



**APPLICATION FOR PERMIT TO ENGAGE IN SURFACE COAL MINING AND RECLAMATION OPERATIONS**  
**PUBLIC SERVICE COMMISSION**  
**RECLAMATION DIVISION**  
 SFN 10552 (1-2004)

Name of Company, Corporation, Partnership, or Individual <b>South Heart Coal LLC</b>		Date <b>March 31, 2010</b>	
Address <b>601 Jefferson Street, Suite 3600</b>		City <b>Houston</b>	Permit Number <b>SHSH-1001</b>
		State <b>TX</b>	Zip Code <b>77002</b>

The above named hereby makes application for the above listed permit number to engage in surface coal mining and reclamation operations in the State of North Dakota during the period from July 2014 (date) to July 2043 (date) on the following area (attach a copy of metes and bounds description):

NAME OF MINE	ACRES	LOCATION			
		SEC.	TWP.	RANGE	COUNTY
South Heart Lignite Mine	4,581.4	See Attached Description			Stark
ADDRESS					
1022 East Divide Avenue, Suite E					
Bismarck, ND 58501					
<b>TOTAL ACRES</b>	<b>4,581.4</b>				

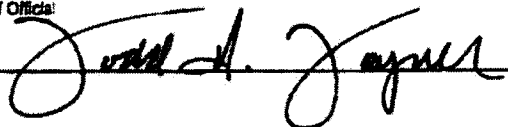
A bond, or its equivalent, duly executed in accordance with Section 38-14.1-16 of the North Dakota Century Code and Chapter 69-05.2-12 of the North Dakota Administrative Code will be delivered to the Public Service Commission prior to issuance of the surface coal mining and reclamation operations permit herein requested. A check for filing fees, pursuant to Section 38-14.1-13 of the North Dakota Century Code, in the amount of \$ 46,314, is included with the permit application.

Name of Official Authorized to Represent the Applicant <b>Todd Joyner</b>
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I, the above named, certify that:

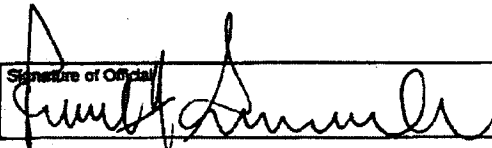
1. All information and documents required by Sections 38-14.1-13, 38-14.1-14, and 38-14.1-15 of the North Dakota Century Code and Article 69-05.2 of the North Dakota Administrative Code, are submitted as part of this permit application;
2. Information and documentation contained in the permit application affirmatively demonstrate that:
  - a. The permit application is accurate and complete and all the requirements of Chapter 38-14.1 of the North Dakota Century Code and Article 69-05.2 of the North Dakota Administrative Code have been complied with;
  - b. Reclamation as required by Chapter 38-14.1 of the North Dakota Century Code and Article 69-05.2 of the North Dakota Administrative Code can be accomplished under the reclamation plan contained in this permit application;
  - c. An assessment of the probable cumulative impact of all anticipated mining in the general area on the hydrologic balance as specified in subdivision o of subsection 1 of Section 38-14.1-14 of the North Dakota Century Code has been made and the proposed operation has been designed to prevent material damage to the hydrologic balance both on and off the mine site;
  - d. The area proposed to be affected is not included within an area designated unsuitable for all or certain types of surface coal mining and is not within an area under study for such designation in an administrative proceeding;
  - e. The proposed surface coal mining operation will not interrupt, discontinue or preclude farming on alluvial valley floors that are irrigated or naturally subirrigated and will not materially damage the quantity or quality of water in surface or underground water systems that supply these alluvial valley floors; and
  - f. The permit applicant has the legal right to surface mine the land for which this permit application is made and all of the requirements of Chapter 38-18 of the North Dakota Century Code have been complied with.

- 3. The area proposed to be effected is not included within an area where mining is prohibited pursuant to Section 38-14.1-07 of the North Dakota Century Code, unless specifically allowed in accordance with the provisions of Section 69-05.2-04-01 of the North Dakota Administrative Code; and
- 4. The proposed method of surface coal mining and reclamation operations contained in this permit application will be carried out at all times in a manner which ensures that all of the requirements of Chapter 38-14.1 of the North Dakota Century Code, Article 69-05.2 of the North Dakota Administrative Code, and any permit conditions attached thereto are complied with.

Signature of Official: 	Title President, South Heart Coal LLC
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VERIFICATION

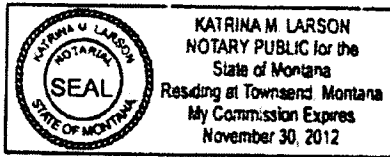
I, Richard A. Southwick, being first and duly sworn, verify that the information contained in this Permit Application is true and correct to the best of my knowledge and belief.

