GCC Energy

"Safety as a Value"

Telephone: 970.385.4528
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GCC Energy, LLC
6473 County Road 120
Hesperus, CO 81326

October 4, 2017

State of Colorado
Division of Reclamation, Mining & Safety
1313 Sherman St., Room 215
Denver, CO 80203

Attn: Rob Zuber, Environmental Protection Specialist II

Re: King I Mine, C-1981-035
Stoner Engineering: Quarterly Inspection: Water Quality Improvements
3rd Quarter 2017

Dear Mr. Zuber,

Please find enclosed a copy of Stoner Engineering's Quarterly Inspection report of the King I mine water quality improvements for the 3rd quarter of 2017.

Please call Tom Bird at (970) 385-4528 x 6503 if you have any questions or comments.

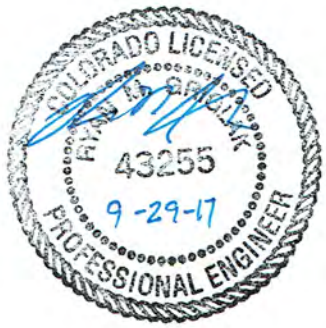
Sincerely,

Tom Bird
Manager, Coal Services
GCC Energy, LLC

Stoner Engineering & Surveying
Engineering, Testing & Surveying

Date: September 29, 2017

To: Tom Bird
Manager, Coal Services
GCC Energy, LLC
6473 County Road 120
Hesperus, CO 81326
(970) 385-4528



From: Ryan Griglak, P.E.
Project Manager
Stoner Engineering & Surveying

Re: King Coal I – Quarterly Water Quality Improvements Inspection

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On September 27, 2017, Ryan Griglak, P.E. visited the GCC Energy, LLC King I Mine site to conduct the quarterly inspection of the water quality features installed to prevent contaminated storm water runoff from escaping the site in events smaller than the 100-year storm event.

Both ponds were dry at the time of the inspection. The east pond was undergoing some work at the time of the inspection (see Pic. 1 & 2). The bottom of the east pond has been raised though the exact amount is unknown. It appears that the work on the east pond is not complete though the pond will still accept site runoff. The results of the construction and survey should be forwarded as soon as the work is completed. As-built survey will be required to set proper gage level for sedimentation levels. The markings on the sediment gage for the west pond have come off though the location is still visible (see Pic. 3). The gage should be repaired to show the maximum sedimentation level so ensure the proper maintenance schedule is followed. The ponds are both in generally good condition. The required storage volume appears to be adequate at this time based upon the sedimentation gage installed in the west pond and the visual volume of the east pond (currently no sedimentation gage). The sedimentation levels of the ponds should checked after the existing water dissipates from the ponds. The ponds should continue to be monitored after storm events to ensure that excess sediment does not reduce the required storage capacity available for storm water runoff.

The drainage ditches and pipes were generally in good condition. All pipes, ditches and sediment traps should be inspected and repaired as necessary, especially after storm events.

The sediment traps located along the west side of the driveway at the entrance are in good condition (see Pic 4).

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Stoner Engineering & Surveying
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The drainage for the overall site is functioning well and is generally in good shape. The drainage features have been constructed and are operating as stated in the drainage plan submitted to the Division of Reclamation, Mining & Safety.

Please let me know if you have any additional questions or concerns in regards to the issues that are discussed above.

Sincerely,

Ryan M. Griglak, P.E.
Project Manager

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Pic. 1 – East pond, fill material installed in base, no sediment gage.

Pic. 2 – East pond inlet pipe and berming at equipment access.

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Pic. 3 – West pond sediment gage.

Pic. 4 – Sediment traps along west side of driveway in good condition.

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