THE COTEAU PROPERTIES COMPANY

A SUBSIDIARY OF THE NORTH AMERICAN COAL CORPORATION

FREEDOM MINE
204 County Road 15
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PUBLIC SERVICE COMMISSION

February 3, 2012

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 #5 to Permit NACT-9101. Responses below refer to deficiencies in your November 2, 2011 letter.

1. See revised Attachments Ia and Ib.
2. See revised Attachments Va, Vb, and Vc.
3. See revised Attachments Va, Vb, and Vc.
4. See revised Attachment VIb. This is not an inconsistency, but rather an outline to show the blocks that were redisturbed and reseeded at the time of tree planting. This was clarified on the map.
5. See revised page 2 of Attachment VII.
6. See revised page 2 of Attachment VII.
7. See revised page 2 of Attachment VII.
8. See revised page 4 of Attachment VII.
9. See revised page 4 of Attachment VII.
10. The appropriate correspondence has been requested from the ND State Land Department. It will be included as soon as it is received.
11. A letter from Mercer County has been added as new Attachment IX – Other Approvals.
12. Coteau's intent is to keep the trail in the southwest quarter of Section 17 open for public use. A trail in this area was open to provide access previous to mining, and will remain open after bond release. While an easement has not officially been obtained to keep this trail open to public travel, the intentions of Mercer County for public use of this trail are clearly outlined in their letter shown in new Attachment IX.
13. See revised page 6 of Attachment VII, revised pages 1-3 of Attachment VIIId, and revised pages 1 and 3 of Attachment VIIIg.
14. See revised pages 5-6 of Attachment VII.
15. See revised page 4 of Attachment VII.
16. See revised page 7 of Attachment VII.
17. Bookmarks have been made in the sections needing them.

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Response to deficiency letter
Coteau Properties Company
Donn Steffen

18. No changes are necessary.
19. See revised page 2 of Attachment VIIIa.
20. See revised page 2 of Attachment VIIIa.
21. See revised page 3 of Attachment VIIIa.
22. See revised page 2 of Attachment VIIIa.
23. See revised page 3 of Attachment VIIIa.
24. See revised page 1 of Attachment VIIIb, and revised page 2 of Attachment VIIIb-2.
25. This information has not been included in previous bond release packages, and is not necessary for the review of this package. However, changes to these calculations were requested in deficiency #30, so the updated calculations can be found on revised pages 2-3 and new page 4 of Attachment VIIIb.
26. The Mercer County average yield for 2008 was 21.5 bushels an acre, which is considerably lower than the calculated long-term average of 27 bushels an acre. Minimum rainfall and drought-like conditions in the immediate area contributed to the lower yields on the control area and reclaimed fields. Coteau does not think that including another year of data demonstrating revegetation success is necessary, since the standards are met using current methods. See revised page 2 of Attachment VIIIa; the control area yield for 2007 was added for comparison purposes.
27. See revised page 1 of Attachment VIIIb-1.
28. See revised page 2 of Attachment VIIIb, and revised page 2 of Attachment VIIIb-1.
29. The control area actual yield was taken from page 3 of Attachment VIIIb-1, and the climatic correction factor was derived using this formula: 6.3/25.9=.24324). The average reclaimed yield was taken from page 3 of Attachment VIIIb-1, and the adjusted yield standard was derived using this formula: 29.8*.24324=7.24864~7.3. The values for 2008 were calculated using the same formulas and information as 2009 and 2010.
30. See revised pages 2-3 and new page 4 of Attachment VIIIb.
31. See revised pages 1-3 of Attachment VIIIb.
32. See revised page 14 of Attachment VIIIb-2.
33. This information is not available. See revised page 2 of Attachment VIIIa; narrative was added referencing this.
34. See revised pages 1-2 of Attachment VIIIc, and revised pages 1-2 of Attachment VIIIc-2.
35. The climatic correction factor was derived using this formula: 2.3/1.71=1.345029. The adjusted production standard was derived using this formula: 1.33*1.345029=1.788889.
36. See new pages 27-31 of Attachment VIIIb-2, and revised page 1 of Attachment VIIIc-2.
37. See new page 27 of Attachment VIIIb-2.
38. See revised page 4 of Attachment VIIIe.
39. See revised page 5 of Attachment VIIIe.
40. See revised page 8 of Attachment VIIIe.
41. See revised page 5 of Attachment VIIIe.

