



Public Service Commission

State of North Dakota

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March 14, 2014

Mr. Bob Postle, Chief
Program Support Division
Western Regional Coordinating Center
Office of Surface Mining
PO Box 46667
Denver, CO 80202-5733

RE: Mining Plan Modification Determination for Revision 27 to Permit KRSB-8603

Dear Mr. Postle:

This letter requests OSM to reconsider its determination that Dakota Westmoreland Corporation's (DWC) application for Revision No. 27 to Permit KRSB-8603 for the Beulah Mine will be subject to the mining plan modification process pursuant to 30 CFR 746.18.

As you know, Revision 27 proposes to add about 900 acres to Permit KRSB-8603 which includes 390 acres of leased federal coal, including 320 acres that were added to Federal Coal Lease NDM041765 in late 2013 by BLM's approval of a lease modification. The surface of all federal coal tracts covered by this lease is under private ownership. While 390 acres of leased federal coal located in the southern portion of the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 20, T146N, R88W, and S $\frac{1}{2}$ of Section 22, T146N, R88W, are being added to the permit, **only 126 acres of additional federal coal will be mined** according to plans in Revision 27. DWC estimates about two million tons of federal coal will be mined from these 126 acres, mostly from the S $\frac{1}{2}$ of Section 22. Permit KRSB-8603 currently contains 2,666 acres with about 640 acres of leased federal coal (about 330 acres in Section 20 and approximately 310 acres in the N $\frac{1}{2}$ of Section 22). Another 20 or so acres of unleased federal coal are in this permit for surface disturbances only.

The leased federal coal currently in Permit KRSB-8603 was added to the permit when the Commission approved Revision 22 to Permit KRSB-8603 in October 2009. DWC proposed to

remove coal from 494 acres of the 640 acres of leased federal coal that were added with Revision 22, but DWC now estimates that this will be slightly less due to poor quality coal along the outcrops. In late 2009, OSM informed us no federal mining plan approval action was needed for Revision 22. Federal mining plan approvals had been previously granted for other federal coal tracts under Lease NDM 041765 at the Beulah Mine and we understand that was a major consideration when OSM determined that a mining plan modification was not required for Revision 22. Most of federal coal acreage added to Permit KRSB-8603 with Revision 22 was part of original Coal Lease NDM 041765 but some had been added with a lease modification that BLM issued in 2009.

When considering that Revision 27 proposes coal removal from only **126 acres of leased federal coal** compared to the 494 acres of federal coal removal proposed with Revision 22 that did not constitute a mining plan modification, we are uncertain why OSM determined that Revision 27 requires a mining plan modification. As described above, mining plans for much of federal coal in Sections 20 and 22 was previously approved with Revision 22. Therefore, I'm asking that you reconsider the February 25th determination that Revision 27 constitutes a mining plan modification that has to be approved by the Secretary of the Interior.

The total permitted acreage at the Beulah Mine is currently 7,572 acres (2,666 acres in KRSB-8603 and 4,906 acres in KRSB-8802). Of this, the leased federal coal acreage totals about 1,465 acres. In addition, there are approximately 150 acres of unleased federal coal tracts that are permitted for surface disturbances only. We do not believe Revision 27 constitutes a major addition to the Beulah Mine as it will provide enough coal to meet its customer needs for less than two years.

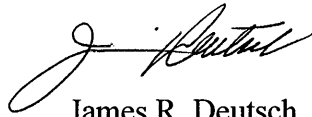
We understand there may be some concerns that in the future DWC will propose to mine more of the 390 acres of leased federal coal being added to Permit KRSB-8603 with Revision 27. However, this is very unlikely based on the fact that DWC will no longer supply coal to the nearby Coyote Power Station starting in May 2016, as another company will begin supplying coal (about 2.5 million tons/year) to this facility at that time. In addition, DWC's mine pits in the SE¹/₄ of Section 22 will end before going through an ephemeral stream (as shown on the enclosed maps) and the overburden thickness increases in the SW¹/₄ of Section 22 when going from the northeast corner to the southwest corner of that quarter section. If DWC receives a contract extension to ship and supply about 450,000 tons of coal per year to the Heskett Power Station near Mandan, the pit sequence in Section 20 will progress southward onto fee coal in Section 29, rather than any additional mining in the S¹/₂ of Section 22. Enclosed are maps prepared by DWC depicting the Permit KRSB-8603 mine areas and a table with acreages that have been mined and those that will be mined. These should help in understanding DWC's current mining plans.

