



August 28, 2020

Dear Neighbor,

We are sending you this letter because you are on the notification list provided by the La Plata County Planning Department related to GCC Energy, LLC's ("GCC") request for an amendment to its current Class II Land Use Permit.

In 2016, La Plata County approved a Class II Land Use Permit for GCC's existing King II mine. The mine is located at 6473 County Road 120, Hesperus, Colorado 81326 and operated on property owned by the State of Colorado, acting through the State Board of Land Commissioners. As part of the conditions of approval, GCC and the County entered into a Road Improvements Agreement ("RIA") governing the phasing and scope of road improvements GCC is obligated to make to County Road 120.

GCC is currently in compliance with the Class II Permit and over the last four years has completed Phases 1, 2 and 3 and advance work for Phases 4 and 5 of the road improvements.

In 2016, for Phase 1, GCC paved approximately 1 mile of County Road 120. Phases 2 and 3 included the acquisition of right-of-way, widening, regrading and paving of approximately 2 miles of pavement from the then-current end of pavement. Phase 2 also included the widening and regrading of the area known as the "Narrows" and Phase 3 included the realignment, construction, and paving at the 90-degree corner. As part of the process, several irrigation ditches were relocated.

For Phase 4, GCC has completed the construction documents and anticipates completing the acquisition of all right of way by the end of 2020. For Phase 5, safety concerns for County Road 120 were remedied in Phase 2, specifically the widening of several areas.

GCC is requesting two modifications to its current Class II Permit:

1. Extension of the construction timing for Phase 4, moving it to the summer of 2022.
2. Removal, or substantial reduction in Phase 5 road improvement obligations, along with a corresponding delay in construction to the summer of 2023.

Phase 4 is the full reconstruction of the first 2.3 miles of County Road 120. It includes roadway widening, replacement of existing cross culverts, adding new culverts, adding guardrails and paving. Phase 5 is the widening, regrading and paving of the gravel section of County Road 120 from mile marker 4.4 to 6.5, between the King I and King II mines. There are no homes along the Phase 5 stretch.



Included with this letter is a map depicting the proposed County Road 120 Improvement Timeline.

The requested amendment does not seek any changes to hauling operations and does not seek an expansion of surface operations.

GCC's ability to fund Phases 4 and 5 is dependent upon access into the additional reserves of the Dunn Ranch Lease by Application ("LBA"). This has been delayed significantly. GCC estimates that all authorizations for the LBA may be received in the fourth quarter of 2020 which will allow access into the LBA in 4th quarter of 2021.

This Class II Permit Amendment will allow GCC to better manage its resources to continue operations, and to reduce the impacts to County Road 120 and neighbors during construction of the related projects.

A public neighborhood meeting is planned for September 17, 2020 at 6 p.m. to answer your questions. Due to public health concerns raised by the presence of COVID-19, the County has recommended that this neighborhood meeting be conducted using electronic means. Information on joining this meeting by phone or internet will be provided online at <http://www.gccenergy.net/> by contacting La Plata County Planning, or by contacting Chris Dorenkamp at the information provided below.

