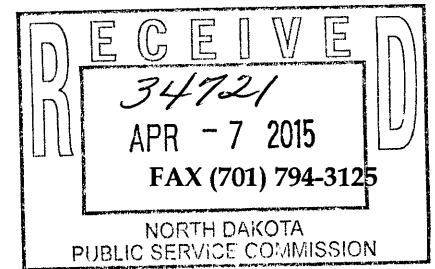


PHONE (701) 794-8734



AN ALLETE COMPANY

2360 35TH AVENUE SW CENTER, ND 58530-9499
MINING LIGNITE AT THE CENTER MINE SINCE 1970

April 6th, 2015

Mr. Jim Deutsch, Director
Reclamation Division, NDPSC
Department 408
600 East Boulevard Avenue
Bismarck, ND 58505-0480

RE: Bond Release 8 to Permit BNCR-8106

Dear Mr. Deutsch,

This submittal contains a response to your letter to us dated August 27, 2014. In this letter you listed technical deficiencies that must be addressed before the bond release application for Permit BNCR-8106 can be approved. Below is a listing of the deficiencies followed by our response:

Application for Bond Release 8

1. Please update the Bond Release Application (SFN 19813) to specifically state that all phases (I-IV) of bond release are being requested. (ZAB)

The Bond Release Application has been updated to include that all phases of bond release are begin requested.

2. Please revise the language in the first sentence at the bottom of the application to clarify that Permit BNCR-8106 is included under the worst-case bond for the consolidated bond area, which includes Permits BNCR-8106, 8202, 8602, and 9702. (ZAB)

The Bond Release Application has been updated to state that BNCR-8106 is included under the worst case bond for the consolidated area with other permits.

3. Please revise the end of the first sentence at the bottom of the application by removing "thus no monetary reduction is involved for the acres represented by this mining permit", since this bond release request does not represent the entire mining permit. Simply state no bond reduction is being requested. (ZAB)

The above noted text has been removed from the application explanation statement.

4. Please review the Addendum to Final Bond Release Application and revise as appropriate. (ZAB)
 - a. The complete history of all management on the tract is required. Please check the appropriate boxes and provide the required information in the attachments.

Boxes have been checked appropriately. Hayland crop yields and data have been provided.

- b. Check the third item from the bottom [*If bond release for vegetation establishment (Stage 3) has not been previously obtained, documentation that suspended solids are not being contributed to stream flow or runoff outside the permit area in excess of that allowed by NDAC 69-05.2-16-04*]. This item is also required and information is currently included in Attachment VI.

This box has not been checked as an embankment is not within this bond release tract. The tract history has been revised to clarify that part of the tract included disturbance associated with the construction of the pond 35-8 embankment.

- c. Review the recreational, residential, and institutional and commercial land uses (5th item from the bottom) and include if appropriate after completing the land use deficiencies included for Attachment VI below.

This box has been checked and the tract history has been revised to clarify that the post mine land uses include a portion of a reclaimed county road.

Attachment II Legal Description (Metes and Bounds)

5. Please correct the heading of the metes and bounds description to list Bond Release No. 8 rather than Revision 8. (WTG)

The title of the metes and bounds description has been changed from Revision 8 to Bond Release 8 as requested.

Attachment III Legal Notice

6. Please revise the total bond amount value in the Legal Notice to the actual total amounts of surety bond 1069618, surety bond 400JR4173 and collateral bond CB-9702-3. The value listed in the Notice appears to be the worst-case bond amount rather than the actual amount filed by the bond instruments. Please also edit the sentence that includes the bond amount to clarify that the amount listed is for a consolidated bond area that includes other permit areas in addition to Permit BNCR-8106. (GAW/WTG/RLK/ZAB)

The bond amount for the consolidated area has been updated and the last sentence has been revised to clarify that the bond amount covers other permits at the Center Mine.

7. The second paragraph is not clear and it appears to be attempting to provide more detail than necessary for the public notice. Perhaps narrative could be simplified by providing the range (beginning and ending) years that mining took place rather than describing as middle area, northern area, etc. Also the reclamation and seeding could be described in the same manner. For the notice a brief description may be more helpful to the reader, perhaps something similar to reclamation consisting of grading, SPGM respread and seeding occurred on the tract from 1984 to 1989. (RLK)

The second paragraph has been simplified by providing ranges of years that mining, reclamation, and seeding occurred within the tract.

8. The second sentence of the second paragraph states that the mining of lignite began in 1978 but the 1975 Annual Mine Map shows mineral removal having occurred by the 3rd quarter of 1975. Please review and correct as necessary to provide an accurate description of the mining and reclamation activities that occurred in this area. (GAW)

The mining of lignite began in 1975. The legal notice has been revised to state this.

