

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Leonardite Products, LLC
Permit Transfer, Permit GRGR-0501
Approval

Case No. RC-08-41

TRANSFER, SALE, OR ASSIGNMENT OF RIGHTS
GRANTED UNDER AN APPROVED SURFACE COAL MINING AND
RECLAMATION OPERATIONS PERMIT

October 30, 2008

On January 25, 2008, Leonardite Products, LLC filed an application for transfer, sale, or assignment of rights granted under Surface Coal Mining Permit GRGR-0501 held by GeoResources, Inc for the GeoResources Mine. Based on this application from Leonardite Products, LLC, as revised through October 15, 2008, and all information and documentation contained therein, the North Dakota Public Service Commission (Commission) finds that the application meets all applicable requirements of Chapter 38-14.1 of the North Dakota Century Code (NDCC) and Article 69-05.2 of the North Dakota Administrative Code (NDAC). On the basis of the information set forth in the application or from that otherwise available and known by the applicant, the Commission finds that:

Finding No. 1. The applicant will conduct mining and reclamation in accordance with the requirements of NDCC Chapter 38-14.1 and NDAC Article 69-05.2 [NDAC 69-05.2-11-07(4)(a)].

Leonardite Products, LLC has filed a statement that it will conduct mining and reclamation operations in North Dakota in accordance with NDCC Chapter 38-14.1 and NDAC Article 69-05.2, as well as the approved permit.

Finding No. 2. The applicant has submitted a collateral bond that is sufficient to cover the reclamation costs for the permit area. [NDAC 69-05.2-11-07(4)(b)].

A collateral bond in the amount of \$170,015.00 has been submitted by the applicant to cover the permit area at the GeoResources Mine. Leonardite Products, LLC filed Collateral Bond No. LC-GRGR-0501-02 for the permit that is backed by an irrevocable letter of credit issued by the First National Bank and Trust Company of Williston. The Commission has determined this bond amount is sufficient to perform the required work for the worst-case reclamation condition in the permit area.

Finding No. 3. The applicant will continue to conduct mining and reclamation in compliance with the terms and conditions of the original permit [NDAC 69-05.2-11-07(4)(c)].

Leonardite Products, LLC has provided a statement that they will continue mining and reclamation activities under plans currently approved in Permit No. GRGR-0501. If any changes are planned, they will revise the permit as required by NDAC 69-05.2-11-02. Condition No. 1 attached to the approval of this permit transfer requires Leonardite Products, LLC to update the business entity information, property ownership listings and related information in Permit GRGR-0501 to reflect the permit transfer and the transfer of property and coal leases from GeoResources, Inc. to Leonardite Products, LLC. The condition requires that a permit revision application to update the permit be filed by March 1, 2009.

Finding No. 4. The applicant is eligible to receive the permit under the requirements of NDAC Article 69-05.2-10-03 [NDAC 69-05.2-11-07(4)(a)].

The applicant verified that all information included in the application is true and correct to the best of their knowledge. Commission staff conducted reviews to ensure that the required information for a permit transfer was provided and that all applicable requirements are met. The Reclamation Division sent deficiency letters to the applicant on February 11, June 9, and October 10, 2008. Responses to each letter were reviewed and changes to the application were made to address the concerns that were noted. The Commission concludes that the application is now accurate and complete. Leonardite Products, LLC published the required notices in the local newspaper and the Commission sent notices to all surface owners in the permit area and to numerous local, state and federal agencies. No objections or requests for an informal conference were received on this application.

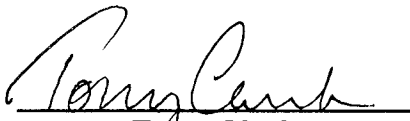
This is the first time Leonardite Products, LLC has operated a surface coal mine in North Dakota and Leonardite Products, LLC has not operated a surface coal mine in any other state.

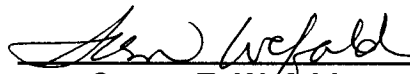
Finding No. 5. Other findings that were made when Permit GRGR-0501 and subsequent revisions were approved remain applicable to this permit that will now be held by Leonardite Products, LLC.

All rights of Surface Coal Mining and Reclamation Operations Permit Number GRGR-0501 are hereby transferred to Leonardite Products, LLC, 1415 W Dakota Pkwy, Ste 3-B, PO Box 548, Williston, ND 58802-0548, from GeoResources, Inc. Permit Number GRGR-0501 is re-assigned to Leonardite Products, LLC to engage in surface coal mining and reclamation operations until November 2, 2010 on the following described areas at the GeoResources Mine subject to the applicable requirements of the original permit and conditions, Chapter 38-14.1 of the North Dakota Century Code, and the rules promulgated thereunder. (Attached is a copy of the metes and bounds description of lands being added to the permit area.)

MINE	ADDRESS	LOCATION				
		ACRES	Sec	Twp	Range	County
GeoResources	Williston, ND	160	8	154N	100W	Williams

PUBLIC SERVICE COMMISSION


Tony Clark
Commissioner


Susan E. Wefald
President


Kevin Cramer
Commissioner

METES AND BOUNDS DESCRIPTION OF PERMIT GRGR-0501

This permit encompasses the following areas:

S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 8, T154N, R100W, Williams County, North Dakota; and
N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 8, T154N, R100W, Williams County, North Dakota;
Said area containing 160 acres, more or less.