



Public Service Commission

State of North Dakota

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October 7, 2008

Ms. Cherie Harms
Leonardite Products, LLC
1415 W Dakota Pkwy, Ste 3-B
PO Box 548
Williston, ND 58802-0548

Dear Ms. Harms:

The Reclamation Division and legal staff have reviewed collateral bond documents, including the Letter of Credit issued by First National Bank & Trust Co. of Williston, for Permit GRGR-0501 that Leonardite Products, LLC is obtaining from GeoResources, Inc. The following items must be corrected before we can recommend Commission approval of the collateral bond and transfer application:

Letter of credit

1. We noted that the Issue Date of the Letter of Credit was September 16, 2008, but the bank officers did not execute the document until September 24, 2008. The dates should be the same.
2. The name of the issuing bank that is filled in on pages 1 and 2 of the Letter of Credit need to be the same as that shown on the bank letterhead, which is the First National Bank & Trust Co. of Williston.
3. The bank's Certification of Corporate Resolution needs to be an original containing the bank's corporate seal.
4. A copy of the Federal Financial Institutions Examination report for the First National Bank & Trust Co. of Williston was provided instead of the bank's most recent balance sheet that is certified by a certified public accountant as required by NDAC 69-05.2-12-05. A certified copy of the bank's most recent balance sheet needs to be attached to the Letter of Credit.

Collateral Bond Agreement

5. The name of the bank name listed on the bond form must be identical to that listed in the Letter of Credit, which is the First National Bank & Trust Co. of Williston.
6. If possible the effective date on the Collateral Bond Agreement should be the same as the issue date of the Letter of Credit.
7. NDAC 69-05.2-12-01(9) requires that a Collateral Bonding Indemnity Agreement be signed by two officers who are authorized to do so by resolution of the board of directors. Since the indemnity agreement must be signed by two officers, the Collateral Bond Agreement should also be executed by two officers as provided for on the form.
8. The corporate seal for Leonardite Products, LLC should be stamped on the Collateral Bond Agreement in the area where two corporate officers sign the agreement.
9. The legal description for the permit area provided as Exhibit 2 and 4 continues to list the area as the GeoResources, Inc. Leonardite Mine. Please change this to the Leonardite Products, LLC, Leonardite Mine. A similar change should be made to the map provided as Exhibit 3 and 5. If the map is updated, the cross-hatching for GeoResources Permit GRGR-8403 should be removed.

Collateral Bonding Indemnity Agreement

10. Please provide the address for the "Permittee" under item XI on page 2 of the agreement.
11. NDAC 69-05.2-12-01(9) requires that the Collateral Bonding Indemnity Agreement be executed by two officers.
12. A certified copy of a new Corporate Resolution that names at least two officers who are authorized to execute bond documents needs to be provided. The certification needs to be signed by the Corporate Secretary or other officer and the corporate seal for Leonardite Products needs to be placed on this document.

Also, documents showing that the federal coal lease has been re-assigned to Leonardite Products are needed before the Commission can approve the permit transfer.

If you have any questions, please contact our office.

Sincerely,



James R. Deutsch
Director
Reclamation Division