GCC Energy

"Safety as a Value"

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

December 22, 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: Refuse Pile
4th Quarter 2017

Dear Mr. Zuber,

Please find enclosed a copy of Stoner Engineering's Quarterly Inspection report of the King I mine refuse pile/embankment for the 4th 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: December 20, 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 Waste Pile/Embankment Inspection

On December 19, 2017, Ryan Griglak, P.E. visited the GCC Energy, LLC King I Mine site to conduct the quarterly inspection of the coal waste pile/embankment. Mr. Griglak, P.E. has conducted inspections for the placement of earthwork/embankment fill material for numerous commercial, residential and municipal projects in which buildings, roadways and parking facilities were installed over the placed materials.

The condition of the perimeter ditches located along the north and south sides of the property were generally in good condition. The north, clean water channel still has some minor accumulation of sediment and small rock that should not impact the overall function of the channel during a storm event. The drainage channels were generally clear of debris (see Pic. 1) and there was no damage observed to any of the channel sections. The pipe sections were found to be clear of debris and functioning as designed (see Pic. 2).

There has been some additional embankment fill installed along the base of the waste pile/emabankment (see Pic. 3). The berm directing the surface runoff and the under drain of the wastepile/embankment has been improved to direct flows to the west. The grade from the outlet of the under drain should be improved/increased to the west so that runoff is not allowed to accumulate near the under drain outlet. There was ice buildup at and around the area of the under drain outlet at the time of the inspection (see Pic. 4). If uncorrected, there is a potential for the under drain outlet to freeze completely thereby backing sub-surface water in the waste pile. This could result in damage to the under drain or the waste pile itself.

All material stockpiled at the top of the embankment has been placed as embankment fill (see Pic. 5). The face of the embankment was in good condition and does not show any signs of excessive erosion, instability or weakness (see Pic. 6).

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There is single trailer stored on the site just north and east of the old bath house. The only structure with any proximity to the embankment material is the old bath house which is no longer utilized and is abandoned. Personnel are only on-site to bring and/or place material on the embankment or for mine rescue training. The mine rescue training is performed on the north side of the site well away from the embankment material. The site is closed to the public and there is a locked gate at the entrance to keep the public out.

The waste pile has been and continues to be constructed and maintained as specified in the design approved by the Division of Reclamation, Mining & Safety. Potential hazards to life and property are minimal due to the fact that GCC has moved most of their operations to their King II facility.

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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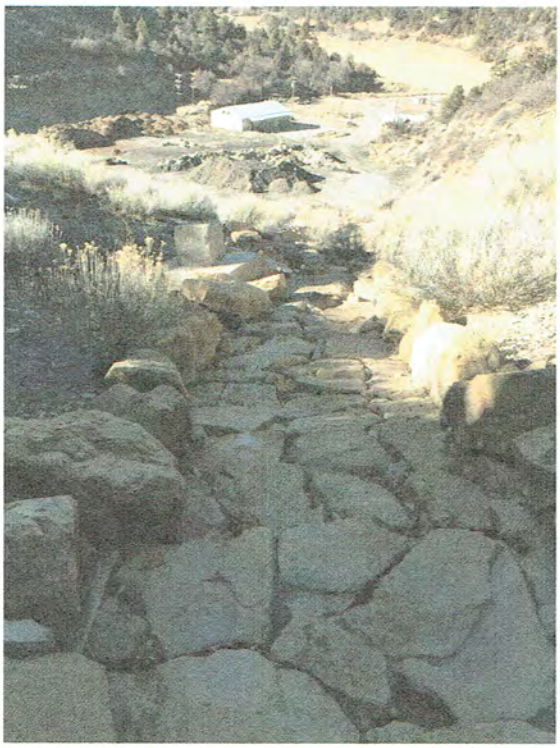

Pic. 1 – South channel in good condition.

Pic. 2 – Culvert under road above base of embankment.

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Pic. 3 – Additional material installed at base of embankment/waste pile.

Pic. 4 – Stockpiles of topsoil and fill material near waste pile base.

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Pic. 5 – Embankment material has been placed at the top of the waste pile.

Pic. 6 – Waste pile/embankment face in good condition.

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