

number of gallons that the dealer is committed to deliver pursuant to all prepaid contracts entered into by the dealer;

B. Surety Bond. A surety bond in an amount not less than 50 percent of the total amount of funds paid to the dealer by consumers pursuant to prepaid heating oil, kerosene, liquefied petroleum gas contracts; or

C. Line of credit, letter of credit, cash. A line of credit from an FDIC- insured institution, letter of credit from an FDIC- insured institution, cash in an FDIC-insured account or a functionally equivalent account, or a combination thereof in an amount that represents 100 percent of the cost to the dealer of the maximum number of gallons that the dealer is committed to deliver pursuant to all prepaid contracts entered into by the dealer. The cost shall be calculated at the time the contracts are entered into.”

5. ALLEN BROTHERS OIL failed to obtain any futures contracts, surety bond or line of credit, letter of credit or cash as required by 9 V.S.A. § 2461(e) within seven days of acceptance of the pre-buy contracts with consumer for the 2007-2008 heating season.

6. ALLEN BROTHERS OIL is therefore in violation of Vermont law 9 V.S.A. § 2461(e).

THEREFORE, the parties agree:

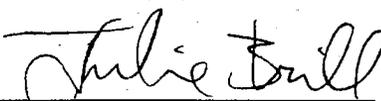
7. ALLEN BROTHERS OIL shall put into place procedures and systems to ensure that it fulfills its obligations under 9 V.S.A. § 2461(e) on or before the statutory deadline for all future prepaid contracts.

8. If ALLEN BROTHERS OIL fails to fulfill its obligations under 9 V.S.A. § 2461(e) by the statutory deadline in connection with any future prepaid contracts, it shall pay liquidated penalties to the State of Vermont in the amount of Ten Thousand (\$10,000) Dollars.

Date: 8/19, 2008

STATE OF VERMONT

WILLIAM H. SORRELL
ATTORNEY GENERAL

By: 
Julie Brill
Assistant Attorney General

Date: 8/26/08, 2008

ALLEN BROTHERS OIL
By: 
Timothy Allen
President, Allen Brothers Oil