

SCANNED

Date 12.17.09

File CL-12-17-CB-SB-incr (31803)

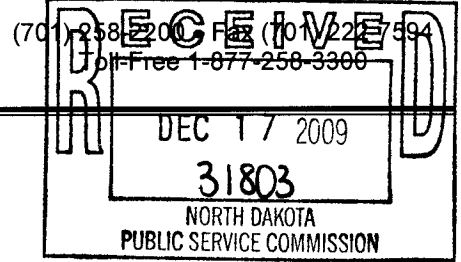
THE COTEAU

LAND OFFICE

PROPERTIES COMPANY

2000 Schafer Street, Suite D
Bismarck, ND 58501-1204

A SUBSIDIARY OF THE NORTH AMERICAN COAL CORPORATION



December 17, 2009

HAND DELIVERY

Mr. Darrell Nitschke
 Executive Secretary
 North Dakota Public Service Commission
 State Capitol Building
 600 East Boulevard Avenue – Department 408
 Bismarck, North Dakota 58505-0480

FROM DIRECTOR - RECLAMATION DIV.

Date: 12-17-09

Action: _____

Info. Only: _____

Info & File: _____

Dear Mr. Nitschke:

Revision No. 11 to The Coteau Properties Company's Permit No. NACT-0401 is scheduled to be approved by the North Dakota Public Service Commission at its December 31, 2009, meeting. This Revision includes an update to the worst case reclamation cost estimate, which has been determined to total \$100,343,439.

Coteau currently maintains Self-Bond No. SB-9501-1 in the amount of \$79.2 million guaranteed by Basin Electric Power Cooperative and Collateral Bond No. CB-9501-4 in the amount of \$8.8 million, which cover the entire consolidated area. Coteau plans to increase the Self-Bond by \$12.6 million and roll-over the existing Collateral Bond into new Collateral Bond No. CB-9501-5 in the amount of \$10.2 million, for approval by the Commission at its December 31 meeting.

Accordingly, enclosed are the following documents:

1. One original and three copies of Self-Bond Rider to Increase Bond Amount for Bond No. SB-9501-1, in the amount of \$12.6 million, which has been executed by Coteau and Basin Electric as third-party guarantor,
2. Two originals and three copies of Collateral Bond No. CB-9501-5, in the amount of \$10.2 million, which has been executed by Coteau and requires execution by the Commission and the Bank of North Dakota as escrow agent. Furthermore, as stated in Exhibit 1 of this bond, the collateral will be provided via a roll-over of the current collateral bond liability (Certificate of Deposit No. 2587) and the provision of an additional \$1.4 million in collateral by December 30, and
3. Two originals and three copies of Collateral Bond Rider to Reduce Bond Area and Amount for Collateral Bond No. CB-9501-4, which has been executed by Coteau and will result in the release of this bond effective December 31, which requires Commission execution.

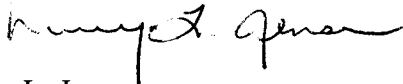
1 RC-09-743 Filed: 12/17/2009 Pages: 2
 Documents Filed to Increase the Existing Self & Collateral Bonds

Mr. Darrell Nitschke
December 17, 2009
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Commission acceptance of the foregoing is respectfully requested. Furthermore, upon Commission execution, please return a copy of the fully executed Escrow Agreement for Coteau's records. A self-addressed stamped envelope is included for this purpose. The second original of Bond No. CB-9501-5 (marked "Bank of North Dakota Original") and the collateral bond rider may be provided to the Bank of North Dakota for its records.

Sincerely,

THE COTEAU PROPERTIES COMPANY



Nancy L. Jensen
Land Specialist

Enc.

cc: (w/o enc.)
J. D. Friedlander
S. D. LeBlanc
J. F. Melchior
K. L. Neustel
D. R. Steffen
T. L. Wolf