



Public Service Commission

State of North Dakota

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May 29, 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 completed a technical review of Bond Release Application No. 2 to Surface Coal Mining Permit NACT-8503. The following items must be addressed prior to further action on this application:

Attachment VII – General Information

1. Follow-up to previous Deficiency No. 3: Please review and correct the subsoil (SS-73) and topsoil (TS-76) stockpiles described on page 1 of Attachment VII that are dedicated to respreading SPGM for the DGC ash permit area. According to our review of the 2008 Annual Map SPGM stockpile inventories, it appears that you may have intended to describe subsoil Stockpile SS-76, and a portion of another subsoil stockpile, as those dedicated to respreading 737,132 cubic yards of subsoil, and topsoil Stockpile TS-73 as dedicated to respreading 165,097 cubic yards of topsoil for the DGC ash permit area. (WTG)
2. Follow-up to previous Deficiency No. 4: Please indicate the volume of overburden pile OB-J30-01 that is dedicated to the DGC Ash Pit, since a portion of this pile will also be used to reclaim Pond P-J30-02 per the worst-case bond. (MDB)
3. A sentence in the second paragraph on page 1 of Attachment VII incorrectly states that coal removal was completed in 1994. Please review your records and update as necessary. (GAW/BEB)
4. For historical and reference purposes, please provide a short summary of water level and water quality data generated from the pre-mine ground water monitoring network (destroyed wells) located adjacent to the southern periphery of the bond release tract in comparison with data from the lone existing Beulah Bed Well (M81-P04E) that is positioned hydraulically down-gradient of the Ash Pit. (BEB)

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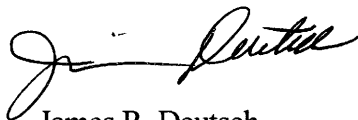
5. Section 2.1 of the MA4 Post-Mining Ground Water Assessment describes a developing “base of spoils aquifer” in the replaced spoils saturated zone formerly occupied by the Beulah lignite bed. Although we do not believe the “aquifer” designation is appropriate for the base of spoils saturated zone, the bond release application needs to include a narrative describing that construction of the Ash Pit was designed to protect the potential and expected resaturation zone to pre-mine ground water levels associated with materials that have replaced the Beulah Bed, if and when the pre-mine ground water flow regime is restored. Specifically, please discuss the position or elevation of the base of the Ash Pit and its associated clay and/or fabric liner in relation to the elevation of the top of the coal seam that was removed, and how water quality associated with rebounding ground water levels will not be affected by the proposed Ash Pit. (BEB)

6. With regard to hydrologic protection performance standards for bond release application requirements, please make reference in the General Information narrative of the bond release application to the approved MA4 Post-Mining Ground Water Assessment. (BEB)

Proof of publication of the public notice and copies of the actual landowner and agency letters will be needed prior to approval of this application.

If you have any questions, please contact this office.

Sincerely,



James R. Deutsch
Director
Reclamation Division