



Great Northern Power Development L.P.

173 Cottonwood Road
Townsend, MT 59644
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January 23, 2008

Ms. Illona A. Jeffcoat-Sacco
Executive Secretary
North Dakota Public Service Commission
600 East Boulevard, Dept.408
Bismarck, ND 58505-0480

Re: Letter of Intent – South Heart Project

Dear Ms. Jeffcoat-Sacco:

On behalf of South Heart Coal LLC (SHC), Great Northern Power Development LP (GNPD) is pleased to notify the North Dakota Public Service Commission (PSC) of its intent to construct and operate a coal-to-synthetic natural gas production facility (facility) in southwest North Dakota near the community of South Heart in Stark County. That planned facility is a component of the South Heart Project (SHP), which would also include an adjacent surface lignite mine that would provide raw material to the planned facility.

SHC is a wholly owned subsidiary of GNPD, a privately held natural resource development company affiliated with Great Northern Properties – the nation's largest private coal reserve holder. GNPD, headquartered in Houston, TX, maintains offices in Bismarck, ND and in Townsend and Miles City, MT.

In a previous letter to you dated August 18, 2005, GNPD notified the PSC that it intended to construct and operate a 500 MW lignite-fired steam-electric generating station on the same site. This letter updates and revises that August 18, 2005 notification to reflect changes to the facility design. GNPD no longer plans a lignite-fired steam-electric generating station as a component of the SHP.

This letter and its attachments are intended to fulfill SHC's obligations under Chapter 69-06-03 of Title 69 of the North Dakota Administrative Code to file a Letter of Intent at least one year prior to filing an application for a certificate of site compatibility.

Size and Type of Facility

The planned facility would be a nominal 100 million standard cubic feet per day (MMSCFD) synthetic natural gas (SNG) production facility. The final design production capacity has not yet been determined as process design refinements are ongoing at this writing. However, as currently configured, it would use seven British Gas Lurgi gasifiers and associated downstream process units to convert lignite from the adjacent mine into pipeline quality natural gas.

The facility is intended to serve the natural gas needs of North Dakota, North Dakota industries, and the people and industries of the Upper Midwest.

Map of Study Area

Figure 1 attached to this letter is a map of the study area showing the planned SHP location in North Dakota (inset), the planned site for the SHP production facility and the location of the planned lignite mine.

Anticipated Construction and Operation Schedule

SHC currently plans to begin construction of the facility in December 2009 and commence commercial operation in December 2012.

Estimated Cost of Construction

The estimated cost for the construction of the facility is \$1.4 billion.

GNPD looks forward to working with the PSC and its staff to obtain all required approvals for the SHP production facility and those for the associated lignite mine. Please do not hesitate to contact Rich Voss, V.P. Power Development at 701-223-8783 (rvoss@gnplp.com) or me at 406-266-4360 (rsouthwick@gnplp.com) with any questions pertaining to SHC, GNPD, or the SHP.

