

**PUBLIC SERVICE COMMISSION**  
**Reclamation Division**

**Memorandum**

To: Commissioners Fedorchak, Christmann, and Kalk  
Darrell Nitschke, Executive Secretary  
Illona Jeffcoat-Sacco and John Schuh

From: *JW* Jim Deutsch, *DKM* Dean Moos, *BE* Bill Gunnerson, and *ZAB* Zanna Brinkman

Date: October 8, 2015

Subject: Application for Revision No. 7 to Permit No. GRGR-0501 held by Leonardite Products, LLC for the Stony Creek Mine, Case No. RC-15-515

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On July 8, 2015, Leonardite Products, LLC filed the application for Revision No. 7 to Surface Coal Mining Permit No. GRGR-0501. Revision No. 7 identifies the next five-year leonardite removal subarea and updates the legal, environmental resources, operation, and reclamation permit sections for the next five-year permit term. The Reclamation Division has completed its review of this permit revision application and respectfully recommends its approval.

Permit No. GRGR-0501 covers portions of the S $\frac{1}{2}$ NW $\frac{1}{4}$  and the N $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 8, T154N, R100W, Williams County, North Dakota, containing 111.15 acres as depicted on Figure 1. Leonardite (oxidized lignite) mining operations are expected to continue within the permit area through 2021. Leonardite Products, LLC requested variances from the 180-day backfilling and grading rule (NDAC 69-05.2-21-01(2)) and the 3-year contemporaneous reclamation requirement (NDCC 38-14.1-24(14)). The Reclamation Division recommends approval of the variances based on the type of mining operation, the slow pit progression, and justification provided by Leonardite Products, LLC in the application.

Revision No. 7 also updated the worst-case reclamation cost estimate for determining the minimum bond amount for Permit No. GRGR-0501 at the Stony Creek Mine. These changes resulted in an increase in the required bond amount. Leonardite Products LLC submitted a new collateral bond that requires Commission approval along with the approval of Revision 7. The new collateral bond will replace the current collateral bond.

The total bond amount for this permit was \$170,015 and the new minimum bond amount increased to \$281,359. Leonardite Products LLC submitted Collateral Bond LC-GRGR-0501-03 that is supported by an irrevocable standby letter of credit issued by the First National Bank & Trust Co. of Williston. We have reviewed the collateral bond documents and found that they have been properly executed. We recommend that the Commission also approve Collateral Bond LC-GRGR-0501-03.

Leonardite Products LLC also submitted a stipulation to reduce the existing collateral bond LC-GRGR-0501-02 from \$170,015 and 125.43 acres to zero dollars and zero acres, effectively cancelling the bond. The stipulation to reduce collateral bond LC-GRGR-0501-02 was properly executed and we recommend approval of the stipulation. This stipulation requires only Commissioner Christmann's signature for approval.

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Revision No. 7 was considered a significant alteration to the mining and reclamation plans and was therefore subject to the notice, hearing, and procedural requirements. Leonardite Products, LLC submitted the affidavit of publication for the newspaper notice indicating that it was published in the Williston Herald for four consecutive weeks. We notified the appropriate agencies, affected landowners, and the advisory committee members. We received no comments or objections for this revision application.

Attached for your consideration are the proposed motion, collateral bond documents, revision approval form, and the revision approval notice that will be published in the appropriate newspapers.

#### Attachments

Minedata/Leonardite/Permits/GRGR-0501/Revisions/No.7/Ren7\_apprvl\_memo\_10-8-15

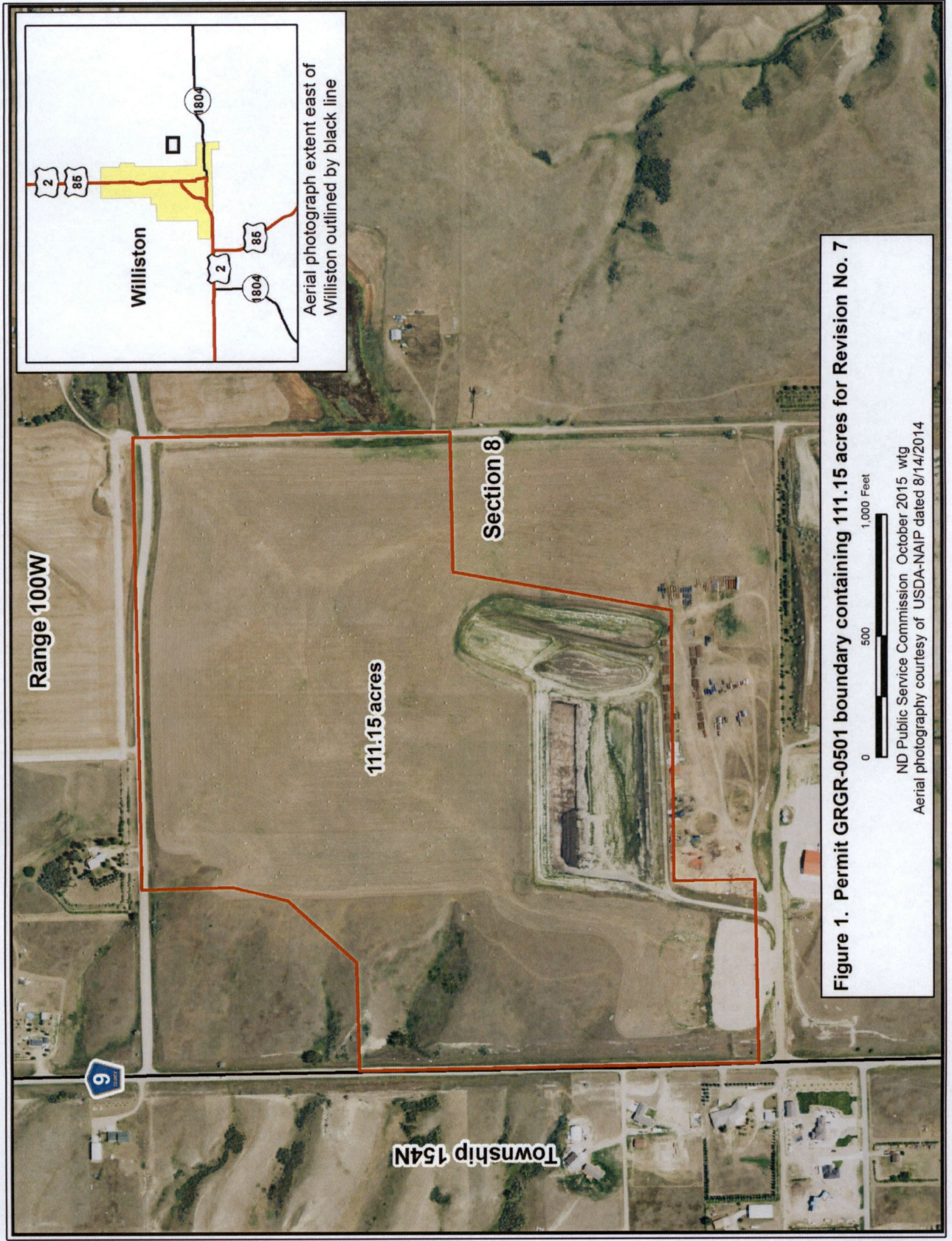


Figure 1. Permit GRGR-0501 boundary containing 111.15 acres for Revision No. 7