

BANK LETTERHEAD

IRREVOCABLE STANDBY LETTER OF CREDIT

A letter of credit must be worded as follows, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted. The letter of credit should be submitted on bank letterhead.

Director
Division of Water Resources
Tennessee Department of Environment and Conservation

Dear Sir or Madam:

We hereby establish our Irrevocable Standby Letter of Credit No. ___ in your favor, at the request and for the account of [owner's or operator's name and address] up to the aggregate amount of [in words] U.S. dollars \$___, available upon presentation of

- (1) your sight draft, bearing reference to this letter of credit No. ___, and
- (2) your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to regulations issued under authority of the Tennessee Mineral Surface Mining Law of 1972, T.C.A. 59-8-201 et. seq. The specific citation for bonds is found under T.C.A. 59-8-207."

This letter of credit is effective as of [date] and shall expire on [date at least 1 year later], but such expiration date shall be automatically extended for a period of [at least 1 year] on [date] and on each successive expiration date, unless, at least 120 days before the current expiration date, we notify both you and [owner's or operator's name] by certified mail that we have decided not to extend this letter of credit beyond the current expiration date. In the event you are so notified, any unused portion of the credit shall be available upon presentation of your sight draft for 120 days after the date of receipt by both you and [owner's or operator's name], as shown on the signed return receipts.

Whenever this letter of credit is drawn on under and in compliance with the terms of this credit, we shall duly honor such draft upon presentation to us, and we shall pay the amount of the draft in accordance with the instructions of the Commissioner of the Tennessee Department of Environment and Conservation or his/her designee.

We certify that the wording of this letter of credit is identical to the wording provided by the Department.

[Signature(s), and title(s) of official(s) of issuing institution] [Date]

This credit is subject to [insert **either** "the most recent edition of the Uniform Customs and Practice for Documentary Credits, published and copyrighted by the international Chamber of Commerce." **or** "the Uniform Commercial Code"].

NOTE TO ISSUING BANK: The letter of credit should be issued under only one of the two sets of guidelines listed above (UCC/UCP). A letter of credit that meets the requirements of the department will read:

1. This credit is subject to the most recent edition of the Uniform Customs and Practices for Documentary Credits, published and copyrighted by the International Chamber of Commerce.

OR

2. This credit is subject to the Uniform Commercial Code.

The bank should consult its legal counsel as to which set of guidelines is applicable.

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