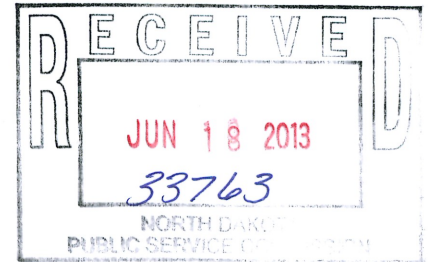




PO Box 5568
Bismarck, ND 58506-5568
Street Address:
1150 West Century Avenue
Bismarck, ND 58506



June 18, 2013

Mr. James R. Deutsch
Director, Reclamation Division
Public Service Commission
600 E Boulevard Ave, Dept 408
Bismarck, ND 58505-0480

Re: Bond Release Application No. 6 (BR-6) - KRGC-8101
Response to Deficiencies identified by PSC in letter dated March 22, 2013

Dear Mr. Deutsch:

Pursuant to your Agency's letter dated March 22, 2013 concerning Knife River Corporation's Bond Release Application No. 6 (BR-6) regarding permit KRGC-8101, Knife River offers the following responses, highlighted in yellow, pertaining to each identified deficiency.

Attachment 6 – Ownership Map

1. Follow-up to Item No. 8: BNSF was added to the listing of Surface and Adjacent Owners of Record in Attachment 4 and was provided notification of the bond release. Please also depict BNSF as an adjacent surface owner on Attachment 6, Ownership Map. (ZAT)

BNSF has been depicted as an adjacent surface owner on Attachment 6, Ownership Map, as requested.

Attachment 7 – Supporting Narrative

2. Please revise the Pond 27 discussion that begins at the bottom of page 3 of Attachment 7 and the Industrial and Commercial narrative that begins on page 5 to discuss compliance with NDAC 69-05.2-22-07(4)(j) that requires sufficient ground cover for erosion control. (GAW)

Attachment 7 – Supporting Narrative – Pond 27 discussion has been changed as requested.

3. Please recalculate the absolute percent cover values listed in Tables 1 and 2 of Attachment 7. It appears rock was included as cover in Table 1 but not in Table 2, and the sample adequacy values listed for each of these tables are not correct. The summary values listed in the table on page 7 of Attachment 7 will need to be revised to account for any changes. (GAW)

The cover values in the identified tables have been corrected as requested.

4. Follow-up to Items No. 10 and 11: Please revise Exhibit 7.1 to clearly depict and identify the remaining SPGM stockpiles (identified as 05-61-2 and 05-60-1 on the annual map). (GAW/RLK)

Exhibit 7.1 has been revised to clearly depict and identify the remaining SPGM stockpiles, as requested.

5. Follow-up to Item No. 11: Please revise Exhibit 7.1 to clearly identify the boundary between fish and wildlife habitat land and industrial commercial lands located in Section 3. (GAW)

Exhibit 7.1 has been revised to clearly identify the boundary between fish and wildlife habitat land and industrial commercial lands located in Section 3, as requested.

6. Follow-up to Item No. 17: Please add to the discussion that pond #22 will serve an industrial purpose as a stormwater runoff control for the shop and office area. This distinction should be noted in the bond release to differentiate it from the permanent impoundments that are intended to be developed water resources. (RLK)

The discussion regarding Pond 22 has been revised as requested.

7. Follow-up to Items No. 18 and 19: Please prominently display Ponds 22 and 27 on Attachment 1 or on Exhibit 7.1. Outline or color the ponds so that they are easily identifiable on the map. As currently presented, the pond locations basically look like topographic contours. Also, please label the pond numbers on the map. (BEB/ZAT/RLK/GAW)

Attachment 1 has been revised as requested to label and clearly display Ponds 22 and 27.

8. Follow-up to Item No. 20: Please include a pond maintenance agreement for Pond 27 from GMHR since GMHR is now the surface owner of this pond. (GAW)

A Pond 27 pond maintenance agreement from GMHR has been included as requested.

9. Follow-up to Item No. 21: Please include a statement in the narrative on page 3 that Pond 27 will provide runoff control for part of the industrial area as well as provide wildlife habitat. (RLK)

The Pond 27 narrative has been revised as requested to include statements regarding the dual benefits of runoff control from the industrial area and wildlife habitat.

10. Follow-up to Item No. 27: Please depict and label the location of the Fox Hills transfer well on the Permit Area/Topo Map that is provided as attachment 1 so that the specific, mapped location of this particular well, which is situated within the bond release tract, is on permanent record. (BEB/RLK)

The location of the Fox Hills transfer well has been depicted on Attachment 1 – Permit Area/Topo Map, as requested.

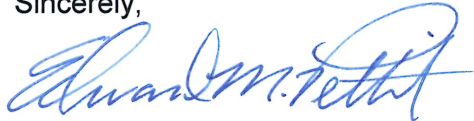
Attachment 8 – Permit Area Map After Bond Release 6

11. To help clarify items on this map, please label or otherwise distinguish the two bond release tracts from actively permitted areas in the NE ¼ of Section 33. Without prior knowledge of having to reference some other map, it would be difficult, if not impossible for the general public or other reviewers to accurately distinguish which tracts in this quarter are bond released and which tracts will still be permitted following approval of Bond Release No. 6. (BEB)

Attachment 8 – Permit Area Map After Bond Release 6 has been revised to clearly distinguish the two bond release tracts from actively permitted areas in the NE ¼ of section 33 (following final approval of Bond Release Application No. 6 – BR-6), as requested.

Knife River Corporation appreciates your assistance in this matter. Please don't hesitate to contact me by telephone at (701) 530-1421 or by email at ned.pettit@kniferiver.com if you have any questions or require additional information.

Sincerely,



Edward M. "Ned" Pettit
Environmental Manager

Enclosures

Knife River Corporation
Mine: Gascoyne Mine
Permit Number: KRGC-8101
Bond Release #6 – Response to Deficiencies Identified in PSC Letter dated March 22, 2013
Submittal Date: September 4, 2012 – January 29, 2013 – *June 18, 2013*

Bond Release #6 KRGC 8101 Narrative

Bond Release #6 releases 134.2 acres from reclamation bond at the Gascoyne Mine, Bowman County, North Dakota. Two copies of the following changes are included with this submittal.

Listing of Revised Information

Attachment #1	Replaces Attachment #1
Attachment #6	Replaces Attachment #6
Attachment #7	Replaces Attachment #7
Attachment #8	Replaces Attachment #8
Exhibit #7.1	Replaces Exhibit #7.1
Permanent Impoundment Management Guidelines (Pond 27 -GMHR)	Replaces Permanent Impoundment Management Guidelines (Pond 27 - KRC)