STATE OF COLORADO

Jesse - DNR, Todd <todd.jesse@state.co.us>

July Inspection Report

Jesse - DNR, Todd <todd.jesse@state.co.us> Thu, Jul 24, 2025 at 1:47 PM
To: Kurt Blunt <kblunt@deserado.com>

Kurt,

Attached is the report from the partial inspection conducted in July. I did not note any maintenance items that require your attention. Hope you have a good day.

Thanks
Todd

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Environmental Protection Specialist
Minerals Program, Grand Junction Field Office
Colorado Division of Reclamation Mining and Safety
720-688-0626

2025-07-24 INSP-REPORTC_C1981018.pdf
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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: July 16, 2025 **Inspection Start Time:** 11:00 **Inspection End Date:** July 16, 2025 **Inspection End Time:** 13:30	**Inspection Type:** Coal Partial Inspection **Inspection Reason:** Normal I&E Program **Weather:** Clear
Joint Inspection Agency: None	**Joint Inspection Contacts:** NA
Post Inspection Agency: None	**Post Inspection Contacts:** NA

Inspector(s):	**Inspector's Signature:**	**Signature Date:**
Todd Jesse	Todd Jesse	7/23/25

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
R - Backfill & Grading
N - 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
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 Division's observations taken during a complete inspection of the Deserado Mine conducted on July 16, 2025. This report was written by Todd Jesse of the Division. The operator, Blue Mountain Energy (BME) was represented by Kurt Blunt during the inspection. The weather was sunny and around 90° F at the start of the inspection. The ground conditions dry and the entire mine site was accessible to travel. The mine had completed the longwall move noted in the previous inspection report.

BACKFILL and GRADING – Rule 4.14
Contemporaneous Reclamation 4.14.1; Approximate Original Contour 4.14.2; Highwall Elimination 4.14.1(2)(f); Steep Slopes 4.14.2, 4.27; Handling of Acid and Toxic Materials 4.14.3; Stabilization of Rills and Gullies 4.14.6:

The Halandras Landfill has been backfilled and graded to approximate original contour. No topsoil has been spread on the site. The topsoil pile that remains next to the landfill appears to be of sufficient size to complete reclamation. Some volunteer vegetation is growing on 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 of the pad was stable with no erosional features. Runoff from the pad is directed to an outlet at the southern end of the pad and passes down a channel through straw bales. The bales appear to be in good condition and functioning as designed (Photo 1)

FISH and WILDLIFE – Rule 4.18:

Waterfowl were observed on the DP-1 Pond. There were also a number of small lizards observed in rocky areas and prairie dogs were observed north of the refuse piles.

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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 in the main facilities area: the DP-1 Pond, the PP-1 Pond and the PP-2 Pond. The DP-1 Pond is located on the southern part of the lower facilities bench. DP-1 collects all runoff from the from the three facilities benches. The outlet structure was clear of debris and the pond was discharging at the time of inspection. The embankments appear stable with well-established vegetative cover (Photo 2). The emergency spillway has minor amounts of vegetation but still appears to be able to convey water and is well armored. There were no erosional concerns identified. The PP-1 Pond is located on the middle bench of the facilities area near the prep plant. The pond was holding water and was well below the discharge level (Photo 3). There were no erosion or stability issues identified in the PP-1 Pond. The PP-2 Pond is located on the upper facilities bench. The outlet structure was in good condition with no vegetation obscuring the outlet (Photo 4). The pond had a large amount of duck weed and was a green color. No erosional concerns were identified on the outer embankments of the pond. Water diversion ditches throughout the main facilities area were unobstructed and stable.

The SS-2 Pond is located at the northwestern base of the Slot Storage Facility. The pond was dry at the time of the inspection. The embankments of the pond were well vegetated and stable with no indications of erosion (Photo 5).

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. There were no indications of erosion. The RR-1 Pond was dry. The embankments of the pond seem stable. The erosion feature on the northern embankment that has been noted in previous inspection reports does not appear to have grown in size (Photo 6). The Rail Loadout Storage South Ditch has minor amounts of vegetative debris but does not appear obstructed and is able to convey water.

Two ponds are located at the northern base of Refuse Pile RP-2/3/4. The RP -2/3 Pond is located on the pile's northeast corner. The Pond consists of three cells, all of which were dry at the time of the inspection (Photo 7). The channels above the ponds appear clear of debris. No erosional features were noted on the embankments of the conveyance ditches. 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 outlet for the RP-4 Pond is capped with a trash rack. The outlet was clear of debris. Multiple animal burrows were noted in the embankments of the RP-4 Pond and were filled during the inspection (Photo 8).

