



# Public Service Commission

## State of North Dakota

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October 7, 2009

Mr. Randy Crooke  
Environmental Manager  
Falkirk Mining Company  
P.O. Box 1087  
Underwood, ND 58576-1087

Dear Mr. Crooke:

The Reclamation Division has completed its review of the deficiency responses received on September 9, 2009, for Bond Release No. 3 to Permit NAFK-9601. The following items were noted in that review and need to be corrected prior to bond release approval:

### **Attachment II – Bond Calculation**

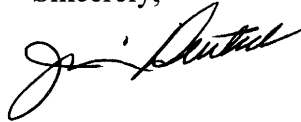
1. The statement above the bond calculation information on page 1 in Supplement 1 should indicate that the average bond cost/acre was calculated in Partial Bond Release No. 1 based upon the original total of 2,944.61 acres in the permit at that time and worst-case calculated bond liability of \$6,062,479.00, **not** the 2,784.34 acres currently in the permit or worst-case bond liability of \$4,587,051.00. (SAS)
2. The undisturbed acreage information included in Supplement No. 2 is MISLEADING. It indicates that 961.60 acres of undisturbed at \$200 is still covered under the bond amount. However, the permit was reduced by 160.27 acres shortly after Bond Release No. 2 and the bond amount for the land was included in Bond Release No. 2. Prior to Bond Release No. 2, the bond amount was \$5,500,000. Falkirk requested \$880,995.84 to be released from bond for a new total of \$4,619,104.16; **not** the \$4,587,050.16 stated in the bond release document. The difference between the values is \$32,054.00 which calculates to be 160.27 acres at \$200 an acre; therefore, Falkirk has already received a decrease in bond amount for the 160.27 acres of undisturbed lands released from the permit. Please adjust the undisturbed acreage in Supplement No. 2 to 800.7 acres and the total acres to 2,784.34 acres to stay consistent throughout the bond release application. (MDB & SAS)

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3. A footnote should be added to Supplement No. 2 to indicate that the bond amount released for the 160.27 acres of undisturbed land released in Revision No. 10 to the permit had been factored into the new bond amount calculated within Bond Release No. 2 of \$4,587,050.16. (MDB & SAS)

If you have any questions, please contact this office.

Sincerely,



James R. Deutsch  
Director  
Reclamation Division