

PUBLIC SERVICE COMMISSION
Reclamation Division

MEMORANDUM

TO: Commissioners Kalk, Christmann, and Fedorchak
Darrell Nitschke - Executive Secretary
Illona Jeffcoat-Sacco - General Counsel

FROM: Jim *JH* Deutsch, Dean *DKM* Moos and Bruce *BB* Beechie

DATE: July 23, 2014

SUBJECT: Application for Revision No. 24 to Permit NAFK-9503 held by the Falkirk Mining Company, Case No. RC-13-893

On December 9, 2013, the Falkirk Mining Company submitted the application for Revision No. 24 to Surface Coal Mining Permit NAFK-9503 for its mine near Underwood, ND. This revision makes significant changes to the mine plan, post-mining topography, and reclamation schedule for the remaining unmined lands in the permit. It also updates several sections of the permit including legal and financial information, ground water hydrology, soils, operations, surface water management, and transportation facilities in response to the Commission's midterm permit review. Permit NAFK-9503 is for the southwestern portion of the Falkirk Mine and contains 29,310 acres. The Reclamation Division has completed its review of this revision and respectfully recommends that it be approved.

Revision No. 24 was deemed a significant revision to Permit No. NAFK-9503 due to the extent of the mine plan changes and was subject to the public notice requirements. Mining in the northwest part of the permit area was previously scheduled to begin in 2014, but that is now being delayed until 2018. Falkirk submitted affidavits of publication showing that the newspaper notice was published in the McLean County Independent and the Bismarck Tribune for four consecutive weeks in both newspapers. The last date of publication was February 13, 2014. We also notified the appropriate agencies, affected landowners, and advisory committee members. We received no objections to this revision application.

A new worst-case cost estimate covering the consolidated bond area covering this and other permits at the Falkirk Mine was also submitted as part of Revision 24. A new cost estimate for bonding was needed due to the change in pit sequence and timing in Permit NAFK-9503. The new minimum bond amount was determined to be \$85,954,201. Self-bond and surety bond riders were submitted by Falkirk to increase the total bond amount for the consolidated bond area to \$86,000,000, which is deemed adequate at this time. The self-bond rider increases the self-bond amount to \$77,400,000 (90% of the total amount), an increase of \$8,550,000. The other 10% of the total bond amount is a combination of surety and collateral bonds. We also recommend Commission approval of the self-bond increase.

Attached for your consideration at the July 30, 2014 Commission meeting are the proposed motion, revision approval form, and revision approval notice that we must publish in the appropriate newspapers.

Attachments

Minedata/Falkirk/Permits/NAFK-9503/Revisions/No.24/Rev24_memo_7-23-14