

IRREVOCABLE LETTER OF CREDIT NO. 0000
Issue Date: Anymonth 00, 0000

YOUR BANK

BENNEFICIARY:
Arkansas Oil and Gas Commission
P.O. Box 11510
2215 West Hillsboro
El Dorado, AR 71730

APPLICANT:
ABC Oil and Gas Co.
1234 Any Street
Anytown, USA

Gentlemen:

We hereby establish our Irrevocable Letter of Credit in your favor for the account of ABC Oil and Gas Company up to the aggregate amount of XXXX Thousand and No/ 100 U.S. Dollars (\$X,XXX.XX) available by your draft at sight when accompanied by the following:

- (1) Written certification, signed by a person purporting to be an authorized representative of the Arkansas Oil and Gas Commission, stating that ABC Oil and Gas Company, has failed to comply with the rules and regulations of the Arkansas Oil and Gas Commission, or that ABC Oil and Gas Company, is in non-compliance with Acts 1983, No. 902, as amended.
- (2) Drafts drawn under this Letter of Credit must be marked "Drawn under Commercial National Bank, Anytown, USA, Letter of Credit No. 0000, dated 00/00/00".

This Letter of Credit issued to indemnify the compliance by Applicant with the rules and regulations of Beneficiary and with the laws of the State of Arkansas as required for purposes of securing a permit to drill and/or operate well(s) within the State of Arkansas.

We hereby agree with you that all drafts drawn under and in compliance with the terms of the Credit will be honored upon presentation on or before the date of expiration hereof. This Letter of Credit shall be automatically extended for an additional period of one year from the issue date and each future anniversary thereof unless and until you have been notified by certified or registered letter notice, not less than thirty (30) days before expiration that we elect not to renew this letter of credit.

By: _____