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Again, I'm requesting OSM to reconsider the determination that Revision 27 constitutes a federal mining plan modification. Thank you for the consideration given to this request.

Please contact me if you have any questions or need more information.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Deutsch", written in a cursive style.

James R. Deutsch
Director
Reclamation Division

Enclosures

cc: Elaine Ramsey
Gene Hay
Jeff Fleischman
Phillip Perlewitz
Jeff Frohlich

Minedat/Beulah/Permits/KRSB-8603/Revisions/No.27/Rev27_OSM_reconsider_rqst_ltr_3-14-14t

Permit KRSB-8603, Revision #22 Approved Plan

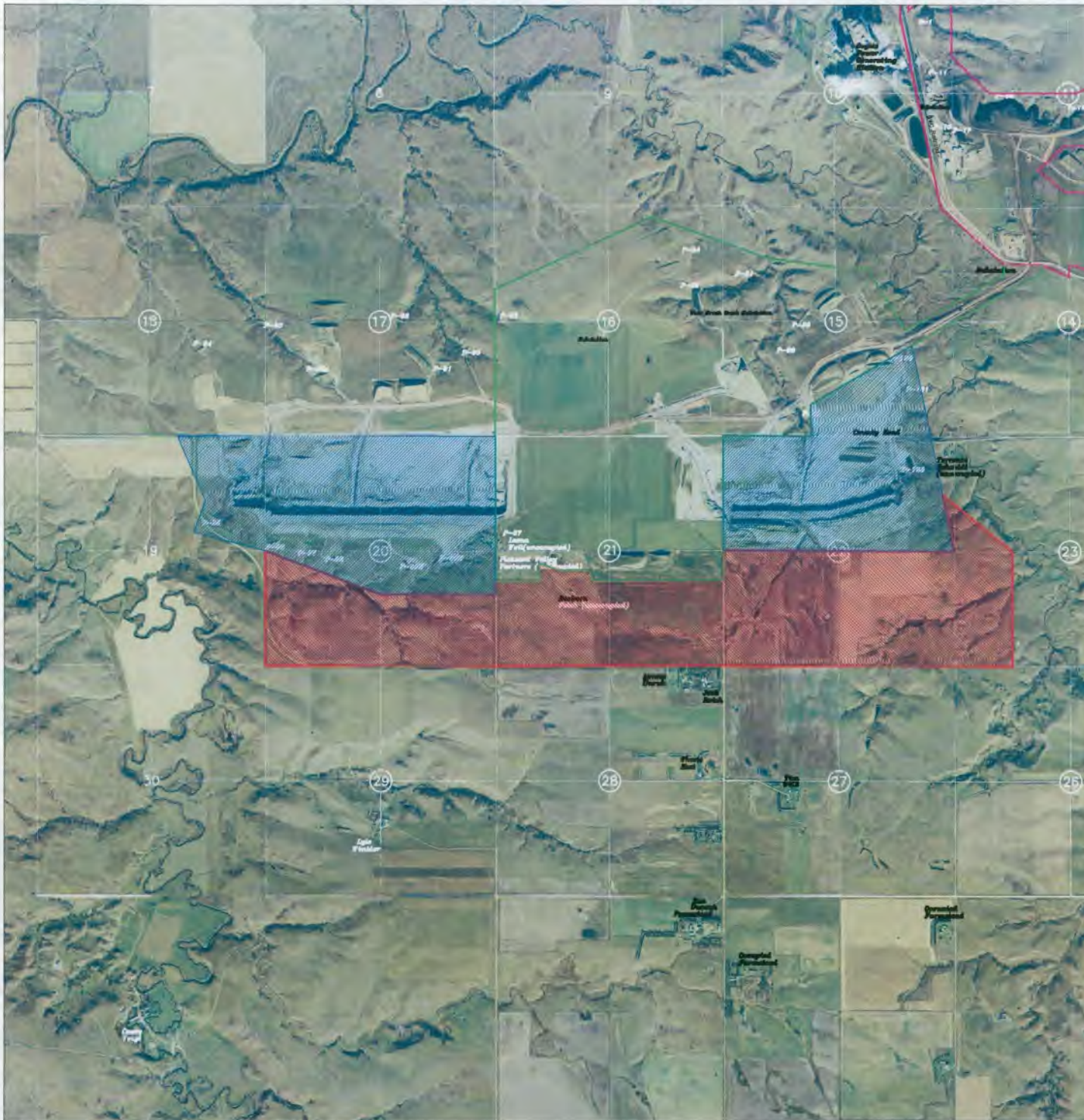
<u>Section</u>	<u>Private Acres Plan</u>	<u>Private Acres Actual 1/1/14</u>	<u>Federal Acres Plan</u>	<u>Federal acres Actual 1/1/14</u>	<u>Total Acres Planned</u>	<u>Total Acres Actual 1/1/14</u>	<u>Remaining to be mined</u>	<u>Difference from planned acreage</u>
15	66	56 mined out	0	0	66	56	0	-10
19	38	31 mined out	0	0	38	31	0	-7
20	80	80 mined out	228	148	308	228	94	14
<u>22</u>	<u>0</u>	<u>0</u>	<u>266</u>	<u>153</u>	<u>266</u>	<u>153</u>	<u>94</u>	<u>-19</u>
	184	167	494	301	678	468	188	-22




