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Commonwealth of Kentucky

OFFICE OF
SECRETARY OF STATE

FRANCES JONES MILLS
Secretary

FRANKFORT,
KENTUCKY

237720

FOREIGN LIMITED PARTNERSHIP
APPLICATION FOR CERTIFICATE OF AUTHORITY

Pursuant to the provisions of Kentucky Revised Statutes Chapter 362, the TransCapital Energy Program 81-A, Ltd.,
a foreign limited partnership organized under the laws of the state of Texas,
the home office address of which is Nine Greenway Plaza, Suite 2006, Houston, Texas 77046,
hereby applies for a Certificate of Authority to transact business in the Commonwealth of Kentucky and submits the following therefor:

(1) A certified copy of its articles of partnership and all existing amendments thereto; and

(2) (a) Designates as its process agent C T Corporation Systems, Inc.
whose address is Kentucky Home Life Building, Louisville, Kentucky 40202

(b) Designates the same address for its registered office.

Dated 12/14/81.

ORIGINAL COPY
FILED
SECRETARY OF STATE OF KENTUCKY
FRANKFORT, KENTUCKY
JAN 7 1982
LK35
SECRETARY OF STATE

TransCapital Energy Program 81-A, Ltd.

Signed Robert W. Wright, President of TransCapital Energy Corporation, the General Partner

INSTRUCTIONS

1. $35.00 filing fee must accompany the application. Make check payable to Kentucky State Treasurer.
2. Mail filing fee and application with articles of partnership to Secretary of State, Capitol Building, Frankfort, Kentucky 40601.
3. Articles of partnership must be certified by office where articles are filed for record.

The State of Texas

SECRETARY OF STATE

The undersigned, as Secretary of State of the State of Texas, HEREBY CERTIFIES that the attached is a true and correct copy of the following described instruments on file in this office:

TRANSCAPITAL ENERGY PROGRAM 81-A, LTD.

CERTIFICATE OF LIMITED PARTNERSHIP — SEPTEMBER 21, 1981

SECRETARY OF STATE
RECEIVED
NOV 30 1981
COMMONWEALTH OF KENTUCKY

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, this

5 *day of* November *A. D. 19* 81

Secretary of State

ejk

FILED
In the Office of the
Secretary of State of Texas

SEP 21 1981

CLERK II
Corporation Division

CERTIFICATE

OF

LIMITED PARTNERSHIP

OF

TRANSCAPITAL ENERGY PROGRAM 81-A, LTD.

THE LIMITED PARTNERSHIP INTERESTS REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND WERE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE. THESE INTERESTS MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED AT ANY TIME EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS CONTAINED IN THE LIMITED PARTNERSHIP AGREEMENT AND PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAW OR IN THE EVENT THE GENERAL PARTNER HAS RECEIVED AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO IT THAT SUCH TRANSFER DOES NOT REQUIRE REGISTRATION UNDER ANY APPLICABLE SECURITIES LAWS.

FOR CALIFORNIA RESIDENTS ONLY:

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN OR TO RECEIVE ANY CONSIDERATION THEREFOR WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

FOR PENNSYLVANIA RESIDENTS ONLY:

THE LIMITED PARTNERSHIP INTERESTS REPRESENTED HEREBY MAY NOT BE SOLD FOR A PERIOD OF 12 MONTHS FROM THE DATE OF PURCHASE UNLESS REGISTERED UNDER THE PENNSYLVANIA SECURITIES ACT OF 1972, AS AMENDED, OR THE SECURITIES ACT OF 1933.

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LIMITED PARTNERSHIP AGREEMENT

OF

TRANSCAPITAL ENERGY PROGRAM 81-A, LTD.

THIS LIMITED PARTNERSHIP AGREEMENT ("Agreement"), made and entered into by and between (i) TRANSCAPITAL ENERGY CORPORATION ("General Partner"), a Virginia corporation whose address is Nine Greenway Plaza, Suite 2006, Houston, Texas 77046,(ii) the person, if any, whose name and address is set forth on the Special Limited Partner signature page attached hereto ("Special Limited Partner") and (iii) those persons whose names and residence addresses are set forth on the signature pages attached hereto or who shall hereafter execute a counterpart hereof (hereinafter jointly referred to as "Limited Partners" and severally referred to as "Limited Partner"), the General Partner, the Special Limited Partner and the Limited Partners being hereinafter collectively referred to as the "Partners," and the Special Limited Partner and the Limited Partners being referred to as the "Limited Partners" unless the context requires otherwise,

WITNESSETH:

In consideration of the mutual terms, covenants and conditions herein contained, the Partners hereby agree as follows:

ARTICLE I.

Organization

1.1 Formation of the Partnership. The Partners do hereby form, and confirm the formation of, a limited partnership ("Partnership") pursuant to the Texas Uniform Limited Partnership Act, Article 6132a of the Revised Civil Statutes of the State of Texas ("Act"). The rights and liabilities of the Partners shall, except as may be expressly provided otherwise herein, be as provided for in the Act.

1.2 Name. The Partnership shall be conducted under the firm name and style of TRANSCAPITAL ENERGY PROGRAM 81-A, LTD., or such other name or names as the General Partner may determine from time to time.

