

1ST First National Bank & Trust Co.
Of Williston
22 East 4th Street • P. O. Box 1827
Williston, ND 58802-1827
Ph. (701) 577-2113
www.fnbt.us

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PUBLIC SERVICE COMMISSION

IRREVOCABLE STANDBY LETTER OF CREDIT No. 269

Issue Date: 10/24/08
Expiration Date: 10/24/09
Amount: \$170,015

Beneficiary:

Issuing Bank: First National Bank & Trust
Co. of Williston

Public Service Commission
State of North Dakota
600 East Boulevard Ave, Dept 408
Bismarck, ND 58505-0480

Po Box 1827
Williston, ND 58802-1827
701-577-2113

Surface Coal Mining Permit Number: GRGR-0501

Collateral Bond Number: LC-GRGR-0501-02

Commissioners:

On behalf of Leonardite Products, LLC, PO Box 548 Williston, ND 58801
(Name of Permittee) (address)

we hereby establish our Irrevocable Standby Letter of Credit in your favor, entitling the North Dakota Public Service Commission (Commission) to draw on this Letter of Credit in part or full, available by your draft(s) in an amount not to exceed one hundred seventy thousand fifteen dollars (\$170,015) accompanied by a written demand by the Commission pursuant to North Dakota Administrative Code (NDAC) 69-05.2-12-04.

This Letter of Credit is effective 10/24/08, and will expire at the close of business on 10/24/09, and is irrevocable for a term of at least one year. This Letter of Credit is automatically renewable without amendments for additional one-year terms unless we give at least ninety (90) days notice in writing by certified mail, return receipt requested, to the Commission and the Permittee of the Bank's intent to terminate the Letter of Credit at the end of the current term.

Except when the amount of the Letter of Credit is increased, the credit cannot be modified or revoked without the consent of the Commission.

The Commission may draw on us at sight within thirty (30) days of such notice to the Commission of our intent to terminate the credit, accompanied by a statement signed by an authorized representative of the Commission certifying that the amount of the drawing

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represents funds due to the Commission because the Permittee has failed to replace this Letter of Credit by other suitable bond or letter of credit pursuant to NDAC 69-05.2-12-04; and the Commission may draw on us at sight in part or in full accompanied by a statement signed by an authorized representative of the Commission certifying that the amount of the drawing represents funds due to the Commission because of a notice of forfeiture issued by the Commission to the Permittee in accordance with NDAC 69-05.2-12-16 and 69-5.2-12-18.

Drafts drawn hereunder must be marked "Drawn Under First National Bank & Trust Co. of Williston Letter of Credit No. 269 dated 10/24/08" and accompanied by a statement signed by an authorized representative of the Commission reading as follows:

"At sight, pay to the order of the North Dakota Public Service Commission, the amount of one hundred seventy thousand fifteen Dollars [\$170,015]. I certify the North Dakota Public Service Commission is making this drawing pursuant to the terms of Irrevocable Standby Letter of Credit No.269, dated 10/24/08 and issued by First National Bank & Trust Co. of Williston and the associated collateral bond agreement between the applicant Leonardite Products LLC and the Commission and that the Commission is entitled to the amount of this draw."

We certify that the amount of the credit herein established will not be reduced for any reason during the period of this instrument without the written consent of the Commission.

We will give prompt notice to the Commission and Permittee of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business. In the event of actions which could result in suspension or revocation of the Bank's charter or license, the Commission has the right to draw upon the Letter of Credit before the end of its term and convert it into a cash collateral bond if the Permittee fails to replace the Letter of Credit with a substitute bond within thirty (30) days after receipt of such a notice from the Commission. In the event the Bank becomes unable to fulfill its obligations under this Letter of Credit for any reason, notice shall be given immediately to the Commission and Permittee.

Attached is a copy of the Bank's most recent balance sheet, certified by a certified public accountant. We commit to submitting annual balance sheets to the Commission within ninety (90) days after the close of the Bank's fiscal year.

The laws of the State of North Dakota govern this Letter of Credit. The courts of the State of North Dakota will be used to resolve any dispute regarding this Letter of Credit. This Letter of Credit is subject to the current version of the Uniform Customs and Practices for Standby Credits, UCP 590 (International Standby Practices ISP 98), and the non-variable provisions of subsection 3 of North Dakota Century Code Section 41-05-16.

We hereby agree with the Commission that any drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to us at the office located at 22 East 4th Street in Williston, North Dakota, on or before the stated expiration date or on or before the expiration date of any renewal period.

Date: 10/24/08

Rick Nichols
(Signature)

Rick Nichols Sr. V. P.
(Printed Name and Title) *

Corporate Seal



David B. McAdoe
(Signature)

David B. McAdoe President
(Printed Name and Title) *

* Bank President and Treasurer or Cashier or other officers authorized to execute Letters of Credit (include Corporate Secretary's Certificate that refers to the by-laws or board resolution authorizing officers to execute Letters of Credit)

ACKNOWLEDGEMENT OF BANK

STATE OF North Dakota
COUNTY OF Williams

On this 24th day of October, 2008, before me personally appeared Rick Nichols and David B. McAdoe, known to me to be the Sr. Vice President and President of the Bank that is described in and that executed the within instrument, and acknowledged to me that the corporation executed the same.

Seal

Teresa L Carnes
(Notary Public)

TERESA L CARNES
Notary Public
State of North Dakota
My Commission Expires April 17, 2010

My commission expires 4/17/2010

Acknowledgement of Collateral Assignment

On November 15, 2007, Bank of North Dakota executed a \$350,000.00 (Three hundred and fifty thousand and no/100 U.S. Dollars) credit facility with First National Bank and Trust Company (FNB) to provide confirming letters of credit in support of FNB's letters of credit that require the backing of a rated financial institution.

As part of this facility between Bank of North Dakota and FNB, Bank of North Dakota has taken an Assignment of FNB's security interest in all business assets of Leonardite Products, LLC (Borrower) to the extent that amounts may be owing to Bank of North Dakota under this credit accommodation to FNB and relating to the Borrower.

The Borrower acknowledges FNB has granted Bank of North Dakota an Assignment of their security interest in all business assets of the Borrower.

Acknowledged on October 24th, 2008 by authorized signors for each entity:

Leonardite Products, LLC:

By: Cherie Harms

Title: President

By: Mary Mahan

Title: Sec. V.P.

First National Bank and Trust Company

By: David McLeod

Title: Pres

By: Rick Nichols

Title: Sec. V.P.