

**U.S. Department of the Interior
Bureau of Land Management
White River Field Office
220 E Market St
Meeker, CO 81641**

CATEGORICAL EXCLUSION

NUMBER: DOI-BLM-CO-110-2011-0162-CX

CASEFILE/PROJECT NUMBER: COC-57190 Logical Mining Unit (LMU)

PROJECT NAME: Blue Mountain Energy Minor Revision #148 – Return Shaft, Nitrogen, and De-gas Holes

LEGAL DESCRIPTION: T3N, R101W, 6th PM
Section 19

APPLICANT: Blue Mountain Energy (BME)

DESCRIPTION OF PROPOSED ACTION:

Background/Introduction: Deserado is an existing underground coal mine that utilizes longwall mining techniques. The mine was permitted in 1981 and supplies coal to the Bonanza Power Plant in Bonanza, Utah. The coal is shipped 37 miles via electric train from the mine to the power plant. There are two mineable coal seams in the leased area, the D seam and the B seam. The upper seam is the D seam with an inter-burden that varies from 5 feet to 70 feet between the D and B seams. Production in the D seam ceased in November 1999 and mining operations are currently in the B seam.

In December 2007 spontaneous combustion started a fire in the longwall panel 7B gob (mined out area). To control and prevent additional coal fires, an oxygen free atmosphere is maintained in the longwall panels' gob. This is accomplished by displacing the oxygen with nitrogen. Nitrogen is removed from the atmosphere by a nitrogen generator located on private surface above the longwall mining panels. It is then piped into the underground workings through strategically located vertical surface bore holes. As mining progresses, additional holes are required to maintain an oxygen deficient atmosphere and distribute the nitrogen into newly developed gob areas. Active mining areas along the longwall panel development entries require drilling of de-gas holes to prevent buildup of gases that are released during longwall mining activities. Nitrogen and degas hole locations are limited by the proximity of the hole to the mine workings and to other hole locations. Both nitrogen and de-gas holes are required by Mine Safety and Health Administration (MSHA).

Ventilation of the mine is accomplished by a permanent fan installed at the D-Portal ventilation slope. A blowing configuration of the fan pushes fresh air into the mine from the ventilation entries, through the working area, and eventually out the return shafts. These return shafts are

typically located at the end of the longwall mining panel. The mine fan operates continuously with the exception of scheduled maintenance periods. The MSHA approved the detailed plans for BME's ventilation of the underground working.

Proposed Action: Blue Mountain Energy is requesting approval of construction for a new return shaft (RS-6), nitrogen hole (N9-62), and de-gas hole (LWB12-1A) (see Figures 1 and 2). Total new disturbance for the project would be approximately 1.85 acres of BLM surface. There would be approximately 1.2 acres associated with pad disturbance (150 ft by 150 ft (RS-6 pad) and 120 ft by 120 ft for the other pads) and up to approximately 0.65 acres associated with 1,900 feet of access. The RS-6 would be 600 ft deep and 24 inches in diameter. Access to the shaft may be gated and the immediate area around the shaft would be fenced to limit accessibility. Upon completion of RS-6, the previous return shaft, RS-5, would be taken out of service and reclaimed. Due to the small bore and shallow depth of the N9-62 and LWB12-1A, a small drilling rig would be used during drilling of the hole. Access to nitrogen and de-gas pads is typically 12 ft or less in width and use minimal blade work.

Construction is expected to commence fall of 2011 and be completed before January 2012.

Reclamation standards for the mining operation are located in the reclamation portion of the approved Blue Mountain Energy Inc., Deserado Mine Mining Permit.

PLAN CONFORMANCE REVIEW: The Proposed Action is subject to and has been reviewed for conformance with (43 CFR 1610.5-3, BLM 1601.08) the following plan:

Name of Plan: White River Record of Decision and Approved Resource Management Plan (ROD/RMP).

Date Approved: July 1, 1997

Decision Number/Page: 2-7

Decision Language: "Ensure that federal coal resources identified as acceptable for further consideration for coal leasing, are available for exploration, leasing and development."

