 Pond.

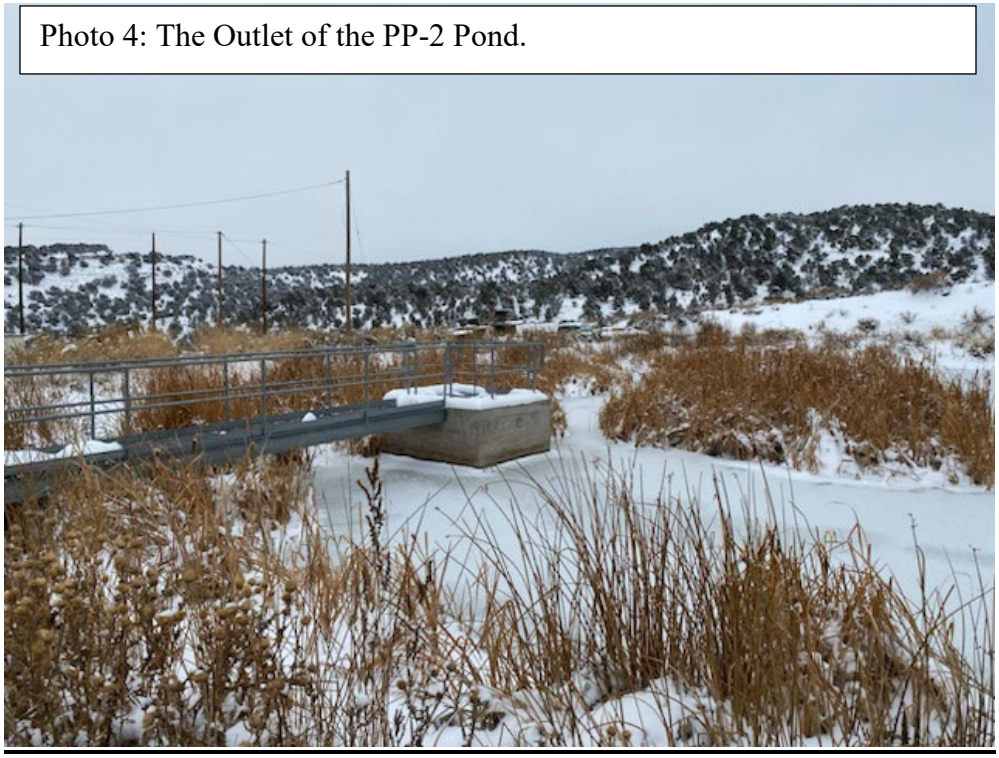

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Photo 5: One of the Ditches Leading from the Middle Facilities Bench to the DP-1 Pond.

Photo 6: The SS-2 Pond.

