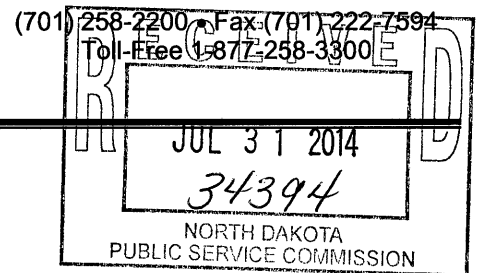


COYOTE CREEK MINING COMPANY, L.L.C.

A SUBSIDIARY OF THE NORTH AMERICAN COAL CORPORATION

2000 Schafer Street, Suite D
Bismarck, ND 58501-1204



July 31, 2014

Mr. James R. Deutsch
Director Reclamation Division
Public Service Commission
600 East Boulevard Avenue
Department 408
Bismarck, ND 58505-0480

Dear Mr. Deutsch:

Enclosed are three DVD's containing Surface Coal Mining Permit Application NACC-1302. Responses below refer to deficiencies in your June 17, 2014 letter regarding technical review:

1. Requested changes were made to Section 1.1.1.
2. Requested changes were made to Section 1.2.6
3. Requested changes were made to Section 1.2.6.1
4. Requested changes were made to Section 1.2.7.
5. Requested changes were made to Section 1.2.8.
6. Requested changes were made to Section 1.2.9.
7. Requested changes were made to Section 1.3.5.
8. The unnecessary bookmarks to Section 4.1.4 were deleted from Section 1.4.2.
9. Items a. through g.: The North Dakota State leases have been added to Tracts 19, 61, 62, 63, 64, 65, and 66. In addition, there was an address change in Tract 3 and leases added in Tracts 26, 28, 45, and the adjacent area. The surface and coal ownership map was also updated to reflect the above changes.
10. The North Dakota Stratigraphic Column from Murphy et al. (2009) was added by creating Section 2.1.13. The column was cited in Section 2.1.1 and added to Section 2.1.5 and the table of contents.
11. Requested changes were made to Section 2.1.2.
12. Requested changes were made to Section 2.1.3.
13. The requested narrative summary was added to Section 2.1.3 and the section was renamed.
14. Requested changes were made to Section 2.1.12, including the addition of a seam abbreviation legend at the end of the section.
15. Requested changes were made to Section 2.1.9.1
16. Requested changes were made to the table of contents for Section 2.2.
17. Requested changes were made to the table of contents and to Section 2.2.4.
18. Requested changes were made to Section 2.2.1.
19. The report was added as Section 2.2.1.2.

