



# Public Service Commission

## State of North Dakota

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August 17, 2009

Mr. Paul McAllister  
Royal Oak Sales  
6425 State Road ZZ  
West Plains, MO 65775

Dear Mr. McAllister:

The application for Final Bond Release No. 3 for Surface Mining Permit ROJK-8701 for the JK Ranch Mine was received by the Reclamation Division on September 6, 2006. With assurances from Royal Oak Enterprises, LLC that efforts would be made to fully address the bond release application requirements in a timely manner, a field inspection of the site was held on October 9, 2007 in order to move along the bond release process. However, Royal Oak's May 6, 2008 response to our September 25, 2007 technical deficiency letter did not address the issues we raised and a second technical deficiency letter was sent June 5, 2008. It's been well over a year since that letter was sent and we have not received a response that adequately addresses the remaining items that need to be corrected before the bond release can be approved by the Commission.

Also, Reclamation Division staff has sent several e-mails to Royal Oak staff in an attempt to help facilitate a response to the outstanding deficiencies. Due to the lack of action by Royal Oak on the application for Final Bond Release No. 3 for Permit ROJK-8701, the Reclamation Division plans to recommend that the Commission **deny this application** unless an adequate response to the June 5, 2008 letter is received **by September 30, 2009**. The denial of Bond Release No. 3 would result in Royal Oak needing to re-apply for the bond release when the outstanding items are adequately addressed. This includes, but is not limited to, submitting a new application, mailing new notification letters, republishing the newspaper notification, and conducting another field inspection for the new bond release application. Meanwhile, the current bond and the required liability insurance must remain in effect.

This action is not being taken lightly by the Reclamation Division, but we believe there is no other option since Royal Oak has not made significant progress to address the items listed in our June 5, 2008 letter. Most bond release applications are usually approved within a year or less and it has been nearly three years since Final Bond Release No. 3 was submitted and no progress has been made for about two years to address the outstanding deficiencies.


Mr. Paul McAllister

August 19, 2009

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We look forward to seeing a response to the June 5, 2008 letter before the end of September. If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Deutsch". The signature is fluid and cursive, with the first name "James" being more prominent and the last name "Deutsch" following in a similar style.

James R. Deutsch  
Director  
Reclamation Division

CERTIFIED MAIL

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