



Public Service Commission

State of North Dakota

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April 17, 2009

Mr. Joe D. Friedlander
Environmental Manager
Coteau Properties Company
204 County Rd. 15
Beulah, ND 58523-9475

Dear Mr. Friedlander:

The Reclamation Division has conducted an initial review of the application for Bond Release No. 2 to Surface Coal Mining Permit NACT-8503. The following items were identified in the initial review as requiring additional information. This information must be provided before we begin a more detailed technical review of the bond release application. (We would appreciate receiving this information prior to the final bond release inspection which is scheduled for April 29th.)

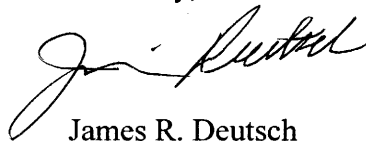
1. As required by Policy Memorandum No. 15 to Mine Operators, please provide documentation that Dakota Gasification Company holds a current permit from the North Dakota Department of Health to operate the disposal facility. (WTG)
2. As required by Policy Memorandum No. 15 to Mine Operators, please provide documentation that Mercer County has zoned the proposed bond release tract as industrial land or approved a conditional use permit allowing the waste disposal activity. If this information is in Permit NACT-8503, you can provide a specific reference to the section that contains that document. (GAW)
3. As required by Policy Memorandum No. 15 to Mine Operators, please provide documentation that sufficient topsoil and subsoil have been set aside to provide a total respread thickness of at least 24 inches of soil for sites where the cover material is non-sodic spoil, and 36 inches where the cover is sodic spoil, with a minimum topsoil thickness of 8 inches for the ash landfill. Also, please indicate which subsoil and topsoil stockpiles will be dedicated to this area and the quantities of each. (WTG/MDB)

4. Please provide documentation indicating that the ash disposal facility has been constructed and is ready for use as an ash pit as required by Policy Memorandum No. 15. (GAW)
5. The worst case bonding indicates that overburden pile OB-J30-01 is dedicated to the DGC Ash-pit; however, there is no mention of the material being used in the bond release application. Please clarify the quantity and use of this material. (MDB)
6. The Post-Mine Land Use Map shows that a public road is to be constructed on the south side of the proposed bond release tract. If this road has been constructed, please include "as built" design plans for the road and concurrence from Mercer County that the road has been constructed to their standards. If the county road is yet to be constructed the application and newspaper advertisement should be revised accordingly. (GAW)
7. Please add a discussion with documentation that suspended solids are not being contributed to stream flow or runoff outside of the bond release tract or permit area. Please clarify how surface water runoff from the bond release tract will be controlled. (GAW)
8. Please discuss if construction of the ash pit will delay bond release on any reclaimed areas outside of the bond release tract, i.e., stockpiles, access corridors, downstream drainageways, etc. (GAW)

You may begin publishing the advertisement once the changes described in item No. 6 above are made and mail the surface owner and agency notification letters if they have not already been mailed.

If you have any questions, please contact this office.

Sincerely,



James R. Deutsch
Director
Reclamation Division