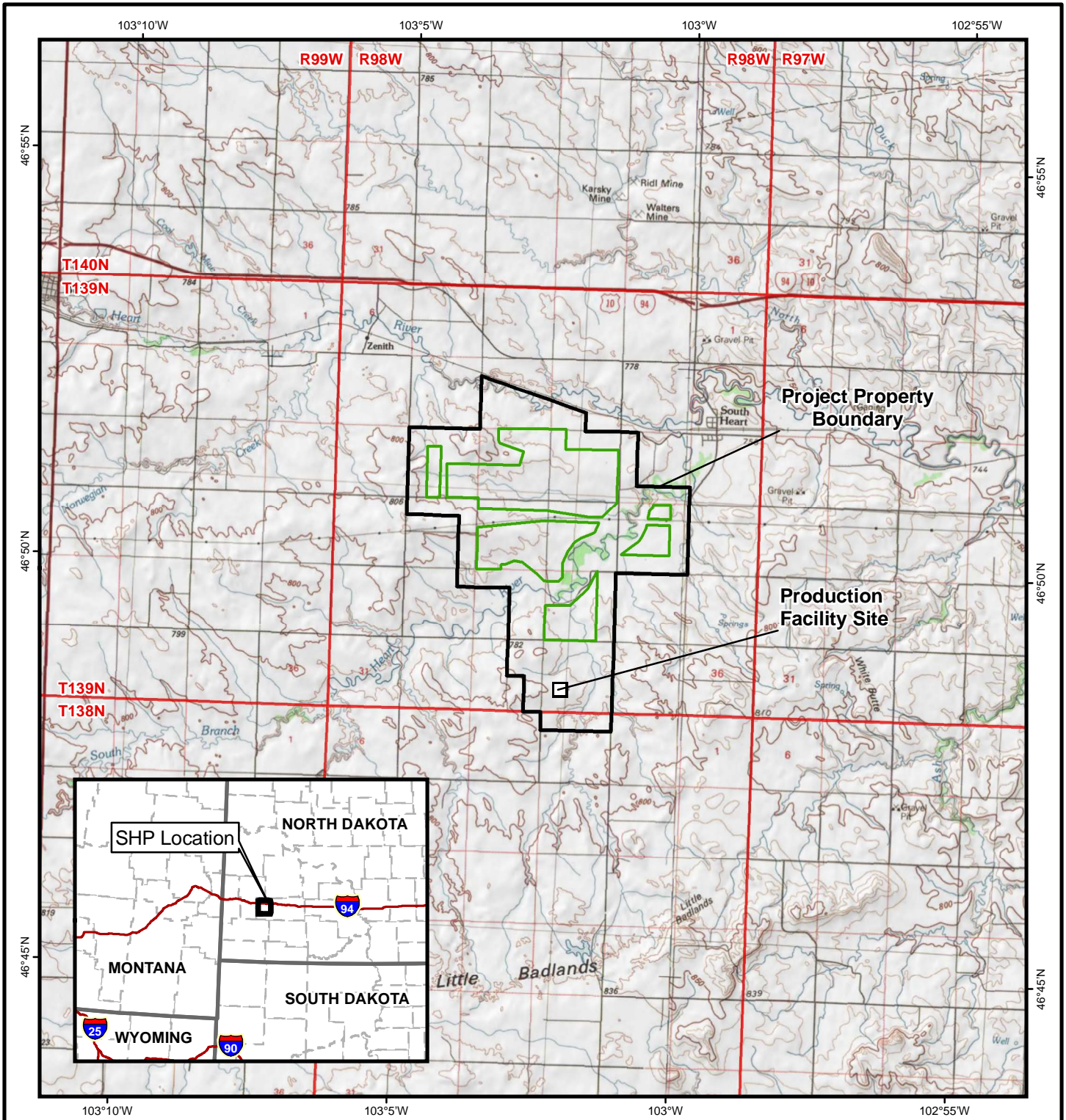
Sincerely,






Richard A. Southwick
Manager – Permitting & Environmental

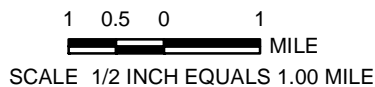
Attachments

cc: Chuck Kerr, President GNPD
Rich Voss, VP GNPD
Jeff Burgess, Lignite Energy Council



LEGEND



-  Production Facility Site
-  Project Property Boundary
-  Mine Pit



REFERENCE

PLSS: ND HUB.
 USGS 1:100,000 Scale Topographic Quadrangles drawn from TOPO!; Belfield and Dickinson.
 Projection: StatePlane, North Dakota South, NAD27, Feet.



PROJECT	SOUTH HEART COAL LLC SOUTH HEART PROJECT SOUTH HEART, NORTH DAKOTA				
TITLE	SOUTH HEART PROJECT LOCATION MAP				
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FIGURE 1					