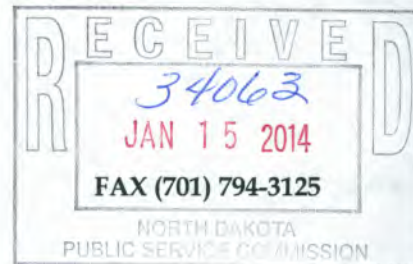


PHONE (701) 794-8734



AN ALLETE COMPANY

2360 35TH AVENUE SW CENTER, ND 58530-9499
MINING LIGNITE AT THE CENTER MINE SINCE 1970

January 14, 2014

Mr. Jim Deutsch, Director
Reclamation Division, NDPSC
Department 408
600 East Boulevard Avenue
Bismarck, ND 58505-0480

RE: Bond Release 9 to Permit 37

Dear Mr. Deutsch,

This submittal contains a response to your letter to us dated November 20, 2013. In this letter you listed technical deficiencies that must be addressed before the bond release application for Permit 37 can be approved. Below is a listing of the deficiencies followed by our response:

Attachment III – Newspaper Advertisement

1. Please include a copy of the final approved version of the public notice and final version of the publication map. (RLK/ZAB)

Copies of the final approved version of the public notice and the final version of the publication map have been included in this submittal of the bond release application.

Attachment IV – Notification Letters

2. Follow-up to Item No. 20: Please include copies of the notification letters for the proposed bond release which were sent to the surface owners, adjoining property owners, state agencies and local government bodies as noted in your August 26, 2013 response. (RLK/ZAB)

Copies of the notification letters that were sent to surface owners, adjoining property owners, state agencies, and local government bodies have been included in Attachment IV of this submittal of the bond release application.

Attachment VI – Tract History

3. Although the NDCC 38-14.1-17(2) requirement to notify adjoining property owners of the permittee's intention to seek release of performance bond appears to be satisfied, the bond release application should include a surface ownership map to show the surface ownership of the bond release tract and adjoining property. We suggest that the surface ownership map be inserted as Figure 1 of Attachment VI and referenced in the first paragraph rather than adding it as a separate attachment that would require rearranging the current attachment order. (WTG)

A map has been added to Attachment VI labeled Figure 1 Surface Ownership Map. A reference to this Figure has been included in the 1st paragraph of Attachment VI.

4. Follow-up to original items No. 28 and 30: Please include a discussion regarding the amount of SPGM that was respread on the bond release tract and include a map that depicts the topsoil and subsoil respread depths on the tract. A discussion and map containing this information is required in bond release applications subject to 1975 law reclamation requirements. Please also include a discussion regarding obtaining grade approval on this tract. The public notice clearly states that coal was mined from this area and that the sediment pond was placed in graded spoil. Therefore, this area was subject to the grade approval and pond removal request requirements. In addition, please revise the new sentence at the end of the first paragraph under Tract History that incorrectly states that grade approval was not necessary since mining occurred on lands subject to the 1975 law regulations. PSC grade approval has been required since the late 1970's and this tract was reclaimed in 1981 and 2003. (GAW)

A discussion regarding the re-spread of SPGM has been added to the 3rd paragraph on the 1st page of Attachment VI. 12 inches of topsoil and 18 inches of subsoil were re-spread on this tract. A map that depicts the seeding dates of each of these areas can be found in Attachment VII, which has been revised to also include a description of when these areas were respreads with SPGM. We are unaware of any grade approvals being completed on this tract. The statement about grade approvals be unnecessary has been removed. A statement has been added that explains that we have no record of a grade approval process taking place on this tract, however this area was graded according to available soil and post-mining topography at the time, and that the PSC has viewed this tract multiple times throughout the re-vegetation period and no issues have been brought to our attention.

5. Revise the History of Tract narrative on page 1 of Attachment VI to be clear, concise and in chronological order. As currently written, there are numerous instances in the first three paragraphs where the discussion changes from the entire tract, to the south tract, to the north tract, to the pond, to the south tract, etc. Please use the tract history from the approved Public Notice as a guide and add required information in chronological order as appropriate. (ZAB)

The tract history has been revised as per December 10th correspondence with PCS staff. The tract history narrative has been reorganized and re-written as suggested.