1.3 Term. The term of the Partnership shall commence on the effective date hereof, which shall be the date upon which the General Partner executes this Agreement and operations of the Partnership may commence on the date upon which a certificate of limited partnership (or, at the option of the General Partner, this Agreement) is filed in the Office of the Secretary of State of Texas by the General Partner, and the term of the Partnership shall continue until the Partnership is dissolved pursuant to this Agreement or the Act.

1.4 Principal Office. The principal office of the Partnership shall be at Nine Greenway Plaza, Suite 2006, Houston, Texas 77046, or, upon written notice to the Limited Partners, such other location within or without the State of Texas as the General Partner may determine from time to time.

ARTICLE II.

Purposes and General Powers

2.1 Purposes. The purposes for which the Partnership is organized are and the sole business of the Partnership shall be, to acquire Leases and other interests in oil and gas and other mineral properties and to explore and drill for oil and gas thereon, produce, save and sell oil and gas, to dispose of such Leases and interests and to invest and engage in any and all phases of the oil and gas business, except refining and marketing of refined petroleum products, together with such other activities as may be necessary, advisable or convenient to the promotion or conduct of the purposes and business of the Partnership.

2.2 General Powers. The Partnership shall have the power to enter into all transactions which in the opinion of the General Partner may be necessary or incidental to accomplish or implement the business or purposes of the Partnership, in its own name or in the name of, or by or through, one or more agents, nominees or trustees, including, without limitation, the incurring of indebtedness and the granting of liens and security interests in real and personal property of the Partnership to secure the payment of such indebtedness, together with such other powers as may be authorized by this Agreement or permitted under the Act and which are necessary, incidental or customary in the industry to the accomplishment of the business of the Partnership.

ARTICLE III.

Capital Contributions

3.1 Contribution of the General Partner. The General Partner shall contribute to the Partnership an amount in cash equal to 1% of Capital Contributions of the Limited Partners (excluding the Special Limited Partner), 100% of any Offering and Organization Expenses, assignment of certain rights under agreements between the General Partner and AGIP Petroleum, Inc., Petroleum Company of Texas, Premier Resources, Ltd., Mid-Texas Petroleum, Inc., and Hallmark Petroleum, Inc., respectively ("Exploration and Development Agreements"),its services in connection with organization of the Partnership and supervision of the operations of the Partnership, its agreement to serve as and assume the responsibilities of a general partner, and, within 30 days after the Adjustment Date for each quarter, an amount in

cash equal to the portion of Leasehold Acquisition Costs, Non-Capital Costs, Capital Costs, Operating Costs and Direct Partnership Costs that is allocated to the General Partner as described in Section 7.3 of this Agreement up to a maximum amount of $6,000,000 (prorated to the extent all 140 Units are not sold). In exchange for the General Partner's contributions to the Partnership, the General Partner shall hold an interest as a general partner in the Partnership and be entitled to revenues of the Partnership as described in Section 7.3 of this Agreement, such interest as a general partner to be subject to all of the terms, provisions and conditions of this Agreement. The General Partner shall have the right to make voluntary additional contributions to the capital of the Partnership in the form of cash or property. Any such voluntary additional contributions by the General Partner shall not result in any increase in the General Partner's aggregate interest as a General Partner in the Partnership.

3.2 Capital Contributions of Limited Partners.

(a) The Limited Partners (excluding the Special Limited Partner) shall contribute to the capital of the Partnership an aggregate amount of up to $7,000,000 in 140 units ("Units") of $50,000 each (subject to a minimum subscription to three Units by each Limited Partner), and each Limited Partner shall contribute to the Partnership the amount ("Capital Contribution") set forth on each Limited Partner's Subscription Agreement and summarized on Schedule 1 attached hereto. The Capital Contributions shall be payable 100% in cash upon the execution and delivery of this Agreement or, alternatively at the election of the Limited Partner, 27% in cash upon the execution and delivery of this Agreement and the remaining 73% by a secured, personal liability promissory note ("Note"), bearing no interest and payable 45% on the date one year after the date of formation of the Partnership and 55% on the date two years after the formation of the Partnership. The Note will be secured by an assignment of the Limited Partner's Interests pursuant to a Security Agreement and by an irrevocable standby letter of credit ("Letter of Credit") issued by a state or national banking institution acceptable to the General Partner in favor of a bank to be selected by the General Partner (or other suitable cash-equivalent collateral acceptable to the General Partner) and in the amount of the Note. The Letter of Credit will be for a two year term. The Limited Partners will pay any fees related to the Letter of Credit. The Capital Contributions of the Limited Partners may be used for any valid Partnership purpose, including, as to the Limited Partners' Notes and security therefor, the pledging of such Notes and security therefor as collateral for Partnership borrowings. No Limited Partner shall be required to contribute any additional capital to the Partnership in excess of his Capital Contributions.

(b) The Special Limited Partner shall contribute to the capital of the Partnership $1,000 in cash upon the execution and delivery of this Agreement and, within 30 days after

the Adjustment Date for each quarter, an amount in cash equal to the portion of such year's Non-Capital Costs, Capital Costs, Operating Costs and Direct Partnership Costs that is allocated to the Special Limited Partner as described in Section 7.3 of this Agreement. The Capital Contribution of the Special Limited Partner may be used for any valid Partnership purpose.

