

"Safety as a Value"

January 17, 2019

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 4th 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 4th quarter of 2018.

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 19, 2018

- To: Jordan McCourt Project Coordinator 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 14, 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 north clean water ditch has had some work completed but, is still in need of additional cleaning (see Pic. 1). The south ditch was covered in snow and difficult to assess but, appears to be in good conditions (see Pic. 2). The culvert sections were found to be clear of debris and functioning as designed.

Additional embankment fill has been stockpiled at the base of the waste pile/embankment (see Pic. 3). There is also a stockpile of material at the top of the waste pile (see Pic. 4). The pipe that drains into Reach 10 is clear of debris/sediment and appears to be functioning as designed (see Pic. 5). The face of the embankment was covered in snow at the time of the inspection but, there were no signs of excessive erosion, instability or weakness (see Pic. 6).

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.

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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.

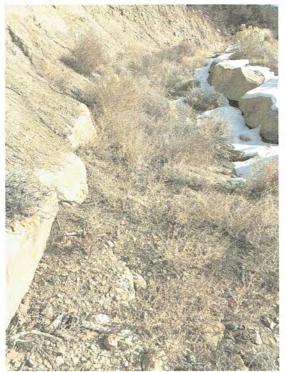
Sincerely,

Ryan M. Griglak, P.E. Project Manager

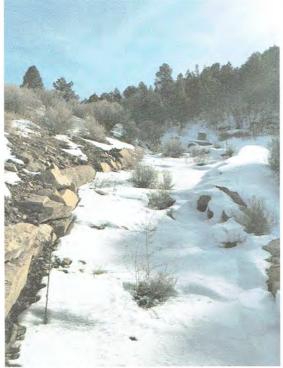




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Pic. 1 – North channel requires additional cleaning.



Pic. 2 - South channel covered in snow.

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



Pic. 4 – Material at top of embankment/waste pile.

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Pic. 5 – Pipe drain into Reach 10.



Pic. 6 - Waste pile/embankment covered in snow.

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