20. The flow information noted in Item 20 was inadvertent and erroneous use of other summary data. Section 2.2.1 was revised as requested.
21. A discussion similar to that in NACC-1301 has been added to Section 2.2.1 as requested. The USGS summary data are included as a text table in Section 2.2.1, as in NACC-1301, and the complete data set for the USGS station was added to Section 2.2.1.2.
22. A discussion of methodology has been added to Section 2.2.1.
23. Section 2.2.1 was revised.
24. NDSU Extension Service AS-954 (revised) has been cited with commentary in Section 2.2.1.
25. Section 2.2.1 was revised. These data are from the sites mentioned in the preceding sentence. Site IDs are repeated in the second sentence for clarity.
26. Section 2.2.1 was revised.
27. Coyote Creek and the Knife River labels were added to Section 2.2.2. Mud Creek is not on this map because it is too far outside of the permit area to be shown at the standard 1:800 scale and still fit on a standard sheet of paper. However, Section 2.2.5.3 can be referenced for its location, since this map is at a 1:2000 scale.
28. Section 2.2.2 shows the pre mine surface water features and the locations where baseline data was collected on these features. The Coyote Creek sampling sites and photo points shown on the map are not part of the surface water monitoring program. However, the Surface Water Monitoring Map in Section 2.2.5.3 is part of the surface water monitoring plan, so it is a more appropriate place to depict the monitoring locations that are part of the plan, which includes rain gauges. No changes were made.
29. Section 2.2.4, Section 2.2.3.1 and Section 4.5.2.1 were all revised to provide more detail on post mining stock ponds.
30. Section 2.2.4 was revised as requested
31. Section 2.3.1 was revised as requested.
32. Section 2.3.1 was revised as requested.
33. Section 2.3.1.2.b was revised as requested.
34. Section 2.3.2.2 and 2.3.2.3 were revised as requested.
35. Bookmarks were added to Section 2.3.2.7.
36. The monitored unit for CM12-20C was an error. The well is directly offset several feet by CM12-20B and they have the same TD and monitor the same unit, alluvium. The ground water monitoring schedule in Section 2.3.4.1 has been corrected. Section 2.3.4 was also corrected so that the link to the monitoring schedule under the "Monitoring Plan Concurrent with Mining" heading correctly references and links to Section 2.3.4.1 instead of 2.3.2.1. A note was added to the bottom of Section 2.3.4.1 regarding CM12-20C and 20D.
37. These wells were not able to be sampled. A note was added to the bottom of Section 2.3.1.2.d noting this.
38. Section 2.3.1.2.e was revised.
39. Section 2.3.3.2 was revised.
40. Section 2.3.3.2 was revised.
41. Section 2.3.3.2 was revised.
42. Section 2.3.4 was revised.
43. Section 2.3.4 was revised.
44. Section 2.3.4 was revised.
45. Section 2.3.4.2 was revised.
46. Sections 2.3.1 and 2.3.3.4 were revised.

47. Section 2.3.2.8 was added to provide a discussion of certified wells and springs and the table of contents was updated.
48. Narrative discussing the low flows of the springs by aquifer and addressing which springs were certified was added in Section 2.3.1. Section 2.2.3.1 was expanded to provide an inventory of ground water influence on pre mine stockponds in table form. The stockpond and stream narrative was expanded in Section 2.2.1 to address ground water contributions to each. Replacement of spring fed stockponds and the pipeline system are addressed in Section 2.3.3.4 and 2.2.4. Wetlands, springs and seeps, and associated stockponds are inventoried and discussed in multiple places in the permit, so a unifying discussion was added to Section 2.2.1, preceding the stockpond, spring, seep and wetland discussions.
49. Section 2.4.2 was revised to explain that with the exception of a few small pastures, sampling was based on representing the east and the west sides of County Road 13.
50. Section 2.4.1 was revised.
51. Section 2.4.1 was revised.
52. Section 2.4.2 was revised.
53. Section 2.4.2 was revised.
54. Section 2.4.2 was revised. The typo 45B was corrected to read 47B.
55. Section 2.4.2 was revised.
56. Section 2.4.2 was revised.
57. Section 2.4.2 was revised.
58. Section 2.4.2 was revised.
59. Section 2.4.2 was revised.
60. Section 2.4.2 was revised.
61. Section 2.4.2 was revised.
62. The requested narrative was added to the wetlands section of Section 2.4.1.
63. Section 2.4.2 was revised.
64. Section 2.4.2 was revised as requested.
65. The native grassland was sampled to represent the nature and variability of the management units within the permit area, not to represent each individual pasture. A narrative was added to Section 2.4.2 to address the sampling design and describe each management unit and fence lines were added to Section 2.4.3 so that pasture boundaries are visible.
66. As correctly stated, the *claypan* site is located in Section 3. The location of the thin claypan site was not specified, since there was only one thin claypan site sampled, but for clarity, its location was added to the Section 2 qualitative assessment in Section 2.4.2.
67. Using acres shown in Section 2.4.7.2, claypan makes up only 22% of the native grassland in Section 25 and loamy only makes up 18%. Sandy is clearly the dominant site in Section 25 (44% of the area), so was the only ecosite discussed. Additionally, the native grassland was sampled to represent the nature and variability of the management units within the permit area, not to represent each individual pasture. Therefore, a narrative was added to Section 2.4.2 to address the sampling design and describe each management unit.
68. The sandy site isn't near a livestock water source, which is what the term "water" was referencing. The sample location is 500 feet from a temporary wetland that is so small and temporary that it doesn't affect distribution patterns at that type of a distance. The narrative was revised to clarify that water refers to a "livestock water source", but no further changes were made to the qualitative assessment. Instead, a narrative was added to Section 2.4.2 to address the sampling design and describe each management unit. It

