

IRREVOCABLE LETTER OF CREDIT NO. _____

(1 Well)

TO: LOUISIANA OFFICE OF CONSERVATION
P. O. BOX 94275
BATON ROUGE, LOUISIANA 70804-9275
ATTN: _____

RE: FINANCIAL SECURITY

_____ (Name of well/serial number)

_____ (location, section township and range)

_____ (Parish and state)

Dear Sirs:

We hereby establish our irrevocable Letter of Credit No. _____ in your favor, at the request and for the account of _____ (operator name), as established by Office of Conservation up to the aggregate amount of _____ (dollar amount) available upon presentation by the Louisiana Commissioner of Conservation, of:

1. Your sight draft, bearing reference to this letter of credit No. _____, and
2. Your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to regulations issued in accordance with LSA-R.S. 30:1 et seq."

This letter of credit is effective as of _____ (date) and shall expire on _____ (date), but such expiration date shall be automatically extended for a period of at least one(1) year on _____ (date), and on each successive expiration date, unless at least 120 days before the current expiration date, we notify you and _____ (operator name) 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 both you and _____ (operator name), as shown on the signed return receipts.

The purpose of this letter of credit is to provide financial security for proper plugging and abandonment of the well or wells, associated site restoration and response to emergencies.

This letter of credit is subject to the Uniform Customs and Practice for Documentary Credits by the International Chamber of Commerce Brochure No. 500(1993 revision).

We hereby agree with you and negotiating banks or bankers that drafts drawn under and in compliance with the terms of this credit shall be duly honored on due presentation to the drawee.

Yours truly,

(Name of Bank)

BY: _____

Duly Authorized Signature

(Name of Bank)

BY: _____

Authorized Counter Signature

DATE: _____

FORM: FS-LC
(01-31-2007)

