

**SAMPLE LETTER OF CREDIT BOND
(BANK LETTERHEAD REQUIRED)**

BENEFICIARY:
STATE OF ALABAMA
SURFACE MINING COMMISSION
PO BOX 2390
1811 SECOND AVENUE
JASPER AL 35502-2390

FOR THE ACCOUNT OF:

OUR REFERENCE: _____

EXPIRATION DATE: _____

AMOUNT: U.S. DOLLARS ***** _____

GENTLEMEN:

WE HEREBY OPEN OUR IRREVOCABLE LETTER OF CREDIT NUMBER # _____
IN YOUR FAVOR FOR THE ACCOUNT OF _____ (APPLICANT) FOR ANY
SURFACE COAL MINING AND RECLAMATION OPERATIONS CONDUCTED OR
TO BE CONDUCTED UNDER PERMIT NUMBER P-_____, INCREMENT
NUMBER _____, COVERING _____ ACRES, BY PERMIT APPLICANT,
_____, (APPLICANT), FOR THE SUM OF _____ U.S.
DOLLARS (USD \$ _____) AVAILABLE BY YOUR DRAFT OR DRAFTS ON
US AT SIGHT, ACCOMPANIED BY YOUR NOTICE OF FORFEITURE.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE
AUTOMATICALLY EXTENDED **WITHOUT AMENDMENT** FOR ADDITIONAL
PERIODS OF ONE (1) YEAR FROM THE THEN RELEVANT EXPIRATION DATE
UNLESS MORE THAN NINETY (90) DAYS PRIOR TO THAT RELEVANT
EXPIRATION DATE WE NOTIFY YOU THAT WE ELECT NOT TO EXTEND THIS
LETTER OF CREDIT. IN SUCH EVENT WE WILL HONOR YOUR DRAFT WHEN
PRESENTED WITHOUT YOUR NOTICE OF FORFEITURE.

FOR PURPOSES OF THIS CREDIT, OUR NOTICE NOT TO EXTEND SHALL
MEAN THAT WE SEND OUR NOTIFICATION TO YOU AT THE ABOVE LISTED
ADDRESS BY REGISTERED MAIL (RETURN RECEIPT REQUESTED) DATED
MORE THAN NINETY (90) DAYS PRIOR TO EXPIRATION.

THE EXPIRATION OF THIS LETTER OF CREDIT IS _____, UNLESS
AUTOMATICALLY EXTENDED. ALL DRAFTS DRAWN UNDER THIS CREDIT
SHALL STATE THAT THEY ARE "DRAWN UNDER _____ BANK,
_____, (CITY), _____ (STATE), LETTER OF CREDIT # _____ DATED
_____, FOR _____ (APPLICANT)."

*** CONTINUED ON NEXT PAGE ***

OUR REFERENCE NO.: _____

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WE WILL GIVE PROMPT NOTICE TO THE PERMITTEE AND THE ALABAMA SURFACE MINING COMMISSION OF ANY NOTICE RECEIVED OR ACTION FILED ALLEGING THE INSOLVENCY OR BANKRUPTCY OF THE BANK, OR ALLEGING ANY VIOLATION OF REGULATORY REQUIREMENTS WHICH COULD RESULT IN SUSPENSION OR REVOCATION OF THE BANK'S CHARTER OR LICENSE TO DO BUSINESS. IN THE EVENT WE BECOME UNABLE TO FULFILL THESE OBLIGATIONS UNDER THE LETTER OF CREDIT FOR ANY REASON, NOTICE SHALL BE GIVEN IMMEDIATELY TO THE PERMITTEE AND THE ALABAMA SURFACE MINING COMMISSION.

PARTIAL AND MULTIPLE DRAWINGS ARE PERMITTED.

WE HEREBY ENGAGE WITH YOU THAT DRAFTS DRAWN IN CONFORMITY WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED ON PRESENTATION AT THE MAIN OFFICE OF _____ BANK ON OR BEFORE THE EXPIRATION OF THIS CREDIT.

THIS LETTER OF CREDIT IS SUBJECT TO AND SHALL BE GOVERNED BY THE UNIFORM COMMERCIAL CODE OF THE STATE OF ALABAMA.

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

TITLE

TITLE