- explains that the native grassland was sampled to represent the nature and variability of the management units within the permit area, not to represent each individual pasture.
69. Refer to the management unit discussion that was added to Section 2.4.2.
 70. Refer to the management unit discussion that was added to Section 2.4.2.
 71. Refer to the management unit discussion that was added to Section 2.4.2 to address the grazed claypan sites within the Unruh management unit. The qualitative assessment was revised to address the idle claypan sites.
 72. Refer to the management unit discussion that was added to Section 2.4.2.
 73. Section 2.4.2 was revised.
 74. This information came from the producers, which was added to Section 2.4.2.
 75. The paragraph was deleted from Section 2.4.2.
 76. The line drawings represent a 100' segment of a linear wetland, so adding a GPS location isn't appropriate or necessary. A symbol was added to the map in Section 2.4.3. This adequately provides the specific location where sampling occurred. Section 2.4.1 was revised to address sampling locations.
 77. Section 2.4.3 was revised.
 78. Section 2.4.3 and 2.4.4 was revised.
 79. Section 2.4.5 was revised.
 80. Section 2.4.7.1 was revised. Colors and shading were changed. Font size was increased. It is still somewhat small, but when it was made any larger, there were many labels that were overlapping, so it couldn't be increased any more than was done for this revision. The color of the sampling points was also revised to make it easier to see. It is still somewhat difficult because of the many colors of the map, but it seems to be an improvement.
 81. Fence lines were not easily visible on the ecosite map because of the many boundaries and colors. Therefore, they were instead added to Section 2.4.3.
 82. Section 2.4.6 was revised.
 83. Refer to the management unit grazing narrative that was added to Section 2.4.2.
 84. Sampling locations were recorded with GPS, but because it was a consumer model, it has limited accuracy. After being imported into the map using the GPS coordinates, the location of the symbol was adjusted to the correct location by the sampler. Because of this known error that has already been corrected on the location shown on the maps, use of the maps is the best, most accurate information available. GPS coordinates include known errors and are a poorer indication of sampling location, so were not added.
 85. Prairie sandreed used up all the pounds allowed for that category. Thus any additions for Little Bluestem would be in error. Even if you split it appropriately between the species, the score would be the same. No other errors were found on other sheets, so no changes were made.
 86. Section 2.4.11.5.b was revised.
 87. A field analysis of the woodlands determined that 90% of the tall shrub communities were buffaloberry dominated. The buffaloberry sampling represents these communities and the mixed tall shrub sampling represents the remaining 10%. The woodlands were all dominated by green ash and have very little variability. They are represented by the sample data. This information was added to Section 4.2.3 and was used to develop the reclaimed tree planting mix to satisfy the surface owners request.
 88. Soil respread analysis will be deferred to a later date.
 89. Section 2.5.5 was revised.
 90. Section 2.5.5 was revised.

