

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division

Irrevocable Letter of Credit  
(5-Year – Automatically Renewable)

File with Oil Conservation Division, 1220 South St. Francis, Santa Fe, New Mexico 87505

LETTER OF CREDIT NO. 180

Effective Date: May 11, 2006

South Central Bank of Barren County, Inc. a national or state chartered banking association, as ISSUER, hereby establishes this irrevocable Letter of Credit for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) of the State of New Mexico (the DIVISION), pursuant to NMSA 1978 Section 70-2-14, as amended, for an aggregate amount not to exceed Seven thousand thirty-eight and no/100 Dollars (\$7,038.00) in United States dollars (Face Amount) effective immediately. This Letter of Credit is established for C & D Management DBA Freedom Ventures [Name of Operator], whose address is 513 Don Lyle Road, Edmonton, KY 42129 as APPLICANT.

1. The APPLICANT has or may enter into oil and gas leases, carbon dioxide gas leases, helium gas leases or brine mineral leases with the State of New Mexico and/or has commenced or may commence the drilling of a well or wells to prospect for and produce oil and gas, carbon dioxide gas, helium gas, or brine minerals on lands in the State of New Mexico, or does own or operate or may acquire, own or operate such a well or wells.

2. This Letter of Credit is irrevocable for the term hereof, and is furnished as financial assurance for the compliance by the APPLICANT with all applicable statutes of the State of New Mexico and with all rules and orders of the Oil Conservation Commission and DIVISION, including requirements to cause wells in the State of New Mexico now or hereafter owned or operated by Applicant to be properly plugged and abandoned, if dry, or when no longer productive or useful for a beneficial purpose, in accordance with the rules and orders of the Division, including but not limited to Rule 101 [19.15.3.101 NMAC] and Rule 202 [19.15.4.202 NMAC], as the same now exist or may be hereafter amended.

3. This Letter of Credit will expire on May 11, 2011, unless sooner released by written notice to the ISSUER by the DIVISION. Upon the expiration date, this Letter of Credit shall be automatically renewed for an additional term of five years commencing on such expiration date, and likewise for successive terms of five years each upon the occurrence of each subsequent scheduled expiration date, unless the ISSUER has, at least thirty days prior to any scheduled expiration date, mailed written notice of non-renewal, by certified mail, return receipt requested, to the DIVISION. This Letter of Credit may be forfeited and collected by the DIVISION if not replaced by approved financial assurance at least 30 days before the expiration date hereof.

4. Funds under this Letter of Credit are available against the DIVISION's sight draft, in the form of Exhibit A, specifying Letter of Credit No.180, delivered to the office of the ISSUER at 208 South Broadway, Glasgow, KY 42141, accompanied by a certificate in the form of Exhibit B, signed by the Director of the DIVISION or her duly authorized representative. At the Division's sole election, the DIVISION may present sight drafts for less than the Face Amount at any time and from time to time so long as this letter of credit remains in force, provided that the aggregate amount of all such drafts shall not exceed the Face Amount.

5. If the ISSUER receives the DIVISION's sight draft(s) and certificate(s) as provided in Paragraph 4. above, on or before the expiration or termination of this Letter of Credit, the ISSUER shall make such amount as the DIVISION may specify, up to an aggregate amount not to exceed the Face Amount of this Letter of Credit, available to the DIVISION no later than 5 p.m. in Santa Fe, NM on the second business day following the ISSUER's receipt of the sight draft and certificate, and in such a manner as the DIVISION may specify.

*Case 14055 De Novo*  
**C&D Management Company**  
**dba Freedom Ventures Company**  
**OCD Exhibit No. 1-B**

Glasgow, KY  
270.651.7466

Park City, KY  
270.749.5101

Cave City, KY  
270.773.4466

Edmonton, KY  
270.432.2007

6. The ISSUER will give prompt notice to the APPLICANT and to the DIVISION of any notice received or action filed alleging the insolvency or bankruptcy of the ISSUER, or alleging any violations of regulatory requirements that could result in suspension or revocation of the ISSUER's charter or license to do business.

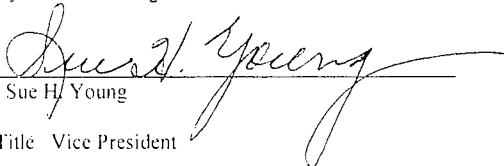
7. This Letter of Credit shall be governed by the laws of the State of New Mexico, and, to the extent not inconsistent with such laws, by International Chamber of Commerce Publication No. 500, entitled "Uniform Customs and Practice for Documentary Credits" (most recent revision)."

8. All communications regarding this Letter of Credit shall be addressed to the ISSUER at 208 South Broadway, P.O. Box 667, Glasgow, KY 42142-0667[address], referencing Letter of Credit No.180.

Very truly yours,

South Central Bank of Barren Co., Inc  
ISSUER

By: Sue H. Young

  
Sue H. Young

Title Vice President

Effective Date May 11, 2006

State of KENTUCKY  
County of BARREN

This instrument was acknowledged before me on May 11, 2006 by Sue H. Young,  
Vice President of South Central Bank of Barren Co., Inc. ISSUER).

  
Notary Public

My Commission Expires:  
September 28, 2007

**NOTICE:** The attached exhibits must be initialed by the party signing this letter of credit for the Financial Institution. If this letter of credit is executed by an officer other than the President, a Vice President, or a branch manager, it must be accompanied by a certified resolution of the Board of Directors of the Financial Institution, certifying to the authority of the signing officer to execute letters of credit in at least the Face Amount.

**EXHIBIT A - SIGHT DRAFT**

to  
Letter of Credit No: 180

\_\_\_\_\_  
Date

PAY TO THE ORDER OF: New Mexico Oil Conservation Division

(\$ \_\_\_\_\_) \_\_\_\_\_ DOLLARS


TO: (Name of ISSUER)  
and  
(Address)

New Mexico Energy Minerals and Natural  
Resources Department  
Oil Conservation Division  
1220 South St. Francis  
Santa Fe, New Mexico 87505

By: \_\_\_\_\_  
Director

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

Initials of Representative of  
Financial Institution



**EXHIBIT B**  
to  
Letter of Credit No. 180

I, \_\_\_\_\_, a duly authorized representative of the New Mexico Oil Conservation Division, hereby certify that: (1) the drawing in the amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), by sight draft accompanying this certificate, under Letter of Credit No. \_\_\_\_\_ dated \_\_\_\_\_ issued by you, is duly authorized in accordance with the New Mexico Oil and Gas Act (NMSA 1978, Sections 70-2-1 through 70-2-38, as amended) and applicable rules of the New Mexico Oil Conservation Division; (2) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount of the Letter of Credit; and (3) the New Mexico Oil Conservation Division has directed the forfeiture of the Letter of Credit.

New Mexico Oil Conservation Division

By: \_\_\_\_\_

Director

Date \_\_\_\_\_

Initials of Representative of  
Financial Institution

