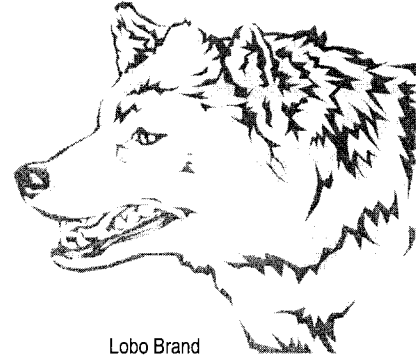
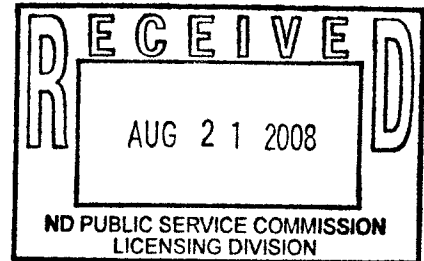


Larson Grain Company
100 Second Avenue
Englevale, ND 58033
Phone 701-683-5246
Fax 701-683-4233
www.larsongrain.com



August 19, 2008

Sue Richter
Public Service Commission
600 E Boulevard Ave Dept. 408
Bismarck ND 58505-0480



Dear Sue,

As per Rick Fillbrandt, PSC Examiner, we were instructed to change our sale contracts as per attached instructions. Enclosed are copies of what the proposed contracts need to be. Please review and let us know if any further changes are needed or if they stand approved as presented.

Regards,

Nick Shockman
General Manager

Enclosures

NS/eh



North Dakota Public Service Commission
Memorandum of Adjustment

08/14/2008 10:00:35 AM

Page: 1

License No: 1068

Exam Date: 08/13/2008

Examiner: 1

Number of items on this report: 2

Larson Grain Company
PO Box 198
LaMoure, ND
County:

An examination of this warehouse and/or the commodities stored there disclosed the following conditions which must be corrected as soon as possible. These conditions may also be in violation of state laws or rules. The issuance of this form is a report of the conditions found at this examination and is not an election by the North Dakota Public Service Commission to be taken..

Examiner comments are shown in *italic* below each item.

No Book Adjustments Required

Item no: 1110

refer to: NDCC 60-02-01(2) & 60-02-19.1

Credit-Sale Contract means a written contract for the sale of grain pursuant to which the sale price is to be paid or may be paid more than 30 days after the delivery or release of the grain for sale and which contains: (1) the seller's name and address; (2) conditions of delivery; (3) the amount and kind of grain delivered; (4) the price per unit or basis of value; (4) the price per unit or basis of value; (5) the date payment is to be made; (6) the duration of the credit-sale contract; and (7) notice in a clear and prominent manner that the sale is not protected by the bond. The contract must be signed by both parties and executed in duplication with one copy retained by the warehouseman and one copy delivered to the seller.

Item no: 2000

refer to: See Examiner Comments Below

Nick during my exam I found that Larson Grain has started to use two payment contracts. The first payment is within 45 days of delivery however the second payment is greater than 45 days after delivery making the second payment a credit-sale contract. The contracts you are using now don't provide the proper language to work as credit-sale contracts. If you are going to continue to make two payment contracts with your growers you will need to change your purchase contract to make it meet the requirements set in law or issue a separate Deferred Payment Contract for the second payment when that payment exceeds 45 days.

[Signature]
Name of PSC Examiner

08/13/2008
Date

I acknowledge receipt of this form. I understand that the above conditions must be corrected as soon as possible. The corrective action must be mailed to the licensing division offices within 30 days of the date received. If all corrections are not completed in 30 days, I will report my progress and continue to submit reports at 15-day intervals until all corrections are completed.

Licensee's Signature

Title

By (please print)

Date

Please submit report to: Licensing Division
Public Service Commission
600 E. Boulevard Ave. Dept. 408
Bismarck, ND 58505-0480

Phone: 701-328-4097
Fax: 701-328-2410
Email: srichter@nd.gov
www.psc.state.nd.us



Larson Grain Company
Englevale, ND
Bean Purchased Contract

Date:

AUG 21 2008

Contract No.: **G 0000**

Seller:

Buyer: **Larson Grain Company**
100 Second Ave.
Englevale, ND 58033

Bean Class: _____
Quantity: _____ CWT
F.O.B.: _____
Price: \$ _____ /Net CWT

Crop Year: _____
Acres at _____ Lbs./Acre
Deliver By: _____
Payment Date: _____

<u>Acres</u>	<u>County</u>	<u>Township</u>	<u>Quarter Section</u>	<u>Seller(s) Share</u>

ND INDEMNITY FUND ASSESSMENT: If required the price shall be reduced by the ND Indemnity Fund Assessment, that is, \$.002 X value of grain covered by this contract.

GRADING: Buyer will weigh and sample each load of beans delivered and grade that sample according to Buyer's buying schedule. Buyer's weights and grades are final. Weight deductions for screen out, pick, excess moisture and foreign material will be made against the gross weight. Seller will be furnished a record of the weight and grade for each load. Buyer has the option to reject any beans which does not meet Buyer's quality standards. Any beans rejected towards fulfillment of this contract shall not reduce the amount of pounds that Seller is obligated to deliver under this contract.

