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svance@gcc.com



April 1, 2021

State of Colorado
Division of Reclamation, Mining & Safety
1313 Sherman St., Room 215
Denver, CO 80203

Attn: Janet Binns, Environmental Protection Specialist III

Re: GCC Energy, LLC, King II Mine
CDRMS Permit # C-1981-035
Stoner Engineering: Quarterly Inspection: Refuse Pile
1st Quarter 2021

Ms. Binns:

Please find enclosed a copy of Stoner Engineering's Quarterly Inspection report of the King I mine refuse pile/embankment for the 1st quarter of 2021.

Please contact me at 505.238.8272 or svance@gcc.com if you have any questions or require any additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sarah Vance', is positioned above the printed name.

Sarah Vance
Environmental Manager
GCC Energy, LLC

Stoner Engineering & Surveying

Engineering, Testing & Surveying

Date: March 31, 2021

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 March 30, 2021, 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 site was generally free of snow at the time of the inspection. The south treated water ditch (Reach 10) and the north clear water ditch (Reach 1) appeared to be in generally good condition. Reach 1 is in need of some cleaning below the steeper section of the adjoining hillside (see Pic. 1). The face of the embankment appeared to be in good condition. There were no signs of excessive erosion, instability, sloughing or weakness (see Pic. 2). The downstream end of the new culvert located at the corner of the new switchback needs to be cleaned/regraded to the treated water ditch due to sloughing from the adjacent slopes (see Pic. 3).

There does not appear to have been any additional waste material placed at the top of the main waste embankment pile since the previous inspection. There has been some additional material installed on the lower pile (see Pic. 4). The slope of the top of the existing pile is now much closer to that defined in the Waste Bank Design produced by Don May, 1997. The construction of the new switchback has allowed the cross slope along the top of the pile, from north to south, to be flattened significantly with the installation of additional waste material from that which was present during the previous inspection.

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



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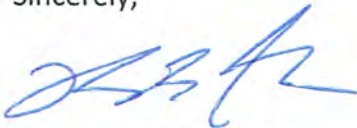
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performed on the north side of the site well away from the embankment material. The site is closed to the public and there is a locked gate at the entrance to keep the public out.

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 –Reach 10 treated water channel needs cleaning.



Pic. 2 – Face of waste pile in good condition.



Pic. 3 – Culvert at new switchback with soil sloughing needing repair.



Pic 4 – Lower waste embankment pile has had some additional waste material installed.