

Letter of Credit – Attachment A

Letter of Credit No.: _____
Issue Date: _____
Issuing Bank: _____
 Name: _____
 Address: _____
 Phone: _____
 Email: _____

Beneficiary: State of Utah
Utah Division of Oil, Gas and Mining (OGM)
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801

RE: Name of Mine Operator: _____
Mine Name: _____
OGM Issued Permit #: _____

Dear Sir or Madam:

1. _____ [Name of Bank or Bank], ("Bank"), of _____ [city/state], hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed \$ _____ [reclamation cost estimate] in United States dollars ("Face Amount") effective immediately; on behalf of _____ ("Operator") for _____ mining operation under OGM Issued Permit # _____.
2. This letter of credit will expire the date upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Mountain time) on _____ (date) or (b) the date upon which sufficient documents are executed by the Division to release _____ ["Operator"] from further liability for reclamation of the _____ [mine name], OGM Issued Permit # _____, with notice to Bank by the Division accompanied by the original Letter of Credit with directions for termination.
3. This Letter of Credit issued on _____ [date of issuance] will be automatically extended for successive periods of one year from the current or any future issuance date unless 90 days prior to the issuance date of the following year, the Bank sends notice to the Division by any courier service or by registered United States mail 'return receipt requested' that the Bank elects NOT to extend the Letter of Credit.
4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. _____ delivered to the office of the Bank, _____ [address]. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.
5. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph 4 above on or before the termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify. "Business Day" means any day that is not a Saturday, Sunday, or other day on which commercial banks in the State of _____ [State of issuing Bank Charter] are authorized or required by law to close.

6. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements, which could result in suspension or revocation of the Bank's charter or license to do business.
7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.
8. All communications regarding this Letter of Credit will be addressed to the Bank
_____[address and telephone number],
referencing Letter of Credit No. _____.
9. In the event the Bank gives notice to the Division that the expiration date of the Letter of Credit will not be extended, the Division may, until the current expiration date of the Letter of Credit, draw under the Letter of Credit against its sight draft(s) in accordance with the provisions of Paragraph 4.

Sincerely,

Name of Bank

By: _____
Name (typed or printed)

Authorized Signature

Date

Title

EXHIBIT A - SIGHT DRAFT

to

Letter of Credit No.: _____

Date

City, County

Letter of Credit No.

PAY TO THE ORDER OF: **Utah Division of Oil, Gas and Mining,**

DOLLARS

TO:

Bank Name: _____

Address: _____

City, State, Zip: _____

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801

By: _____

Authorized Signature

Date: _____

EXHIBIT B

to

Letter of Credit No.: _____

I, _____ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ _____, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated _____ issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the amount to be drawn is necessary to assure or complete reclamation of the _____ (name of mine) , OGM Issued Permit # _____ in accordance with applicable law.

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801

By: _____
Authorized Signature

Date: _____

Affidavit of Qualification of Bank

On the _____ day of _____, 20____, _____ personally appeared before me, who being by me duly sworn did say that he/she, the said _____ is the _____ of _____ and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said _____ duly acknowledged to me that said company executed the same, and that he/she is duly authorized to execute and deliver the foregoing obligations; and that he/she as such officer, acknowledged said instrument to be the free act and deed of said bank for the uses and purposes of said instrument as set forth therein.

Authorized Bank Officer's Signature

Date

Title

STATE OF _____)
COUNTY OF _____)
§

Subscribed and sworn to before me this _____ day of _____, 20____.

Notary Public
Residing at: _____

My Commission Expires:

_____, 20____.