9. A sentence in the second paragraph states that the southern portion of the tract was mined beginning and ending in 1983 but the 1978 Annual Mine Map shows that the area had been affected by that date. Please revise to clarify when initial disturbance occurred on the area. (GAW)

This statement has been removed. This paragraph of the legal notice narrative has been simplified by stating date ranges that mining, reclamation, and seeding occurred within the tract. (see #7)

10. The notice includes a discussion regarding Pond 35-8; however, it is not clear why this pond information is relevant in the Legal Notice. Attachment VI clarifies that the east end of the embankment of this pond was located on the tract. Unless a waiver is being requested for delayed reclamation or repairs as provided in Policy Memorandum No. 20, it is not necessary to discuss the pond embankment separately in the notice. (GAW/RLK/ZAB)

The statements about the pond embankment have been removed from the legal notice.

11. The last sentence of the second paragraph of the Legal Notice states that the postmine land use is hayland but the postmine land use map, Plate 15c, shows this area as tame pasture, county road and right-of-way, and an area of undisturbed. Revise the notice to include the acreage of each reclaimed land use, the acreage of undisturbed land, and mention that the tract includes a portion of the reclaimed county road (37th Ave SW). (GAW/RLK/ZAB)

The second paragraph of the legal notice has been revised to state that the post mine land uses for this tract consist of 53.05 acres of tame pasture and 5.18 acres right of way; which include 1.46 acres of undisturbed land, and a portion of a reclaimed county road (37th Ave. SW).

Map

12. Please make the following revisions or additions to the newspaper advertisement map: (WTG/RLK/ZAB)
 - a. Add a title and scale bar to the map.
 - b. Remove the extraneous label of "25" positioned in the SW¹/₄ of Section 36.
 - c. Add a label for the public road in Section 2 of T141N, R84W.
 - d. Revise the label for "23th" St. SW.
 - e. Ensure that the size of the street labels, particularly 37th Ave SW, is large enough to be legible in the printed notice.

The Publication Map has been revised. A title and scale bar has been added to the map. The labels have been added/removed/revised appropriately. Also the size of the road labels has been increased, and they will be legible for publication.

Attachment IV – Notifications

13. Please expand the list of adjoining owners that must be notified of BNI's intention to seek release from bond to include Larry & Mary Dresser LE and Michelle Ternes for the N1/2 of Section 35 of T142N, R84W; the North Dakota Department of Trust Lands for the SW¼ of Section 36 of T142N, R84W; Jolene Berger for the NW¼ of Section 1 of T141N, R84W; and Nick Berger for the NE¼ of Section 2 of T141N, R84W. Please list the adjoining property owners as required by NDCC 38-14.1-17 (1) (b) and Policy Memorandum No. 9. (GAW/WTG/ZAB)

The list of surface owners has been revised to list the contiguous surface owners.

14. Please revise the letters in Attachment IV to incorporate all of the appropriate changes that have been requested for the newspaper advertisement narrative. (WTG/RLK/GAW)

All changes that were requested to the narrative of the newspaper advertisement have been incorporated into the notification letter to the land owners.

15. Please add a parenthetical description to the reference line for letters to property owners indicating whether the addressee is a surface owner or an adjoining owner of the bond release tract. (WTG)

A description has been added to the reference line that states if the letter is a notification to surface owner/ adjoining owner to final bond release BNCR 8106.

16. Please revise the map attachment to letters in Attachment IV to incorporate all of the changes that have been requested for the newspaper advertisement map. (WTG)

All requested changes have been made to the map for the letters in Attachment IV.

Attachment VI – Tract History

17. The bond release and particularly the tract history incorrectly identify the post mine land use as hayland. The post mine land use approved in the reclamation plan in Permit BNCR-8106 is tame pasture and road right-of-way along 37th Ave SW. The bond release application must be revised to demonstrate revegetation success as tame pasture land or an appropriate permit revision must be completed to change the land use to hayland before proceeding with the bond release application. In addition, please provide the acreage for each land use type contained in the bond release tract, using the currently approved land uses depicted in Permit BNCR-8106. (RLK/GAW)

The tract history document has been revised to list the post mine land use as Tame Pasture. The bond release application has been revised demonstrate success as tame pasture and right of way as indicated on the post mine land use in BNCR 8106. The top of the tract history document (pg. 1) has been revised to list the acreages for each land use.

18. The "Disturbance" narrative at the top of Page 1 of Attachment VI indicates that all 58.23 acres in this tract were disturbed but Attachment VII, Seeding and Sampling Map, and the 2012 Annual Mine Map shows that the south end of this tract is undisturbed land. Please review and revise as necessary. (GAW)

The disturbance narrative at the top of page on of Attachment VI has been revised to clarify that 56.77 acres were disturbed within the tract; and there is 1.46 acres of undisturbed land.

