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PUBLIC SERVICE COMMISSION



COLLATERAL BONDING INDEMNITY AGREEMENT
PUBLIC SERVICE COMMISSION
RECLAMATION DIVISION
SFN 17709 (Rev. 09-2001)

Permittee Leonardite Products, LLC	
Permit Number GRGR-0501	Collateral Bond Number LC-GRGR-0501-02

The parties to this INDEMNITY AGREEMENT are the North Dakota Public Service Commission (NDPSC), indemnitee, and the above named Permittee, holder of the Surface Coal Mining and Reclamation Operations Permit listed above, as indemnitor.

Permittee is duly authorized to do business in the State of North Dakota. Permittee has filed with NDPSC a Collateral Bond in connection with the Permit. The Collateral Bond satisfies the requirements of North Dakota Century Code 38-14.1 and North Dakota Administrative Code Chapter 69-05.2-12.

Permittee desires to indemnify NDPSC from all loss and costs associated with the Collateral Bond number above. Permittee has the full authority to enter into this Indemnity Agreement. Permittee has approval from its Board of Directors to enter into this Indemnity Agreement.* It is in the best interests of Permittee, in the legitimate furtherance of its purposes and business, to enter into this Indemnity Agreement.

NDPSC has the legal authority to administer the bonding requirements for surface coal mining and reclamation operations in the State of North Dakota.

To the extent that there are any Federal lands containing leased Federal coal within the bond area, the Collateral Bond is also payable to the United States/Office of Surface Mining Reclamation and Enforcement (OSMRE). Based on the Cooperative Agreement between the State of North Dakota and the United States Department of the Interior, both NDPSC and OSMRE are co-indemnitees under this Indemnity Agreement and the NDPSC must obtain OSMRE concurrence prior to releasing any obligation under the Collateral Bond for Federal lands containing leased Federal coal. To the extent these Federal lands are involved, release of the Collateral Bond also is conditioned upon compliance with applicable Federal laws and regulations and the provisions of the Cooperative Agreement between the State of North Dakota and the United States Department of the Interior at 30 C.F.R. 934.30. If the Cooperative Agreement at 30 C.F.R. 934.30 is terminated, the Collateral Bond shall continue in effect and, to the extent these Federal lands are involved, the bond shall be payable to the United States.

In consideration of the approval and execution of the Collateral Bond, it is agreed by and between the Permittee and NDPSC as follows:

- I. Permittee, its successors and assigns, jointly and severally do hereby covenant and agree to indemnify NDPSC of, from and against any and all demands, liabilities, charges, costs and expenses of whatsoever kind or nature, which NDPSC may sustain or incur in consequence of the failure by the Permittee to faithfully perform all the requirements of North Dakota Century Code Chapter 38-14.1 and North Dakota Administrative Code Article 69-05.2 under the Permit. With the exception of litigation costs as referenced in Paragraphs V and VIII, Permittee's liability hereunder shall not exceed the principal amount set forth in Permittee's Collateral Bond or the new amount specified by any rider that increases or decreases the bond amount.
- II. This Indemnity Agreement is continuing and is in full force and effect until all of the terms of the Permittee's Collateral Bond and Permit have been performed or otherwise discharged to the satisfaction of NDPSC.
- III. Permittee hereby fully consents and agrees that any of the following shall not discharge the obligations of this Indemnity Agreement:
 - 1. Renewals, revisions, modifications or riders to the terms of the Collateral Bond, including increases or decreases in the dollar amount of the bond, or the lands to which it applies, in accordance with the requirements of North Dakota Century Code Chapter 38-14.1 and North Dakota Administrative Code Article 69-05.2.