6. The narrative discussion in the History of Tract states that the southern portion of this tract was graded, respread with SPGM and seeded in 1981, but the 2012 BNI Annual Mine map

indicates that the 10-year revegetation period was initiated in 1984. Please review and update the reclamation activities on the tract so that the information is accurate and clarify when the 10-year revegetation period was initiated on all portions of this tract. (GAW/ZAB)

The annual map has been corrected. The southern portion of this tract was respread and seeded in 1981.

7. As previously requested, revise or remove the following statement from the tract history in Attachment VI, "*Being the size of the tract is so small and given its location, it was determined that it would be more feasible to seed it to hayland.*" The statement is out of context since the post mine land use is cropland and the narrative clearly states the tract to the south was incorporated into the adjacent cropland. Remove this statement or provide a logical explanation of why this tract has not been cropped annually, such as the tract was seeded to hayland with the larger tract to the north or an attempt was made to straighten field boundaries. (ZAB)

This statement within the tract history narrative was removed and restated as suggested. The last paragraph on page 1/first paragraph on page 2 now states that: "The postmining landuse for this tract is cropland; however a hayland mixture was planted as part of the larger hayland tract to the north, with the permission of the landowner (Attachment VIII)."

8. Please remove the following statements from the tract history in Attachment VI, "*As per conversations between the PSC, BNI, and the landowner, in 2007 samples taken within the hayland tract (Attachment VII). These were used to evaluate the entire tract.*" Revise the statements into a complete sentence and move the sentence to the Evaluation of Reclamation Success narrative, so it reads similar to, "*All areas were disturbed between July 1, 1976 and June 30, 1977; therefore reclamation success will be proven under requirement of the 1975 law. In 2007 the PSC, BNI and the landowner agreed to use vegetation samples from the hayland tract to evaluate reclamation success on the entire 1.78 acre tract. The success of hayland reclamation will be based in part on a comparison between the yields of the reclaimed area and climatically adjusted technical standard.*" (ZAB)

The first paragraph of Attachment VI has been revised. This statement has been changed as suggested, and now reads: "All areas were disturbed between July 1, 1976 and June 30, 1977; therefore reclamation success will be proven under requirement of the 1975 law. In 2007, the PSC, BNI, and the landowner agreed to use vegetation samples from the hayland tract to evaluate reclamation success on the entire 1.78 acres tract."

9. Please revise the title for Table 2a to identify the information that is actually presented in the table. The information in the table appears to be related to crop production for a series of years in a crop rotation. The table should also note in the title or footnote where the data was collected. (ZAB/RLK)

The title for Table 2c (previously 2a) has been revised as appropriate See #10.

10. As presented, Table 2a gives the impression that the crop yield information for the specific crops and years are from the reclaimed cropland within the bond release tract. However, the narrative must clarify whether the productivity data is from the bond release tract or from adjacent or nearby cropland. Actual crop production data from early in the liability period or

from a similar nearby reclaimed tract is useful supporting information for this bond release since the reclamation success for cropland is being demonstrated with hay production rather than annual crop yields. Please clarify in the narrative where the information presented in Table 2a was obtained and its relevance to the bond release tract. (ZAB/RLK)

Table 2a has been moved and is now Table 2c. This information is the crop yield and crop rotation information for Section 25. It was noted from page 8 of Attachment D of Bond Release 6 for Permit 37. The cropland within this bond release tract (Bond Release #9) was planted in conjunction with the cropland found in bond release 6. A footnote has been added to the table noting this. The 3rd paragraph of page 1 has been revised to clarify where this table originated from.

11. Please remove (2003 initial seeding) from the title of Table 2b and refer to this table as Table 2b within the narrative. Please add a column to Table 2b and provide the pounds per acre seeding rate for alfalfa and for intermediate wheatgrass. (ZAB)

The (2003 initial seeding) has been removed from the title of Table 2b. This table has been referenced in the narrative in the first paragraph on page 2. Columns have been added to this table to provide pounds per acre as well as FOTG seed/SqFt and FOTG #PLS/Ac, which were used to calculate the lb/ac. A footnote has also been added to reference the NRCS FOTG that was used to calculate these seeding rates.

