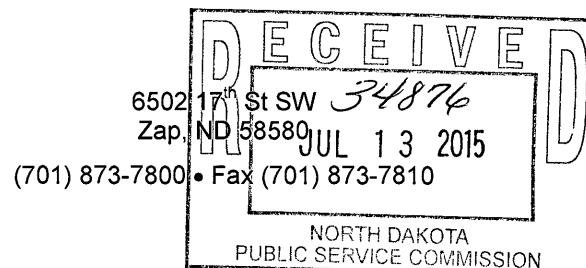


COYOTE CREEK MINING COMPANY, L.L.C.

A SUBSIDIARY OF THE NORTH AMERICAN COAL CORPORATION



July 13, 2015

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

RE: Notice of Violation Number 1502

Dear Mr. Deutsch:

Notice of Violation (NOV) Number 1502 was issued to Coyote Creek Mining Company, L.L.C. (Coyote Creek Mine) on July 7, 2015. Abatement must be addressed by July 13, 2015, five days after Coyote Creek Mine received the NOV. Please consider this letter Coyote Creek Mine's response to the NOV.

No additional stabilization and protection plan is needed, nor additional abatement plan for removal of the island, as both of these occurred as part of the approved construction plan for the site. The following is a description of the approved construction plan to cross Coyote Creek (the Creek) and the progression of the activities associated with it.

Installation of the Creek crossing was designed to provide equipment access from the office and shop facilities on the east side of the Creek to the mining area located on the west side of the Creek. The design provided for the installation of a low flow culvert near the existing location of the Creek channel and a box culvert immediately west of the low flow culvert. Initial plans were to cross the Creek using an existing crossing located near the Voigt farmstead in order to first install the box culvert located on the west side of the Creek, followed with the installation of the low flow culvert. Unfortunately, this crossing washed out late in the summer of 2014 as a result of high water flows in the Creek. With access across the Creek no longer an option, Coyote Creek Mine had to revise its construction plan to first install the low flow culvert in order to gain access across the Creek to install the box culvert. All activities associated with construction of the Creek crossing have followed this revised construction plan developed for the site.

Field conditions in North Dakota typically allow soil salvage and construction operations to begin in early April. A condition of the Permit from the US Army Corps of Engineers (COE) is that no activity shall occur in the Creek between April 15 and June 1. Therefore, construction of the crossing began on April 3, 2015 with topsoil and subsoil salvage followed by installation of a 60 inch diameter low flow culvert in the Creek channel. Installation of this culvert allowed mine equipment to cross the Creek so mine development operations could begin on the west side of the

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Letter in response to the NOV 1502 abatement actions filed by the mining company
Coyote Creek Mining Company, LLC
Donn Steffen

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Creek. Consistent with the approved design of the Creek crossing, an island in the Creek channel was left in place for use during the box culvert installation. Removal of the island was scheduled to occur after installation of the box culvert outlet. This is the "island area" referenced in the NOV. All work in the Creek channel was concluded on April 14 to assure compliance with the COE's Permit.

Work on the Creek crossing resumed on June 9, 2015 with excavation for the box culvert and installation of the downstream coffer dam. The coffer dam was constructed in the Creek channel at the outlet of the box culvert to prevent the Creek waters from entering the construction site during the box culvert installation. The island formed the middle of the coffer dam. Because the island was well vegetated and virgin material, its incorporation resulted in a more stable coffer dam that was less prone to erosion during periods of high Creek flows. Installation of the box culvert outlet was completed on July 3 which allowed for the removal of the island and downsizing of the coffer dam on July 8.

Although some siltation will naturally result from any activities in a stream, Coyote Creek Mine's construction plan and its Best Management Plan were designed to minimize sediment generation and to temporarily detain inflow into the construction site allowing sediment to settle out and deposit upstream of our construction site. The effectiveness of these plans was demonstrated on June 22 when high water flows caused by a significant upstream precipitation event followed this designated path. The result was a significant net reduction in the sediment load in the Creek downstream of Coyote Creek's construction site.

Sincerely,

COYOTE CREEK MINING COMPANY, L.L.C.

A handwritten signature in black ink, appearing to read "Donn R. Steffen". The signature is fluid and cursive, with a large loop at the end.

Donn R. Steffen
Engineering and Environmental Manager