

PUBLIC SERVICE COMMISSION

Reclamation Division

Memorandum

TO: Commissioners Kalk, Christmann and Fedorchak
Darrell Nitschke, Executive Secretary
Illona Jeffcoat-Sacco and Ryan Norrell

FROM: Jim Deutsch, Dean Moos and Randy Kowalski

DATE: July 24, 2013

SUBJECT: Bond Release No. 6 to Permit No. KRGC-8101 held by Knife River Corporation
for the Gascoyne Mine, Case No. RC-12-736

Summary

On September 4, 2012, Knife River Corporation (KRC) filed Bond Release Application No. 6 to Surface Coal Mining Permit KRGC-8101. This application requests final bond release on 134.2 acres of land at the former Gascoyne Mine that ceased mining in the mid 1990's. The proposed bond release areas consists of approximately 98.1 acres being used for industrial and commercial purpose, 23.4 acres of reclaimed fish and wildlife habitat (grassland), and 12.7 acres of undisturbed lands that are also used as fish and wildlife habitat. The 10-year revegetation responsibility period does not apply to the industrial/commercial areas. The disturbed areas having a postmining land use of fish and wildlife habitat were initially disturbed prior to effective date of North Dakota's 1969 reclamation law and therefore are not subject to many of the requirements of the current reclamation law and rules. The Reclamation Division recommends approval of this bond release application based on the findings discussed below.

Discussion

Bond Release Application No. 6 to KRGC-8101 contains lands in portions of Sections 27 and 34 T131N, R99W, and the N1/2 of Section 3 T130N, R99W. Of the 134.2 acres of land included in this application, approximately 24.4 acres were actually mined. The remaining disturbed acreage is considered associated disturbance that was used to support coal mining operations and these disturbances occurred prior to July 1, 1975. The post mine industrial and commercial land use areas include the bond release tracts in Sections 27 and 34 and a portion of the bond release tract in Section 3. The areas that have fish and wildlife habitat as the post mining land use area are located in Section 3. A map showing the bond release areas is attached.

Most of the industrial and commercial areas are associated with the former mine shop and office area and other support facilities that were used by Knife River Corporation while coal mining operations were occurring. These industrial areas are currently used by Gascoyne Materials Handling and Recycling (GMHR) in support of their railcar cleaning, materials recycling and landfill operations, and rail loading facility. GMHR has been operating at this location since 1998. Other industrial/commercial activities in the area include Wilson Construction which owns a bond released parcel with some of the former mine shop buildings and a cattle feedlot on previously bond released land to the northwest of the tract. American Colloid Company also operates a leonardite processing plant to the south of the bond release areas.

GMHR owns all of the industrial areas in the bond release except for a north-south access road in Section 3. The road is on property owned by Robert Perkins and it provides access to the Perkins farmstead and GMHR's rail facilities that are located in Section 3. A copy of the perpetual easement for the road is included in the bond release application. The shop/office area includes several buildings for equipment storage and maintenance as well as vehicle parking area. The ground cover on vegetated areas and road ditches is adequate to control erosion. Well vegetated topsoil and subsoil stockpiles are located in Section 27 and these stockpiles now belong to GMHR and will be used to reclaim the nearby landfill. In the fall of 2012, some additional rail track was installed by GMHR in Section 3 to provide a westbound rail connection to the rail loop that has been in place since the mid 1970's.

There were no pre-mine developed water resources in the bond release areas that had to be replaced. However, Knife River installed a production well screened in the Fox Hills aquifer south of the original mine office in Section 34. The well was sold to Dakota Prairie Beef in July 2000. The industrial area also contains two ponds that once served as sediment control structures during mining. Pond 22 is located north of the shop buildings and will serve as a stormwater control for runoff from part of the existing shop and equipment storage areas. This pond does not typically hold water. Pond 27 is an enhancement for wildlife habitat in Section 3 and holds water seasonally. The rail installation in 2012 re-disturbed a portion of this pond. A tributary to Buffalo Creek passes through the tract to the north of the shop/office. A postmining hydrologic assessment that was added to Permits KRGC-8101 and 8404 in 2005 and it provides additional information on the quantity and quality of surface water and groundwater at the Gascoyne Mine. This assessment determined that no adverse impacts occurred outside the mine permit area.

The grassland fish and wildlife habitat in Section 3 was established on an area that Knife River used for storing leonardite, or slack coal, before it was processed at the American Colloid Company's leonardite processing plant. The stockpile area and other facilities in Section 3 were constructed prior to North Dakota first reclamation law was enacted and thus no topsoil was available for reclamation. However, soil-like material obtained from cleaning the pond and road ditches in the area was applied in a thin layer to most of the stockpile area to enhance the prospect for vegetation establishment. The area is mostly well-vegetated with perennial grasses and alfalfa; however, there are a few small bare spots on the west side of the area. The west side of the former stockpile area was not respread with the recovered materials. Vegetative cover on the area is controlling erosion and there was no evidence of runoff contributing suspended solids outside of the permit area. Vegetation sampling data collected in 2007 showed that 83% of the ground in the reclaimed stockpile area is covered with vegetative matter.

General Information

The formal final bond release inspection was conducted September 27, 2012. The surface owners, Bowman County Commissioners and several state and federal agencies were invited to participate in the inspection. Representatives from the Reclamation Division and Knife River Corporation were present for the inspection. Representatives from Gascoyne Materials Handling & Recycling and the other surface owner of the lands in the bond release area also participated in the inspection. Bowman County Commissioners Lynn Brackel and Kenneth Steiner also attended the inspection. The bond release areas include some tracts with federal; however, no coal removal took place on these tracts. John Sieving with OSM's Casper Field Office inspected the bond release tract on October 24, 2012 and he did not have any concerns. Robert Perkins, the surface owner of land in the NE1/4 of Section 3, participated in a field inspection conducted on November 7, 2012, to review and discuss the access road located in the bond release tract on property he owns.

The newspaper notice for this bond release application was published in the Bowman Pioneer, the official county newspaper. It was published once a week for four consecutive weeks from September 7, 2012 to September 28, 2012. No objections or written comments were received on the bond release application.

Approval of the bond release will allow a monetary release of \$ 133,089.73. An adequate amount of bond will remain to cover any liabilities for the remaining acreage at the Gascoyne Mine. If approved at the July 30, 2013 meeting, the bond release will become effective August 30, 2013.

Attached are the motion and award form for consideration at the July 30, 2013 Commission meeting.

Minedata/Gascoyne/Permits/KRGC-8101/BondRelease/No.6/BR6_memo_7-24-13

Figure 1: Final Bond Release No. 6 to Permit KRGC-8101

