6473 County Road 120
Hesperus, CO 81326

970.909.4022
michael@summitmining.co

April 7th, 2025

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

Attn: Environmental Protection Specialist

Re: GCC Energy, LLC, King II Mine
CDRMS Permit # C-1981-035
Sounder, Miller & Associates: Quarterly Inspection: King I and II Water Quality Improvements Inspection 1st Quarter 2025

Mr. Wein:

Please find enclosed a copy of Sounder, Miller & Associate's Quarterly Inspection report of the King I and King II water quality improvement inspection for the 1st quarter of 2025.

Please contact me at 970.909.4022, or Jordan McCourt at jmccourt@gcc.com if you have any questions or require any additional information.

Sincerely,

Michael Dickson

Souder, Miller & Associates ♦ 112 Montezuma Ave., Suite 3 ♦ Cortez, CO 81321
(970) 565-4465 ♦ fax (970) 565-4776

March 27, 2025 #5534219 Task 1

Jordan McCourt
Project Coordinator
GCC Energy, LLC
6473 County Road 120
Hesperus, CO 81326
jmccourt@summitmining.co
(970) 385-4528

RE: King Coal I – Quarterly Water Quality Improvements Inspection

Dear Mr. McCourt:

On March 20, 2025, Stephanie Hinds, P.E., under guidance of 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.

The sedimentation traps at the entrance to the site need dredging, and the eastern sedimentation trap also needs re-anchored into the ground (see Pic. 1). The east pond was dry while the water in the west pond had increased since the time of the last inspection due to winter snowmelt and recent precipitation. Sediment removal operations appear to be unchanged for both ponds since the previous inspection. While the excess material in the west pond should be removed as soon as possible to ensure adequate pond capacity for runoff/storm events, the ponds' overall capacity appears adequate.

The existing ditches and culverts appear to be generally in good condition at the time of the inspection. Reach 9 has evidence of washout between the rock riprap and could use additional armor to help slow runoff velocity and limit additional erosion (see Pic. 2). Upper portions of Reach 10 appear to be in generally good condition (see Pic. 3), though some erosion and undercutting of the rock armor is beginning to occur where surface water from the upper waste pile enters the ditch (see Pic. 4). There is some damage to the culvert where Reach 10 drains under the road and into the lower waste pile stilling basin, however, drainage does not appear to be impeded (see Pic. 5). The grading along the south side of the face of the upper waste pile was found to be in generally good condition.

The clear water ditch (Reach 1) was found to be in good condition.

The remaining channel sections and culverts were found to be in generally good condition. Waste material placed on the upper waste pile appears minimal since the previous inspection. Surface grading directs runoff away from the face of both waste piles and the required berming is in place.

The cracks noted in the lower armored section of Reach 1 appear to be slightly wider than in the previous inspection (see Pic. 6). The upper armored section of Reach 1 should also be monitored for increased cracking and exposed subsurface (see Pic. 7). Grout can be installed in the cracks to prevent water infiltration and locations monitored for additional signs of movement.

There is some sediment build-up at the culvert outfall near the bottom of Reach 5 (see Pic. 8). Monitor the sediment load and dredge if culvert and ditch flow appear to be impeded.

The drainage for the overall site is capable of functioning as designed. There were no maintenance issues noted that would inhibit the site from functioning as designed.

The drainage features have been constructed and will continue to function as stated in the drainage plan submitted to the Division of Reclamation, Mining & Safety once the noted maintenance items have been addressed.

Please let me know if you have any additional questions or concerns regarding the issues that are discussed above.

Sincerely,

SOUDER, MILLER & ASSOCIATES, INC.

