



Public Service Commission

State of North Dakota

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August 18, 2008

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

Dear Mr. Fagerland:

The Reclamation Division has completed its review of the deficiency responses received on May 6th for Final Bond Release No. 5 to Surface Coal Mining Permit KRGC-8101 in response to our January 2, 2008 letter. The bond release inspection for this application was conducted on July 1, 2008. The following items must be addressed or corrected before Commission approval will be recommended:

Attachment 4

1. Please provide at least two copies of all the letters that were mailed to surface and adjacent surface owners so they can be included in copies of the bond release application for the Reclamation Division and OSM. (SAS)

Attachment 7

2. A portion of the Grasseth property in the N $\frac{1}{2}$ of the NW $\frac{1}{4}$ of Section 35 was being annually cropped until a few years ago, at which time it was planted to hayland. In the history section of Attachment 7, please discuss this management change and discuss if that portion of the Grasseth property was sampled for the purpose of demonstrating revegetation success. (GAW)
3. Supporting narrative for Pond 10 indicates "At the calculated low water elevation of 2750 the pond has 1.6 acre feet of storage capacity and is certainly adequate for the limited number of cattle that use this water source." Please provide calculations showing that there is adequate capacity, including the number of animals using the water source, duration of time used, and the typical amount of water consumed by each animal per day. (MDB)

4. Since the road in Tract BR5-A will remain in place as a permanent feature, please provide calculations documenting that all culverts have adequate capacity to safely pass the peak runoff from a 10-year, 6-hour precipitation event as required by NDAC 69-05.2-24-03(5)(a). (MDB)
5. The yield standards in Table 7 on page 9 for Anderson differ slightly from those listed in Table 6 on page 8. Please explain or correct as needed. (SAS & GAW)
6. Please add a footnote to the bottom of Table 7 to indicate that, although the 2004 KRC reclaimed yield is lower than the yield standard, the yield is not significantly different base on the statistical analysis provided in Table 17 on page 18. (JRD)
7. Page II-C-3 of the Revegetation Guidelines for cropland fourth stage bond release (#4) (this is applicable to hayland since hayland is considered a sub category of cropland) indicates that the respread depths for the various tracts need to be submitted. Please submit a map with this information (or add it to Exhibit 7.1) or include this in the narrative discussion. (SAS)
8. Page 9 indicates that the transect locations for Pond 11 (Tract BR5-C) can be seen on Exhibit 7.2; however, these transects are on Exhibit 7.3. Please correct. (SAS & GAW)
9. Please refer to Exhibit 7.2 in the discussion on Tract BR5-B on page 10 to indicate the transect locations for this tract. (SAS)
10. Please refer to Exhibit 7.5 in the discussion at the bottom of page 8 to indicate the sample locations. No reference to this exhibit was made elsewhere. (SAS)
11. Please depict the 2 acres of undisturbed land along the southern boundary of Tract BR5-A on Exhibit 7.1 in a manner similar to it being depicted on Attachment 9.1 (Area 7). (SAS)
12. In the evaluation of reclamation success narrative on page 6 of Attachment 7, please indicate who collected the data included in the bond release application that is being used to demonstrate revegetation success. This information should also be listed in Tables 11 through 20. (GAW)
13. The narrative on Page 4 of Post-Mining Hydrologic Assessment of Attachment 7 indicates that Knife River was not required to replace any pre-mine ground water resources within any of the proposed bond release tracts. Please indicate if any pre-mine ground water resources such as wells or springs were mined through or affected by mining operations regardless of whether or not they were required to be replaced.

Also, we have requested OSM concurrence on this bond release application since it includes federal coal tracts. A representative from OSM's Casper Field Office accompanied one of our inspectors on the August 6th inspection of the Gascoyne Mine.

Mr. Mike Fagerland
August 18, 2008
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If you have any questions, please contact this office.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Deutsch". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke.

James R. Deutsch
Director
Reclamation Division

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