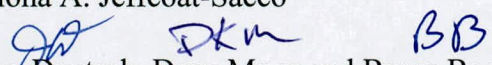


PUBLIC SERVICE COMMISSION
Reclamation Division

Memorandum

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

FROM:  Jim Deutsch, Dean Moos and Bruce Beechie

DATE: June 18, 2014

SUBJECT: Application for Renewal No. 5 to Permit No. NAFK-8705 held by the Falkirk Mining Company, Case No. RC-14-115

On March 5, 2014, the Falkirk Mining Company filed the application for Renewal No. 5 to Permit NAFK-8705 to extend the permit term for another five years, until July 6, 2019. Falkirk needs the renewal to continue to conduct mining related operations within the existing permit area that covers 10,485.6 acres. The Reclamation Division has completed its review of the renewal application and respectfully recommends that it be approved.

The Falkirk Mining Company applied for this renewal to continue mining and reclamation operations in Permit NAFK-8705. Coal recovery from this permit was suspended in 2010 but is planned to resume in 2037. This permit area also contains many of Falkirk's long term facilities including the shop/office complex, coal handling facilities, and portions of the main haul roads. Permit No. NAFK-8705 covers 10,485.6 acres in portions of Sections 3, 4, 5, 6, 8, and 9, T145N, R82W; Sections 19, 27, 28, 29, 30, 31, 32, 33, and 34, T146N, R82W; and Sections 22, 23, 24, 25, 26, 27, 35, and 36, T146N, R83W, McLean County.

Falkirk Mining Company has submitted the affidavits of publication of the newspaper notice. The notice was published April 24th, May 1st, May 8th, and May 15th, 2014, in the Bismarck Tribune and the McLean County Independent. We also notified the appropriate agencies, affected landowners and the advisory committee members. We received no objections to this renewal application. Evidence of adequate performance bond and liability insurance are currently on file. Permit No. NAFK-8705 and other permits that are part of a consolidated bond area are covered by collateral, self-bond and surety bond instruments totaling \$76,500,000. That amount is sufficient at this time, but will be increased in the near future with approval of Revision No. 24 to Permit NAFK-9503 which contains an updated worst-case reclamation cost estimate.

Attached for your consideration are the proposed motion and renewal award form.

Attachments