CATEGORICAL EXCLUSION REVIEW: The Proposed Action qualifies as a categorical exclusion under 516 DM 11.9, Number F-8: "*Approval of minor modifications to or minor variances from activities described in an approved underground or surface mine plan for leasable minerals (e.g., change in mining sequence or timing).*"

The Proposed Action has been reviewed with the list of extraordinary circumstances (43 CFR 46.215) described in the table below.

Extraordinary Circumstance	YES	NO
a) Have significant adverse effects on public health and safety.		X
b) Have significant impacts on such natural resources and unique geographic characteristics as historic or cultural resources; park, recreation, or refuge lands; wilderness areas; wild or scenic rivers; national natural landmarks; sole or principal drinking water aquifers; prime farmlands; wetlands; floodplains; national monuments; migratory birds; and other ecologically significant or critical areas.		X
c) Have highly controversial environmental effects or involve unresolved conflicts concerning alternative uses of available resources.		X
d) Have highly uncertain and potentially significant environmental effects or involve unique or unknown environmental risks.		X
e) Establish a precedent for future action or represent a decision in principle about future actions with potentially significant environmental effects.		X
f) Have a direct relationship to other actions with individually insignificant but cumulatively significant environmental effects.		X
g) Have significant impacts on properties listed, or eligible for listing, in the National Register of Historic Places as determined by either the bureau of office.		X
h) Have significant impacts on species listed, or proposed to be listed, on the List of Endangered or Threatened Species, or have adverse effects on designated Critical Habitat for these species.		X
i) Violate a Federal law, or a State, local or tribal law or requirement imposed for the protection of the environment.		X
j) Have a disproportionately high and adverse effect on low income or minority populations		X
k) Limit access to and ceremonial use of Indian sacred sites on Federal lands by Indian religious practitioners or significantly affect the physical integrity of such sacred sites.		X
l) Contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the area or actions that may promote the introduction, growth, or expansion of the range of such species.		X

INTERDISCIPLINARY REVIEW:

The Proposed Action was presented to, and reviewed by, the White River Field Office interdisciplinary team on 8/2/2011. A complete list of resource specialists who participated in this review is available upon request from the White River Field Office. The table below lists resource specialists who provided additional remarks concerning cultural resources and special status species.

Name	Title	Resource	Date
Kristin Bowen	Archaeologist	Cultural Resources, Native American Religious Concerns	9/13/2011
Lisa Belmonte	Wildlife Biologist	Special Status Wildlife Species	8/10/2011
Zoe Miller	Ecologist	Special Status Plant Species	8/4/2011

REMARKS:

Cultural Resources: The area of potential effect for the proposed Blue Mountain Energy Minor Revision #148 – Return Shaft, Nitrogen, and De-gas Holes project was inventoried for cultural resources at the Class III (100 percent pedestrian) level, and no archaeological resources were identified during the survey (Darnell 2011). The proposed project should have no impacts on any archaeological resources potentially eligible for the National Register of Historic Places.

Native American Religious Concerns: No known concerns.

Special Status Wildlife Species: There are no threatened or endangered wildlife species that are known to inhabit or derive important use from the project area. There are three historic ferruginous hawk (BLM sensitive species) nests within one mile from the project area. However, none of these nests have been active in recent years.

The project area is located in mule deer winter concentration area/severe winter range. These areas receive heaviest use from January through April. As proposed, work is scheduled to be completed prior to big game occupation. See mitigation regarding fencing to accommodate big game passage if barbed wire fence is used.

Special Status Plant Species: There are no special status plant species concerns associated with the Proposed Action.