Note: Plan based on Revision #22. Exhibit 3.1.1
 "Actual" based on annual work map surveys.

Summary : The plan was to mine 678 acres of the 890.4-acre revision (Rev #22). Of the 678 acres proposed for mining, 494 acres was federal. Due to coal outcrops and poor coal quality, the actual acres to be mined is trending toward 656 acres. We are projecting that 489 of the 656 acres projected to be mined from Rev 22 will be federal coal.

Federal acres proposed to be mined with the approval of Revision #27: Section 20 – 27 acres
 Section 22 – 99 acres

Prepared by Jeff P. Frohlich, 3/5/2014



-  PERMIT 8603 BOUNDARY
-  Revision #27 Pending
-  Revision #22



T. 143 N., R. 88 W.
 MERCER COUNTY
 NORTH DAKOTA

Date of Photography: November 7, 2013

DATE	Revision

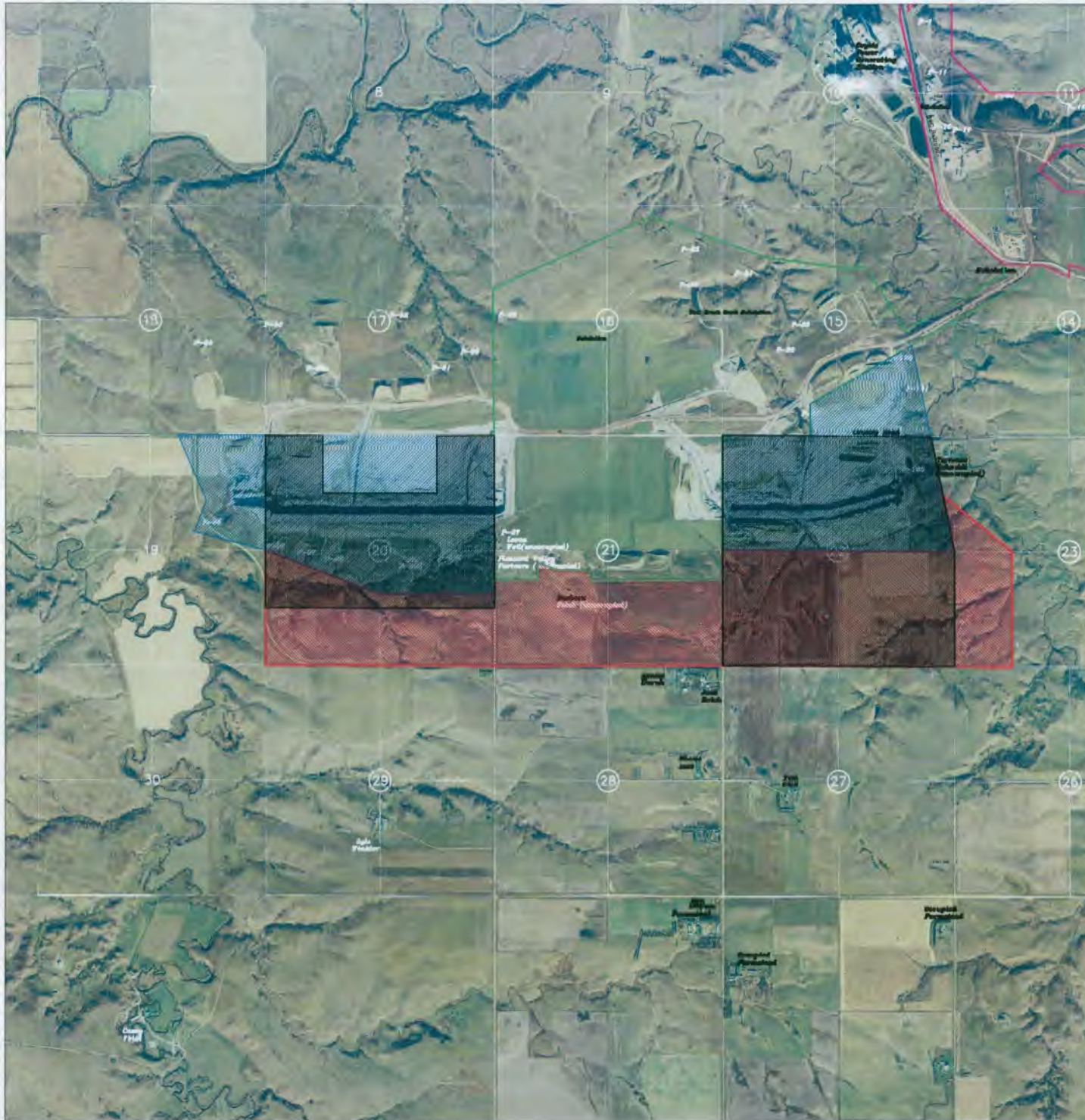
MINE: Beulah, ND
 AREA: KRSB-8603

Exhibit #1
 Revision #22 Revision #27




Dakota
 Westmoreland
 Beulah
 Mine

DATE	Name
DRAWN BY: 03-05-14	Frohllich
CHECKED BY:	
SURVEYED BY:	