FREE OF HAZARDS: Seller will deliver beans that are free of glass, metal, treated seed or contamination of any hazardous substance which might hinder processing and handling, or that causes the beans to be unsafe for Human consumption. Seller guarantees that the beans are not adulterated under the pesticide chemical provisions of applicable federal and state law. Seller shall keep complete and accurate records of all chemical applications and cropping history and make these records available at Buyer's request. Seller will deliver beans that are free of Wheat, Soybeans, and Corn.

EXCUSED PERFORMANCE: Performance of this contract by either the Buyer or Seller shall be excused to the extent that performance is prevented by crop failure, fire, explosion, government acts, regulations or orders, wars, strikes, labor disputes, transportation shortage, or any other circumstance of similar kind or nature beyond the reasonable control of the affected party which prevents, in whole or in part, the performance of this contract. If and when such circumstances occur, the affected party shall give notice to the other party within a reasonable time not to exceed five business days. FCIC or any agency or entity cannot give permission to destroy this contracted acreage without consent of Buyer. Performance of this contract is excused to extent that performance is prevented by such circumstances. The affected party is required to perform this contract to the extent that performance is not prevented. For example, in case of crop failure, the Seller shall remain bound by the terms of this contract to deliver any crop in conformity with this contract. If the resulting beans are of a lesser quality than the contract quality, Buyer has the option to accept or reject the lower quality. If Seller has beans that are not contracted, then the Seller shall deliver enough non-contracted beans to fulfill this contract.

BINDING AGREEMENT: This agreement is binding upon both Seller and Buyer, their heirs, assigns and legal representatives, and shall not be transferrable by either party. It is agreed that this contract covers the described beans and pounds, including any landlord or landlord's shares.

ADDITIONAL CONTRACTS: Seller agrees NOT to contract or commit additional pounds production from the above acreage.

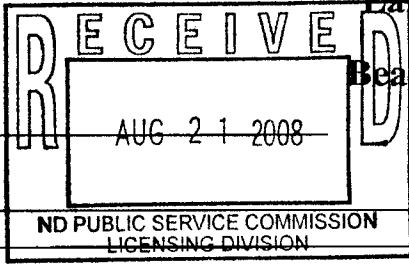
SEVERABILITY: It is understood that if any part, term or provision of this Contract is held by the courts to be illegal or in conflict with any state law, the remaining provisions shall not be affected, and shall remain in force.

THIS CONTRACT IS NOT PROTECTED BY BOND COVERAGE IN THE EVENT OF BUYER'S INSOLVENCY

Seller: _____
Authorized Signature

Seller: _____

Buyer: _____



Larson Grain Company
Englevale, ND
Bean Purchased Contract

Date: _____
Seller: _____

Contract No.: **G 0000**

Buyer: **Larson Grain Company**
100 Second Ave.
Englevale, ND 58033

Bean Class: _____
Quantity: _____ CWT
F.O.B.: _____
Price: \$ _____ /Net CWT

Crop Year: _____
Acres at _____ Lbs./Acre
Deliver By: _____
Payment Date: _____

<u>Acres</u>	<u>County</u>	<u>Township</u>	<u>Quarter Section</u>	<u>Seller(s) Share</u>

ND INDEMNITY FUND ASSESSMENT: If required the price shall be reduced by the ND Indemnity Fund Assessment, that is, \$.002 X value of grain covered by this contract.

GRADING: Buyer will weigh and sample each load of beans delivered and grade that sample according to Buyer's buying schedule. Buyer's weights and grades are final. Weight deductions for screen out, pick, excess moisture and foreign material will be made against the gross weight. Seller will be furnished a record of the weight and grade for each load. Buyer has the option to reject any beans which does not meet Buyer's quality standards. Any beans rejected towards fulfillment of this contract shall not reduce the amount of pounds that Seller is obligated to deliver under this contract.

FREE OF HAZARDS: Seller will deliver beans that are free of glass, metal, treated seed or contamination of any hazardous substance which might hinder processing and handling, or that causes the beans to be unsafe for Human consumption. Seller guarantees that the beans are not adulterated under the pesticide chemical provisions of applicable federal and state law. Seller shall keep complete and accurate records of all chemical applications and cropping history and make these records available at Buyer's request. Seller will deliver beans that are free of Wheat, Soybeans, and Corn.

BINDING AGREEMENT: This agreement is binding upon both Seller and Buyer, their heirs, assigns and legal representatives, and shall not be transferrable by either party. It is agreed that this contract covers the described beans and pounds, including any landlord or landlord's shares.

ADDITIONAL CONTRACTS: Seller agrees NOT to contract or commit additional pounds production from the above acreage.

SEVERABILITY: It is understood that if any part, term or provision of this Contract is held by the courts to be illegal or in conflict with any state law, the remaining provisions shall not be affected, and shall remain in force.

THIS CONTRACT IS NOT PROTECTED BY BOND COVERAGE IN THE EVENT OF BUYER'S INSOLVENCY

Seller: _____
Authorized Signature

Seller: _____ Buyer: _____