



*"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: Water Quality Improvements  
4th 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 4th quarter of 2017.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Bird'. The signature is fluid and cursive, with a large, looped 'D' at the end.

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 Water Quality Improvements 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 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 construction appears to be completed. The berming around the top of the pond has been raised (see Pic. 1). The channeling at the southeast corner of the pond has been improved (see Pic. 2), a new outlet structure installed (see Pic. 3) and the sedimentation gage installed. The "as-built" survey information should be used to verify actual pond capacity though it visually appears the increased berm height is sufficient to offset the additional fill material installed to raise the base of the pond. The west pond outlet structure has been reconstructed at a more centralized location of the west pond (see Pic. 4).

The ponds are both in generally good condition. The required storage volume appears to be adequate at this time based upon the sedimentation gages installed. 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 based upon a visual inspection from the inlet and outlet locations. There was some limited sedimentation visible in the plastic corrugated pipe which is not uncommon (see Pic. 5). 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 though the sediment trap on the east side of the driveway is in need of repair (see Pic. 6).

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.

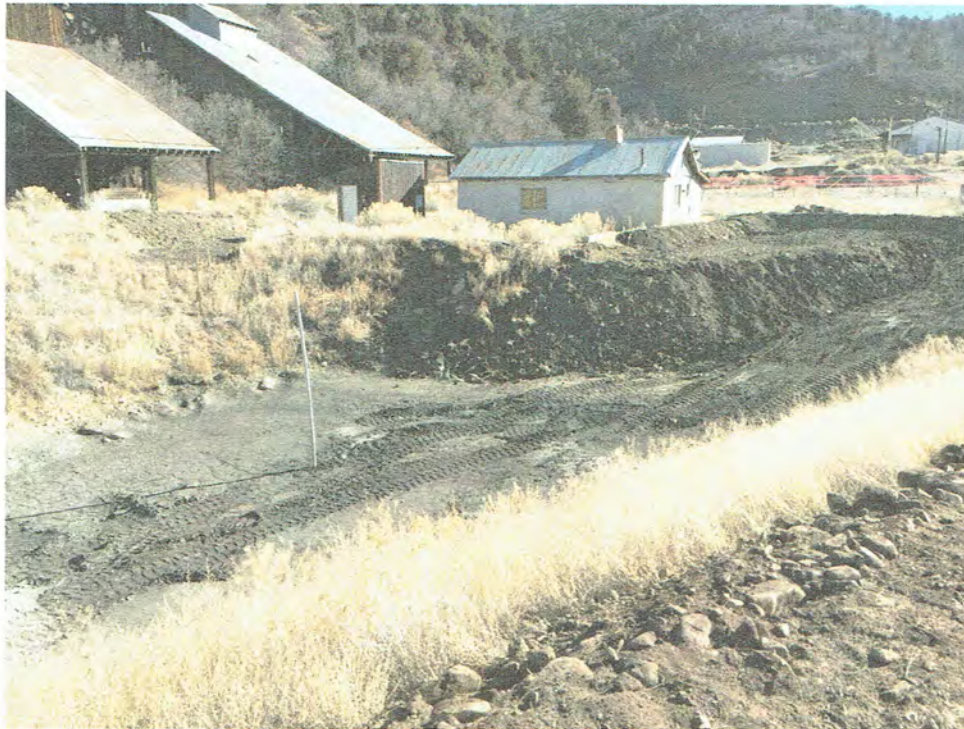
Sincerely,



Ryan M. Griglak, P.E.  
Project Manager

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Pic. 1 – Increased berm height and area of east pond.



Pic. 2 – East pond channel improvements SE corner of pond.



Pic. 3 – New outlet structure East Pond.



Pic. 4 – New outlet structure West Pond.



Pic. 5 – Some sedimentation in base of corrugated plastic pipe.



Pic. 6 – Sediment trap along east side of King I driveway.