

**PUBLIC SERVICE COMMISSION**

Reclamation Division

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Memorandum

TO: Commissioners Kroshus, Fedorchak, and Christmann  
Steven Kahl, Interim Executive Secretary

FROM: *DKM* *ZAB*  
Dean Moos, Zanna Brinkman

DATE: March 8, 2019

SUBJECT: Collateral bond for surface coal mining Permit GRGR-0501 held by Leonardite Products, LLC for the Stony Creek Mine, Case No. RC-19-97

Permit No. GRGR-0501 is currently covered by Collateral Bond No. LC-GRGR-0501-03 in the amount of \$281,359 that is supported by an irrevocable letter of credit issued by The First National Bank and Trust of Williston. The Reclamation Division received notice on January 28, 2019 that First National Bank and Trust of Williston did not intend to renew the letter of credit when it expires on April 2, 2019. On March 8, 2019, Leonardite Products, LLC filed a replacement bond, Collateral Bond No. LC-GRGR-0501-04, as allowed by NDAC 69-05.2-12-06.

Collateral Bond No. LC-GRGR-0501-04 in the amount of \$170,102 is backed by an irrevocable letter of credit issued by BNC National Bank of Bismarck, ND. The new bond amount is less than the current bond amount because Bond Release No. 1 to Permit GRGR-0501 was approved on February 6, 2019 and allowed for monetary release of \$111,257, effective March 8, 2019. The worst-case reclamation cost estimate for the 96 acres remaining in Permit GRGR-0501 after Bond Release No. 1 is \$170,102. The required financial statement was provided for BNCCORP, INC, the parent company of BNC National Bank, and they are well qualified based on the letter of credit provisions in our rules under NDAC 69-05.2-12-04(2). The bond documents have been reviewed by staff and have been properly executed.

Attached for your consideration at the March 13<sup>th</sup> Commission meeting is a motion to approve Leonardite Product's new collateral bond.

Also attached is a rider to reduce the amount and area of collateral bond LC-GRGR-0501-03 to zero dollars and zero acres, effectively cancelling the bond. Commission action is not required for this rider; however, the rider must be signed by Commissioner Christmann. Please sign and have Steve attest your signature on the attached the collateral bond rider.

Minedata/Leonardite/Permits/GRGR-0501/Bonding/2019/BNC\_LOC\_apprvl\_memo\_3-8-2019

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Public Service Commission Staff  
Dean Moos, Zanna Brinkman