MITIGATION:

1. The applicant is responsible for informing all persons who are associated with the project that they will be subject to prosecution for knowingly disturbing archaeological sites or for collecting artifacts.
2. If any archaeological materials are discovered as a result of operations under this authorization, activity in the vicinity of the discovery will cease, and the BLM WRFO Archaeologist will be notified immediately. Work may not resume at that location until approved by the AO. The applicant will make every effort to protect the site from further impacts including looting, erosion, or other human or natural damage until BLM determines a treatment approach, and the treatment is completed. Unless previously

determined in treatment plans or agreements, BLM will evaluate the cultural resources and, in consultation with the State Historic Preservation Office (SHPO), select the appropriate mitigation option within 48 hours of the discovery. The applicant, under guidance of the BLM, will implement the mitigation in a timely manner. The process will be fully documented in reports, site forms, maps, drawings, and photographs. The BLM will forward documentation to the SHPO for review and concurrence.

3. Pursuant to 43 CFR 10.4(g), the applicant must notify the AO, by telephone and written confirmation, immediately upon the discovery of human remains, funerary items, sacred objects, or objects of cultural patrimony. Further, pursuant to 43 CFR 10.4(c) and (d), the applicant must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the AO.
4. If strand wire fencing is utilized, fencing should consist of 4-strand wire. The fences will conform to BLM configurations that accommodate big game passage (BLM Manual Handbook H-1741-1), with a top wire no higher than 40 inches and wire spacing from the ground at 16", 6", 6", and 12".
5. No development activity is allowed from January 1 through April 30 due to big game severe winter range.

REFERENCES:

Darnell, Nicole

2011 Class III cultural resources inventory for a proposed Return Shaft (RS-6) and a Nitrogen/Monitoring Hole N9-62 in Rio Blanco County, Colorado for Blue Mountain Energy. Grand River Institute, Grand Junction, Colorado. BLM #11-11-29, SHPO #RB.LM.NR2275.

COMPLIANCE PLAN: Blue Mountain Energy Inc., Deserado Mine Mining Permit.

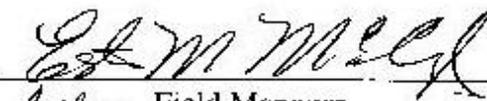
NAME OF PREPARER: Paul Daggett

NAME OF ENVIRONMENTAL COORDINATOR: Heather Sauls

COMPLIANCE WITH NEPA

The Proposed Action is categorically excluded from further documentation under the National Environmental Policy Act (NEPA) in accordance with 516 DM 11.9, Number F-8. This categorical exclusion is appropriate in this situation because there are no extraordinary circumstances potentially having effects that may significantly affect the environment. The Proposed Action has been reviewed, and none of the extraordinary circumstances described in 43 CFR 46.215 apply.

SIGNATURE OF AUTHORIZED OFFICIAL:


Acting Field Manager

DATE SIGNED:

9/22/11

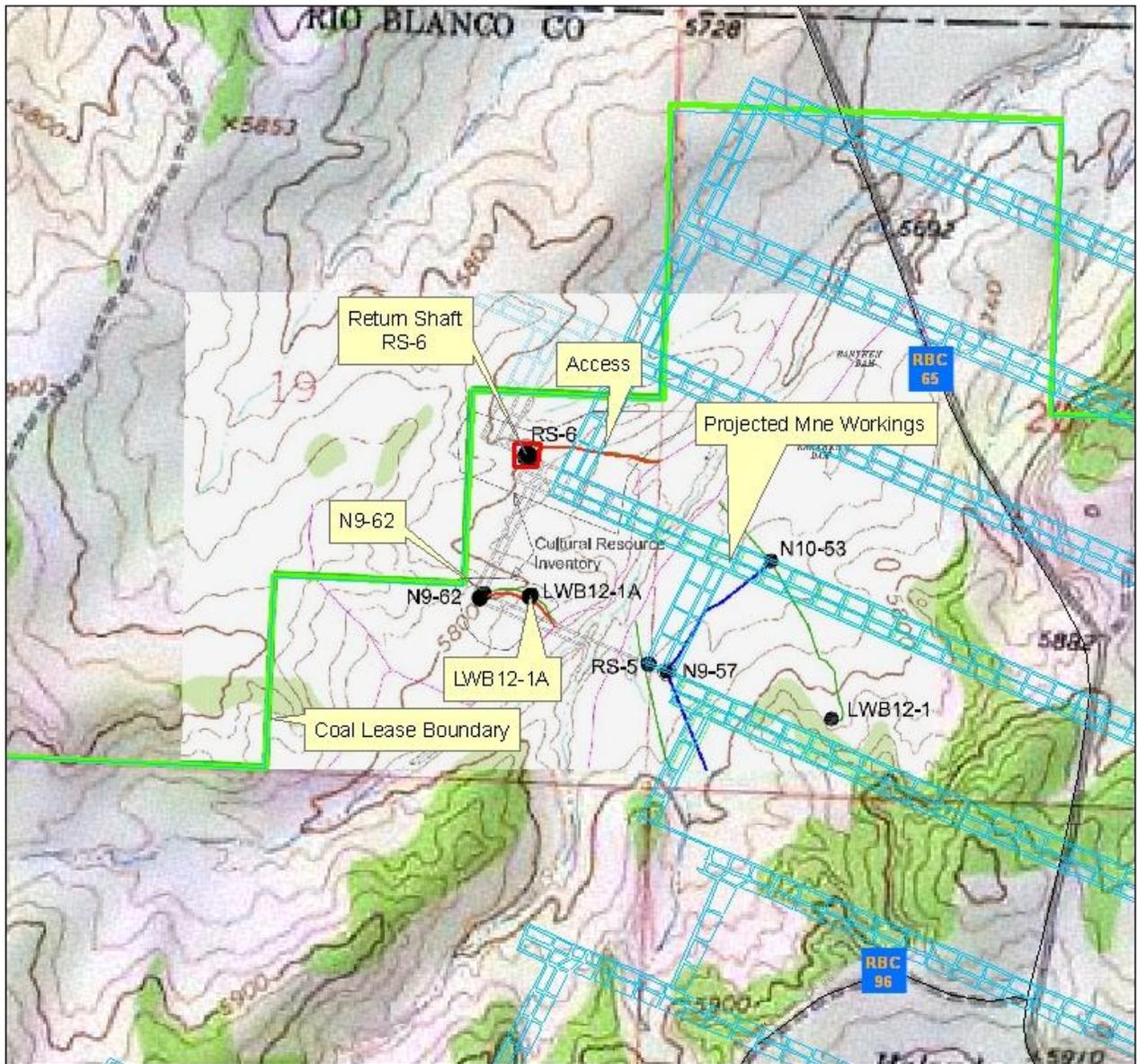
ATTACHMENTS:

Figure 1: Topographic Location Map

Figure 2: Air Photo Location Map

Figure 1: Topographic Location Map

DOI-BLM-CO-110-2011-0162-CX
Blue Mountain Energy Minor Revision #148 – Return Shaft, Nitrogen and De-gas Holes