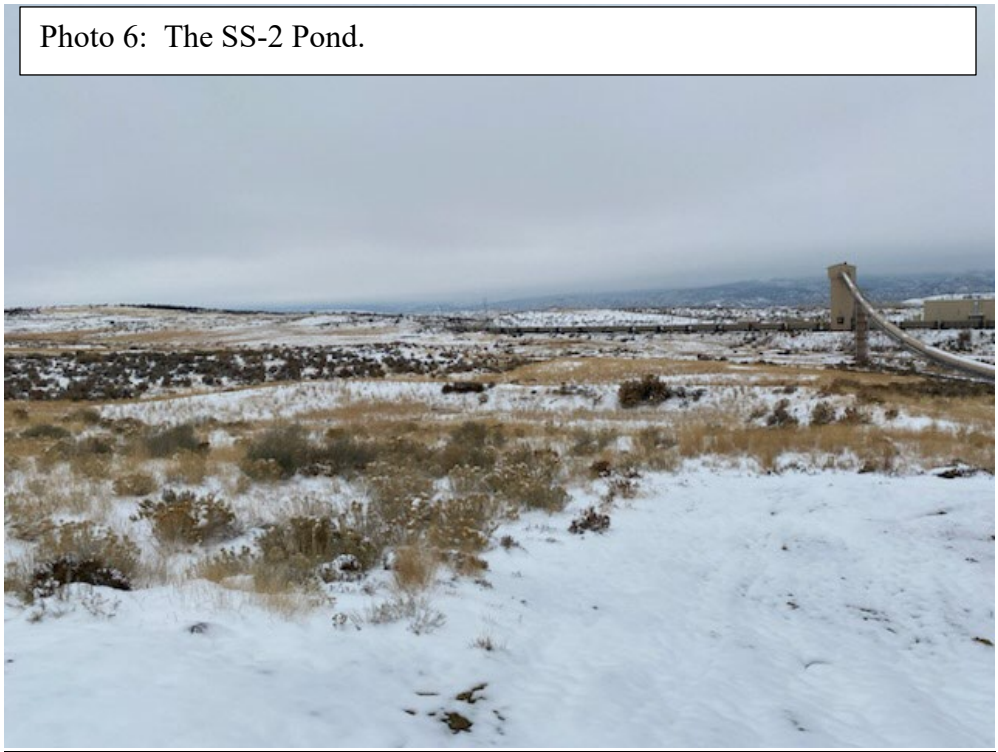

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Photo 7: The Middle Cell of the B Seam Dewatering System #2.

Photo 8: The Burrow Located on the Last Chance Pond's Embankment.

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Photo 9: The RR-1 Pond.

Photo 10: The RP-A Refuse Pile.

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Photo 11: The Southern Portion of the Haul Road.

Photo 12: The B Seam Vent Shaft #1 Pad.

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Photo 13: The Main Facilities Area Topsoil Stockpile.

Photo 14: The RR-1 Pond Topsoil Stockpile.

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AVAILABILITY OF RECORDS

PERMIT RECORDS		HYDROLOGIC RECORDS	
DRMS Permit	RN-7	NPDES Permit	Admin. Extension
Permit Application w/Revisions	OK	NPDES Records	3rd Q 2023
Findings Document	RN-7	Stormwater Management Plan	OK
Insurance Certificate	**Exp. 12/30/2023**	SPCC Plan	2008
Bond Document	OK	MSHA Pond Inspections	NA
Phased Bond Release Documents/Findings	NA	State Engineer's Pond Inspection	DP-1
Air Emission Permits	OK	Quarterly Pond Inspections	3rd Q 2023
County Special Use Permits	OK	Annual Hydrology Reports	2022
UG Mining Landowner Notification	OK	• Ground Water Monitoring	AHR
Subsidence Monitoring Reports	3rd Q 2023	• Surface Water Monitoring	AHR
Subsidence Monitoring Data	PAP	• Spring & Seep Monitoring	NA
Rill & Gully Survey	NA	• Mine Water Discharge Monitoring	AHR
Vegetation Monitoring Data	2022 ARR	• Mine Inflow Study	AHR
Specific Variance Approvals	NA	• Water Consumption Records	AHR
Annual Reclamation Reports	2022	Well Permits	OK
Midterm Review Documents	MT-8		
DRMS/OSM Inspection Reports/Enforcement Actions (3 Years)	Up to date, Nov. of 2023		
		BLASTING RECORDS	
Transfers/Succession of Operator	OK	Blasting Publication	NA
Temporary Cessation Notification	NA	Blasting Records (3 years)	NA
Reclamation Cost Estimate	MT-8	ATFE Explosives Permit	EXP. 2024
CERTIFICATIONS		Blasting Variances	NA
Pond Certifications	OK	Pre-Blast Surveys	NA
Annual Certifications for Impoundments	OK		
Fill Certifications for Excess Spoil or Underground Development Waste	OK	**ADDITIONAL RECORDS (specify)**	
• Quarterly Inspections	3rd Q 2023		
• Compaction Testing	Up to date		
• Final Certification	RP-1		
Coal Processing Waste Banks	Up to date		
Haul Road Certifications	OK		
Access Road Certifications	OK		

COMMENTS:

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