

DRAFT

IRREVOCABLE LETTER OF CREDIT

Irrevocable Letter of Credit Number _____

Amount: _____

Expiration Date: _____ *As set out below*

CA Mine Name/ID #: _____

Beneficiary(ies): (1) ~~Lead Agency~~ _____
(LEAD AGENCY)

Address: _____

(2) California Department of Conservation,
Office Division of Mine Reclamation
801 K Street, MS 09-06
Sacramento, California 95814-3529

~~This will serve as notice and agreement that (Name of Bank), a Financial Institution subject to regulation by the State of (Regulating State), and duly authorized to do business in the State of California, has on deposit the necessary amount of \$ _____ (United States Dollars) pledging and guaranteeing these funds to the (Lead Agency) and the Department of Conservation to meet the obligations of (Applicant) to establish and perform a reclamation plan and mitigation measures pursuant to Mining/Reclamation Plan Number _____ approved by (Lead Agency) on (Approval Date).~~

The amount of \$ _____ will be ~~distributed~~paid to the Beneficiary(ies) upon the authorization and direction of a duly authorized representative of the ~~(Lead Agency)~~ _____ ~~or~~and the Department of Conservation, Division of
(LEAD AGENCY)

Mine Reclamation ~~which~~when accompanied by the documents hereafter described and subject to the following conditions.

(1) The ~~(Lead Agency)~~ _____ may draw
(LEAD AGENCY)
hereunder by means of its draft(s), accompanied by this original Letter of Credit, a statement authorizing the release to the _____
(LEAD AGENCY)

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signed by a duly authorized representative of the Department of Conservation, Division of Mine Reclamation, and the following signed and dated statement, appropriately completed:

The amount of our accompanying draft \$ _____ represents a sum due to the ~~Lead Agency~~ _____ pursuant to _____ (LEAD AGENCY) Public Resources Code Section 2773.1(b). The ~~Lead Agency~~ _____ (LEAD AGENCY) has determined, following a public hearing, that ~~Applicant~~ _____ (APPLICANT) is financially incapable of performing reclamation in accordance with its approved reclamation plan, or has abandoned its surface mining operation without commencing reclamation, and ~~Applicant~~ _____ (APPLICANT) has been provided with notice and opportunity to cure (which cure period has expired), all in accordance with the provisions of Public Resources Code Section 2773.1(b). The individual signing below certifies that the foregoing statements are true and correct and that the signatory is authorized to sign and deliver this statement on behalf of ~~Lead Agency~~ _____ (APPLICANT), and that a copy of this statement has been forwarded by certified mail or courier service to the Department of Conservation, Division of Mine Reclamation.

~~Lead Agency~~ _____ (LEAD AGENCY)

By: _____

Name: _____

Title: _____

(2) The Department of Conservation, Division of Mine Reclamation may draw hereunder by means of its draft(s), accompanied by a statement signed by a duly authorized representative of the _____ (LEAD AGENCY)

authorizing the release to the Department of Conservation, Division of Mine Reclamation and the following signed and dated statement, appropriately completed (the original Letter of Credit need not accompany the draft(s)):

The amount of our accompanying draft \$ _____ is due to the Department of Conservation, Division of Mine Reclamation pursuant to Public Resources Code Section 2773.1(b). The ~~State Mining and Geology Board, or the Lead Agency~~ _____ (LEAD AGENCY) has

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determined, following a public hearing, that _____ ~~(A~~
~~pplicant)~~ (APPLICANT) is financially incapable of performing reclamation in accordance with its approved reclamation plan, or has abandoned its surface mining operation without commencing reclamation, and notice and opportunity to cure have been given (with the cure period having expired), all in accordance with Public Resources Code Section 2773.1(b) and (d). The individual signing below certifies that the foregoing statements are true and correct and that the signatory is authorized to sign and deliver this statement on behalf of the Department of Conservation, Division of Mine Reclamation and that a copy of this statement has been forwarded by certified mail or courier service to the ~~(Lead Agency)~~
(LEAD AGENCY).

California ~~State~~ Department of Conservation,
Division of Mine Reclamation
By: _____
Name: _____
Title: _____

In no event shall the aggregate amount drawn hereunder by either or both of the Beneficiaries exceed the amount of this Letter of Credit first set forth above.

This Letter of Credit shall be in full force and effect until the earliest of the following events:
1) receipt of a written statement by a duly authorized representative of both the ~~(Lead Agency)~~ (LEAD AGENCY) and the Department of Conservation, Division of Mine Reclamation that all of the obligations secured hereby have been performed or 2) until disbursement of ~~all funds pledged and guaranteed hereunder~~ the full amount of this Letter of Credit pursuant to the preceding paragraphs or 3) until the Expiration Date hereunder.

The Letter of Credit shall expire on ~~(Expiration Date)~~ _____ at the
counters of ~~(Financial Institution and Address)~~ _____, or any extended
date as hereinafter provided. It is a condition of this Letter of Credit that it shall be
automatically extended upon the Expiration Date or extended Expiration Date for
additional periods, each of one year, unless at least one hundred twenty (120) days prior to
the then relevant expiration date ~~(Financial Institution)~~ _____
has advised the ~~(Lead Agency)~~ _____ and the
Department of Conservation, Division of Mine Reclamation by registered or certified mail
that ~~the (Financial Institution)~~ _____ elects not to
extend. In that event, the ~~(Lead Agency)~~ _____ and ~~for~~
(LEAD AGENCY)

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the Department of Conservation, Division of Mine Reclamation may draw hereunder on or prior to the then relevant expiration date, up to the full amount available hereunder, against the sight draft(s) on ~~(Financial Institution)~~ _____,

(FINANCIAL INSTITUTION)

bearing the number of this Letter of Credit.

The amount of this Letter of Credit may be reduced in accordance to conditions set forth in the ~~above referenced Mining/Reclamation Plan~~ Number _____, provided that any such reduction shall be made only with the written approval of a duly authorized representative of both the ~~(Lead Agency)~~ _____ and/or the

(LEAD AGENCY)

Department of Conservation, Division of Mine Reclamation. _____

(FINANCIAL INSTITUTION)

~~shall not be required to determine the satisfaction of conditions set forth in the Reclamation Plan.~~

This agreement shall be governed by and construed in accordance with the laws of the State of California. This credit shall be subject to the Uniform Customs and Practice for Documentary Credits (~~1993~~2007 Revision), International Chamber of Commerce Publication Number ~~500600~~ notwithstanding Article ~~1936~~ of said publication. If this Letter of Credit expires during an interruption of business as described in Article ~~1936~~, ~~(Financial Institution)~~ _____ is hereby specifically authorized and

(FINANCIAL INSTITUTION)

agree to effect payment if the letter is drawn within thirty (30) days after the resumption of business.

This shall constitute an irrevocable commitment of funds which shall not be subject to recall by ~~(Financial Institution)~~ _____ before the Expiration

(FINANCIAL INSTITUTION)

Date hereunder.

~~(Financial Institution)~~ _____

(FINANCIAL INSTITUTION)

By: _____

Name: _____

Title: _____

[SEAL]