

THE COTEAU PROPERTIES COMPANY

A SUBSIDIARY OF THE NORTH AMERICAN COAL CORPORATION

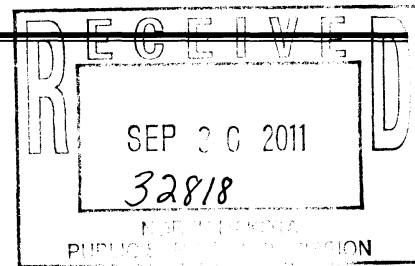
FREEDOM MINE

204 County Road 15
Beulah, North Dakota 58523-9475

(701) 873-2281 • Fax (701) 873-7226

September 29, 2011

Mr. James R. Deutsch
Director Reclamation Division
Public Service Commission
600 East Boulevard Avenue
Department 408
Bismarck, ND 58505-0480



Dear Mr. Deutsch:

Enclosed are three DVD's containing revised Final Bond Release #4 to Permit NACT-9101. Also enclosed is a paper copy of revised Attachment I. Responses below refer to deficiencies in your May 12, 2011 letter.

1. See revised Attachment I.
2. See revised page 1 of Attachment III. This dollar amount was changed in the letters too.
3. See revised page 1 of Attachment III. This sentence was changed in the letters too.
4. See revised page 1 and the revised letter for Todd Sando in Attachment IVb.
5. See the revised letter for Dave Glatt in Attachment IVb.
6. See revised Attachment V.
7. Temporary and ephemeral wetlands are outlined on Attachment V, but will not be labeled. However, acreages of each feature and additional discussion were added to page 5 of Attachment VIIa.
8. See revised Attachment V.
9. See revised Attachment VI.
10. See revised Attachment VI.
11. See revised Attachment VI.
12. No temporary or ephemeral wetlands were documented in this redisturbed area at the time of permit approval. The temporary and ephemeral wetlands located in the redisturbed orphan spoils were created for drainage control and an area to trap sediment for the immediate area prior to revegetation establishment, as described in Permit NACT-9101. While these wetland features do provide diversity and microhabitat to the redisturbed area, the lack of topsoil does not qualify these enhancement features to replace temporary and ephemeral wetlands that were present pre-mining, because they would not be equivalent features.
13. See revised page 6 of Attachment VIIa.
14. See revised page 4 of Attachment VIIa.
15. These concerns were given to Coteau in an inspection report from the NDPSC dated April 21, 2011. For details, please refer to Coteau's response in a letter dated June 30, 2011 regarding topsoil depths found during that inspection. In summary, additional probing was completed by Coteau in June of 2011, and the results showed an average topsoil depth of 16 inches throughout the entire "horseshoe area." Coteau acknowledges the variability of topsoil depths in the "horseshoe area," but does not believe any redisturbance is necessary to correct this variability. Coteau does not plan to make any adjustments to topsoil depths in this area.

16. See revised page 1 of Attachment VIIIa.
17. See revised Attachment V and revised page 1 of Attachment VIIIa.
18. See revised page 1 of Attachment VIIIa.
19. See revised page 3 of Attachment VIIIa.
20. See revised page 3 of Attachment VIIIa and new pages 3-4 of Attachment VIIIb.
21. This additional information on temporary and ephemeral wetlands has not been requested for any previous bond release areas obtained by Coteau. According to the standards for evaluation of revegetation success, wetland standards only apply to Class III through Class VI wetlands. The standards also state that the total acreage of post-mining wetlands, including Class I and Class II prior to final bond release, for the mine must equal the total pre-mining acreage, which was previously addressed in this bond release application. However, additional information was added to page 5 of Attachment VIIa to support the permanence classification assigned to the temporary and ephemeral features in this bond release application.
22. See revised Attachment VIIIc-3.
23. See revised page 5 of Attachment VIIIa.
24. After further consideration and discussion with Mr. Guy Welch on August 18, 2011, it was determined that an average of the two approved silty reference areas managed by Coteau will be used to prove revegetation success on this tract. See revised pages 4-6 of Attachment VIIIa, revised pages 1-4 of Attachment VIIIc, and revised Attachment VIIIc-1.
25. See revised pages 1-2 of Attachment VIIIc.
26. See revised page 5 of Attachment VIIIa, revised page 4 of Attachment VIIIc, and revised page 30 of Attachment VIIIc-1.
27. See new page 4 of Attachment VIIId. Field boundaries can be found in Attachment VIIId-2.
28. The information contained in this bond release application is correct. This information will be updated in the CVSS, which is being worked on at this time.
29. The area described in this deficiency does satisfy the condition of historically cropped. As we documented in Permit NACT-9101, the pre-mining land use of this land was hayland, with portions designated as prime farmland. Also documented in Permit NACT-9101 is Coteau's intent to make no changes to the pre-mining land use, and continue to utilize this prime farmland as hayland post-mining, as portions were to remain undisturbed. This proposal was accepted by the NDPSC at the time of permit approval, and the practice has been implemented since revegetation in the year 2000. According to state and federal regulations, the crop on which restoration of productivity is proven must be selected from the crops most commonly produced on the surrounding prime farmland. As stated in Section 2.4 of Permit NACT-9101, hayland is a common use for cropland in this area. Since hayland was the land use of this prime farmland prior to mining and was approved by your staff as the post-mining land use since permit approval, Coteau thinks it is reasonable and practical to allow reclamation success to be proven with hayland production data as submitted with this bond release application. Reclamation success has been demonstrated on the prime farmland hayland tract as outlined in NDAC 65-05.2-22, which states that "for prime farmland, annual average crop production from the permit area must be equal to or greater than that of the approved reference areas or standard with ninety percent statistical confidence for a minimum of three crop years." Annual hayland production data has been presented in this bond release application in Attachments VIIIa, VIIIe, and VIIIe-2, which shows that the annual crop production on this cropland (hayland) field has been equal to or greater than that of the standard for three years, as cited in the regulation mentioned above. A third year of data has been added to Attachment VIIIe and VIIIe-2. Please accept this assessment to prove reclamation success.

Mr. James R. Deutsch
September 29, 2011
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30. See revised page 8 of Attachment VIIIa.
31. See revised pages 1-3 of Attachment VIIIId.
32. See revised page 1 of Attachment VIIIId.
33. See revised pages 2-3 of Attachment VIIIId. The description of the standard calculation listed under Step 1 for 2008 and 2007 was listed incorrectly. However, the number listed as the actual standard was listed correctly. The incorrect description of the calculated standard was removed and replaced with the correct description that was listed under Step 1 for the 2009 standard. No changes to the actual unadjusted yield standard were necessary, so the weighted standards were not changed for 2008 or 2007.

If you have any questions, please contact Jessica Unruh or me.

Sincerely,

THE COTEAU PROPERTIES COMPANY

A handwritten signature in black ink, appearing to read 'Donn R. Steffen', with a long horizontal line extending to the right.

Donn R. Steffen
Environmental Manager

DRS:lr
Enc.

cc: Monte Erhardt, Mercer County Auditor (w/enc.)