

THE COTEAU PROPERTIES COMPANY

A SUBSIDIARY OF THE NORTH AMERICAN COAL CORPORATION

LAND OFFICE

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JAN 27 2011
32411
NORTH DAKOTA
PUBLIC SERVICE COMMISSION

January 27, 2011

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: _____

Action: _____

Info. Only: _____

Info & File: _____

Dear Mr. Nitschke:

Revision No. 16 to The Coteau Properties Company's Permit No. NACT-0401 is scheduled to be approved by the North Dakota Public Service Commission at its February 9, 2011, meeting. This Revision includes an update to the Consolidated Bonding Plan and takes into account the revised variable costs provided annually by the Commission in accordance with Policy Memorandum No. 16, Reclamation Cost Estimating Guidelines.

Coteau currently maintains Self-Bond No. SB-9501-1 guaranteed by Basin Electric Power Cooperative and Collateral Bond No. CB-9501-5, which cover the entire consolidated bond area for all of Coteau's permits. Coteau plans to increase the bonds as follows:

CURRENT BOND	CURRENT AMOUNT	INCREASE	NEW AMOUNT
SB-9501-1	\$ 91,800,000	\$6,300,000	\$ 98,100,000
CB-9501-5	10,200,000	700,000	10,900,000
TOTAL	\$102,000,000	\$7,000,000	\$109,000,000

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, which has been executed by Coteau and Basin Electric as third-party guarantor,
2. Two originals and three copies of Collateral Bond No. CB-9501-6, in the amount of \$10.9 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 and the provision of an additional \$700,000 in collateral by February 8, and



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Documents filed to increase bond amounts

Coteau Properties Company
Nancy Jensen

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3. One original and three copies of Collateral Bond Rider to Reduce Bond Area and Amount for Collateral Bond No. CB-9501-5, which has been executed by Coteau and will result in the release of this bond effective February 9, which requires Commission execution.

Commission acceptance of the foregoing is respectfully requested. Furthermore, upon Commission execution, please return a copy of the fully executed Escrow Agreement and the Collateral Bond Rider to Reduce Bond Area and Amount for Coteau's records. A self-addressed stamped envelope is included for this purpose. The second original of Bond No. CB-9501-6 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. Friedlander
F. Miller
K. Neustel
D. Steffen
T. Wolf