

July 10, 2006

Mr. Michael Fagerland
Knife River Corporation
P.O. Box 5568
Bismarck, ND 58506-5568

Dear Mr. Fagerland:

The Reclamation Division has reviewed the latest submittal, dated January 27, 2006, to Bond Release No. 4 to Permit KRGC-8101. In addition, a second bond release inspection was held on June 15, 2006. The following items must be addressed before the bond release can be approved:

Application Form

1. The amount of the bond release requested (\$280,568.67) must be specified in the blank in the last paragraph of the first page of the application form. (DKM)

Attachment 7

2. Page 1 of 7 indicates that approximately 26.1 acres of Tract BR#4-B was disturbed and reclaimed but Attachment 9 (Calculation of Bond Reduction Amount) and Exhibit 9.2 of Attachment 9 indicates that 28 acres were disturbed and reclaimed. Please correct page 1 of 7 of Attachment No. 7 accordingly. (GAW)
3. Footnote number 3 at the bottom of Table BR#4-7.1 incorrectly indicates that the SPGM respread values are listed in inches of material. The depths listed are actually in feet, not inches, according to Exhibit 7.1. Please make the necessary corrections. (GAW)
4. The Permanent Impoundment Management Guidelines for the Pond 23E Outlet was signed by the President of Dakota Prairie Beef Cooperative on August 20, 2002. Presumably, this is the previous owner of the feedlot facility. This agreement should be signed by the current owners of the feedlot. (DKM)

If you have any questions, please contact this office.

Sincerely,

James R. Deutsch
Director
Reclamation Division