



Public Service Commission

State of North Dakota

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October 16, 2018

Cherie Harms, President
Leonardite Products, LLC
PO Box 548
Williston, ND 58802-0548

Dear Ms. Harms:

The Reclamation Division has reviewed the Leonardite Products, LLC July 10, 2018 responses to our June 20, 2018 technical review letter for Bond Release No. 1 (final) to Permit GRGR-0501 at the Stony Creek Mine. The following items must be satisfactorily addressed before the Reclamation Division will recommend Commission action on the bond release application. Please note that follow-up items reference the item as numbered in our June 20, 2018 technical review letter.

Application for Final Release of Bond for Surface Coal Mining and Reclamation Operations form

1. Follow-up to item No. 1: Informational narrative in the fourth sentence at the bottom of Page 1 of the application form still lists the bond release acreage as 15.49 acres. Please change this amount to 15.15 acres. (BEB/ZAB/WTG)
2. Follow-up to item No. 1: Please change the application date in the upper right-hand corner on page 1 of the application to 9/29/2017, the original application date. Normally, a revision date is added in red text above the date box on the application so we can track the different versions that are submitted, but the original application date inside the date box does not change. (ZAB)
3. Follow-up to item No. 2: Please update the bond reduction amount on page 1 of the application form. The new worst case bond estimate is \$170,102. You may request a maximum bond reduction of \$111,257 which is the difference between the current bond amount of \$281,359 and the new worst case bond amount of \$170,102. (ZAB)
4. Follow-up to item No. 3: It appears that you have checked the wrong box on the third page of the application form. Please review the original deficiency and check the correct box describing contributions of suspended solids outside the permit area, and uncheck the box describing vegetation establishment of permanent impoundments. (BEB)

Attachment VII - General Information

5. Follow-up to item No. 14: Please revise the word land to “permit was” in the following passage of the first paragraph in Attachment VII as follows: *“The land is included in Permit GRGR-0501, which was approved by the Public Service Commission on November 2, 2005 and issued to GeoResources, Inc. The ~~land~~ permit was transferred to Leonardite Products, LLC on October 30, 2008. This land has been mined by GeoResources, Inc. and Leonardite Products, LLC.* (ZAB)
6. Follow-up to item No. 15: It appears that the volumes reported for topsoil and subsoil stockpiles located within the proposed bond release area require correction. According to the 2017 Stony Creek Mine annual map, the A and F Pit topsoil volume located within the proposed bond release area totals 45,433 cubic yards, and the A and F Pit subsoil volume located within the proposed bond release area totals 23,297 cubic yards. Please review the volumes and correct them as necessary. (BEB/WTG)
7. Follow-up to item No. 18: We apologize for this oversight, but now ask that you please add to the general hydrologic narrative in the fourth paragraph of Attachment VII. Please provide the statement that *“Ground water monitoring and reporting requirements within the permit and adjacent area as required by NDAC 69-05.2-16 were deemed unnecessary by the Public Service Commission at the time of permit application because of the shallow mining depths and deep water table”*. This single sentence will clarify that postmining hydraulic assessment of ground water resources as required by NDCC 38-14.1-24 has been waived because of site-specific geologic and hydrologic conditions. (BEB)
8. Follow-up to item No. 19: Please revise the bonding narrative on page 2 of Attachment VII as follows: *Permit GRGR-0501 is currently bonded in the amount of \$281,359. As part of this final bond release application, Leonardite Products, LLC recalculated the worst case bond for the remaining permit area of 96 acres to be \$170,102. The worst case bond calculations are shown in Attachment IX. Leonardite Products, LLC is requesting bond release for 15.15 acres in Permit GRGR-0501 and the release of \$111,257, which is the difference between the current bond amount and the new worst case bond.* (ZAB)

Attachment VIII - Other Approvals

9. Follow-up to item No. 21: Please review the original listed deficiency and update the legal description to state *“portions of the S1/2NW1/4 and N1/2SW1/4 of Section 8, T154N, R100W”*. (BEB/WTG/ZAB)

Attachment IX - Bond Calculations

10. Follow-up to item No. 22: Please revise the narrative on page 1 of Attachment IX-Bond Calculations as follows. (BEB/ZAB/JSP)
 - a. Revise the remaining permit acreage in the first paragraph from 98.85 acres to 96 acres.
 - b. Revise the 131,181 cubic yards of overburden listed in the second paragraph to 31,181 cubic yards.
 - c. Revise the worst case bond amount of \$160,330.66 listed in the 6th paragraph to \$170,102.

11. Follow-up to item No. 22: Please review the acreages listed for the B-2 and B-3 pits on Table O-1, Table E-1 and on the Mine Plan Map - Map D. Revise as necessary so the acreages are consistent between the tables and the map. (ZAB)

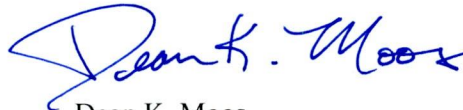
12. Follow-up to item No. 22: Please update the assumptions for the Reclamation Costs on page R-7 similar to the following. (JSP/ZAB) *Estimated costs for the following items have been determined assuming reclamation for Pits B 1-3, F 1-2 and E 1-3. The worst case liability includes the following assumptions based on all areas disturbed by mining through 2020.*
 - *Pit E-1, 1.84 acres will require overburden, subsoil, topsoil and revegetation*
 - *Pits E-2 and E-3, each 1.82 acres, Pit B-1, 1.75 acres, and Pits F-1, 1.74 acres, and F-2, 1.75, acres will require subsoil, topsoil and revegetation.*
 - *Pits B-2 and B-3, 1.75 and 1.9 acres, will require topsoil and revegetation.*
 - *Total area requiring subsoil is 10.8 acres. Total area (mining and associated) requiring topsoil is 15.2 acres.*
 - *Total area (mining and associated) requiring revegetation is 16.2 acres.*
 - *Two acres of associated disturbance (subsoil from B Pits 1-3 was placed on a former parking lot).*

13. Follow-up to item No. 22: Please update the acreages and calculations for the Reclamation Costs on pages R-7 and R-8. The new worst case bond estimate was determined to be \$170,102 and the acreages and calculations were emailed to you on October 10, 2018. (JSP/ZAB)

14. Follow-up to item No. 22: Thank you for the updates to the mining narrative on pages O-1 and O-7. We did use some of the information to determine the worst case bond estimate; however, it is our option to remove or leave the operations narrative in the bond release application because this information will be added to the permit with the upcoming mid-term review. If you choose to retain the narrative on page O-1 in the bond release application, please revise the following sentence that was added to the Topsoil/Spoil Removal and Stockpiling narrative on page O-1 as indicated by the strike through/underlining as follows. *Spoil Stockpiles for topsoil and subsoil from Pits E-H will be located east of Subareas D, E, F, J, and K, to collect the subsoil and topsoil from Pits E-H.* (ZAB)

Please contact us with any questions.

Sincerely,



Dean K. Moos
Director
Reclamation Division