08/10/2011

0 0.125 0.25 0.5 Miles

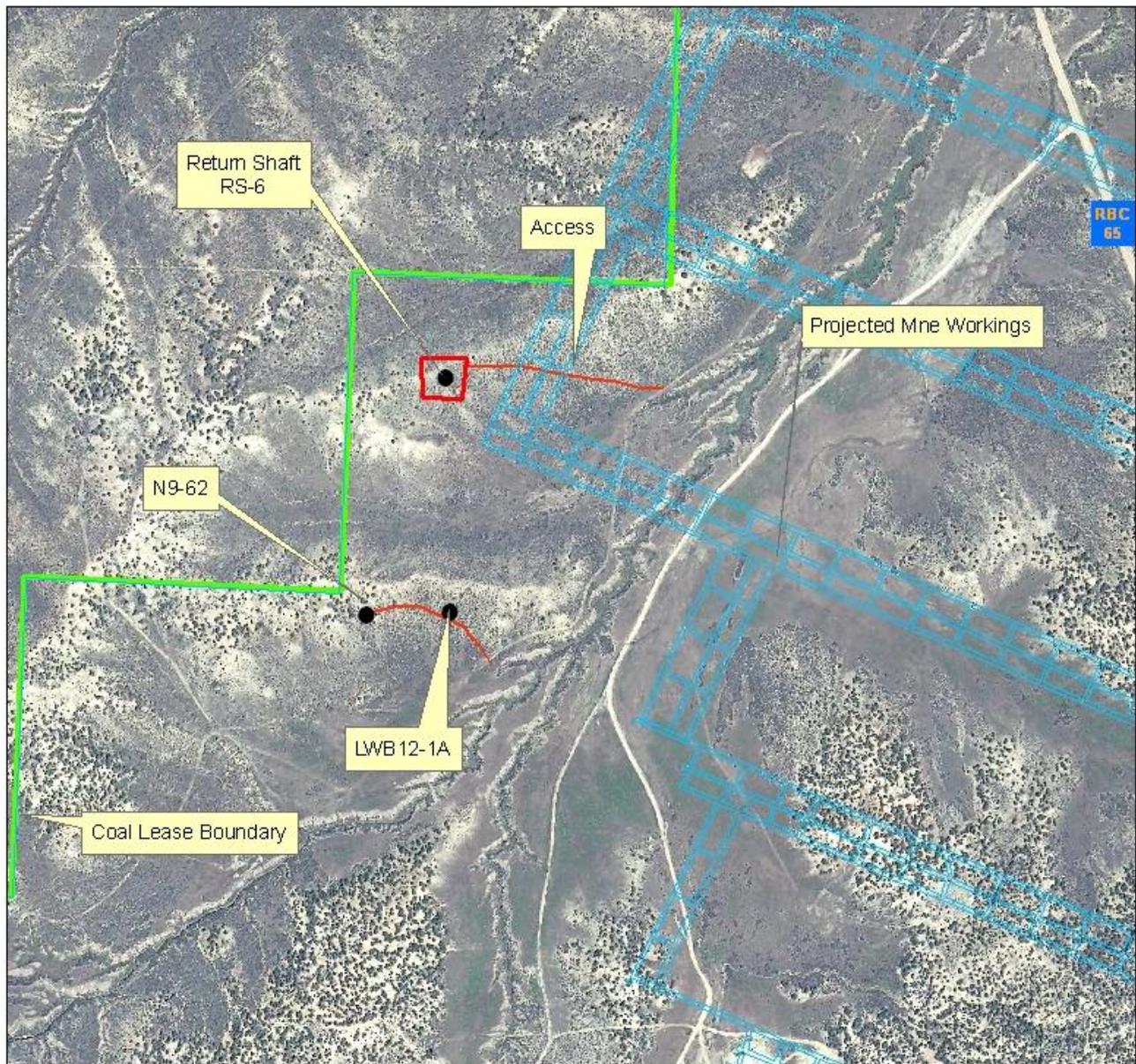
T3N, R101W, 6th PM
Section 19

Sources:
BLM, USGS, CDOW, etc.

Disclaimer:
Although the data presented with this map, and the map itself, have been processed electronically on computers of BLM, no warranty, expressed or implied, is made by BLM regarding the use of this map or the data represented, nor does the fact of distribution constitute or imply any such warranty.

Figure 2: Air Photo Location Map

DOI-BLM-CO-110-2011-0162-CX
Blue Mountain Energy Minor Revision #148 – Return Shaft, Nitrogen and De-gas Holes



T3N, R101W, 6th PM
Section 19

08/10/2011

0 0.05 0.1 0.2 Miles

Source:
BLM, USGS, CDOW, etc.

Disclaimer:
Although the data presented within this map, and the map itself, have been processed electronically on computers of BLM, no warranty, expressed or implied, is made by BLM regarding the use of this map or the data represented, nor does the fact of distribution constitute or imply any such warranty.

The complex block contains several elements: a BLM logo, a USGS logo, a scale bar from 0 to 0.2 miles, a north arrow, and an inset map showing the location of the main map area within a larger regional context.

