



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: September 10, 2025 Inspection Start Time: 10:00 Inspection End Date: September 10, 2025 Inspection End Time: 14:00		Inspection Type: Coal Complete Inspection Inspection Reason: OSM Oversight Inspection Weather: Clear	
Joint Inspection Agency: None		Joint Inspection Contacts: NA	
Post Inspection Agency: OSM		Post Inspection Contacts: Daniel Mackinnon	
Inspector(s): Todd Jesse Clayton Wein	Inspector's Signature: 		Signature Date: 9/22/2025

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

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

R - Reclamation Success

R - 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 September 10, 2025. This inspection was an oversight inspection by OSM. The inspection was completed by Todd Jesse of the Division and Clayton Wien of the Division was also present. Daniel Mackinnon conducted the oversight inspection for OSM. Kurt Blunt represented Blue Mountain Energy during the inspection. The weather was mostly sunny with a temperature around 70 degrees F. The ground conditions were dry. All portions of the mine site were accessible 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 with Kurt Blunt. All records were well kept and up to date. The Air Emission Permits page indicates that 5 APENs held by the mine need to be renewed by September 23rd. The Operator submits the Air Pollutants Emissions Notice to the State on the required renewal dates, but typically does not receive a response from the State.

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. Volunteer vegetation has grown 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

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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:

Wildlife was observed throughout the mine site. Ducks were observed on the PP-2 Pond. A group of pronghorn were observed on the RP-A Refuse Pile. A large prairie dog population is located below RP-2/3/4 and RP-5 refuse piles.

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 held minor amounts of 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). No erosion or stability issues were identified on the PP-2 Pond. Water diversion ditches throughout the main facilities area were unobstructed and stable.

The B Seam Dewatering System No. 1 was active during the inspection. Cells were impounding water. The cells were stable with no erosional or other stability features noted. There was well established vegetation on the embankments of the cells. Vegetation above the discharge point on the Last Chance Pond is thick but does not appear to impair the flow of water and the vegetation is not in the flume. The cells were stable with no erosional or other stability features noted. The Last Chance Pond was discharging approximately 15 gpm at the time of the inspection (Photo 5).

The SS-2 and SS-1 Ponds are located to the north of the Slot Storage Facility. 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. The SS-1 is located at the northeastern base of the slot storage. The pond was dry at the time of the inspection. **The culvert above the pond that conveys water under the road has partially filled with sediment (Photo 6). Please remove the sediment that has accumulated in the culvert.**

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 around the sump. 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

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does not appear to have grown in size (Photo 7). The Rail Loadout Storage South Ditch has vegetation debris but does not appear obstructed and is able to convey water.

The RP-1 Pond is located at the base of the reclaimed RP-1 stack. The pond was dry during the inspection. The outlet for the RP-1 Pond is capped with a trash rack. The outlet was clear of debris. No signs of erosion were noted on the embankments of the pond.

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 and was not inspected. 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. Animal burrows were in the embankments of the RP-4 Pond (Photo 8) and were filled during the inspection. Channels above the pond appear free of obstruction and able to convey water.

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, but numerous burrows were discovered. These burrows were filled during the inspection. The outlet was clear of obstructions.

Fuel is stored in double walled tanks near the haul road leaving the facilities area. The fuel is stored in a bermed secondary containment area. There is a secondary containment sump around the couplings to refuel the tanks. Minor amounts of meteoric water were in the containment sump. **Bad fuel is stored in barrels next to the gas pumps outside of containment (Photo 9). Please place the barrels on a spill pallet or move the barrels into a location that has secondary containment.**

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

Drainage Control; Surface Stabilization; Placement:

The RP-A pile was stable. Coal was stacked in windrows on the southern portion of the refuse pile. No erosion was noted on the surface of the refuse pile.

The RP-2/3/4 pile was stable. The operator graded the slopes of the stack to remove erosional rills the spring. Small rills have since reappeared in the slopes of the stack (Photo 10). However, the rills are not significant in size and do not appear to compromise the stability of the slope.

The RP-5a pile appeared stable during the inspection. Similar to the RP-2/3/4 pile, minor rills have appeared on the slopes of the pile since the operator graded in spring (Photo 11). The rills are not significant in size and do not appear to compromise the stability of the slope.

ROADS – Rule 4.03

Construction 4.03.1(3)/4.03.2(3), Drainage 4.03.1(4)/4.03.2(4), Surfacing and Maintenance 4.03.1(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 were no sections with ruts or other road damage. A water truck was observed wetting the road to prevent 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.

