

IRREVOCABLE LETTER OF CREDIT

Issuing Financial Institution : No. : (filled in by bank)

Telephone No. :

Address : Amount :

City : O&G Lease No.: (If \$150,000.00)

Date Issued :

State, Zip : Date Filed : (BLM)

On behalf of (Name and Address of Party Requesting Financial Institution to Issue the as Obligor, we (name of Financial Institution, hereafter referred to as "bank"), hereby establish an irrevocable Letter of Credit (LOC) in favor of the Bureau of Land Management (BLM) and agree to immediately pay upon demand by and to the Department of the Interior--BLM, the full amount of (Amount--written out) Dollars (\$ (figures)), upon receipt of a written demand therefore by the Authorized Officer (AO) of the BLM retaining the personal bond of the obligor whose bond this letter serves as security pursuant to Title 43 CFR Section 3104.10.

This LOC is effective _____ and will expire either at the close of business or at midnight _____; however, this credit will automatically be extended for periods of not less than one year (or such longer periods as may be determined by the bank) from any such scheduled expiration date, as originally scheduled or as automatically extended by this provision, unless 90-days prior to such date, we notify the AO originally accepting this letter, or his/her successor, by Certified Mail-Return Receipt Requested, that we elect not to renew this letter for such additional period.

Upon receipt by the AO of a non-renewal notice from us not to renew this letter, the AO may draw on us at sight for for up to the amount of this LOC, prior to the expiration thereof, provided that such draft is accompanied by a statement signed by the AO to the effect that no satisfactory replacement bond has been provided by the obligor prior to 30 days before this LOC expires, pursuant to 43 CFR 3104.10(c)(5)(v).

It is also understood that, at any time this LOC is in effect, the AO may draw on this LOC for any amount, up to the full amount, to cover any default in obligations covered by the bond, including but not limited to, rentals, royalties, and appropriate reclamation of lands associated with development of oil and gas in any lease(s) to which the bond applies.

Such drawing shall be accompanied by a statement signed by the AO to the effect that the obligor has been determined to be in default and the amount drawn represents the reasonable amount, as determined by BLM, of such default.

It shall not be required for the AO, in order to draw on this LOC to furnish the original letter; however, it is understood, as a condition of any payment thereunder that the face amount of the letter shall automatically be reduced by any payment made by the bank and that the AO will promptly surrender the original letter when and if the bank shall tender to the AO the full amount of funds represented by this letter; such surrender to occur as soon as reasonably practical after full payment is made. The original letter shall also be surrendered promptly following its expiration provided that no drawing on such letter was made prior to such expiration.

We assure that the amount of credit herein established will not be reduced for any reason during the effectiveness of this letter without the prior written approval of the AO.

In the event that we, the bank, become unable to fulfill our obligations under this LOC for any reason, notice shall be given immediately to the Obligor and the AO.

We certify that we have received a copy of the personal bond which the obligor will file with the AO and we understand that this LOC may be used, until it expires as a result of notice we give to the AO, for all matters to which the bond applies. We also certify that the deposits of this bank are Federally Insured under (specify the plan, e.g., FDIC or FSLIC). As used above, AO refers to Land Law Examiner, BLM, New Mexico State Office, 301 Dinosaur Trail, Santa Fe, NM 87508.

WITNESS

NAME OF FINANCIAL INSTITUTION

ADDRESS OF WITNESS

BY:

TITLE:

Typed Name and Title of Officer

ATTEST: (SEAL)

The Letter of Credit should bear the Seal of Issuing Bank. If the laws of the State under which the bank is chartered do not require a seal for the bank, there may be substituted therefor the statement that the bank has no seal and is not required to have one by virtue of (Statutory Citation)

If desired, the bank may complete any acknowledgement appropriate for the State in which the Letter is issued; although, acknowledgement is not required.