

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE LETTER OF CREDIT. IF THE INSTRUCTIONS ARE NOT FOLLOWED THE BOND WILL BE REJECTED AND RETURNED TO THE OPERATOR.

INSTRUCTIONS FOR COMPLETING THE
IRREVOCABLE LETTER OF CREDIT BONDING COMMITMENT
FOR SINGLE & BLANKET BONDING

Page 1

- 1.) When completing the "Operator" section of the form, please type or print the complete name of the operator and the operator's complete address, including zip code.
- 2.) Check whether the Letter of Credit is to be for single well bonding or blanket bonding.
- 3.) Insert the Letter of Credit number.
- 4.) Fill in the effective date (must be same date as the effective date on the Irrevocable Letter of Credit).

Page 2

- 1.) Check whether the Letter of Credit is to be for single or blanket bonding (paragraph 7).

Page 3

- 1.) Type or print the complete name of the operator.
- 2.) Complete the next line with the signature of the operator or the person representing the operator.
- 3.) Complete this line with the title of the person representing the operator (must be president or vice-president).
- 4.) Date document signed (must be the same date as the effective date)
- 5.) FEIN
- 6.) **If operator/company is a corporation, corporate seal must be affixed to the left of the signature line. (If operator does not have a corporate seal, a circle can be drawn with the company name written on the inside.**

Page 4 Appendix A

- 1.) Check an option specifying the desired method of payment.
- 2.) Type or print the name of the well operator on the line stating "well operator name".
- 3.) Complete the next line with the signature of the well operator or the person representing the well operator.
- 4.) Type or print the name and title of the person signing above.

INSTRUCTIONS FOR COMPLETING IRREVOCABLE LETTER OF CREDIT
FOR SINGLE & BLANKET BONDING

- Page 1
- 1.) Complete the full name, address and zip code; also FEIN of the issuing bank, on the lines marked "issuing bank".
 - 2.) Complete the full name and address including zip code of the operator, on the lines marked "customer/operator".
 - 3.) Indicate the amount of the bond on the line marked "Amount" (check one).
 - 4.) On the next line fill in the effective date.
 - 5.) Fill in the expiration date of the letter of credit. Keep in mind the date must coincide with the end of a calendar quarter, i.e., March 31, June 30, September 30, or December 31.
 - 6.) Insert the Letter of Credit number. This number must be the same as on page one of the Bonding Commitment.
- Page 2
- 1.) Check applicable amount of bond (same as page 1).
 - 2.) Mark one of the brackets listed on this page to specify the desired method of extending the letter of credit. Please note, that if the second method is chosen, you must fill in blank to specify the desired number of one-year renewals.
- Page 3
- 1.) Please complete the date in which the Letter of Credit was executed.
 - 2.) Type or print the name of the Bank.
 - 3.) A signature of the person representing the bank.
 - 4.) Enter the title of the person representing the bank (**must be President or V-President only**).
 - 5.) Affix a RAISED BANK SEAL in the left hand margin.

THE FOLLOWING LINES MUST BE COMPLETED BY A NOTARY.

- 1.) County of State where acknowledgement taken
- 2.) Name of the person signing for the Bank.
- 3.) Title of the person signing for the Bank.
- 4.) Name of issuing Bank.
- 5.) Enter the date the Letter of Credit was witnessed/acknowledged.
- 6.) Enter the date the notary's commission expires.
- 7.) Notary's signature.
- 8.) Notary's seal.

Page 4 Exhibit I Notice of Extension of the Expiration Date of the Letter of Credit

This form is **not** to be completed when submitting an original Letter of Credit, but **must be attached**.

When Extending a Letter of Credit :

- 1.) **Insert Letter of Credit Number. This must be the same as on the original LC; if different number is being used explanation must be attached and signed.**
- 2.) **Insert API (if for single well).**
- 3.) **Insert expiration date.**
- 4.) **Affix Bank Seal**
- 5.) **Name of Bank**
- 6.) **Bank's FEIN**
- 7.) **Signature and Title (must be President or Vice-President only). Copies are not accepted.**
- 8.) **Name and Address of Operator must be placed in bottom right hand corner.**

Page 5 Exhibit 2 Sight Draft

This form is **not** to be completed when submitting an original letter of credit, but **must be attached**.

If you should have any questions when completing this letter of credit you may call Cindy Smith at (304)558-6076.