

COMMONWEALTH OF KENTUCKY
DEPARTMENT FOR NATURAL RESOURCES
DIVISION OF OIL AND GAS
POST OFFICE BOX 2244
FRANKFORT, KY 40601



ISSUER

NAME
ADDRESS
E-MAIL
PHONE
CONTACT

IN REFERENCE TO:

LETTER OF CREDIT NUMBER _____
DATED _____
AMOUNT _____
ISSUED BY _____
ACCOUNTANT PARTY – OPERATOR _____

WE ENCLOSE THE ORIGINAL OF THE ABOVE-REFERENCED LETTER OF CREDIT OPENED IN YOUR FAVOR.

WE CONFIRM THE CREDIT AND HEREBY UNDERTAKE THAT ALL DRAFT(S) OR OTHER DEMANDS DRAWN IN COMPLIANCE WITH TERMS OF THE ORIGINAL CREDIT AND ANY OTHER CONDITIONS STATED THEREIN, SHALL BE HONORED.

BY: _____

TITLE: _____



COMMONWEALTH OF KENTUCKY
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POST OFFICE BOX 2244
FRANKFORT, KY 40601



IRREVOCABLE LETTER OF CREDIT NO.: _____
DATE: _____

Dear Department:

We hereby open our irrevocable Letter of Credit in your favor for the account of _____ as operator, to cover wells drilled, deepened, reopened, or transferred to the above-named principal, for the sum of _____ dollars (\$ _____) available by your draft or other demand on us at sight.

This Letter of Credit constitutes collateral security for performance of the above-named operator's obligations under KRS 353.590.

This Letter of Credit shall be subject to terms contained herein and shall cover all wells as security until plugged with the Department's approval and all records required by the Department are properly filed or all wells covered by this letter as security are transferred to a successor operator with bond as provided in KRS 353.590 or the operator posts a substitute bond to replace this letter of credit subject to the Department's approval.

All drafts drawn under this Letter of Credit are to be endorsed thereon and shall bear the clause "Drawn under Letter of Credit No. _____." This Letter of Credit is effective as of _____ and shall expire on _____ but such expiration date shall be automatically extended for a period of one year and each successive expiration date, unless at least 120 days before the current expiration date, we notify both you and the operator by certified mail that we have decided not to extend this Letter of Credit beyond the current expiration date. In the event you are so notified, any unused portion of the credit shall be available upon presentation of your sight draft for 120 days after the date of receipt by you as shown on the signed return receipt.

We hereby agree with you that all drafts drawn under and in compliance with the terms of the Letter of Credit shall be duly honored upon presentation to us, and we shall remit the amount of the draft by certified check payable to the "Kentucky State Treasurer" in accordance with your instructions.

We shall give notice within fifteen (15) days to the operator and the Director, Division of Oil and Gas, of any notice received or action filed alleging our insolvency or bankruptcy, or alleging any violations of regulatory requirements which could result in suspension or revocation of our charter or license to do business.

Except as otherwise expressly stated herein, the Credit is subject to the uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce, Publication No. 500.

Yours very truly,

Authorized Signature

Title