19. Please revise the Bond Release Request information on page 1 of Attachment VI to clarify that all four stages of bond release are being requested at this time rather than just final bond release. (GAW)

The first paragraph of the narrative on page 1 of Attachment VI has been revised to clarify that "All four stages including final bond release" are being requested.

20. Please review the acreages of 1973 (35.81 ac) & 1975 (26.42) listed after "Law Liability" on page 1 of Attachment VI which total 62.23 acres. This acreage is not consistent with the narrative that follows or the application for bond release. Revise or explain the 4 acre discrepancy. (ZAB)

The acreages under the Law Liability heading on page 1 of the Attachment IV document have been revised. They have been corrected to read that there is 36.19 acres under the 1973 law and 22.04 under the 1977 law for a total of 58.23. This is now consistent with the associated narrative and the application for bond release.

21. Please review the Law Liability periods for the tract. Page 1 of Attachment VI, Tract History, states that 35.81 acres is subject to the 1973 Reclamation Law and that 26.42 acres is subject to the 1975 regulations but an aerial photograph dated June 24, 1977 (received August 25, 1977) that was included with the 1977 annual mine map shows that the northeast and southeastern portions of the tract were in Permit 37 (the balance Permit 24) and that no disturbance had yet occurred in these areas. Correspondence from June of 1978 shows "coal in place" as of May 1, 1978 at these locations and a map from 1979 shows disturbance on the northeast area and part of the southeast area. Therefore, it would appear that a portion of this area that was in Permit 37 is subject to the 1977 Reclamation Law, the 1978 Interim Rules or perhaps even our present regulations if the sentence in the History of Tract is correct that states that the southern portion was mined, beginning and ending in 1983. Please review and revise so that the information is clear, correct and consistent. (GAW)

The information for this tract was reviewed. Attachment VI was revised accordingly. Disturbance first occurred in the central and NW portions of this tract in 1974. Mining began early in 1975 moving north/northeast until 1979. The NE portion of the tract and the southern portion were not disturbed until early 1978. Based on this information the Central and NW would be under 1973 law liability and the NE and Southern would be under 1977. However, we will prove all portions of this tract under 1977 law. Figure 1 Map was added to this section that depicts the law liability on this tract, however it has been noted both in the narrative and on the Figure 1 Map that all portions of this tract will be proven under 1977 law. To simplify the Seeding Map, the law liability years have been removed from this map and a note has been included that states all of this tract will be proven under 1977 law.

22. The introduction to the tract history on the first page of the attachment states that reclamation success for the area disturbed prior to 1975 will be proved under the 1973 law and the remaining portion will be under 1975 law. However, the information provided indicates that the two law periods were not sampled separately and the yield data is presented for the bond release tract as a whole rather than for the separate law periods. Please revise as appropriate. (RLK)

Attachment VI has been revised. All portions of this tract will be proven under 1977 law. These changes have been made to page one of the Tract History and Figure 1 Map.

23. The History of Tract narrative mentions the removal the 35-8 pond embankment in 1987 but it is not clear if the area was respread with SPGM and seeded. The annual mine map for the Center mine does not indicate that the area apparently associated with a portion of the embankment for pond 35-8 has ever been respread or seeded to the intended post mine cover vegetation. The

status of this area must be clarified and documented before proceeding with the bond release application. (RLK)

The narrative on pg 2 of Attachment VI has been revised. It has been clarified to state that the disturbance within this tract was associated disturbance for the construction of the pond; not part of the actual pond embankment. The narrative now clarifies that this area was respread in 1987 and then seeded in 1989. Attachment III Seeding Map has also been revised to reflect this. The most recent submittal of the Annual Map has been corrected to show that this area was seeded in 1989.

24. Please expand the narrative for pond 35-8 or revise the language that suggests the embankment of pond 35-8 was removed since this impoundment is still functioning as a sediment pond. (GAW/ZAB)

Paragraphs on page 2 of Attachment VI have been revised to clarify that there was only associated disturbance relating to the embankment for Pond 35-8; and the actual embankment was/is not within this tract. It also has been clarified that in 1987 this area was respread. The narrative no longer referenced the removal of the embankment for this pond, as it is still a functioning sediment pond.

25. Please include a narrative and the required performance standard information in Attachment VI for the reclaimed land that is not tame pastureland. This would include the reclaimed roads and ditches along the east side of the tract which is considered Industrial Land. (GAW)

The narrative on page 5 has been revised to state that although there are no specific requirements for right of ways the ground cover data provided, this data illustrates species composition and basal cover which in turn characterizes the associated landscape stability in regards to erosion control.

26. Please correct the apparent typographical error in the reference made to the east boundary of bond release #9 on page 2 of the tract history. (RLK)

The error on page 2 of Attachment VI has been corrected to read bond release #8 rather than bond release #9.