LEGEND

-  PERMIT 8603 BOUNDARY
-  Revision #27 Pending
-  Revision #22
-  Federal Coal



T. 143 N., R. 88 W.
 MERCER COUNTY
 NORTH DAKOTA

Date of Photography: November 7, 2013

DATE	Revision

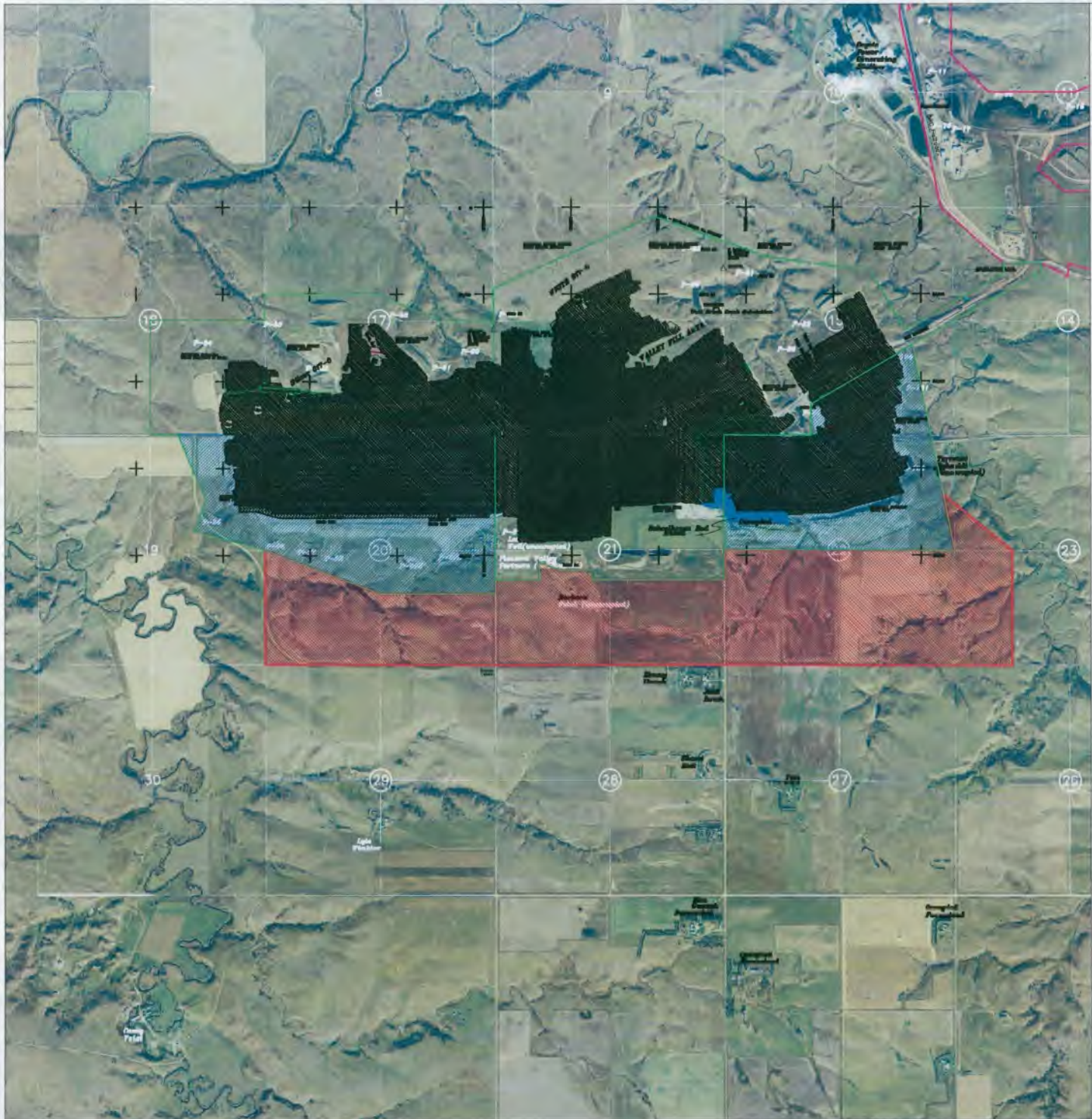
MINE: Bulah, ND
 ARFA: KR5B-8603

Exhibit #2
 Revision 22 and 27
 Federal Ownership







Dakota
 Westmoreland
 Bulah
 Mine

DATE	Name
DRAWN BY: 03-05-14	Frohlich
CHECKED BY:	
SURVEYED BY:	



LEGEND

-  PERMIT 8603 BOUNDARY
-  Revision #27 Pending
-  Revision #22
-  Coal Mine as of 1/01/14



