



Public Service Commission

State of North Dakota

COMMISSIONERS

Susan E. Wefald, President
Kevin Cramer
Tony Clark

Executive Director
Illona A. Jeffcoat-Sacco

600 E. Boulevard Ave. Dept 408
Bismarck, North Dakota 58505-0480
web: www.nd.gov/psc
e-mail: ndpsc@nd.gov
TTY 800-366-6888 or 711
Fax 701-328-2410
Phone 701-328-2400

February 14, 2008

Mr. Rodney P. Smith
Leonardite Products, LLC
1415 W Dakota Pkwy, Ste 3-B
P O Box 548
Williston, ND 58802-0548

Dear Mr. Smith:

The Reclamation Division has reviewed the materials submitted by you on behalf of Leonardite Products, LLC to transfer Surface Mining Permit No. GRGR-0501 from GeoResources, Inc. to Leonardite Products, LLC. The Certificate of Liability Insurance included with the application is in compliance with NDCC 38-14.1-14. The copy of letter of credit, which will be executed at the time of approval of the transfer, also looks to be in order. However, a new Collateral Bond Agreement (SFN 54012) will also have to be executed by Leonardite Products and filed before the transfer is approved.

However, much of the information required by NDAC 69-05.2-1-06 for the permit transfer has not been included with the application. The following information must be included in the transfer application.

1. Please provide a copy of the newspaper notice required by NDCC 38-14.1-18 and NDAC 69-05.2-10-01. The public notice is to be published 4 consecutive weeks (once per week) in the Williston Herald but do not begin publication until we review the notice for completeness. A copy of previous permit transfer newspaper notice is included for your information.
2. Please provide a listing of the owners and controllers of Leonardite Products, LLC as required by NDAC 69-05.2-06-01(e) and (f). This would include the organizational structure of Leonardite Products, LLC and a listing of all officers, directors, and resident agent (including the dates they assumed their current position). Also provide the names and addresses of any person owning 10% or more of the voting stock or membership interests. Indicate if the applicant or any officer or director has previously owned, controlled, or operated a surface coal mining operation in any state in the last five years.

Mr. Rodney P. Smith

February 14, 2008

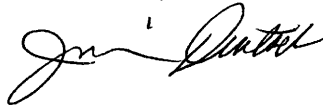
Page 2 of 2

3. Please provide a listing of any violations received by Leonardite Products, LLC or by any company who owns or controls Leonardite Products, LLC. If any violations have been received by any of these entities, the appropriate information must be provided for each violation. If no violations have been received, please provide a statement to that effect. NDAC 69-05.2-06-02
4. Please provide the names and address of the owners of record of all surface and subsurface areas of the permit area and within one-fourth mile of the permit area. In addition, please provide documents showing that Leonardite Products, LLC has the right-of-entry and right to mine (assumed to be via lease assignments, and if so, please provide the necessary lease assignments). NDCC 38-14.1-14(1)(k) and NDAC 69-05.2-06-03
5. A statement identifying all lands, interests in lands, options, or pending bids for lands held or made by Leonardite Products, LLC for lands within ¼ mile of the permit boundary. NDAC 69-05.2-06-01(1c)
6. Please provide a statement that Leonardite Products, LLC will continue to operate under the terms and conditions of the original permit. NDAC 69-05.2-11-06(4)(c)

In addition, we have included a copy of the current Legal section of Permit GRGR-0501 with sections highlighted that must be updated and/or corrected with the pertinent information for Leonardite Products, LLC in order for the application process to move forward. We recommend following this existing permit format for submitting the required information for the permit transfer. Once the permit transfer is approved, you will be required to incorporate the same information into existing permit GRGR-0501 by a permit revision. Using the format currently in the permit for the permit transfer will make incorporating this information into the permit much easier.

If you have any questions, please contact this office.

Sincerely,



James R. Deutsch
Director
Reclamation Division

Enclosure