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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.

RECLAMATION SUCCESS - Rule 4.15, Rule 3:

The RP-1 refuse pile has been reclaimed for several years. Vegetation is well established and protects the pile (Photo 12). No indications of instability or erosion were observed. The perimeter ditches appear stable with no erosion concerns.

REVEGETATION – Rule 4.15

Vegetative Cover; Timing:

An infestation of thistle was observed around the banks of the PP-2 Pond (Photo 13). **Thistle is a B List Species on the Colorado Noxious Weed List. Please implement weed control methods to prevent the spread of weeds to other areas.**

SUPPORT FACILITIES - Rule 4.04:

Support facilities that were inspected include the main facilities/portals area, Slot Storage, RDH-#2, B-Vent Shaft #1, B-Vent Shaft #3, Nitrogen Injection Plant, 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. Crews were working on the substation at the time of the inspection. 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 east of the haul road and south of CR-65. 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 B Seam Vent Shaft #3 is located north of CR-65 off 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 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. There were no erosional features noted on the embankments below the slot storage building (Photo 14).

The Nitrogen Injection Plant is located just to the south of the Slot Storage Facility. The pad surrounding the building shows no signs of excessive erosion. **The culvert that conveys water under the access road to the plant is filled with sediment (Photo 15). Please remove the sediment from this culvert.**

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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 (Photo 16), B-Vent Shaft #1, 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: NA

OTHER (SPECIFY): NA

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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 explosive pad drainage.



Photo 2: View to the southwest of the face 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 west of outlet structure on PP-2 Pond.

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Photo 5: View to the south of the discharge at Last Chance Pond.



Photo 6: View to the south of the partially filled culvert above the SS-1 Pond.

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Photo 7: View to the north of the erosion scar in the RR-1 Pond.



Photo 8: View to the south of animal burrows in the RP-4 Pond embankment.

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Photo 9: View to the southeast of barrels containing hydrocarbons outside of containment.



Photo 10: View to the south of the rills on the RP-2/3/4 Refuse Pile

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Photo 11: View to the southwest of the rills on the RP-5a Refuse Pile.



Photo 12: View to the south of the reclaimed RP-1 Refuse Pile.

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Photo 13: View to the south of thistle around the PP-2 Pond.



Photo 14: View to the south of the slopes below the Slot Storage Facility.

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Photo 15: View to the south of culvert filled with sediment under the access road to the Nitrogen Injection Plant.



Photo 16: View to the south of topsoil stockpile in the main facilities area.

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AVAILABILITY OF RECORDS**PERMIT RECORDS**

DRMS Permit	RN-8
Permit Application w/Revisions	OK
Findings Document	RN-8
Insurance Certificate	Expires 12/30/2025
Bond Document	OK
Phased Bond Release	NA
Documents/Findings	
Air Emission Permits	OK - Some expire 9/23/25
County Special Use Permits	OK – July 2018
UG Mining Landowner Notification	NA
Subsidence Monitoring Reports	Q2 2025
Subsidence Monitoring Data	Q2 2025
Rill & Gully Survey	NA
Vegetation Monitoring Data	2016 Survey & 2024 ARR
Specific Variance Approvals	NA
Annual Reclamation Reports	2024
Midterm Review Documents	MT-8
DRMS/OSM Inspection	Up to date Aug 2025
Reports/Enforcement Actions (3 Years)	
Transfers/Succession of Operator	SO-1 1997
Temporary Cessation Notification	NA
Reclamation Cost Estimate	MR-190
CERTIFICATIONS	
Pond Certifications	Ok
Annual Certifications for Impoundments	Ok – w/ pond report
Fill Certifications for Excess Spoil or Underground Development Waste	OK 2001
• Quarterly Inspections	Q2 2025
• Compaction Testing	Up to date
• Final Certification	RP-1
Coal Processing Waste Banks	Q2 2025
Haul Road Certifications	OK 2001
Access Road Certifications	NA

HYDROLOGIC RECORDS

NPDES Permit	CO0039024 Admin Extension
NPDES Records	Q2 2025
Stormwater Management Plan	OK 2024
SPCC Plan	OK 2008
MSHA Pond Inspections	NA
State Engineer's Pond Inspection	OK
Quarterly Pond Inspections	Q2 2025
Annual Hydrology Reports	Jan 2025
• 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	Expires 2027
Blasting Variances	NA
Pre-Blast Surveys	NA

**ADDITIONAL RECORDS
(specify)**

COMMENTS:

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