


PUBLIC SERVICE COMMISSION

Reclamation Division

Memorandum

TO: Commissioners Clark, Kalk and Cramer
Darrell Nitschke
Illona Jeffcoat-Sacco

FROM:  Jim Deutsch, Michael Berg and Dean Moos

DATE: January 11, 2012

SUBJECT: Collateral bonds for surface coal mining permits held by BNI Coal, Ltd. for the Center Mine, Case No. RC-11-714

On October 13, 2011, the Reclamation Division approved Revision 33 to Surface Coal Mining Permit BNCR-9702 that included an update to the worst-case reclamation cost estimate that is used to set the minimum bond amount for the consolidated bond area at BNI Coal Ltd's. Center Mine. The minimum bond amount was increased to \$31, 521,295.00 due to the July 2011 variable costs. BNI was given until December 31, 2011 to submit bond documents to increase the total bond amount to the new minimum.

On December 20th, BNI filed Collateral Bond No. CB 9702-3 in the amount of \$2,625,000.00 to increase the total bond amount for the consolidated bond area to \$31,539,439.00. The consolidated bond area includes Permits BNCR-8106, 8202, 8602 and 9702 for the Center Mine. Collateral Bond No. CB 9702-3 is backed by an irrevocable letter of credit issued by CoBank ACS from Denver, CO. The required financial statement was provided for CoBank and they are well qualified based on the letter of credit provisions in our rules under NDAC 69-05.2-12-04(2). The bond documents have been reviewed by staff and have been properly executed.

Attached for your consideration at the January 18th Commission meeting is a motion to approve BNI's new collateral bond.

Attachment

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