(c) Upon the acceptance of subscriptions for Units and the receipt by the Partnership of the Capital Contributions of the Limited Partners and the Special Limited Partners and the formation of the Partnership, the Limited Partners will own and hold percentage interests ("Interests") in the Partnership as limited partners in accordance with their relative Capital Contributions and be entitled to share in revenues of the Partnership as described in Section 7.3 hereof, such Interests to be subject to all of the terms and conditions of this Agreement. The Limited Partners may make voluntary additional contributions to the capital of the Partnership in the form of cash or property but no voluntary additional contribution will result in an increase in the aggregate Interest in the Partnership of the Limited Partners or of any Limited Partner.

(d) To the extent that the Capital Contributions of the Limited Partners have not been expended on or prior to the date three years after the formation of the Partnership, such excess funds will be returned to the Limited Partners in accordance with their Interests.

3.3 Interest. No interest shall be paid by the General Partner or the Partnership on any capital contributed to the Partnership by the Partners.

3.4 Return of Capital. No Partner shall be entitled to have his Capital Contribution returned to him except in accordance with the express provisions of this Agreement.

3.5 Negative Capital Account. No Partner with a negative balance in his capital account shall have any obligation to the Partnership or the other Partners to restore such negative balance, and any such deficit in the capital account of any Partner shall not constitute an obligation of such Partner to the Partnership or the other Partners.

3.6 Creditors of the Partnership. No creditor of the Partnership will have or shall acquire at any time any direct or indirect interest in the profits, capital or property of the Partnership other than as a secured creditor as a result of making a non-recourse loan to the Partnership.

ARTICLE IV.

The General Partner

4.1 Management Authority and Responsibility. The General Partner shall have and hereby agrees to assume and perform the exclusive management and control of the Partnership for the purposes set forth in Section 2.1 hereof. The General Partner is hereby expressly authorized and empowered to act for the Partnership and perform all functions, duties and services authorized by the provisions of this Agreement and the Act. Subject to the terms of this Agreement and to the limitations imposed by the Act, the General Partner:

(a) shall have full, exclusive and complete authority and discretion to manage and control, and shall make all decisions affecting, the Partnership business;

(b) shall have full authority to carry out the purposes of and perform the business of the Partnership pursuant to the provisions of this Agreement; and

(c) shall have full power to exercise all rights and powers generally inferred or conferred by this Agreement or by the Act in connection therewith.

No person or entity dealing with the Partnership shall be required (i) to inquire into, or obtain any consents or other documentation as to, the authority of the General Partner to take any such action or to exercise any right or powers herein conferred or (ii) to inquire into the purposes for which any loan is sought by the Partnership, as it shall be conclusively presumed that the proceeds of any loan are to be and shall be used solely for the purposes authorized under the Agreement.

The General Partner shall act in good faith in the performance of the responsibilities of the General Partner hereunder and shall manage or cause to be managed the Partnership affairs as a fiduciary in a prudent and business-like manner and in accordance with good practices in the industry. The General Partner shall devote such time to the Partnership as the General Partner shall deem reasonably necessary in order to properly manage the Partnership's business.

4.2 Specific Powers, Duties and Obligations of General Partner. Subject to any limitations expressly set forth in this Agreement, the General Partner will perform or cause to be performed, at the Partnership's expense, (i) the selection and evaluation of one or more Leases and Prospects which, in the sole discretion of the General Partner, are believed to have potential for the production of oil or gas in commercial quantities, (ii) exploration for and development and production of oil

and gas thereon, and (iii) the coordination of all management and operational functions relating to the business of the Partnership. Any Leases or Prospects acquired from the General Partner or one of its Affiliates will be purchased by the Partnership at a price per acre based on the General Partner's or Affiliate's Cost. Other Leases or Prospects will be purchased at negotiated prices or acquired by entering into farm in agreements. The General Partner will have, without limiting the generality of the foregoing, the power to:

(a) take and hold all property of the Partnership, real, personal and mixed, in the Partnership name, or in the name of a nominee or trustee for the Partnership provided that property not held in the name of the Partnership shall not constitute Partnership property unless and until a nominee (or similar) agreement has been executed in favor of the Partnership;

(b) contract on behalf of the Partnership and execute and deliver on behalf of and in the name of the Partnership, or in the name of a nominee or trustee for the Partnership, drilling and other contracts, operating and other agreements, leases, mortgages, bills of sale, guaranties, indemnities, assignments, security agreements, certificates and assumed name certificates, and any and all other documents or instruments necessary or incidental to acquisition, exploration, development and completion, production, management, operation and sale or other disposition of oil and gas or oil, gas or other mineral properties and equipment and, generally, the conduct of the Partnership's business or the performance of the General Partner's duties or the exercise of its powers hereunder;

(c) perform and manage all accounting, clerical and ministerial functions of the Partnership, employ or engage such accountants, attorneys, brokers, geologists, geophysicists, appraisers, engineers, agents and other management or service personnel (including contracting with others for the doing of any act which the General Partner itself could do) and generally incur such costs and expenses as may from time to time be required to carry on the business of the Partnership;