91. Sections 2.5.5 and 2.5.5.1 were revised.
92. Section 2.5.6 was revised.
93. Section 2.5.6 was revised. The typic subgroup was removed from the legend and 212E was added.
94. Deferred to a later date. The mining disturbance limit throughout the mine will be reviewed.
95. Section 2.5.6 was revised.
96. Section 2.6.1 was revised.
97. Section 2.7.2 was revised.
98. The permit area was not more intensively studied for wildlife habitat by design. Actual wildlife and habitat analysis for the wildlife section was equivalent in both areas. However, vegetative data collection to complete the pre mine land use section of the permit was done by the same consultants that did the wildlife study. The extra time spent in the permit area doing vegetation work may have led to some bias in report writing, so that an emphasis was improperly placed on the permitted areas. Small changes to several areas of Section 2.7.2 were made to assure that habitat was properly addressed for the entire study area, including changes to the cropland, shelterbelt and woodland narratives. It isn't necessary to add a table inventorying the two areas for comparison, nor is it necessary to add a narrative to address if the permit area properly represents the study area, since information was collected throughout the study area and with the revisions made, the study area is now adequately addressed.
99. Section 2.7.2 was revised.
100. Section 2.7.2 was revised to include information about tracts inside the study area, but outside of the permit area.
101. Section 2.7.2 was revised.
102. Section 2.7.2 was revised.
103. Section 2.7.2 was revised.
104. Wetlands in the study area, but outside of the permit area are characterized in Section 2.7.2.1. Section 2.7.2 was revised to describe them. There aren't any unique features associated with the Knife River that are different than those associated with Coyote Creek in the permit area – both have created abandoned oxbows that now support wetlands.
105. Section 2.7.2 was revised.
106. Section 2.7.2 was revised.
107. Section 2.7.2 was revised to discuss providing information to the USFWS. As described in the methods portion and shown on the map in Section 2.7.2.1.a, appropriate habitat was surveyed in the study area in 2012 outside of the permit area, except for a small portion that had limited access in Sections 7 and 18. In 2013, survey efforts were focused on transects located through the very best habitat identified in 2012. These locations happened to be in the uplands of the permit area. Looking at the ecosites that support potential skipper habitat as shown in cyan in Section 2.7.2.1.a, it can be seen that the habitat covered by the transect in the Section 27/35 area is primarily inside the permit area. The transect could have been extended slightly outside of the permit area, but there was no need since the majority of the habitat was located within it. The transect in the desirable habitat in the Section 1/6 area can't extend south outside of the permit area because there is cropland to the south.
108. Section 2.7.2 was revised.
109. Section 2.7.2 was revised.
110. Section 2.7.2 was revised.

111. Section 2.7.2 was revised.
112. The western snowberry and the woodland discussions of Section 2.7.2 were revised to explain that stem density increases with grazing, while height and canopy cover decrease.
113. These areas were surveyed. As clarified in the narrative in response to item #97, the first page of 2.7.2 now explains that all portions of the study area were walked through at least once per year, except for Sections 7 and 18, which had limited access. These sections didn't have desirable skipper habitat, which was confirmed once access was gained to these tracts, so intense walking access to the area during active skipper times of the year wasn't necessary. Sprague's pipit surveys and grouse lek identification rely on listening and this was done thoroughly along their boundaries at the same time that the rest of the study area was investigated. Since then, the interior of these areas have been investigated on foot. Although it may appear unusual that no observations were made along the Knife River corridor, surveyors speculate that there may be a lack of desirable habitat, namely the right structure, since there are portions that are over or under grazed. The absence may not be as suspicious as it seems, since looking along Coyote Creek, there are also stretches that don't have any leks present or Sprague observations made. Monitoring of the Knife River corridor will continue and any observations made will be either added to the permit or provided in the biennial wildlife report as appropriate.
114. Dakota skipper habitat is already thoroughly discussed in Section 2.7.2 and potential ecosites are mapped in Section 2.7.2.1.a. Section 2.7.2 was revised for the skipperling and bat.
115. Section 2.7.2 was revised.
116. Section 2.7.2.7 was revised.
117. Section 2.7.2.8 was revised.
118. Section 2.7.2.8 was revised.
119. Section 2.7.2.8 was revised.
120. Section 2.7.2.9 was revised.
121. Section 2.7.2.9 was revised. Observations in Sections 15 and 16 were noted in the field while in Sections 9 and 10 of adjacent areas. Sections 15 and 16 were removed from the table for consistency.
122. These sections are in the table, towards the bottom of page 1. No changes were made.
123. Section 2.7.3 was revised.
124. Section 2.7.2 was revised for item #114.
125. Section 2.7.4 was revised.
126. Section 2.8.1 was revised.
127. Section 2.8.1 and 2.8.5 were revised.
128. Section 2.8.3 was revised.
129. Section 2.8.3 was revised.
130. Section 2.8.1 was revised.
131. Section 3.1.1.3 was revised to explain how this will be accomplished.
132. Section 3.1.1 was revised.
133. Section 3.1.1.1 was revised.
134. Section 3.1.1.1 was revised.
135. Response to this item will be postponed and addressed with the soil respread analysis.
136. Please refer to Section 3.1.1.3, where this is already stated at the bottom of page 4.
137. Deferred to a later date. The mining disturbance limit throughout the mine will be reviewed.
138. Section 3.1.1.2 was revised.

