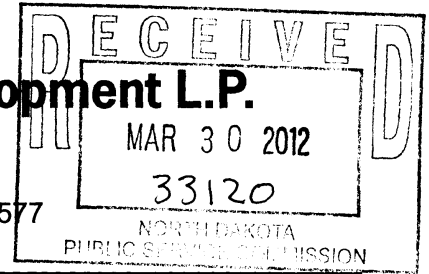




## Great Northern Project Development L.P.

173 Cottonwood Road  
Townsend, MT 59644  
(406) 266-4360 • Fax (406) 266-4577



March 30, 2012

Mr. James Deutsch  
Director – Reclamation Division  
North Dakota Public Service Commission  
600 East Boulevard, Dept.408  
Bismarck, ND 58505-0480

**Re: Mine Permit Application No. SHSH-1001  
Response to March 28, 2011 PSC Comments  
South Heart Lignite Mine**

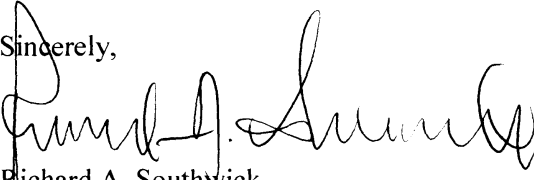
Dear Mr. Deutsch:

On behalf of South Heart Coal LLC (SHC), Great Northern Project Development LP (GNPD) has enclosed 5 copies of the revised application for the South Heart Lignite Mine. The revised application has been prepared in response to deficiencies identified in your letter to me dated March 28, 2011. Five copies of revised application are provided on DVD.

SHC's direct responses to items identified in the PSC's March 28, 2011 letter are presented electronically on the enclosed DVDs. Those direct responses identify and provide links to specific parts of the application that have been revised in response to each of the identified deficiencies. The direct responses also identify and provide links to specific parts of the application that have been revised for other reasons. Finally, wet-signed revisions of the Surface Water Management and Primary Roads Certification Letters are enclosed.

As described in the application, SHC has designed the mine to provide 2.4 million tons of lignite per year to a mine-mouth IGCC facility and deliver first coal to that facility in 2014. However, progress on development of the IGCC facility has been slower than anticipated and the facility will likely not need coal before 2017. In the interim, and as described in Section 1.0 of the application, SHC plans to extract small amounts of coal (up to 150,000 tons per year) for technology demonstrations and application suitability testing. Applicable sections of the application have been revised to reflect these potential additional activities.

GNPD looks forward to working with the PSC and its staff during its review of the SHLM permit application. Please do not hesitate to contact Rich Voss, V.P. Project Development at 701-223-8783 ([rvoss@gnplp.com](mailto:rvoss@gnplp.com)) or me at 406-266-4360 ([rsouthwick@gnplp.com](mailto:rsouthwick@gnplp.com)) with any questions pertaining to our application.

Sincerely,  
  
Richard A. Southwick  
Vice President – Environmental

Mr. James Deutsch  
March 30, 2012  
Page 2

Enclosures:     DVDs (5)  
                  Surface Water Management Certification Letter  
                  Primary Roads Certification Letter

cc:     Todd Joyner, SHC     James Sorensen, Norwest  
       Rich Voss, SHC       Rick Kinshella, Golder  
       Larry Fox, SHC       Andrea Reither, Golder