(d) collect and disburse all monies of the Partnership and establish, maintain and supervise the deposit and withdrawal of funds of the Partnership and bank accounts of the Partnership, all of which will be segregated from any account of the General Partner or any of its Affiliates;

(e) file on behalf of the Partnership, upon any Partner's timely request and in the discretion of the General Partner, an election under Section 754 of Internal Revenue Code of 1954 (the "Code") to adjust the basis of

Partnership property in the manner provided under Section 734 of the Code (in the case of a distribution of property) and in the manner provided in Section 743 of the Code (in the case of a transfer of an Interest in the Partnership);

(f) file an election pursuant to Section 263 of the Code and any applicable state law to expense as incurred all intangible drilling and development costs;

(g) file an election to compute the allowance for depreciation in accordance with the provisions of Section 167 of the Code and Paragraph 1.167(a)-11 of the regulations promulgated thereunder and any similar state tax law and to use an optimum tax depreciation method and the shortest permissible life authorized under such regulations;

(h) procure and maintain with responsible companies such insurance as may be available in such amounts and covering such risks as are deemed appropriate by the General Partner;

(i) borrow money from the General Partner or its Affiliates (subject to Section 4.5 of this Agreement) or from unaffiliated third parties upon the most favorable terms available (without reference to the financial abilities of or guarantees by the General Partner) for any valid purpose of the Partnership at the most favorable rates and terms then available to the Partnership as determined by the General Partner; refinance, extend or rearrange any Partnership loans on terms no less favorable than those of such loans; and pledge, mortgage, encumber and grant security interests in Partnership assets to secure the payment of Partnership loans;

(j) re-invest Partnership revenues for any valid purpose of the Partnership; and

(k) exercise all powers of the Partnership, subject to the Act and this Agreement;

providing, however, that nothing contained in this Agreement shall obligate the General Partner to take any action on behalf of the Partnership that the General Partner deems (i) not in the best interests of either the Partnership or the Partners or (ii) not reasonably necessary to accomplish the intended business of the Partnership.

4.3. Prohibited Transactions. Notwithstanding any other provisions of this Agreement, the General Partner shall not, without the unanimous consent or ratification of the Limited Partners:

(a) perform any act in contravention of this Agreement;

(b) perform any act which would make it impossible to carry on the ordinary business of the Partnership;

(c) possess or use Partnership property, or assign its rights in specific Partnership property, for other than a Partnership purpose;

(d) confess a judgment against the Partnership;

(e) admit any person as an additional or substitute Limited Partner, except as otherwise permitted herein; or

(f) make any election to cause the Partnership to be excluded from the application of the provisions of Subchapter K of the Code.

4.4. Duties. Except as may be otherwise provided by law, the General Partner will have the following duties, together with such other duties as may be imposed by law:

(a) The General Partner will maintain or cause to be maintained in accordance with the cash basis of accounting complete and accurate books and records for the Partnership. These books and records will show all receipts and revenues, profits, losses and all other items necessary to record the business and affairs of the Partnership, to make and record all allocations described in this Agreement and to furnish to each Limited Partner reasonably necessary tax information. These books and records, as well as any tangible assets of the Partnership, will be available for inspection by any Limited Partner or such Limited Partner's duly authorized representative (at the expense of such Limited Partner) during business hours at (in the case of books and records) the principal office of the Partnership or (in the case of tangible assets) the place where such assets are physically located. The General Partner may authorize, or any Limited Partner may request, an audit of the Partnership books and records, provided that an audit requested by a Limited Partner shall be at such Limited Partner's expense.

(b) Within a reasonable time after December 31 of each year during the existence of the Partnership, and in any event no later than March 31 of the next succeeding calendar year (unless an extension is granted by the Internal Revenue Service for some cause beyond the control of the General Partner), the General Partner will prepare and file for the Partnership appropriate tax returns.

(c) As promptly as practicable after the close of each fiscal year, but in no event more than 120 days thereafter, the General Partner will send to each Limited Partner, at Partnership expense, a balance sheet, a statement of income or loss and a statement of Partner's equity (none of which will be audited but all of which will be reviewed by an independent accounting firm selected by the General Partner) as of the end of the fiscal year then ended.

(d) Promptly, but no later than 60 days, after the close of each calendar quarter, the General Partner will furnish to each Limited Partner a written statement of the activities of the Partnership during that quarter, including acquisitions and dispositions of property, drilling summaries and Partnership revenues and costs.

4.5. Loans by General Partner. If any additional funds over and above available Partnership funds are required for additional working capital to operate the Partnership then, in addition to its right and power to borrow funds from unaffiliated lenders, the General Partner shall have the right to make one or more loans to the Partnership in such amounts as may reasonably be required and as is necessary to operate the Partnership as shall be determined by the General Partner in its sole discretion. Any loans made to the Partnership by the General Partner shall bear interest at the most favorable rate and terms reasonably obtainable by the General Partner from unaffiliated lenders, provided, however, in no event shall the interest rate exceed the maximum permissible rate under applicable state or federal law.