2. Extensions of the time for performance of the whole or any part of the conditions of the Collateral Bond.
 3. Changes, revisions, modifications or renewals to the Permit.
 4. Increases or decreases in bond amount that affect the amount for which indemnification is given.
- IV. NDPSC may institute bond forfeiture proceedings against Permittee in accordance with the forfeiture proceedings in North Dakota Century Code Chapter 38-14.1 and North Dakota Administrative Code Article 69-05.2. In the event forfeiture is ordered entered, NDPSC will mail to Permittee written notices of the amount ordered forfeited.
- V. In the event NDPSC initiates, pursues or is brought into litigation, as a result of attempts to enforce bonding requirements, the Permittee agrees to pay all litigation and administrative costs incurred by NDPSC in any successful effort to enforce this agreement against the Permittee. This agreement pertains to all such costs reasonably connected with the litigation and all administrative costs reasonably incurred in enforcing or in preparation to enforce the rules for Collateral Bonding against the Permittee. Liability for payment of such costs shall not be limited by the principal amount of the Permittee's Collateral Bond. Permittee agrees that vouchers or other proper evidence showing payment shall be conclusive evidence of the fact and amount of liability of such costs.
- VI. This Indemnity Agreement shall be terminated when and to the extent that: (a) NDPSC certifies in writing that the Permittee has successfully completed the mining and reclamation activities pursuant to the Permit, or (b) NDPSC certifies in writing that the Permittee has provided an acceptable alternate bond in substitution for this agreement; or (c) NDPSC otherwise authorizes release of this agreement.
- Permittee has the right at any time to post an acceptable alternate bond, in substitution for and release of all or part of this agreement. Permittee shall notify NDPSC in writing of any such substitution, and NDPSC will notify the Permittee in writing of the acceptability of the substitution. The substitute bond shall not be valid nor effective until NDPSC certifies the acceptability and effective date in writing.
- VII. There are no conditions or limitations to this Indemnity Agreement except those contained in this document. No alteration, change or modification of this agreement shall be binding or effective unless executed in writing, signed by the Permittee, and approved in writing by NDPSC.
- VIII. Permittee agrees to pay all costs and expenses reasonably incurred by NDPSC which are expended in any successful action instituted to enforce the terms of this Indemnity Agreement.
- IX. This Indemnity Agreement shall be good and effective notwithstanding any change or changes in the business name of the Permittee.
- X. No changes, revisions, modifications or renewals to the Collateral Bond of the Permittee or the terms of the Permit shall act as a release of the Permittee from this Indemnity Agreement.
- XI. All notices required to, or which may, be given shall be effective when received by the addressees at the addresses specified below.

1. For the Permittee:

Leonardite Products, LLC
PO Box 548
Williston, ND 58802-0548

2. For NDPSC:

North Dakota Public Service Commission
State Capitol
12th Floor
Bismarck, ND 58505

Collateral Bond Number
LC-GRGR-0501-02

- XII. This Indemnity Agreement is a binding contract and shall be construed under and subject to the laws of the State of North Dakota.
- XIII. This Indemnity Agreement may be executed in any number of identical counterparts, each of which, when executed and delivered by the parties hereto, shall be considered to be an original, but all of which shall collectively constitute one and the same instrument.

Effective October 24, 2008 (Date)

EXECUTION BY THE PERMITTEE:

PERMITTEE: Leonardite Products, LLC

Signature of President or Authorized Officer <i>Cherie Harms</i>	
Name Cherie Harms	Title President

Signature of President or Authorized Officer <i>Mary Mahar</i>	
Name Mary Mahar	Title Corporate Secretary

State of North Dakota)
 County of Williams) SS.

The foregoing instrument was acknowledged before me on this date October 24, 2008 by
Cherie Harms and Mary Mahar
 of Leonardite Products, LLC, a North Dakota company
 corporation, on behalf of the corporation.

BY: *Yvonne Gibbins*
 NOTARY PUBLIC

MY COMMISSION EXPIRES: 8-21-09

(SEAL)
 ID 32 YVONNE GIBBINS
 Notary Public
 State of North Dakota
 My Commission Expires August 21, 2009

* Attach a copy of the corporate resolution authorizing the execution of this collateral bonding indemnity agreement.