



Public Service Commission

State of North Dakota

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January 27, 2014

Mr. Donn Steffen
Environmental Manager
Coyote Creek Mining Company
204 County Rd. 15
Beulah, ND 58523

Dear Mr. Steffen:

The Reclamation Division has reviewed Coyote Creek Mining Company's responses to our November 6, 2013 technical review letter regarding the application for Surface Coal Mining Permit NACC-1301 for the Coyote Creek Mine. The following items must be satisfactorily addressed before the Reclamation Division will recommend Commission action on this permit application.

Section 3.1.1 – Operation/Reclamation Narrative

1. Follow-up to Item No. 16: Policy Memo 16 to Mine Operators states that the costs for special equipment needed to remove facilities and structures will be taken from the most current listing in the "Contractors' Equipment Cost Guide" published by Dataquest Incorporated (now called Equipment Watch). Please note that the WY DEQ developed their Guideline No. 12 from the "owning and operating" costs in Equipment Watch. Also, note that deficiency no. 16 (c) states that CCMC "may" use the costs from the WY Guideline No. 12. If CCMC does not wish to use the WY costs, then please use the costs published in the most current publication of Equipment Watch. The \$350,000 allowed for the demolition of the shop/office building appears reasonable according to the WY DEQ Guideline 12. While it is acceptable to include costs for burying the concrete portions of the shop/office/dragline construction pad in the proposed permit area in accordance with inert waste rules issued by the Solid Waste Division of the State Department of Health, additional disposal costs for the building materials need to be included. The disposal costs should be based on the landfill disposal costs as well as the distance to transport the demolition waste to the approved landfill.

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2. Related to Item 1: Section 3.1.1.3 – Reclamation Procedures states that upon the end of mining the shop/office structures and other adjacent support facilities will be demolished and all debris will be removed from the property including concrete, and that the materials will be salvaged or disposed of in an approved landfill. The Reclamation Division assumes that the concrete from structures would be buried in place (this is what is stated in Worst Case Reclamation Costs and allowed under the Solid Waste Rules of the SDH). This should be changed to reflect the language in Section 3.1.1.8, Reclamation Costs, so that both sections of the permit are consistent.
3. Related to Item 1: Please add language in Section 3.1.1.3 – Reclamation Procedures and Schedule - Reclamation Procedures, that the concrete portions of the shop/office/dragline construction pad will be buried in-place according to the inert waste rules of the Solid Waste Division of the SDH, and that the burial location will be surveyed, platted and filed with Mercer County.

If you have any questions, please contact this office.

Sincerely,



James R. Deutsch
Director
Reclamation Division

cc: Mercer County Auditor