Pond RP-5 is located at the northern base of the RP-5a Refuse Pile. The pond was dry at the time of the inspection. The embankments of the ponds were vegetated and seemed stable. No indications of erosion were observed. The outlet was clear of obstructions.

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

During the inspection the RP-2/3/4 Refuse Pile, the RP-5a Refuse Pile and the RP-A Refuse Pile were observed. The RP-2/3/4 Refuse Pile was stable. The stack has been graded to remove minor erosion rills on the

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slopes of the pile which have been noted in previous Division inspection. (Photo 9) There was no signs of displacement or slumping.

The RP-5a Pile appeared stable during the inspection. Erosion on the slopes of the pile has been noted in previous Division reports. These rills have not enlarged since the previous inspection and the operator plans of grading the stack to remove the minor erosion marks. There were no signs of displacement or slumping on the refuse pile. A minor amount of vegetation is present on the slopes of the stack.

The RP-A Pile was also observed to be stable. Coal that was stacked in windrows was being spread during the inspection (Photo 10).

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 clear and well maintained. There we no sections with ruts or other road damage. The road surface was treated for dust, and no noticeable amount of dust was generated by haul trucks. The ditches that parallel the roads are clear of debris and haybales used to control sediment are functioning as designed. The operator installed a gate along the main haul road at the intersection of CR-65 to prevent unauthorized entry (Photo 11).

CR-65 had no surface cracks or other indications of road damage due to subsidence. Access roads throughout the mine site were traversed during the inspection. Roads were stable and no erosional features were identified

SUPPORT FACILITIES - Rule 4.04:

Support facilities that were inspected include the main facilities/portals area, B-Vent Shaft #1, RDH-2, Slot Storage, radio tower, and the conveyor corridor. The main facilities for the Deserado Mine are composed of three benches. The lower bench contains the mine office, shop, and portals. The middle bench contains the prep plant, and the upper bench contains a materials laydown yard and electric substation. The drainage structures in the main facilities area were functioning correctly. There were no indications of erosional features on the three benches and berms were in good condition. The material laydown yard is becoming crowded, but material is contained to the area. The safety fence surrounding the electric substation was in good condition.

The B Seam Vent Shaft #1 is located north of the main facilities off of the haul road. The pad was stable with no erosional features. The fencing around the shaft to prevent unauthorized entry was in good condition.

The pad for RDH-2 rock dust tank is located to the north of the last chance pond. The pad for the tank was stable with no indications of erosion. Culverts under the road are clear and able to convey water properly.

The Slot Storage Facility is located just to the south of the rail loadout. The pad that surrounds the Slot Storage is in good condition with a berm to control erosion. Equipment that was kept on the pad has been cleaned and organized. There were no erosional features noted on the embankments bellow the slot storage building .

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The pad for radio tower is located to the north of the Main facilities. The pad for the tower was stable with no indications of erosion (Photo 12).

During the inspection the Conveyor Corridor was traversed. There were no indications of erosion underneath the conveyor.

SIGNS AND MARKERS – Rule 4.02:

A mine identification sign was observed to be posted on the right-hand side of CR-65 as the county road enters the permit boundary. The sign was placed in an unobstructed location and the text was easily legible. Information on the sign contained the mine permit number, permittee name and contact information.

TOPSOIL – Rule 4.06

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

Topsoil stockpiles are located throughout the mine site. Topsoil stockpiles observed during this inspection include the facilities, B-Vent Shaft, and rail loop stockpiles. The stockpiles were protected by vegetation and showed no indications of erosion or instability. Topsoil piles that were observed had topsoil markers at the top of the pile. The markers are T-posts covered with pieces of white PVC. The markers were placed in visible locations and easy to spot. The facilities topsoil stockpile has armored channels that direct water. Channels are in good condition and show no signs of erosion.

DOCUMENTS RECEIVED

OTHER (SPECIFY)

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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: View to the east of straw bales at explosive pad drainage.

Photo 2: View to the southwest of the DP-1 embankment.

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Photo 3: View to the southwest of the PP-1 pond.

Photo 4: View to the northwest of outlet of the PP-2 pond.

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Number of Complete Inspections this Fiscal Year: 0

Photo 5: View to the north of the SS-2 Pond

Photo 6: View to the north of erosion scar on RR-1 pond.

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Photo 7: View to the northeast of embankment to Pond RP-2/3

Photo 8: View to the north of animal burrow that was filled on RP-4 Pond embankment.

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Photo 9: View to the southeast of grading on the embankment of Refuse Pile RP-2/3/4.

Photo 10: View to the east of Refuse Pile RP-A and the windrows being spread.

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Photo 11: View to the southeast of gate installed along the haul road.

Photo 12: View to the southwest of the radio tower pad. .

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