139. Section 3.1.1.3 and Section 3.1.3 were revised for the first 10 years of mining.
140. Section 3.1.1.3 and Section 3.1.3 were revised.
141. Coyote Creek will keep reclamation activities as contemporaneous as possible. However, because of the two pit, single dragline operation that requires prebench over half of the area, the schedule actually errs on the short side of time necessary for reclamation activities. In the interests of accuracy, narrative was added to Section 3.1.1.3 to explain the process and potential need for future variances or seeding delays in areas where only a few pits are taken each year.
142. Section 3.1.1.3 was revised.
143. Section 3.1.1.6 was revised.
144. Section 3.1.1.6 was revised.
145. Sections 3.1.1.8.1 through 3.1.1.8.8 were revised. It should be noted the 532 acres discussed was the actual disturbance that would have required seeding, not the bond area. Section 3.1.1.8 was also updated to clarify this.
146. Section 3.1.1.8 was revised as requested.
147. Section 3.1.1.8 was revised to add the second increment.
148. Sections 3.1.1.8.1 through 3.1.1.8.8 were revised to include the substation and waste water storage lagoon. Note: Water from the washbay will be contained in pond P30-01.
149. Section 3.1.1.8.3 was revised to 25.7 acres as was calculated from Section 3.1.1.8.8.
150. "*BOND INCREMENT 1*" was added to the title blocks of the drawings but the maps will not be combined as it becomes too confusing with hatching.
151. Section 3.1.3 was revised.
152. Section 3.1.3 was revised.
153. Section 3.1.3 was revised.
154. Section 3.1.3 was revised.
155. Deferred to a later date. The mining disturbance limit throughout the mine will be reviewed and after it is finalized, prime farmland will be revised if necessary.
156. Section 3.1.3 was revised as requested.
157. Deferred to a later date. The mining disturbance limit throughout the mine will be reviewed.
158. Section 3.1.1.2 updated as requested.
159. Section 3.1.3 was revised as requested. Topsoil, subsoil and OB piles were labeled for the permit term.
160. Section 3.1.3 was revised to relocate/reshape several stockpile locations.
161. Coyote Creek will minimize disturbance to trees as much as possible as was discussed in our meeting with the PSC on July 8, 2014. However, some disturbance will be necessary to contain sediment laden water. No diversions, other than those shown in Section 3.3.2, are planned at this time.
162. The haulroad route was reviewed, but was not changed. Multiple iterations of the haulroad configuration were designed and reviewed prior to submittal of the application. Disturbance as well as other considerations such as safety, cut and fill volumes, which ultimately leads to disturbance, grades, equipment use and speeds were all taken into consideration when developing the road to find the best balance possible.
163. Section 4.1.2 was revised slightly in the NE $\frac{1}{4}$ of Section 25, as the legal description in the technical deficiency review was incorrect. It should also be noted the pre-mine cropland boundary was used to compare the pre-mine topography to the post mine topography, however the post mine land use boundary is different than the pre-mine land use boundary.