Any loans made to the Partnership by the General Partner shall be a debt of the Partnership and shall be secured by a lien against the Partnership property subordinate only to existing secured creditors of the Partnership. All loans, including both principal and interest, so made by the General Partner to the Partnership, shall be repaid out of available Partnership funds as the same become due and payable in accordance with the terms thereof, but in any event prior to any cash distributions being made to the Partners.

4.6. Limitation of Liability of General Partner. The General Partner shall not be liable for the return of the Capital Contributions of the Limited Partners or any portion thereof or interest thereon. The General Partner shall not be liable, responsible or accountable in damages or otherwise to the Partnership or any other Partner for any failure to maintain adequate insurance, for any mistake of fact or judgment in operating the business of the Partnership which results in any loss to the Partnership or its Partners or for any act performed (or omitted to be performed) by the General Partner as fiduciary in good faith (including, without limitation, pursuant to advice of legal counsel) and within the scope of this Agreement, unless such actions or inactions on the part of such General Partner shall have resulted from the proven gross negligence, willful misconduct, fraud or willful breach of the Agreement by such General Partner and shall have resulted in a material loss to the Partnership or the Limited Partners.

4.7. Indemnification and Release of General Partner. The General Partner and its directors, officers, agents and employees ("Indemnitees"), shall be and are hereby indemnified and held harmless by the Partnership and the Limited Partners, and from and against and released from any and all claims, demands, liabilities, costs, damages, suits, proceedings,

actions, administrative or investigative, of any nature whatsoever, known and unknown, liquidated and unliquidated, which may accrue the Partnership or to any Limited Partner or in which any of the Indemnitees may become involved, as a party or otherwise, arising out of management of the affairs of the Partnership by the respective Indemnitee, whether or not any respective Indemnitee is acting in such capacity at the time such liability or expense is paid or incurred; provided that an Indemnitee shall not be entitled to indemnification or release hereunder if the claim or liability results in a material loss to the Partnership or the Limited Partners and arises from the proven gross negligence, willful misconduct, fraud, willful breach of this Agreement by such Indemnitee, or actions of such Indemnitee outside the scope of and unauthorized by this Agreement. The right of indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which any Indemnitee may otherwise be entitled by contract or as a matter of law or equity and shall extend to his heirs, successors, assigns and legal representatives.

4.8. Competition, Conflicts, Affiliates and Other Interests of General Partner. (a) The General Partner and its officers and directors shall not be obligated to devote their time exclusively to the Partnership and they or their Affiliates may engage, directly or indirectly, without the consent of the other Partners, in other business ventures of any nature or description, independently and with others, including without limitation businesses of a nature which may be competitive with or the same as or similar to the business of the Partnership, regardless of the geographical location of such business, and without any duty or obligation to account to the other Partners or the Partnership in connection therewith; neither the Partnership nor the other Partners shall have any right in and to such independent ventures or the income or profits derived therefrom. The Limited Partners acknowledge and agree that the General Partner and its officers and directors and their respective Affiliates may, either for their own accounts or on behalf of other limited partnerships or joint ventures, explore for, develop and produce oil, gas and other minerals on one or more drill sites or Prospects, including drill sites and Prospects the same as or contiguous to Partnership drill sites or Prospects, and that the Limited Partners will have no rights with respect to such drill sites or Prospects except to the extent that the Partnership participates in such drill site or Prospect. Specifically, the Limited Partners expressly acknowledge and authorize the assignment by the General Partner to the Partnership of only the interest earned under, and the corresponding retention by the General Partner of its rights to the balance of the acreage covered by, the joint venture or farm-out agreements entered into between the General Partner and Agip Petroleum Company, Inc. and Petroleum Corporation of Texas, respectively, subject only to a 2-1/2% Overriding Royalty Interest in favor of the Partnership in the balance of the Agip Petroleum Company, Inc. acreage and a 2% Overriding Royalty Interest in favor of the Partnership in the balance of the Petroleum Company

of Texas acreage. Such Overriding Royalty Interests are understood and acknowledged to be subject to revocation if the Partnership should later acquire the Working Interest or other drilling rights to the acreage covered by the Overriding Royalty Interest or if, under the terms of the agreement with Agip Petroleum Co., Inc., the General Partner's rights to any such acreage are forfeited. The General Partner may deal and contract with the Partnership and shall be entitled to enter into any and all contracts with Affiliates, including contracts pursuant to which such Affiliates will perform any function which the General Partner is authorized or obligated to perform hereunder; provided, however, that all such contracts shall be on terms at least as favorable to the Partnership as any then being offered by qualified and competent non-affiliated, comparable entities or persons performing similar services. The participation by an Affiliate in any such permitted transactions shall not constitute a breach by the General Partner or the Affiliate of any duty or responsibility to the other Partners or the Partnership, either under the terms of this Agreement or by law.

