



Public Service Commission

State of North Dakota

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January 22, 2014

Mr. Edward Pettit
Environmental Manager
Knife River Corporation
1150 West Century Ave.
Bismarck, ND 58503

Dear Mr. Pettit:

The Reclamation Division has completed a review of Knife River Corporation's November 26, 2013 response to the technical concerns identified in our October 9, 2013 letter regarding the application for Final Bond Release No. 7 to Permit KRGC-8101. The following items must be adequately addressed before the Reclamation Division can recommend Commission action.

General Item

1. Knife River has included data for Tract 3 in the S1/2 of Section 26 demonstrating revegetation success using a weighted hay and cropland production ratio. Individually, two years of data is provided for the cropland area but only one successful year is provided for the hayland portion of the tract. The most concerning issue regarding the data for this tract is that in 2007 the cropland was sampled on the outer edges of the disturbance as shown on Figure 7.1 rather than a completely random sampling pattern. The narrative attempts to justify this by indicating that the outside corridors are "representative strips" but representative strips must be approved by the Reclamation Division prior to use and, in this instance, it appears the selected representative strips simply avoid that portion of the tract that was an access road and has compacted subsoil. Therefore, the sampling locations are not representative of the entire tract. An additional year of sample data will be required from the entire tract before action on this application. Another alternative would be to remove this tract from this bond release application and include it in a future bond release request. (GAW/RLK)

Attachment 7 – Supporting Narrative

2. Follow-up to item No. 6: Please add a statement to the third paragraph of the introduction of Attachment 7 indicating 47.5 undisturbed acres are included with this bond release application. The acreages discussed in the narrative will then be consistent with the bond release total of 650.4 acres stated in the first sentence of the introduction. (ZAB)
3. Follow-up to item No. 18: In the reclamation success narrative for Tract 2 in the NE ¼ of Section 33, please include a brief discussion on yields measured on the tract or refer to the tables containing the

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yield information. Also, the application does not clearly describe revegetation establishment success on those portions of this tract subject to pre-1975 reclamation requirements. We have observed that the vegetation on the early law area is practically indistinguishable from the rest of the tract. However, please include a statement in the narrative that the areas are hayed and have adequate cover to control erosion, if that is the case. (RLK/GAW)

4. Follow-up to Item 23: Please revise the narrative discussing reclamation success for Tract 1 (Section 29) to include the acreage reclaimed in 2000 and the reason reclamation was delayed on this area. While the reclamation history indicates that the 19.6 acre Rd 33 area contained ponds that were reclaimed after the completion of reclamation on the remainder of Section 29, this is an important consideration for explaining and evaluating reclamation success with the yield information provided for Tract 1. Please clarify in the narrative that the required productivity standard for entire Tract 1 was met in 2006 (even though the Rd 33 tract was only in year six of the responsibility period), the east half of Tract 1 (including tract Rd 33) met the standard in 2008, and the entire tract met the standard in 2010. Also please remove the reference to previous regulations that allowed the use of sample data from year six of the liability period and the related narrative since the former regulations will not be used to demonstrate success for this tract. The application does not include three years of successful crop production for the entire tract as would be required for consideration under the former regulation. (RLK/DKM/GAW/JRD)

With regard to Items 19 and 22, we have updated our yield information based on the Agricultural Statistics Service's online data and our long term averages now agree with the values provided by Knife River Corporation in the bond release application. We apologize for the inconvenience.

If you have any questions, please contact this office.

Sincerely,



James R. Deutsch
Director
Reclamation Division