Stephanie Hinds, P.E.
Senior Engineer
stephanie.hinds@soudermiller.com

Enc: Pictures

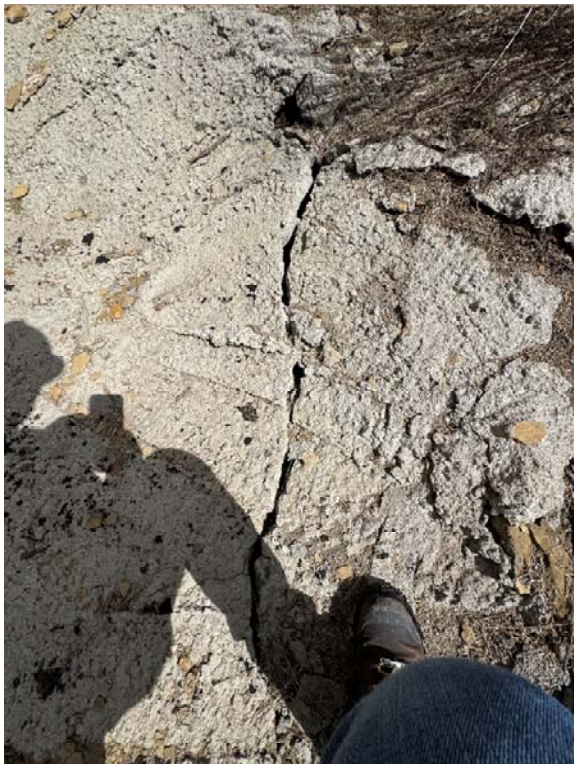

Pic. 1a and 1b – Sedimentation traps in need of dredging and anchoring.

Pic. 2 – Reach 9 (at stilling basin) with voids forming between rock riprap.

Pic. 3 – Damaged culvert that drains lower Reach 10 under the haul road and into the lower waste pile channel section. Flow does not appear to be impeded.

Pic. 4a and 4b – Reach 10, armored sections between upper and lower waste piles.

Pic. 5 – Runoff from upper waste pile into Reach 10 showing some erosion and beginning of undercutting at rock armor.



Pic. 6a and 6b – Cracks within lower armored section of Reach 1.

Pic. 7 – Cracking and exposed subsurface in upper armored section of Reach 1.

Pic. 8 – Some sediment accumulation at culvert outlet near bottom of Reach 5.

Souder, Miller & Associates ♦ 112 Montezuma Ave., Suite 3 ♦ Cortez, CO 81321
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March 31, 2025 #5534219 Task 1

Jordan McCourt
Project Coordinator
GCC Energy, LLC
6473 County Road 120
Hesperus, CO 81326
jmccourt@summitmining.co
(970) 385-4528

RE: King Coal II – Quarterly Water Quality Improvements Inspection

Dear Mr. McCourt:

On March 20, 2025, Stephanie Hinds, P.E., under guidance of Ryan Griglak, P.E., visited the GCC Energy, LLC King Coal II site to conduct the quarterly 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 detention pond held slightly more water as compared to the previous inspection, likely due to the winter snowmelt and recent rain events (see Pic. 1). The sediment elevation at the bottom of the pond could not be determined due to water within the pond. The current water levels make it difficult to assess the progress of sediment removal operations. It appears that sediment level is at the same point as the previous inspection. Excess sediment should be removed from the detention pond as soon as site/weather conditions allow.

The vegetation, both inside and out of the pond and embankments 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. The detention 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 detention pond appears to have the storage capacity to function as designed.

The east clear water ditch, the west clear water ditch (west of the driveway access) and the main drainage ditch (combined clear water ditches) were found to be in good condition and generally clean of debris (see Pic. 2), with the exception of dead vegetation accumulated at the culvert outfalls where the west clear water ditch drains towards the main drainage ditch (see Pic. 3).

The erosion control structures for the treated water ditch located south of the scale house were found to be in good condition and operating as intended. The inlets located around the conveyor and coal storage piles appear to be in good condition, though some erosion is evident around the rock armor (see Pic. 4).

The inlet near the vibratory processing appears in relatively good condition but should be monitored and maintained often due to ongoing operations in that area (see Pic. 5). The inlet east of the power station is in generally good condition. The clear water ditch along the west side of the site appears to be in good condition

and was free of sediment. All ditches should be inspected and repaired as necessary, especially after storm events.

The culvert pipes and ditches on the site were in generally good condition overall. The outlet pipes were free from debris and excessive vegetation, though some sediment accumulation was observed at the outlet pipe from the driveway culvert which discharges behind the scale house (see Pic. 6). The culvert pipes and ditches should be monitored after storm events and cleaned out in the event that sedimentation occurs or debris buildup at the culvert inlets or outlets is observed.

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 regard to the issues discussed in this report.

Sincerely,

SOUDER, MILLER & ASSOCIATES, INC.

Stephanie Hinds, P.E.
Senior Engineer
stephanie.hinds@soudermiller.com

Enc: Pictures

Pic. 1 – Water level in the detention pond after recent storms.

Pic. 2 – West Clear Water Ditch.

Pic. 3 – Dead vegetation at the culvert outfalls where the West Clear Water Ditch drains towards the Main Drainage Ditch.

Pic. 4 – Some erosional cutting to drain near conveyor belt.

Pic. 5 – Straw wattles and rock armor near the vibratory processing area.

Pic. 6 – Sediment accumulation at the culvert outlet that drains the detention pond (behind scale house).