(b) Except as expressly stated above, the General Partner hereby undertakes to comply with the following restrictions on its activities:

1. Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to or purchase any property from the Partnership, directly or indirectly, except pursuant to transactions that are fair and reasonable to the Partnership and then subject to the following conditions:

(a) In the case of a sale, transfer or conveyance to the Partnership:

(1) If the General Partner sells, transfers or conveys any oil, gas or other mineral interests or property to the Partnership it must, at the same time, sell to the Partnership an equal proportionate interest in all its other property in the same Prospect. If the General Partner or any of its Affiliates subsequently proposes to acquire an interest in a Prospect in which the Partnership possesses an interest or in a Prospect abandoned by the Partnership within one year preceding such proposed acquisition, the General Partner shall offer an equivalent interest therein to the Partnership; and, if cash or financing is not available to the Partnership to enable it to consummate a purchase of an equivalent interest in such property, neither the General Partner nor any of its Affiliates shall acquire such interest or property. The term "abandon" for the purpose of this subsection shall mean the termination, either voluntarily or by operation of the lease or otherwise, of all of the Partnership's interest in the Prospect. The provisions of this subsection shall not apply after the lapse of five years from the date of formation of the Partnership. For the purpose of this subsection, the terms

"General Partner" and "Affiliate" shall not include another partnership where the interest of the General Partner is identical to, or less than, its interest in the Partnership.

(2) A sale, transfer or conveyance of less than all of the ownership of the General Partner in any interest or property is prohibited unless the interest retained by the General Partner is a proportionate working interest, the respective obligations of the General Partner and the Partnership are substantially the same after the sale of the interest by the General Partner and its interest in revenues does not exceed the amount proportionate to its retained working interest. The General Partner may not retain any overrides or other burdens on the interest conveyed to the Partnership and may not enter into any farm-out arrangements with respect to its retained interest, except to nonaffiliated third parties or other partnerships managed by the General Partner.

(b) In the case of a transfer of nonproducing property from the Partnership, the transfer is made at a price which is the higher of the fair market value or the cost of such property.

2. The General Partner or Affiliates (other than partnerships and programs sponsored by the General Partner) shall not be permitted to purchase producing property from the Partnership.

3. The Partnership shall not purchase properties from nor sell properties to any partnership in which its General Partner or any affiliated person has an interest. This subsection shall not apply to transactions among programs for whom the same person acts as General Partner by which property is transferred from one program to another in exchange for the transferee's obligation to conduct drilling activities on such property or to joint ventures among such partnerships, provided that the respective obligations and revenue sharing of all parties to the transactions are substantially the same and provided further that the compensation arrangement or any other interest or right of the General Partner and any of its Affiliates is the same in each partnership, or, if different, the aggregate compensation of the General Partner does not exceed the lower of the compensation it would have received in any one of the partnerships.

4. During the existence of the Partnership and before it has ceased operations, neither the General Partner nor any Affiliate (excluding another partnership where the interest of the General Partner is identical to or less than its interest in the first partnership) shall acquire, retain, or drill for its own account any oil and gas interest in any Prospect upon which such partnership

possesses an interest, except for transactions which comply with paragraph 1(a)2 above. In the event the Partnership abandons its interest in a Prospect, this restriction shall continue for one year following abandonment. The geological limits of a Prospect shall be enlarged or contracted on the basis of subsequently acquired geological data to define the productive limits of a reservoir, and must include all of the acreage determined by the subsequent data to be encompassed by such reservoir; provided, however, that the Partnership shall not be required to expend additional funds unless they are available from the Capital Contributions of the Partnership or if the General Partner believes it is prudent to borrow for the purpose of acquiring such additional acreage. If the geological limits of a Prospect as so enlarged encompass any interest held by the General Partner or its Affiliate, that interest shall be sold to the Partnership in accordance with the provisions of paragraph 1(a)1 above if the interest held by the General Partner at the time of the Prospect's enlargement has been proved up by the Partnership.

4.9 General Partner as a Limited Partner. The General Partner shall have the right to acquire Interests in the Partnership as a limited partner, in which case the General Partner will be both a general partner and a limited partner and shall have all of the rights and powers and be subject to all the obligations and restrictions of the General Partner with respect to its general partner's Interest and have all the rights and powers and be subject to all the obligations and restrictions of a Limited Partner with respect to its limited partner's Interest.

4.10. Transferability of the General Partner's Interest. The General Partner shall have no right to sell or otherwise transfer all or any part of his Partnership Interest as a general partner except as follows:

(a) If the General Partner proposes to sell or transfer less than 50% of its Interest in the Partnership as a General Partner, it may do so without the consent of the Limited Partners.

(b) If the General Partner proposes to sell or otherwise transfer more than 50% of its Interest in the Partnership as a General Partner, it must obtain the prior written consent of all Limited Partners provided that a merger, sale of substantially all its assets or other corporate reorganization involving an Affiliate of the General Partner shall not be deemed a transfer so long as the surviving entity shall execute a counterpart hereof; and further provided that a pledge of the General Partner's

interest in Partnership revenues to secure indebtedness of the General Partner or the Partnership (but only where the proceeds of such indebtedness are to be applied to meet all or any portion of the General Partner's obligations under this Agreement) shall not be deemed a transfer so long as the pledgee shall have only the rights of an assignee under the Act.