12. Please revise the Management During Liability section in Attachment VI for better clarity by discussing the cropland management in one paragraph and the hayland management in a separate paragraph. (ZAB)

The discussion within the Management During Liability section in Attachment VI has been revised. The cropland and hayland discussions have are now in two separate paragraphs as requested.

13. Please revise the last sentence of the Management During Liability period narrative that states the croplands have been fertilized according to NRCS recommendations for small grains by the land owner. Please reference the NRCS Conservation Practice used and provide specifics regarding the applications of fertilizers (type used, rates, soil test results, etc.) used during the liability period. (GAW/RLK)

The last sentence of the Management During Liability Period narrative on page 4 of Attachment VI has been revised to reference the NRCS conservation practice used, as well as specifics about this tract.

14. A sentence in the first paragraph on page 3 of Attachment VI states that the unadjusted standard was developed from an intensive soil survey. The mapping unit information in Attachment V, Soils Map and Air Photo, indicates that the mapping units were derived from the Oliver County Soil Survey published in 1975. The detailed soil survey included in Final Bond Release No. 6 to Permit 37 for the SW1/4 of Section 25 (Robert Howey, Sept 2, 1976) shows mapping units different than what are depicted on Attachment V. Please review and revise to clarify. The Oliver County Soil Survey data was only used for those areas in the S1/2 of Section 25 that were disturbed prior to the completion of the detailed soil survey in the permit. The unadjusted standard that is discussed in the item below is based on a

combination of the 2 soil surveys with the published soil survey data only used in those areas where the detailed soil survey data is lacking. (GAW)

The soils map in Attachment 5 has been updated. This map now depicts soils only from the Robert Howey 1976 survey. Table 1 has been updated to depict the Table from Bond Release #6 of Permit 37, which accounts for all disturbed acres in Section 25. This Table used the Robert Howey's detailed Soil Survey. The narrative found in the 2nd paragraph of the Evaluation of Reclamation Success on Pate 4 of Attachment VI has been revised to clarify that Oliver County Soils were only used in areas where the detailed soil survey was not yet complete.

15. The Evaluation of Reclamation Success narrative and Table 1 in Attachment VI describes and shows the unadjusted standard being computed for the tract based on the premine soils of the tract. However, Final Bond Release No. 6 to Permit 37 used all of the disturbed soils in the SW1/4 of Section 25. Therefore, it appears that the standard developed with Final Bond Release 6 should also be used in this instance to demonstrate revegetation success, rather than developing a new standard based on the premine soils on just this 1.78 acre tract. Please review and revise as necessary to ensure the same unadjusted standard methodology is being used to demonstrate revegetation success. If the hayland standard developed in Bond Release No. 6 is used, then please review the "median" yields used to develop that standard to make sure that they are still valid. (GAW)

The Evaluation of Reclamation Success section within the tract history document (Attachment VI) has been revised. We have incorporated the standard that was developed during the Bond Release #6 in Permit 37, which is found in the Determination of Productivity Standards. The narratives of the Tract History, as well as Table 1 & Table 3 in Attachment VI, have been revised to evaluate productivity based on this calculated standard (0.88 t/ac). The Median Hay numbers used in Table 1 for LRA 54 have been updated to use the ND PSC's Standards for Evaluation of Re-vegetation Success and Recommended Procedures for Pre- and Post-mining Vegetation Assessments (2003 Edition).

16. Follow-up to Items No. 32 and 35: This deficiency was addressed by revising the unadjusted technical standard in Table 1 to 1.25 and revising the values in Table 3; however, the narrative preceding Table 3 that explains the values in Table 3 must also be updated to reflect the new values listed in Table 3. Also, narrative should be added to explain the 2012 data that was added to Table 3. (ZAB/GAW)

The narrative that precedes Table 3 in Attachment VI has been updated to reflect the revised values in Tables. The discussion has also been revised to discuss the 2012 data.

