



"Safety as a Value"

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

September 27, 2018

State of Colorado
Division of Reclamation, Mining & Safety
1313 Sherman St, Room 215
Denver, CO 80203
Attn: Brock Bowles, Environmental Protection Specialist

Re: King II Mine
Pond Quarterly Inspection
3rd Quarter 2018

Mr. Bowles:

Please find attached the 3rd quarter inspection report on the King II sedimentation pond performed by Ryan Griglak, P.E. on September 18, 2018.

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', with a large, stylized loop at the end.

Tom Bird
Manager, Coal Services
GCC Energy, LLC

Date: September 24, 2018

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 II - Annual Water Quality Improvements Inspection (Amended)

On September 18, 2018, Ryan Griglak, P.E. visited the GCC Energy, LLC King Coal II site to conduct the annual inspection of the water quality pond installed to prevent contaminated storm water runoff from escaping the site in events smaller than the 100-year storm event.

The water quality pond was dry at the time of the inspection. The elevation at the bottom of the pond was determined to be at an elevation of 7227.1, approximately 14-inches below the concrete of the outlet structure. Based upon this elevation, the pond can collect approximately an additional three (3) feet of sediment before reaching the 60% cleanout level (El. = 7229.25). The current sediment level in the detention pond represents almost 10% of the allowable 1.57 [ac-ft] of sediment which is the 60% cleanout level as shown in the Sediment Pond Stage Discharge Curve prepared by EIS Environmental & Engineering Consulting dated 12/18/08.

The vegetation established both inside and out of the pond is well established to minimize the erosion impacts of storm runoff. The outlet structure shows no signs of damage and was functioning as designed at the time of the inspection (see Pic. 1). The water quality pond appears to be in generally good condition. There were no signs of weakness or distress to either the outlet structure or the embankment material. The water quality pond has the storage capacity to function as designed.

The drainage ditches were found to be in generally good condition and clean of debris (see Pic. 2 & 3). All ditches should be inspected and repaired as necessary, especially after storm events.

The culvert pipes on the site were in good condition overall. The treated water culvert located to the west of the truck loading/scale area (see Pic. 4) which runs under the driveway should be cleaned out to ensure excess runoff is not allowed to bypass the culvert and create erosion related issues downstream. The west clear water ditch at this location should also be cleaned out at this location. The lower ditch slope has resulted in sedimentation of the channel at this location (see Pic. 5).

The drainage features for the King II site are functioning as designed and are being maintained in accordance with the approved plans.

Please let me know if you have any additional questions or concerns in regards to the issues discussed in this report.

Sincerely,



Ryan M. Griglak, P.E.
Project Manager

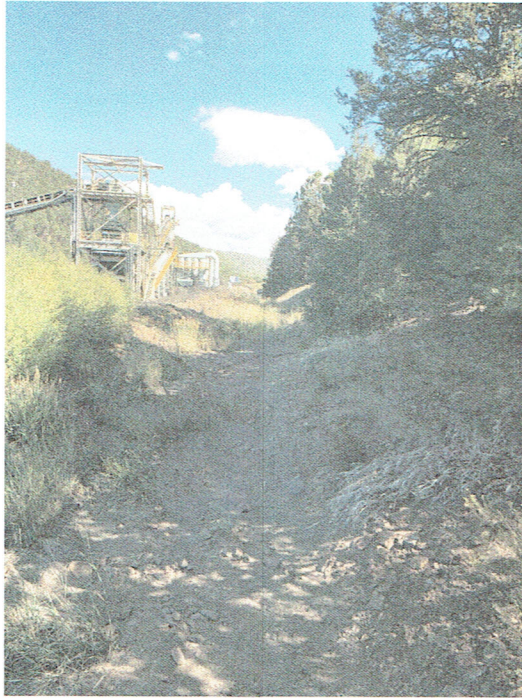




Pic. 1 – Detention Pond outlet structure, dry.



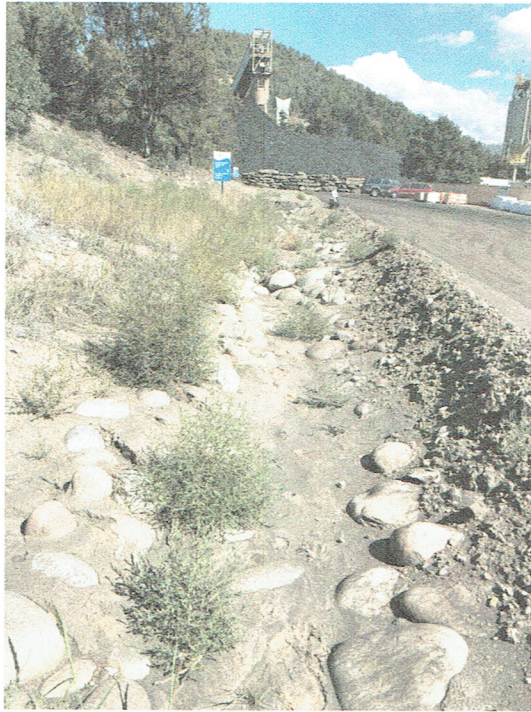
Pic. 2 – Dual culverts from outlet structure in good condition.



Pic. 3 East clean water ditch.



Pic. 4 –Culvert inlet west of the loading/scale area west side of driveway.



Pic. 4 –Sedimentation clean water ditch west of the loading/scale area west side of driveway.