

IRREVOCABLE LETTER OF CREDIT NO. 000)

YOUR BANK

Issue Date: Anymonth 00, 0000

Expiration Date: \_\_\_\_\_

Amount: \_\_\_\_\_

**BENEFICIARY:**

**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

Ladies and 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 is 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 wells(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. Pursuant to Commission General Rule B-2, the Letter of Credit is construed under Arkansas law, is issued in Union County, Arkansas for the purpose of enforcement, and any actions thereon shall be enforceable in the Courts of Arkansas. The Commission, its lawful assigns, or the attorneys for the Commission or its assigns, may

sue, waive notice and process, appear on behalf of, and confess judgment against the issuing bank and any confirming bank in the event that the Letter of Credit is dishonored.

This Letter of Credit shall automatically renew for one (1) year periods from the then current expiration date unless and until you have been notified by certified or registered letter notice, not less than thirty (30) days before the expiration date, that we elect not to renew this letter of credit.

By: \_\_\_\_\_