17. Please revise the last paragraph under the Evaluation of Reclamation Success section of Attachment VI to document who collected the data being used to demonstrate revegetation success and provide this information with the cover and production data in Appendix A. (GAW)

The last paragraph of the Evaluation of Reclamation Success section was revised to note that Kelly Krabbenhoft of KDK Consulting of Fargo, ND conducted the hand sampling on this hayland tract. This information has been added at the beginning of Appendix A.

18. Please revise the Evaluation of Reclamation Success section of Attachment VI to clarify that only data beginning after 2008 can be used to demonstrate revegetation success. It is fine to include data from 2007 and 2008 but clarify that only data beginning after year 6 of the revegetation period was used to demonstrate revegetation success. (GAW)

The first paragraph in the Evaluation of Reclamation Success section of Attachment VI has been revised to clarify that the data from 2007 and 2008 is just supporting data and that only the data that began 6 years after re-vegetation is used to demonstrate re-vegetation success.

19. A sentence in the narrative below Table 3 in the Evaluation of Reclamation Success section of Attachment VI states that ground cover ranged from 90.0% to 99.9% but Table 4 shows the highest cover value to be 99.4%. Please correct this inconsistency. (GAW)

The 1st sentence of the 1st paragraph on page 5 of Attachment VI has been revised to state that ground cover ranged from 90.0% to 99.4%, and is now consistent with the data found in Table 4.

20. Please include a narrative in the Evaluation of Reclamation Success section of Attachment VI that discusses the methodology used to ensure that random samples were taken so that the data is statistically valid. Please also discuss if the sample design recognized variations in SPGM respread depths and seeding dates. (GAW)

The narrative in the 3rd paragraph on Page 6 of Attachment VI has been revised to discuss the methodology of sampling. It also has been clarified that the sampling spanned any variation in respread depths.

21. Follow-up to Item No. 37: Please include a discussion in the first paragraph of the hydrology narrative regarding the cropland management and conservation practices. It would be appropriate to mention that normal agricultural management and conservation practices are employed on the tract if that is the case or to refer to another part of the application describing cropland management and conservation practices. (RLK)

The 1st paragraph of the hydrology discussion on page 7 of Attachment VI has been revised to discuss agricultural and conservational practices on this tract. A statement about these practices, how they influence hydrologic features was also included at the end of this paragraph.

Attachment VII- Seeding Map

22. Please depict the boundary between hayland and cropland areas on Attachments V and VII. (GAW)

The boundary between the hayland and cropland has been depicted on Attachments V and VII.

23. Follow-up to Item No. 41: Please identify the location of each sample taken for each year being used to demonstrate revegetation success. Six years of data is re-presented by a single set of sample points that do not appear to have been randomly selected. If available, please include GPS point locations with the sampling data. (GAW/ZAB)

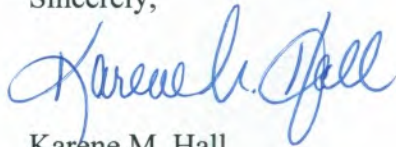
The location of the transect depicted in Attachment VII, is correct. Random samples were taken along this transect; however the points that are depicted along this transect in Attachment VII are only representative of the samples taken. A note has been added to this attachment to clarify this. The samples locations are systematically selected each year; and each sample location is not marked by a gps point. See deficiency #20 regarding the sampling methodology of these locations.

24. Please revise Attachment VII as follows: title the attachment as Attachment VII; label the BNCR-8106 and Permit 37 permit boundaries; remove the extraneous red lines, most of which appear to depict previous bond release boundaries; and update the legend to accurately represent the Permit 37 boundary and bond release tract and the BNCR-8106 permit boundary. (WTG/ZAB)

The red lines have been removed and the Permit 37 Bond Release #9 boundary and the BNCR-8106 boundary are better represented in Attachment VII.

Thank you for your consideration of this matter. If you have any questions regarding this submittal, please contact me at the Center office.

Sincerely,



Karene M. Hall
Permit Coordinator