T. 143 N., R. 88 W.
 MERCER COUNTY
 NORTH DAKOTA

Date of Photography: November 7, 2013

DATE	Revision

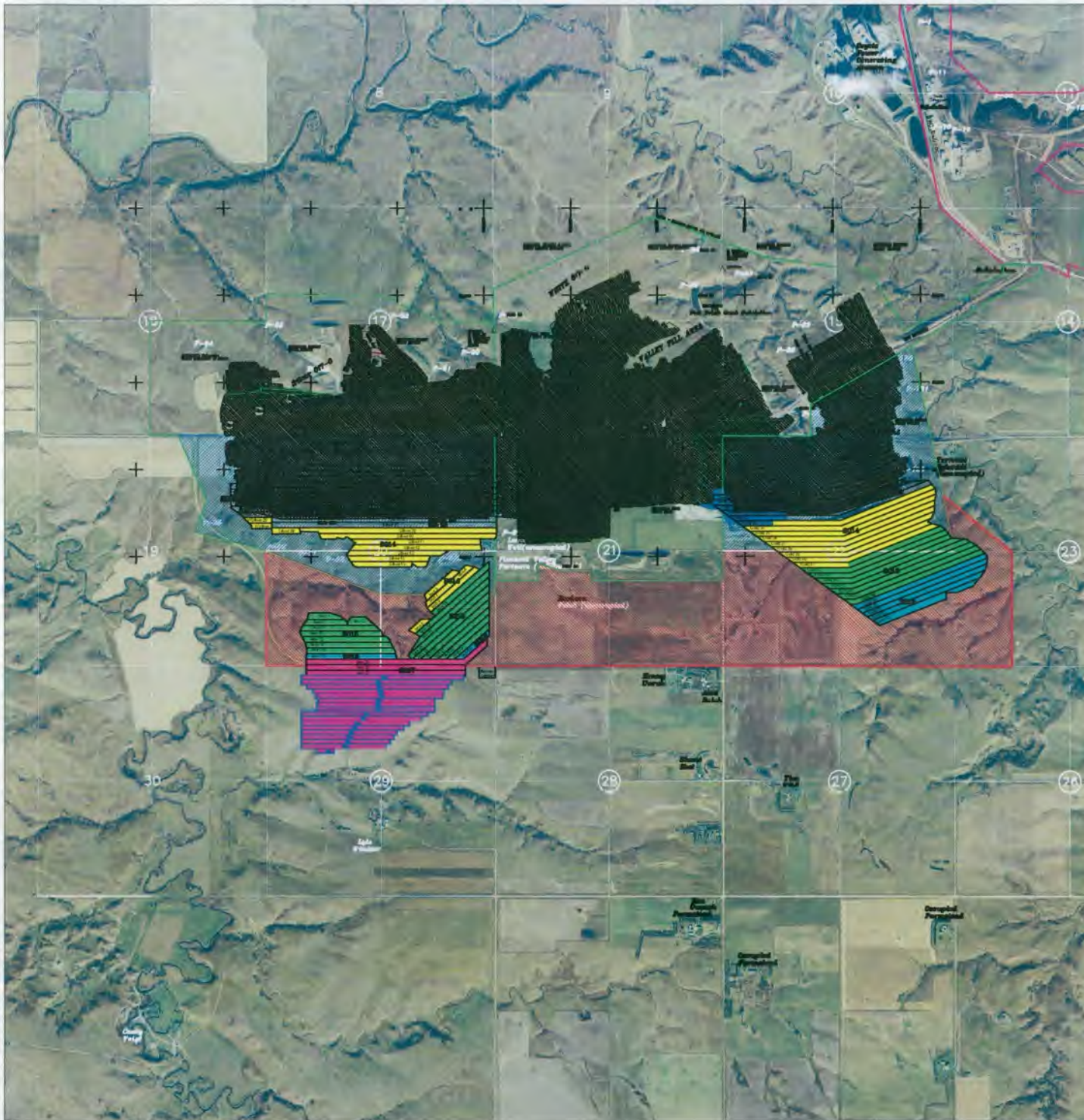
MINE: Beulah, ND
 AREA: KRSB-8603

Exhibit #3
 Mining as of 1-01-2014



Dakota
 Westmoreland
 Beulah
 Mine

	DATE	Name
DRAWN BY:	03-05-14	Frohlich
CHECKED BY:		
SURVEYED BY:		



LEGEND

-  PERMIT 8603 BOUNDARY
-  Revision #27 Pending
-  Revision #22
-  Pit- Beulah-Zap Bed Mined
-  Proposed Mining 2014
-  Proposed Mining 2015
-  Proposed Mining 2016
-  Proposed Mining 2017-2022



T. 143 N., R. 88 W.
 MERCER COUNTY
 NORTH DAKOTA

Date of Photography: November 7, 2013

DATE	Revision

MINE: Beulah, ND
 AREA: KRSB-8603

**Exhibit #4
 Proposed Mining Plan**



Dakota
 Westmoreland
 Beulah
 Mine

	DATE	Name
DRAWN BY:	03-05-14	Frohlich
CHECKED BY:		
SURVEYED BY:		