

APPROVED

DATE: 12-17-08

MOTION

December 17, 2008

**GeoResources, Inc.
Bond Release No. 3, Permit No. GRGR-8403
Approval**

Case No. RC-08-712

I move the Commission approve Bond Release No. 3 for Surface Coal Mining Permit No. GRGR-8403, held by GeoResources, Inc. to release all reclamation liabilities on 50 acres located in portions of Sections 8 and 17, T154N, R100W, Williams County. A monetary bond reduction of \$180,000 is approved and it will become effective January 20, 2009, unless a formal hearing is requested.

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**PUBLIC SERVICE COMMISSION
Reclamation Division**

Memorandum

TO: Commissioners Wefald, Cramer and Clark
Darrell Nitschke
Illona Jeffcoat-Sacco

FROM: Stephan A. Schroeder, Dean Moos and Jim Deutsch

DATE: December 10, 2008

SUBJECT: Bond Release No. 3 to Permit GRGR-8403 from GeoResources, Inc., Case No. RC-08-712

On August 26, 2008, GeoResources, Inc. filed the application for Bond Release No. 3 to Permit GRGR-8403 for final bond release on 50 acres of mined land that has an industrial/commercial post-mining land use. This acreage is located east of Williston and is now owned by the City of Williston for future expansion of its landfill. The Reclamation Division has completed its review of this application and GeoResources, Inc. has satisfactorily addressed the deficiencies that were noted. We now recommend that final bond release be approved.

The application for Bond Release No. 3 to Permit GRGR-8403 covers 50 acres located in portions of Sections 8 and 17, T154N, R100W, in Williams County. The bond release tract is subject to the requirements of the 1979 reclamation law. These 50 acres are all of the remaining acres in this permit.

GeoResources mined this area from 1993 through 2005. The City of Williston plans to use this area for the future expansion of its adjacent landfill. Since much of the area will not be used by the City of Williston for several years, the backfilled spoil was smoothed, highwalls were backsloped, and the disturbed areas were seeded to a grass mix in 2006 for establishment of a vegetative cover that will protect the area from erosion. The bond release area has an approved post-mining land use of industrial/commercial. The North Dakota Department of Health issued Solid Waste Disposal Permit SW-303 for this area on April 1, 2003.

Since this area has an industrial/commercial post-mining land use, the 10-year revegetation liability period does not apply. Policy Memorandum No. 15 to Mine Operators allows for bond release sooner on areas used for waste disposal if certain conditions are met. These include the issuance of the proper permits and the implementation of the industrial land use. As outlined above, the appropriate permits for waste disposal have been issued and the City of Williston plans to use this area as its landfill for many years.

GeoResources seeded the disturbed areas with a mixture of crested wheatgrass, intermediate wheatgrass, smooth bromegrass, and slender wheatgrass to protect the disturbed areas from erosion. Cover measured in August of 2008 was approximately 78% in the disturbed areas. The sedimentation pond that was constructed by GeoResources will remain in place and be maintained by the City of Williston. The requirements set forth in Policy Memorandum No. 15 have been satisfied.

The formal bond release inspection was held on September 23, 2008. Participating in the inspection were Dr. Stephan Schroeder and Mr. Bruce Beechie from the PSC, Mr. Jeff Jennings from GeoResources, Inc., and Mr. Dave Bell representing the Williston landfill. Representatives from the ND Health Department and the Williams County Commission were invited but did not attend the inspection.

Notice of the final bond release application for the two tracts was published by GeoResources, Inc. in the official county newspaper, the Williston Herald, during September and October of 2008. The last publication date was October 2, 2008. No objections to the bond release were received.

The bond release tract is covered by Surety Bond No. S103160596. GeoResources, Inc. is requesting a monetary reduction in the bond amount of \$180,000 as a result of this bond release. If the bond release is granted, GeoResources, Inc. will be released from all remaining reclamation liabilities on the 50 acres. Once the bond release becomes effective, the permit will be effectively terminated.

As you may recall, the other mining permit previously held by GeoResources was transferred to Leonardite Products, LLC, in late October. Once Bond Release No. 3 to Permit GRGR-8403 becomes effective, GeoResources will no longer have any mining activities that are subject to the reclamation law.

Attached is a proposed motion and award form for consideration at the December 17, 2008 Commission meeting.

Attachments

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