27. Please correct the land use type and provide some indication in the narrative as to why the parenthetical reference to Attachment VII, grade approval, is pertinent to the management during liability (page 3). Also the management information appears to be inaccurate and inadequate for at least the 1975 law areas. The bond release request for 1975 law areas is required to be accompanied by appropriate soil tests, a complete history of initial and subsequent seeding and fertilization and supplemental irrigation or any other management practices employed. (RLK)

The Management During Liability paragraph on page 3 of Attachment VI has been revised. The land use type has been corrected. Also the reference to Attachment VII has been revised to correctly reference the Attachment VIII Seeding Map. The paragraph has also been revised to clarify that fertilization on this tract was used according to NRCS recommendations and clarify that no supplemental irrigation was used. Soil testing was not conducted on this tract, as it is not a limiting factor.

28. The evaluation of data should include a brief narrative discussing the difference in comparing hand sampling to machine harvest hayland yields. Hand sample values should be reduced by 30% for these comparisons according to the NRCS. (RLK)

A paragraph describing the comparison between hand sampling and machine harvest was added to page 6 of Attachment VI. The method adjustment used was 6% was used after a conversation with PSC Staff on 1/14/15 and a study conducted on the mine site in 2013. This method adjustment has been incorporated into Table 3. Yield Production.

29. We noticed that Kentucky bluegrass and forbs are being counted towards achieving the ground cover standard. NDAC 69-05.2-22-07(3)(a) requires that all species used to determine ground cover success be perennial species not detrimental to the land use. Please identify the forb species being used to demonstrate ground cover success and discuss if Kentucky bluegrass is detrimental to the approved postmine land use. This issue should be reviewed at this time to ensure the required reclamation success standards are met. (GAW)

Kentucky bluegrass has been removed from the cover data. When the cover data was collected the specific species of native forb was not recorded.

30. Section 4.12.4, Determining Reclamation Success, of the permit states that separate standards will be developed for each landowner and land use based on pre-mine map (soil) units. Thus, it would seem most appropriate to develop a single tame pastureland productivity standard for all of the disturbed land located in the S1/2 of Section 35 that is subject to 1975 or later law reclamation requirements rather than using only those pre-mine soils that were present on the bond release tract. Section II-B-1 of our Revegetation Success Standards Document states that tract specific standards should only be used if the post-mining topography closely resembles the pre-mining topography or if all bond release tracts are large and reflects the various landforms that occurred prior to mining. Please either develop a single standard for all of Dresser's tame pastureland land located in the S1/2 of Section 35 or provide justification to do otherwise. (GAW)

Section VI has been revised to explain how standards for this tract and all of Section 35 were developed. The methods explained were those outlined in multiple correspondences between BNI and the PSC staff. This was the method agreed upon. Based on this method the unadjusted standard for the bond release #8 tract is 1.42 T/ac. Table 3 and the preceding narrative have been revised to reflect this. The premine Soils map has been revised to depict all the soils and premine land uses within Section 35 since these soils are what were used to calculate the unadjusted standard.

Attachment VIII – Seeding and Sampling Locations Map

31. The Seeding and Sampling Locations Map, Attachment V, shows that revegetation has not yet been initiated on a small area located in the northwest corner of the tract that appears to be associated with the embankment to Pond 35-8. This is confirmed by the most recently approved Annual Mine Map (2012). Attachment VI states that the embankment for pond 35-8 was removed in 1987; however, this pond is still functioning as a sediment Pond. Please revise Attachment V to show when the liability period was initiated on this area or remove the embankment area from the proposed bond release area if it is not yet reclaimed. (GAW/ZAB)

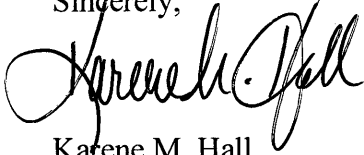
The tract history document Attachment IV has been updated to clarify that this small area was disturbed as part of the associated disturbance in constructing Pond 35-8. It was then re-spread in 1987 and was seeded in 1989. The Seeding Map Attachment V and the most recent submittal of the Annual Mine Map have been updated to reflect this.

32. The map legend for the Bond Release #8 BNCR-8106 Seeding and Sampling Locations, Attachment VIII, identifies a pink line as "Law Lines Full". Please make the label more specific and clarify on the map the law period applicability for the different areas of the bond release tract. (RLK)

The legend for Attachment VIII has been updated. The law liability lines have been removed from this map. A note has been added to state that all portions of this tract will be proven under 1977 law. This has been described in the tract history narrative and law liability periods have depicted on the Figure 1 Map.

Thank you for your consideration of this matter. If you have any questions regarding this submittal, please contact me at the Center office.

Sincerely,

A handwritten signature in black ink, appearing to read "Karene M. Hall". The signature is written in a cursive style with a large initial "K" and a long, sweeping underline.

Karene M. Hall
Permit Coordinator