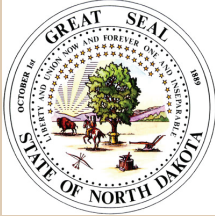


You should know...



North Dakota Public Service Commission

Issue R-8, Updated Feb. 2025



North Dakota Public
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ND's Mineral Resources

North Dakota is plentifully endowed with crude oil, natural gas, and coal. There are other mineral resources as well, such as potash, but it is not economically feasible to mine them, given current market conditions.

North Dakota's coal resources are in the form of lignite, a low-grade, low-sulfur coal. Like oil and gas, lignite is found in the western half of the state. Surface mining activities are regulated by the Public Service Commission.

Lignite was used long before statehood. There are indications that the Native Americans used it to some extent. The early settlers probably could not have survived the harsh winters without it. Settlers coming to heavily forested parts of America had ample wood for heating their homes, but those hardy souls venturing out onto the Plains did not have that resource, and dried buffalo chips and twisted hay were not adequate substitutes. Wherever there was a lignite seam outcropping along a stream bank, the Dakota settler knew he could dig enough lignite to keep his family warm during the bitterly cold winters.

Dakota Territory's coal mining industry began about 1873 and consisted of both one-man operations as well as a number of larger commercial mines. Most of them were located along the railroads and the rivers so that the coal could be cheaply and easily moved to market. The coal industry used both surface and underground mining methods in the early days. As the mines became larger and as better equipment became available, surface mining gradually displaced the underground methods and by 1960 the switch to surface mining was virtually complete. Surface mining was safer and the coal could be produced at a lower cost.

Lignite production increased dramatically in the 1960s when rural electric cooperatives committed themselves to long-term coal contracts for lignite-fueled mine-mouth electric power plants. The national reaction to the Arab oil embargoes of the 1970s resulted in a second round of power plant construction in North Dakota, the opening of new mines and the enlarging of existing ones, and the construction of a synfuels plant to convert lignite to pipeline quality substitute natural gas. A large part of the electricity and substitute natural gas is exported to other states.

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