

[BANK LETTERHEAD]

Date:

Irrevocable Letter of Credit

Amount: \$

Permit No.:

Permittee:

Illinois Department of Natural Resources
Office of Mines and Minerals
Land Reclamation Division
One Natural Resources Way
Springfield, Illinois 62702-1271

1. The _____ (Issuing Bank) hereby issues this Irrevocable Letter of Credit (Letter of Credit) to the Illinois Department of Natural Resources (Department), Office of Mines and Minerals for _____ (Permittee) Permit No. _____. This Letter of Credit is irrevocable prior to total release by the Director of the Department, or his or her designee.

2. The Issuing Bank is [an Illinois Bank Corporation operating under Illinois Banking Charter No. _____] (or) [a National Banking Association operating under Charter No. _____ issued by the U.S. Comptroller of the Currency] and conducts its business at the address shown above in the State of Illinois.

3. This Letter of Credit authorizes the Department to draw on the Issuing Bank, up to the amount of \$ _____, by sight draft presented for payment to the Issuing Bank. The sight draft shall include a signed statement from the Department that the Permittee failed to submit acceptable replacement bond, pursuant to 62 Ill. Adm. Code 1800.30, or that the Permittee's acts or failures to act warrant forfeiture of this Letter of Credit, pursuant to 62 Ill. Adm. Code 1800.50(a), as authorized by the Surface Coal Mining Land Conservation and Reclamation Act, 225 ILCS 720/1.01, et seq., as amended. Partial releases and drawings are permitted under this Letter of Credit.

4. The Issuing Bank warrants and covenants that the total amount of all Letters of Credit (including the present Letter of Credit) issued by the Issuing Bank and submitted to the Department does not exceed ten percent (10%) of the Issuing Bank's total capital and surplus accounts, as certified by the President of the Issuing Bank and as evidenced by the most recent quarterly Call Report provided to the Federal Deposit Insurance Corporation.

5. The Issuing Bank authorizes the Department, its lawful assigns, or the attorneys for the Department or its assigns, to sue, to waive notice and process, to appear on behalf of, and to confess judgment against the Issuing Bank (and any confirming bank in the State of Illinois) in the event that this Letter of Credit is dishonored. This Letter of Credit shall be deemed to be made in Sangamon County, Illinois, for purposes of enforcement and any actions thereon shall be enforceable in the Courts of Illinois and shall be construed under Illinois law.

6. The Issuing Bank shall give prompt notice to the Permittee and to the Department of any notice received or action filed alleging the insolvency or bankruptcy of the Issuing Bank or the Permittee, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Issuing Bank's charter or license to do business. Such notice shall not, in any way, relieve the Issuing Bank of its obligations under this Letter of Credit.

7. In the event the Issuing Bank becomes unable to fulfill its obligations under this Letter of Credit for any reason, notice shall be given immediately to the Permittee and the Department. Such notice shall not, in any way, relieve the Issuing Bank of its obligations under this Letter of Credit.

8. Upon the incapacity of the Issuing Bank by reason of bankruptcy, insolvency, suspension or revocation of its charter or license, the Permittee shall be deemed to be without bond coverage in violation of 62 Ill. Adm. Code 1800.11.

9. This Letter of Credit is a binding obligation on the Issuing Bank, independent of the acts and omissions by the Permittee, payable to the Department upon demand, in part or in full, upon receipt from the Department of a notice of forfeiture issued in accordance with 62 Ill. Adm. Code 1800.50. Subject to the provisions of 62 Ill. Adm. Code 1800.50, the Department and/or the State of Illinois shall not, in any way, be obligated to the Issuing Bank, its agents or the Permittee for repayment of all or any portion thereof.

10. The term of this Letter of Credit is effective for the duration of one of the following terms (please select one of the following):

_____ a. The initial term of this Letter of Credit shall be for one (1) year and shall thereafter renew automatically, without written amendment, for additional, successive terms of one (1) year each, unless and until the Issuing Bank provides the Department with written notice, at least ninety (90) days prior to the annual expiration date, that it does not wish to extend the Letter of Credit for an additional one (1) year term. The Department shall forfeit and draw upon this Letter of Credit if it is not extended for an additional term and is not replaced by other suitable bond or letter of credit at least thirty (30) days before its annual renewal. Liability of the Issuing Bank under this Letter of Credit commences upon execution of this Letter of Credit and shall continue until it is released.

_____ b. Liability of the Issuing Bank under this Letter of Credit commences upon execution of this Letter of Credit and shall continue until all reclamation, restoration and abatement work required for Permit No. ____, required of persons who conduct mining

under the requirements of the Illinois Surface Coal Mining Land Conservation and Reclamation Act, 225 ILCS 720/1.01, et seq., as amended, the Department's regulations, and the provisions of Permit No. _____, has been completed and the permit terminated by release of the Permittee from any further liability, in accordance with 62 Ill. Adm. Code 1800.40.

11. If a term option under Paragraph 10 of this Letter of Credit is not selected, the provisions of Paragraph 10(b) shall apply.

[NAME OF ISSUING BANK]

RSSD ID. No. _____

[AUTHORIZED AGENT OF ISSUING BANK]

Name/Title