



Public Service Commission

State of North Dakota

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July 6, 2010

Mr. Jeff Frohlich
Manager, Engineering & Environment
Dakota Westmoreland Corporation
Beulah Mine
P.O. Box 39
Beulah, ND 58523-0039

Dear Mr. Frohlich:

The Reclamation Division has reviewed DWC's May 21st response to our latest technical deficiency letter on application for Revision 25 to Permit KRSB-8802. The following issues must be satisfactorily addressed before we recommend revision approval:

Revision Summary

1. Please update the original Revision Summary to include a description of all of the mining and reclamation operations being revised with this revision. To simply state that the permit is being updated in response to a midterm review is inadequate. The revision "Listing of Revised Information" must be comprehensive with all of the changes proposed with the revision and include instruction information for updating the approved permit. The Listing of Revised Information should be for insertion into the permit not various versions of the revision. Prior to approval of the revision, DWC will need to submit a detailed instruction list for inserting the entire revision into the permit. (GAW)

Section 3.7 – Time Schedules

2. The Reclamation Division has discussed the proposed reclamation schedule for the final Orange and Charlie Pit areas with the Commission and they agreed with our earlier recommendation that all backfilling and grading needs to be completed within 3 years rather than 4 years. The proposed 2-year time period for completing soil respreading and seeding is acceptable. Please note that this schedule allows two additional years for completing reclamation work than typically required by NDCC 38-14.1-24(14). Please adjust the schedule accordingly. (DKM & JRD)

Section 3.8 – Reclamation Cost Estimate

3. Follow-up to Items 11 through 14: Per NDAC 69-05.2-12-07(2)(a) the Reclamation Division has determined the required bond amount to be no less than \$10,382,986.00. The following discrepancies were noted during our review process. Attached is a copy of Table 3.8.11 with a summary of the revised values (revised figures are shaded). Please incorporate these changes into Revision No. 25 and submit the bonding instruments accordingly. (MDB)

Table 3.8.3

- A. Hour totals for pit locations 10+00 to 15+00, 15+00 to 20+00, 20+00 to 26+00, 26+00 to 30+36 and 35+36 to 40+36 were not included in the required hour's category.
- B. The scraper production rate for a haul distance of 1,500 feet appears to be high. The value of 420 CY/hr was adjusted to 390 CY/hr.

Table 3.8.5

- A. Scraper production rate for a 1,500 foot haul distance was adjusted to 390 CY/hr changing the total scraper hours to 1,567.2 hours.

Table 3.8.11

- A. The cost associated with a dozer when conducting SPGM respread should use a D9 not D10, the correct rate was applied.
- B. Scraper values were adjusted accordingly from the previous tables.
- C. Motor grader hours were adjusted due to scraper hour adjustments. Also please note motor grader hours are calculated on an hour per hour basis with loader/truck fleet not per 6 hours as is the case with a scraper.
- D. Water-wagon hours were adjusted accordingly. Since a four truck fleet is being used the hours had to be adjusted. Hours X 4 trucks/12 water-wagon hour per truck hours.
- E. Mapping costs are calculated on the area which is under bond not just the area which is disturbed.
- F. Supervision and Surveying costs are calculated at 1% over \$200,000 plus \$20,000.

Worst Case Bond Summary			
	Cost/hr	Hours	Cost
Dozer Projects			
Table 3.8.2	\$287.87	5764.1	\$1,659,311.47
Table 3.8.5 (D9)	\$174.03	2760.7	\$480,444.62
Table 3.8.6	\$287.87	133.1	\$38,315.50
Scrapers			
Table 3.8.3	\$298.65	10558.5	\$3,153,296.03
Table 3.8.5	\$298.65	1567.2	\$468,044.28
Table 3.8.6	\$298.65	26.8	\$8,003.82
Table 3.8.7	\$298.65	464.0	\$138,585.55
4 Truck Loader Project			
Table 3.8.5	\$1,127.14	2760.7	\$3,111,695.40
Motor Grader			
Table 3.8.3/6	\$128.86	1759.8	\$226,761.39
Table 3.8.5/6	\$128.86	261.2	\$33,658.23
Table 3.8.5 (Resp fleet)	\$128.86	2760.7	\$355,743.80
Table 3.8.6/6	\$128.86	4.5	\$575.57
Table 3.8.7/6	\$128.86	77.3	\$9,966.03
Water Wagon			
Table 3.8.5/12	\$128.86	130.6	\$16,829.12
Table 3.8.5/3 (4 trucks)	\$128.86	920.2	\$118,581.27
Revegetation			<u>\$235,702.47</u>
Subtotal			<u>\$10,055,514.53</u>
Rec Fee 1%			\$100,555.15
Mapping Costs	15	4905.9	\$73,588.50
Engineer and Design	35	993.5	\$34,772.50
Supervision & Surveying			<u>\$118,555.15</u>
Worst Case Total			<u>\$10,382,985.82</u>

Mr. Jeff Frohlich
July 6, 2010
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DWC is reminded that we expect reclamation operations (backfilling and grading) to continue in the permit area while this revision application is under review. 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 fluid and cursive, with a large initial "J" and a long, sweeping underline.

James R. Deutsch
Director
Reclamation Division