

# STATUTORY PAYMENT LETTER OF CREDIT

61 O.S. 1991, Sections 1 and 113 (B)(1)

## State of Oklahoma, Oklahoma Energy Resources Board

3555 N.W. 58<sup>th</sup> Street, Suite 430  
Oklahoma City, Oklahoma 73112

Date: \_\_\_\_\_ 20 \_\_\_\_\_

Irrevocable Letter of Credit Number \_\_\_\_\_

Gentlemen:

We, \_\_\_\_\_ (hereinafter the "Bank") hereby open our irrevocable Letter of Credit in favor of  
(Name of Bank)  
the State of Oklahoma, Oklahoma Energy Resources Board (hereinafter the "Agency") for the account of \_\_\_\_\_  
(Partnership, Individual, Company)  
\_\_\_\_\_ (hereinafter the "Contractor") for the sum or sums not exceeding a total of  
\_\_\_\_\_/Dollars (\$ \_\_\_\_\_)  
available by Agency draft(s) on the Bank at Sight when accompanied by a copy of the Agency's Order of Forfeiture.

It is a condition of this Letter of Credit that it will be automatically extended for additional periods of sixty (60) days from the then relevant expiry date unless thirty (30) days prior to that date, the Bank notifies the Agency that the Bank elects not to extend this Letter of Credit whereupon the Agency may elect either to obtain cash collateral by drawing on a sight draft on the Bank for an amount not to exceed the unused balance of this Letter of Credit, or to let the Letter of Credit expire.

For the purpose of this credit, the Bank notice not to extend shall mean:

(1) that the Bank send notification to the Agency at the above listed address by mail (return receipt requested) dated not less than ninety (90) days prior to expiration; and

(2) that, in the event, prior to fifteen (15) days before the then relevant expiry date, the Bank has not received either the Agency draft or the Agency's written notice that the Agency does not intend to draw a draft on the Bank, the Bank will notify the Agency, in writing, not less than five (5) days prior to the then relevant expiry date. In the event the Bank shall have failed to notify the Agency as described above, this Letter of Credit shall be automatically extended for a period of sixty (60) days; and

(3) that, in the event the Agency draws a draft upon the Bank in response to the Bank not to extend, such draft need not be accompanied by an Order of Forfeiture.

Draft must be negotiated not later than \_\_\_\_\_ . All drafts drawn under this credit shall state that  
(1 year after acceptance of completed project)

they are "drawn under Letter of Credit No. \_\_\_\_\_ issued by \_\_\_\_\_ dated \_\_\_\_\_."  
(Name of Bank)

The purpose of this Letter of Credit is to fill the requirement of 61 O.S. 1991, Sections 1 and 113 (B)(1) by insuring that all indebtedness incurred by the Contractor his subcontractors and all materialmen for such labor, material, and repair of and parts for equipment as are used and consumed in the performance of OERB Project No. \_\_\_\_\_ have been paid. An Order of Forfeiture shall be issued by the Agency when any person so entitled furnishes the Agency Journal Entry of Judgement or other Final Order as contemplated in 61 O.S. 1991, Section 2. The Agency acknowledges that this Letter of Credit is issued as one of three Letters of Credit for this Project, the others being Letters of Credit Nos. \_\_\_\_\_ and \_\_\_\_\_, and that the total of any draft submitted to the Bank for this Project for all three Letters of Credit will not exceed the amount shown above.

Signature: President / Vice President

Bank Name

Date

Attest (Seal)

Secretary / Cashier

ACKNOWLEDGEMENT (Corporation): The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

by \_\_\_\_\_ (Vice) President of \_\_\_\_\_  
corporation, on behalf of the corporation.

Notary Public \_\_\_\_\_ My commission expires \_\_\_\_\_

Please submit four (4) original copies of this document to the Agency.