



"Safety as a Value"

Telephone: 970.385.4528
Facsimile: 970.385.4638

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: Water Quality Improvements
3rd Quarter 2018

Dear Mr. Bowles,

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 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 stylized, with a large, prominent 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 Water Quality Improvements Inspection

On September 18, 2018, 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 (see Pic. 1). 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 (see Pic. 2). 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. The north clean water ditch has experienced additional sedimentation in portions of the ditch and needs to be cleaned out (see Pic. 3). The south treated water ditch was still in good condition at the time of the inspection (see Pic. 4). All pipes, ditches and sediment traps should be inspected and repaired as necessary, especially after storm events.

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.

Stoner Engineering & Surveying

Engineering, Testing & Surveying

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





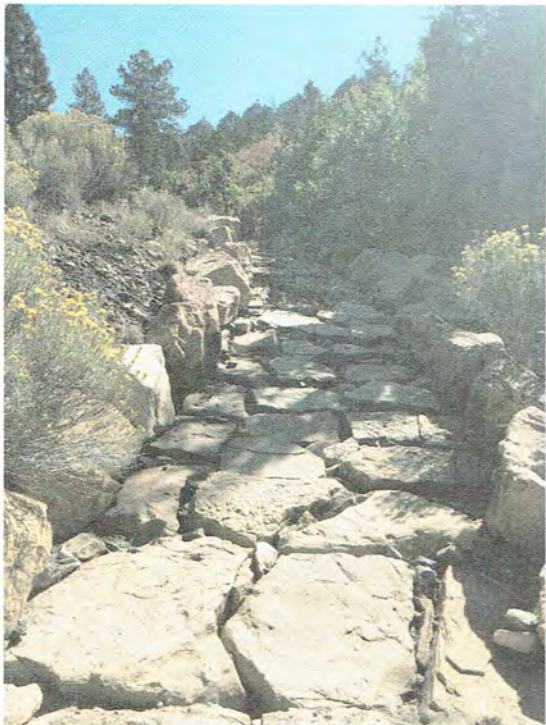
Pic. 1 – West pond.



Pic. 2 – West pond sedimentation gage.



Pic. 3 – Sediment buildup north, clean water ditch.



Pic. 4 – South ditch free from sedimentation.