Notwithstanding any other provision of this Agreement, (a) a Limited Partner who shall become a transferee of a portion of a Partnership Interest of the General Partner transferred under this Section shall remain a Limited Partner but for all purposes under this Agreement shall be entitled to the General Partner's Partnership Interest to the extent transferred and shall share in Partnership allocations and distributions as a General Partner to that extent, and (b) other transferees of a portion of a General Partner's Partnership Interest shall have the rights of an assignee under the Act but shall not be admitted to the Partnership as a Partner without the unanimous consent of all the Partners.

4.11 Removal of the General Partner. In the event of proven fraud by the General Partner which results in any material loss to the Partnership or an adjudicated material breach by the General Partner of Sections 4.3, 4.4, 4.5, 4.8 or 4.10 which results in any material loss to the Partnership and such fraud or breach is not cured by the General Partner within 30 days after written notice from a Limited Partner, then upon a unanimous vote of the Limited Partners they shall have the right and option to remove the General Partner as general partner of the Partnership, select by a vote of a majority in Interest of the Limited Partners another person or entity to serve as general partner, terminate the General Partner's interest as a Partner in the Partnership upon written notice to the General Partner and the filing of an amended Certificate of Limited Partnership whereupon the General Partner shall have no further rights as a Partner but only the rights of an assignee under the Act and any payments due the removed General Partner in its capacity as assignee may be withheld and applied to cure the default or compensate for any damages, costs or expenses resulting from the default. By the execution of this Agreement or a counterpart hereof, the General Partner does irrevocably constitute and appoint each of the Limited Partners, with full power of substitution, as its true and lawful attorney-in-fact and agent with full power and authority to act in its name, place and stead in the execution, acknowledgement, swearing, delivering, filing and recording of all certificates and any other documents necessary or reasonably appropriate to reflect, in accordance with this Section 4.11, the removal of the General Partner and the addition of one or more substituted General Partners.

ARTICLE V.

Limited Partners

5.1 Rights of Limited Partners. The Limited Partners shall not be:

(a) personally liable, above the amount of the Capital Contribution of each respective Limited Partner, for any of the debts or losses (including deficits in the capital accounts) of the Partnership or the Limited Partners, anything to the contrary herein notwithstanding, except for a liability of the Partnership or a Limited Partner, as the case may be, based upon a violation of this Agreement or any Subscription Agreement executed by any respective Limited Partner;

(b) assessed or required to make any additional Capital Contributions other than the Capital Contributions provided for in this Agreement;

(c) allowed to take any part in the management or control of the Partnership business, or to sign for or bind the Partnership;

(d) entitled to receive any salary or to have a Partnership drawing account;

(e) entitled to receive any interest on any Capital Contributions;

(f) entitled to a partition of any Partnership property, notwithstanding any other provision of law to the contrary or to a distribution of any Partnership property except as expressly provided for herein;

(g) entitled to priority over any other Partner, either as to a return of any Capital Contributions or as to gains, losses or distributions, unless specifically authorized by the terms of this Agreement;

(h) entitled to a return of, or to withdraw all or any part of the Capital Contributions of the Limited Partners to the Partnership, except to the extent that the Limited Partners may be entitled to distributions pursuant to the express provisions of this Agreement, and no Partner shall have any right to demand or receive property other than cash in return for his Capital Contributions, and his right to receive cash shall be and is hereby expressly limited and controlled by the terms of this Agreement.

5.2. Admission of Additional and Substituted Limited Partners. Unless otherwise expressly permitted by the terms of this Agreement, it is agreed and understood that, without the prior written consent of the Limited Partners, the General Partner shall not have the right to admit to the Partnership additional Limited Partners. In no event shall any additional Limited Partner be admitted to the Partnership unless, in the opinion of counsel for the Partnership, such transaction would be exempt from registration under all applicable federal or state securities laws. Substituted Limited Partners shall only be admitted to the Partnership upon compliance with the provisions of Article VIII hereof.

5.3 Representations and Warranties of Limited Partners. Each Limited Partner hereby represents and warrants to the Partnership, the General Partner, and to each other Limited Partner, that the following statements are true:

(a) Such Limited Partner is a bona fide resident of the state set forth opposite his or its name on the signature page hereof in that: (i) if a corporation, partnership, trust or other form of business organization, it has its principal office within such state; (ii) if an individual, he has his principal residence in such state; and (iii) if a corporation, partnership, trust or other form of business organization which was organized for the specific purpose of acquiring Interests in the Partnership, all of its beneficial owners are residents of such state.

(b) Such Limited Partner has full power and authority to act with respect to his Interest in the Partnership, including the full power and authority, without more, to act in any manner with respect to any community property interest of a spouse.

(c) The Limited Partner acknowledges the receipt of the Confidential Private Offering Memorandum dated July 15, 1981 ("Memorandum") concerning the offer and sale of the Interests in the Partnership and that he, or his tax advisor and/or his attorney, has thoroughly read and evaluated the Memorandum and understands the nature of the risks involved in the proposed investment and the obligations of the Limited Partners pursuant to the terms of the Partnership Agreement. The Limited Partner acknowledges that he has carefully read and has understood the contents of the Memorandum. Further, the Limited Partner has been advised that the General Partner is available to answer questions about the purchase of Interests and such Limited Partner has asked any questions of the General Partner which he or it desires to ask and has received satisfactory answers from the General Partner with respect to all such questions.

