



ROYAL BANK OF CANADA

RECEIVED

MAR - 2 1998

NEBRASKA DEPT OF
ENVIRONMENTAL QUALITY

February 25, 1998

U.S.A. Headquarters
Financial Square
New York, New York 10005-3531

Tel.: (212) 428-6200

Irrevocable Standby Letter of Credit No.: [REDACTED]

Expiry Date: March 27, 1999

Place of expiry: At our counters

Amount: USD8,950,827.00 (United States Dollars Eight Million Nine Hundred Fifty Thousand Eight Hundred Twenty Seven and 00/100)

Beneficiary:

State of Nebraska
Nebraska Department of Environmental Quality
P.O. Box 98222
Lincoln, Nebraska
Attn: Randolph Wood

Applicant:

Crow Butte Resources, Inc.
810-216 16th Street Mall
Denver, Colorado 80202

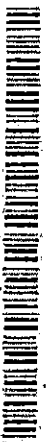
Gentlemen:

On behalf of Crow Butte Resources, Inc., we, Royal Bank of Canada, (the "Bank") hereby establish in your favor our Irrevocable Standby Letter of Credit No. [REDACTED] (this "Credit") up to an aggregate amount of USD8,950,827.00 (United States Dollars Eight Million Nine Hundred Fifty Thousand Eight Hundred Twenty Seven and 00/100).

This Credit is available to you against presentation of your sight draft(s) drawn on us marked "Drawn under Royal Bank of Canada, New York Branch Irrevocable Standby Letter of Credit No. [REDACTED]", and accompanied by:

1. Notice of forfeiture signed by Nebraska Department of Environmental Quality, stating the amount to be forfeited.
2. Certificated signed by Nebraska Department of Environmental Quality, stating:

"We are drawing USD [REDACTED] against Royal Bank of Canada, New York Branch Irrevocable Standby Letter of Credit No. [REDACTED] as Crow Butte Resources, Inc. has not properly closed, plugged and abandoned the underground injection well(s) and/or mineral production well(s), and has not properly disassembled, decontaminated, and restored the aquifer and site, including any post-operational monitoring, in accordance with its permit and as required by the Nebraska Environmental Protection Act and the rules and regulations of Nebraska Department of Environmental Quality."



2001001623

Irrevocable Letter of Credit No. [REDACTED]

February 25, 1998

Page -2 -

3. This original Letter of Credit for endorsement;

This Credit is not available for drawing until March 28, 1998, and will expire at our office at One Liberty Plaza, 4th Floor, New York, N.Y. 10006-1404 at 5:00 P.M. New York time on March 27, 1999, unless extended as hereinafter provided.

It is a condition of this Credit it shall be deemed to be automatically extended without amendment, for additional periods of one year from the expiration date hereof, or any future expiration date, unless not less than one hundred and twenty (120) days prior to any such expiration date, we notify both Nebraska Department of Environmental Quality and Crow Butte Resources, Inc., in writing that we elect not to renew this Credit for any such additional period.

Upon receipt by you of such notice, you may draw hereunder by means of your sight draft accompanied by this original Letter of Credit and your signed statement stating:

"We hereby certify that Crow Butte Resources, Inc. has not provided Nebraska Department of Environmental Quality with a satisfactory replacement letter of credit thirty (30) days prior to the expiration date of Royal Bank of Canada, New York Branch Irrevocable Standby Letter of Credit No. [REDACTED]"

We are informed by our customer that this Credit is issued in accordance with regulations issued under the authority of the U.S. Nuclear Regulatory Commission ("NRC"), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. The NRC has promulgated regulations in Title 10, Chapter 1 of the Code of Federal Regulations, Part 40 which require that a holder of or an applicant for a license issued under 10 CFR Part 40 provide assurance that funds will be available when needed for decommissioning.

We shall promptly notify you of any notices received or action filed alleging our insolvency or bankruptcy, or alleging any violations or regulatory requirements which could result in suspension or revocation of our charter or license to do business. We will further immediately notify you of our inability to fulfill our obligation under this Credit for any reason.

We hereby undertake that draft(s) drawn and documents presented under and in compliance with the terms of this Credit will be duly honored upon presentation to us on or before the expiry date.

Irrevocable Letter of Credit No. [REDACTED]

February 25, 1998

Page -3 -

This Letter of Credit is subject to the 1993 Revision of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce - Publication No. 500.

Very truly yours,

ROYAL BANK OF CANADA
NEW YORK BRANCH


Authorized Signature

P. L. Liburd


Authorized Signature