



*"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 I Mine, C-1981-035  
Stoner Engineering: Quarterly Inspection: Refuse Pile  
3rd Quarter 2018

Dear Mr. Bowles,

Please find enclosed a copy of Stoner Engineering's Quarterly Inspection report of the King I mine refuse pile/embankment for the 3rd quarter of 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'. The signature is fluid and cursive, with a large 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 I – Quarterly Waste Pile/Embankment Inspection

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On September 18, 2018, 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 ditch has experienced additional sedimentation from the previous inspection and needs to be cleaned out (see Pic. 1). The south ditch was found to be in good conditions with little to no sedimentation issues. The pipe sections were found to be clear of debris and functioning as designed (see Pic. 2).

Embankment fill is being stockpiled in larger quantities and placed at the base of the waste pile/embankment (see Pic. 3). The outlet pipe area of the under drain has been cleaned out but, should be monitored and maintained regularly given the proximity of the tie-in location of Reach 10 and the potential for sedimentation to inhibit flows from the under drain. The pipe that drains into Reach 10 is clear of debris/sediment and appears to be functioning as designed (see Pic. 4). There was no visible staining at the outlet at the time of the inspection.

The rate of waste material being generated at the King II site has increased and is actively being placed at the top of the embankment; there has been some additional waste material installed at the base of the waste pile/embankment (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.

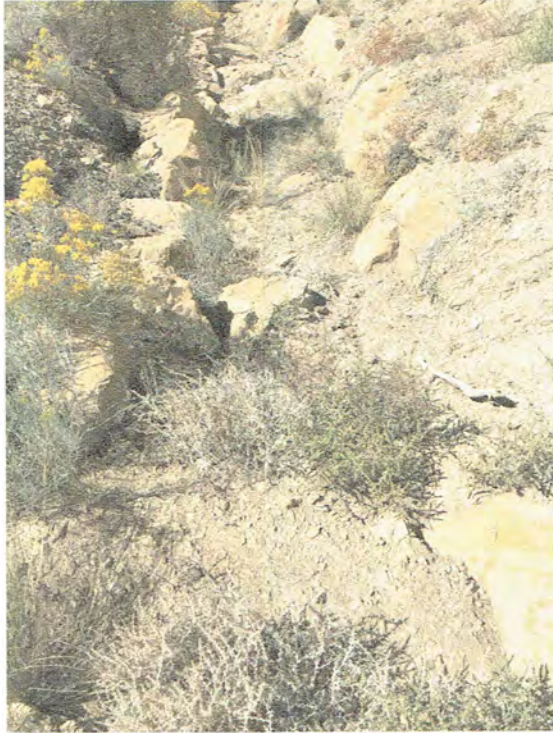
Sincerely,



Ryan M. Griglak, P.E.  
Project Manager







Pic. 1 – North channel sedimentation needs to be removed.



Pic. 2 – Culvert under haul road for south ditch.



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Pic. 3 – Material at base of embankment/waste pile.



Pic. 4 – Pipe drain into Reach 10.

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Pic. 5 – Additional material placed at base of embankment.



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