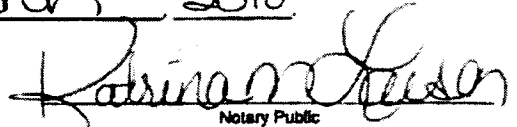
Signature of Official: 	Title Vice President - Environmental
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STATE OF Montana )  
COUNTY OF Broadwater ) ss.

Subscribed and Sworn before me, this 17<sup>th</sup> day of March, 2010.

(SEAL)



  
Notary Public  
My Commission Expires: November 30, 2012

**South Heart Lignite Mine**  
**Metes and Bounds Legal Description of the Permit Area**

A tract located in Sections 9, 10, 14, 15, 16, 17, 20, 21, 22, 23, 27, 28, 29, 33, and 34, T139N, R98W, Fifth Principal Meridian, Stark County, ND, more particularly described as follows:

Beginning at corner No. 301, the northeast corner of Section 27;

thence S 01°57'02" W a distance of 5,282.7 feet to corner No. 302, the southeast corner of Section 27;  
thence S 02°05'35" W along the east line of Section 34 a distance of 372.5 feet to corner No. 303;  
thence N 88°31'26" W a distance of 5,546.0 feet to corner No. 304;  
thence N 02°01'43" E a distance of 3,018.8 feet to corner No. 305;  
thence N 37°05'03" W a distance of 1,687.9 feet to corner No. 306;  
thence N 88°30'36" W a distance of 1,318.4 feet to corner No. 307;  
thence N 45°26'08" W a distance of 1,782.6 feet to corner No. 308;  
thence N 88°34'34" W a distance of 1,419.0 feet to corner No. 309;  
thence N 01°48'27" E a distance of 5,278.4 feet to corner No. 310;  
thence N 88°17'42" W a distance of 4,154.0 feet to corner No. 311;  
thence N 02°07'56" E a distance of 4,159.8 feet to corner No. 312;  
thence S 88°14'42" E a distance of 1,612.7 feet to corner No. 313;  
thence S 02°09'15" W along the north-south quarter line of Section 17 a distance of 1,269.5 feet to corner No. 314;  
thence S 88°21'56" E a distance of 3,865.1 feet to corner No. 315;  
thence N 02°08'23" E a distance of 3,808.3 feet to corner No. 316;  
thence S 88°35'54" E a distance of 5,453.1 feet to corner No. 317;  
thence S 02°03'22" W a distance of 1,320.2 feet to corner No. 318;  
thence S 88°30'35" E along the section line a distance of 3,871.6 feet to corner No. 319, the northeast corner of Section 15;  
thence S 88°18'40" E along the north line of Section 14 a distance of 662.0 feet to corner No. 320;  
thence S 01°54'41" W a distance of 3,965.2 feet to corner No. 321;  
thence S 88°18'17" E a distance of 4,623.4 feet to corner No. 322;  
thence S 01°57'04" W along the section line a distance of 1,322.4 feet to corner No. 323, the northeast corner of Section 23;  
thence S 02°02'06" W along the east line of Section 23 a distance of 1,419.2 feet to corner No. 324;  
thence N 88°15'55" W a distance of 1,222.2 feet to corner No. 325;  
thence S 01°59'59" W a distance of 3,857.7 feet to corner No. 326;  
thence N 88°16'25" W along the south line of Section 23 a distance of 4,059.5 feet to corner No. 301, the point of beginning.

Said tract contains 4,581.4 acres, more or less.

All bearings, distances and areas based on the Stark County ground grid, ND State Plane Coordinate System, NAD27, US survey foot.

Corner No.	North	East
301	435,415.0	1,369,376.8
302	430,135.4	1,369,197.0
303	429,763.1	1,369,183.3
304	429,906.0	1,363,639.2
305	432,922.9	1,363,746.0
306	434,269.5	1,362,728.2
307	434,303.8	1,361,410.3
308	435,554.7	1,360,140.3
309	435,589.9	1,358,721.7
310	440,865.7	1,358,888.2
311	440,989.3	1,354,736.1
312	445,146.3	1,354,890.9
313	445,096.9	1,356,502.7
314	443,828.3	1,356,455.0
315	443,718.1	1,360,318.6
316	447,523.7	1,360,460.8
317	447,390.3	1,365,912.2
318	446,071.0	1,365,864.9
319	445,970.3	1,369,735.2
320	445,950.8	1,370,396.9
321	441,987.8	1,370,264.7
322	441,851.0	1,374,886.0
323	440,529.4	1,374,841.1
324	439,111.0	1,374,790.7
325	439,148.1	1,373,569.0
326	435,292.7	1,373,434.4

Prepared By: C. Vender  
Date Prepared: 12-14-2007 Rev 11-12-2009  
Company: Interstate Engineering, inc.  
P.O. Box 1254  
Mandan, North Dakota