164. Deferred to a later date. The post mine topography will be reviewed within the disturbance boundary in Sections 2 and 3.
165. Section 3.1.6 was revised to show a break down by ownership. This will be revised with updates to the post-mining topography.
166. Section 3.1.1.3 was revised to explain.
167. Section 4.1.2 was revised accordingly.
168. Section 3.1.1.3 was revised to explain.
169. Section 4.1.2 was revised as requested. Please specify which drainage(s) require modeling to show non-erosive velocities as well as the storm event to be modeled for.
170. Section 3.1.8 was revised as requested.
171. Section 3.2.5 was revised as requested.
172. Section 3.3.2 and 3.3.4 were reviewed and revised where possible.
173. Section 3.3.2, Sections 3.2.3.1 - 3.2.3.2, and Sections 3.2.4.1 through 3.2.4.5 were revised.
174. Section 3.3.2 and Sections 3.3.7 through Section 3.3.14 were revised as necessary.
175. Section 3.3.7 was revised as requested.
176. Section 3.3.9 was revised as requested.
177. Sections 3.3.9 and Section 3.3.9.1 have been revised. What the Commission considered a small basin is actually a diversion berm as stated in the narrative. This was not calculated into the storage of the pond basin. The area-capacity curves shown in Section 3.3.9.1 were mislabeled; however the area- capacity table is correct. The pond has more than adequate storage for the runoff generated from the watershed.
178. Section 3.3.11 was revised as requested.
179. Section 3.3.12 was revised even though these are the same material.
180. Section 3.3.4, Section 3.3.14 and Section 3.3.14.1 were updated. Please note the watershed and calculations for this pond has been changed due to the elimination of pond P31-02.
181. Section 4.1.1 was clarified to explain that the types of changes were land use and topography.
182. The post mine land use in a portion of the SW¼ is cropland. Pre mine the land use was native grassland. A label was added to Section 4.1.2 in case the cause of this item was that the reviewer wasn't able to easily discern this.
183. Section 4.1.1 was revised.
184. Section 4.2.3 was revised.
185. The ND Department of Trust Lands was contacted on 7/8/14 to request submittal of a land use preference statement. It will be incorporated into the permit when it is received.
186. Section 4.1.1 was revised.
187. Section 4.2.3 was revised.
188. Section 4.1.1 was revised to address the components that will contribute to the post mine capabilities of the reclaimed land. A tract by tract assessment isn't necessary to demonstrate this, since slope, soil texture and soil depth will all remain equivalent or be improved upon post mine. It should be noted that the soil respread depth issue has been deferred at this time, so a reference to the section where it will be discussed was used in Section 4.1.1 for now.
189. Section 4.1.2 was revised.
190. Section 4.1.2 was revised to show scaled wetlands.
191. The south end of the permit is almost exclusively clayey and loamy soils with little sands, whereas the north end of the permit is dominated by sandy soils. Because textures vary so greatly, adding species to the seed mix based on the conditions encountered seems a better and more cost effective approach than an across the board seed mix that isn't adjusted to

fit specific site conditions. The seed mix may be revised at a later date to include all of the species for simplicity, but at this time the seed mix will remain unchanged to allow flexibility for varying conditions. Regarding forbs and additional native grass species, the statement that was previously added at the bottom of Section 4.2.2, allows the opportunity for addition of these species. No changes were made.

192. Section 4.1.1 was revised.
193. The shelterbelt plantings will be planted in the same types of locations as woodland plantings. Therefore, the shelterbelt mix in Section 4.2.3 was revised to match the woodland mix.
194. Section 4.2.3 was revised.
195. Section 4.4.1 was revised.
196. Section 4.4.1 was revised.
197. Table 4.4.2.1 was updated by showing replacement wetlands.
198. Sections 4.1.1 and Sections 4.4.1 were updated to clarify design plans will be submitted prior to construction.
199. Section 4.4.2.2 was updated to correlate with the depicted wetlands in Section 4.1.2. A slight increase in wetland acres did occur for each owner to ensure adequate wetlands are available.
200. Section 4.4.1 was revised.
201. Section 4.4.1 was revised.
202. Section 4.4.1 was revised.
203. Section 4.4.2.2 was revised.

In future reviews, please include law and/or rule citation along with the deficiencies. Also, please note that the post-mine PHC, area slope map, and associated tables were not updated at this time. Due to the complexity of these items, changes will be updated once the post-mining topography is acceptable, but prior to approval.

Sincerely,

COYOTE CREEK MINING COMPANY, L.L.C.



Sarah Flath
Senior Environmental Specialist

SJF
Enc.