42. No changes are necessary. The two reference areas yielded 2,026 pounds/acre and 2,112 pounds/acre in 2010, with an average of 2,069 pounds/acre, which was the number used to calculate the CF of 1.03 for 2010.
43. See revised page 6 of Attachment VIIIe.
44. See revised pages 16 and 18 of Attachment VIIIf-1, and revised pages 26, 28, 30, and 32 of Attachment VIIIf-2. While making these adjustments, errors were found in some formulas used to calculate the production for the reference areas; see revised page 6 of Attachment VIIIe, revised page 3 of Attachment VIIIf, and revised pages 25-28 of Attachment VIIIf-2.
45. See revised page 7 of Attachment VIIIe, and revised pages 5 and 11 of Attachment VIIIf-2.
46. No changes are necessary, as no errors could be found in the calculations for the relative species composition percent values for the 2010 silty reference area located in Section 9.
47. See revised pages 1-4 and 6 of Attachment VIIIf-1. No other changes are necessary.
48. No changes are necessary. Smooth brome and forbs comprised 13.9% of the relative species composition by cover in 2010, not 2009. The forbs will continue to be considered native cover. The contractor collecting the samples was directed to track introduced forbs separately from native forbs, so everything included in the forb category can be considered native cover.
49. See #48.
50. See revised page 1 of Attachment VIIIh.
51. See revised page 5 of Attachment VIIIh.
52. See revised page 6 of Attachment VIIIh. Both wetlands <u>are</u> presently on Attachment V.
53. See revised page 6 of Attachment VIIIh
54. No changes are necessary. The acreage amounts are different because of minor changes in acres of cropland from pre-mining to post-mining.
55. See revised page 6 of Attachment VIIIh, revised pages 1-3 of Attachment VIIIi, and revised page 3 of Attachment VIIIi-2.
56. No changes are necessary. The NDASS Annual County Yield for spring wheat was 29.3 in 2007, and is listed as such on page 3 of Attachment VIIIi.
57. See revised page 3 of Attachment VIIIi, and revised page 3 of Attachment VIIIi-2.
58. No changes are necessary. Cover data from the undisturbed orphan spoil from which the standard is being developed can be found in Attachment VIIIj-1, as shown on the table of contents.
59. No changes are being made to these maps. This information will be included in future bond release packages.
60. Since the structure for this bond release package has already been set up and references have been made, the wetland information will stay where it is currently located. For future bond release packages, the wetland information will be in one attachment.

Under the direction of Dr. Stephen Schroeder, all crops were converted to equivalent spring wheat yields. Also, on February 4, 2011, Jessica Unruh made a phone call to Dr. Schroeder regarding the use of alternate crops to prove reclamation success on prime farmland. Dr. Schroeder replied with an email later that day saying that alternate crops are allowable when using the control area correction method. A copy of his email is enclosed. Coteau has been using this method regarding upcoming bond release tracts, so it may need to continue to be used in future bond release packages.

All items identified in your October 11, 2011 letter have been addressed. A letter from Coteau dated November 1, 2011 was sent in response, addressing each repair. All repair work has been inspected by your staff.

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

Sincerely,

THE COTEAU PROPERTIES COMPANY

Donn R. Steffen
Environmental Manager

DRS:lr
Enc.

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

Unruh, Jessica

From: Schroeder, Stephan A. [sschroeder@nd.gov]
Sent: Friday, February 04, 2011 10:22 AM
To: Unruh, Jessica
Subject: Prime farmland question on crops

Jess,

According to Jim and Dean, we will allow alternate crops if you are still using a control area with the data, not county reported data. I need to do some checking on acreages of other crops in the county to see how large the base is before we can start accepting data versus the count data.

Let me know if you have any more questions.

Steve

Dr. Stephan A. Schroeder, CPSS
Environmental Scientist
ND PSC
Phone: (701) 328-3403
FAX: (701) 328-2133