**U.S. Department of the Interior
Bureau of Land Management
White River Field Office
220 E Market St
Meeker, CO 81641**

DECISION RECORD

PROJECT NAME: Blue Mountain Energy Minor Revision #148 – Return Shaft, Nitrogen, and De-gas Holes

CATEGORICAL EXCLUSION NUMBER: DOI-BLM-CO-2011-0162-CX

DECISION

It is my decision to implement the Proposed Action, as mitigated in DOI-BLM-CO-2011-0162-CX, authorizing the construction, operation, and maintenance of mine ventilation return shaft RS-6, nitrogen hole N9-62, and de-gas hole LWB12-1A.

Mitigation Measures

1. The applicant is responsible for informing all persons who are associated with the project that they will be subject to prosecution for knowingly disturbing archaeological sites or for collecting artifacts.
2. If any archaeological materials are discovered as a result of operations under this authorization, activity in the vicinity of the discovery will cease, and the BLM WRFO Archaeologist will be notified immediately. Work may not resume at that location until approved by the AO. The applicant will make every effort to protect the site from further impacts including looting, erosion, or other human or natural damage until BLM determines a treatment approach, and the treatment is completed. Unless previously determined in treatment plans or agreements, BLM will evaluate the cultural resources and, in consultation with the State Historic Preservation Office (SHPO), select the appropriate mitigation option within 48 hours of the discovery. The applicant, under guidance of the BLM, will implement the mitigation in a timely manner. The process will be fully documented in reports, site forms, maps, drawings, and photographs. The BLM will forward documentation to the SHPO for review and concurrence.
3. Pursuant to 43 CFR 10.4(g), the applicant must notify the AO, by telephone and written confirmation, immediately upon the discovery of human remains, funerary items, sacred objects, or objects of cultural patrimony. Further, pursuant to 43 CFR 10.4(c) and (d), the applicant must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the AO.
4. If strand wire fencing is utilized, fencing shall consist of 4-strand wire. The fences will conform to BLM configurations that accommodate big game passage (BLM Manual

Handbook H-1741-1), with a top wire no higher than 40 inches and wire spacing from the ground at 16", 6", 6", and 12".

5. No development activity is allowed from January 1 Through April 30 due to big game severe winter range.

COMPLIANCE WITH LAWS & CONFORMANCE WITH THE LAND USE PLAN

This decision is in compliance with the Endangered Species Act and the National Historic Preservation Act. It is also in conformance with the 1997 White River Record of Decision/Approved Resource Management Plan.

PUBLIC INVOLVEMENT

The BLM informed the public about this project by listing it on the online WRFO NEPA Register on 8/5/2011 and a copy of the completed Categorical Exclusion will be posted on the WRFO website.

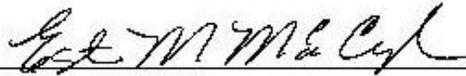
RATIONALE

The Proposed Action is categorically excluded from further documentation under the National Environmental Policy Act (NEPA) in accordance with 516 DM 11.9, Number F-8. This categorical exclusion is appropriate in this situation because there are no extraordinary circumstances potentially having effects that may significantly affect the environment. The Proposed Action has been reviewed, and none of the extraordinary circumstances described in 43 CFR 46.215 apply.

ADMINISTRATIVE REMEDIES

Any appeal of this decision must follow the procedures set forth in 43 CFR Part 4. Within 30 days of the decision, a Notice of Appeal must be filed in the office of the Authorized Officer at White River Field Office, 220 East Market St., Meeker, CO 81641 with copies sent to the Regional Solicitor, Rocky Mountain Region, 755 Parfet St., Suite 151, Lakewood, CO 80215, and to the Department of the Interior, Board of Land Appeals, 801 North Quincy St., MS300-QC, Arlington, VA, 22203. If a statement of reasons for the appeal is not included with the notice, it must be filed with the Interior Board of Land Appeals at the above address within 30 days after the Notice of Appeal is filed with the Authorized Officer.

SIGNATURE OF AUTHORIZED OFFICIAL:


Acting Field Manager

DATE SIGNED:

9/22/11