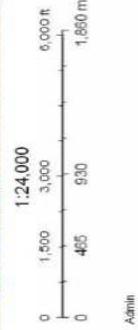
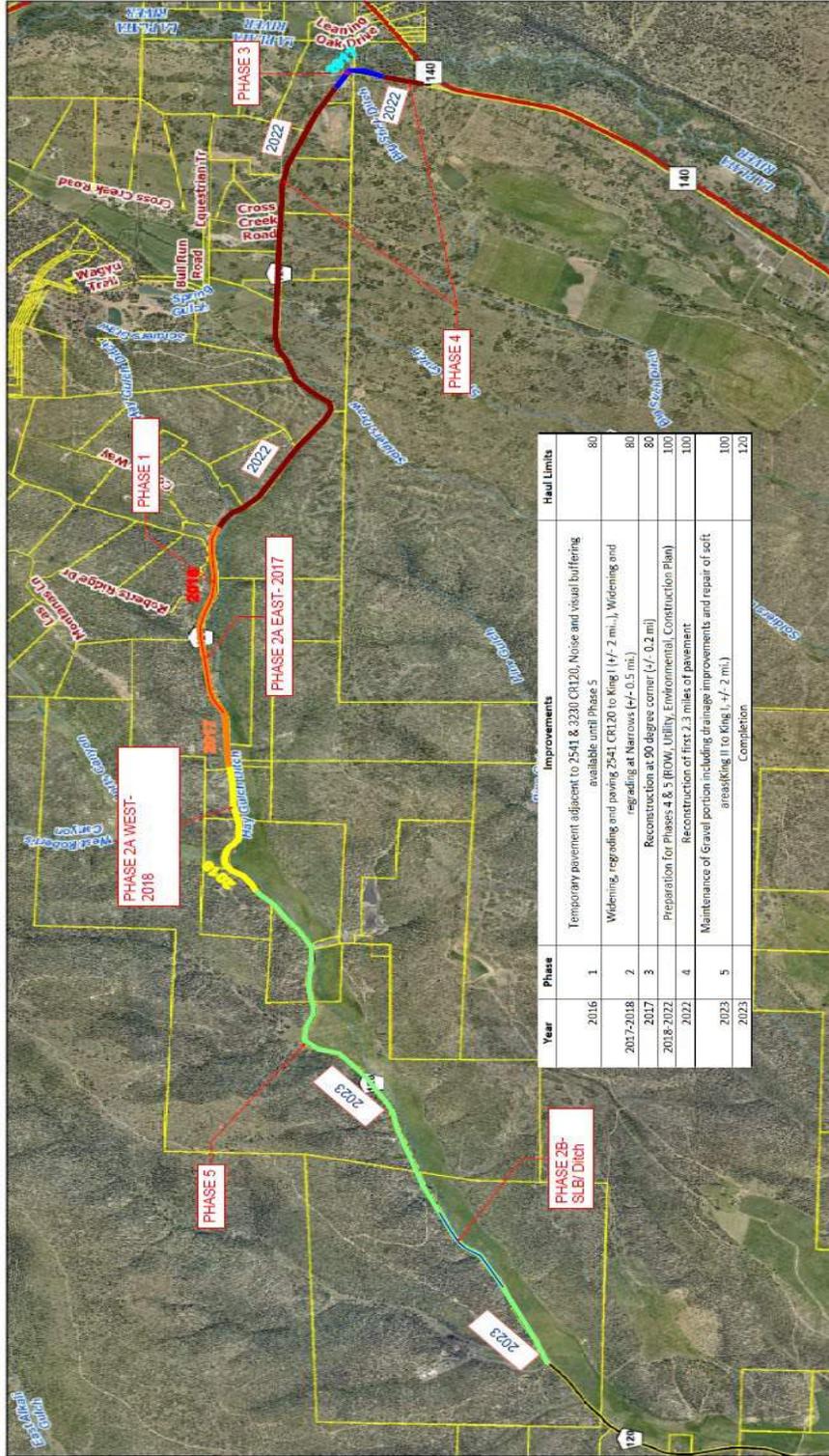
Future mailed public notice will identify the date and time of the Planning Commission and the Board of County Commissioners public hearings.

In the meantime, if you have any questions or comments, please contact Chris Dorenkamp, Mine Manager at (970) 385-4528; 6509, mobile (970) 403-4395; or cdorenkamp@gcc.com.

Sincerely,

Chris Dorenkamp
Mine Manager
GCC Energy, LLC.

CR120 IMPROVEMENT TIMELINE
REVISED AUGUST, 2020



August 25, 2020



as is without warranty of any kind, either express or implied, including but not limited to the implied warranties of merchantability and fitness for a particular purpose. In no event shall La Plata County be liable for any damages whatsoever including direct, indirect, incidental, consequential, loss of business profits or special damages.