



PO Box 5568
Bismarck, ND 58506-5568
Street Address:
1150 West Century Avenue
Bismarck, ND 58506

September 26, 2014

Mr. James R. Deutsch
Director, Reclamation Division
Public Service Commission
600 E Boulevard Ave, Dept 408
Bismarck, ND 58505-0480

Re: Bond Release Application No. 7 (BR-7) - KRGC-8101
Response to Deficiencies identified by PSC in letter dated June 20, 2014

Dear Mr. Deutsch:

Pursuant to your Agency's letter dated June 20, 2014 concerning Knife River Corporation's Bond Release Application No. 7 (BR-7) regarding permit KRGC-8101, Knife River offers the following responses, highlighted in yellow, pertaining to each identified deficiency.

Application Form

1. Please review the list of acreages at the bottom of the application, which lists all disturbed acres as *not included with BR3*. Please change (not included in BR3) to **included with BR3** for the 576.5 disturbed acres. (ZAB)

The identified correction has been made.

2. Please review the bond amounts and totals listed at the bottom of the application. Please correct the 576.5 acres @ \$200/Ac to **576.5 Ac @ \$589.28/Ac** which equals **\$339,719.92**. Correct the Total Reduction amount to **\$374,117.17** in both places this total is listed within the summary box. (ZAB)

The identified corrections have been made.

3. Please review and revise the second sentence of the narrative at the bottom of the application which requests third and fourth stage bond release for 276.5 acres previously included in BR3. The correct value is **576.5 acres**. (ZAB)

The identified correction has been made.

Attachment 7 – Supporting Narrative

4. Follow-up to item No. 4: Please review and revise the acreage provided in the narrative for the pond reclamation area in Section 29, tract Rd 33. The narrative indicates the acreage to

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be 19.6 acres but this may be an error that appeared in our May 14, 2014 letter. Other information in the bond release application describes seeding tract Rd 33 as being 16.9 acres. (RLK)

The identified corrections have been made.

Attachment 9 – Calculation of Bond Reduction Amount

5. Please review and revise the following items on Attachment 9, BR7 Bond Reduction Calculations. (ZAB)
 - a. Please revise the total and Liability values for line BR7 included in BR3 (40%) bond to **\$339,719.92** and **\$342,578.94** respectively.

The identified corrections have been made.

- b. Revise the BR7 Reduction value to **\$ 374,117.17**.

The identified correction has been made.

- c. Revise the Reclamation Liability Remaining (Post-BR7) to **\$ 342,578.94**.

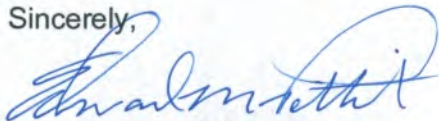
The identified correction has been made.

6. Review the Pre BR7 – Areas information on the legend of Attachment 9.1. Please remove BR6 from the labels or change BR6 to Post BR6 to avoid any confusion that this is acreage was released from bond with BR6. (ZAB)

The identified corrections have been made.

Included with the attachments to this letter is an updated notification list of surface and adjacent landowners of record. Knife River Corporation appreciates your assistance in this matter. Please don't hesitate to contact me by telephone at (701) 530-1421 or by email at ned.pettit@kniferiver.com if you have any questions or require additional information.

Sincerely,



Edward M. "Ned" Pettit
Environmental Director

Enclosures