(d) The Limited Partner (or his Offeree Representative, as the case may be) is experienced and knowledgeable in business and financial matters and in oil and gas investments in general, and with respect to investments similar to the investment in this Partnership, and is capable of evaluating the merits and risks of investing in the Partnership;

(e) If he has identified an Offeree Representative in his Subscription Agreement, (i) he can bear the economic risk of this investment, (ii) he has relied upon the advice of such Offeree Representative as to the merits of an investment in the Partnership and the suitability of such investment for him and (iii) such Offeree Representative has confirmed to him in writing any past, present or contemplated material relationship between such Offeree Representative or its Affiliates and the General Partner, the Partnership or their Affiliates;

(f) The Limited Partner recognizes that the Partnership is newly organized, has no financial or operating history and is a speculative venture involving a high degree of risk of loss and that the General Partner does not have a significant operating history;

(g) The Limited Partner understands that no state or federal governmental authority has made any finding or determination relating to the fairness for investment of an Interest in the Partnership and that no state or federal governmental authority has, or will recommend or endorse the investment in any Interest in the Partnership;

(h) The Limited Partner recognizes that there is no market for an Interest in the Partnership, that there will not be any market for an Interest in the Partnership in the foreseeable future, that the transferability of an Interest in the Partnership is restricted, and that the Limited Partner cannot expect to be able readily to liquidate his investment in case of emergency, or to pledge an Interest in the Partnership to secure borrowed funds;

(i) The Limited Partner is making his investment in an Interest in the Partnership for his own account (or if the undersigned is a trust, solely for the beneficiaries thereof) and not for the account of others, and is not buying his Interest in the Partnership for the purpose of reselling, transferring, subdividing or otherwise disposing of or hypothecating all or any portion of the Interest in the Partnership so purchased in a manner which would require registration under the Securities Act of 1933, as amended

("1933 Act"), the Texas Securities Act, as amended, or any other applicable securities act, and he does not presently have any reason to anticipate any change in his circumstances or other occasion or event which would cause him to sell his Interest in the Partnership;

(j) In the absence of either an effective registration statement covering the Interests under the 1933 Act and any applicable state securities laws, or an opinion of counsel satisfactory to the General Partner that registration is not required under the 1933 Act and applicable state securities laws, such Limited Partner may not sell his Interest;

(k) The Limited Partner is financially able to comply with his obligations hereunder and such obligations do not constitute a material part of his financial net worth, exclusive of residence, residential furnishings, automobiles, and other exempt property;

(l) He represents that (i) it has been called to his attention, both in the Memorandum supplied by the General Partner and by those individuals with whom he has dealt in connection with his investments in the Partnership, that the investments involve a high degree of risk including the risks discussed in the section of the Memorandum entitled "Risk Factors" and (ii) no assurances are or have been made regarding any tax advantages which may inure to the benefit of the Limited Partners of the Partnership, nor has any assurance been made that existing tax laws and regulations will not be modified in the future, thus denying to the Limited Partners all or a portion of any tax benefits which may presently be available under existing tax laws and regulations;

(m) The Limited Partner understands that the Internal Revenue Service may disallow some, or all, of the deductions to be claimed by the Partnership, and that the Internal Revenue Service may attempt to treat the Partnership as an association taxable as a corporation, which could have an adverse economic effect on the Partners by (i) taxation at the Partnership level resulting in double taxation and no flow-through of loss and (ii) a substantial financial reduction in yield, if any, on the Partner's investment in the Partnership;

(n) The Limited Partner is aware that the General Partner and its Affiliates may be or engage in businesses which are competitive with that of the Partnership, and the

Limited Partner agrees that such activities may be conducted by the General Partner or its Affiliates, even though there may be conflicts of interest with respect to the Partnership;

(o) The net worth of the Limited Partner (excluding the Special Limited Partner) is in excess of $500,000, exclusive of residence, residential furnishings, automobiles, and other property exempt from execution in the state of his residence, or his net worth is at least $250,000 exclusive of exempt property, and he will have, during the current taxable year, income some portion of which is likely to be subject to federal income taxation at a rate of 50% or more (not taking into account any deductions which might be realized from participation in the Partnership);

(p) He has received no representations or warranties from the General Partner or its employees or agents, other than contained in the Memorandum provided by the General Partner and has made and relied upon the investigations made by him, his tax and legal advisors and (if applicable) his Offeree Representative in making his investment;

(q) The Limited Partner acknowledges that the General Partner, the Partnership and each other Limited Partner are relying on the truth and accuracy of the representations and warranties contained in this Agreement and made by each respective Limited Partner in connection with the offering and sale of the Interests to such Limited Partner and in relying upon applicable exemptions available under the 1933 Act and any applicable state securities laws; and

(r) The Limited Partner agrees to furnish on a timely basis to the General Partner any information necessary to enable the Partnership to make any certification necessary under the Crude Oil Windfall Profit Tax Act of 1980.

5.4 Indemnification. Each Limited Partner agrees to indemnify and hold harmless the Partnership and its employees and agents, the General Partner and its directors, officers, employees and agents, and each other Limited Partner from any damages, claims, expenses, including attorneys' fees, losses or actions resulting from any misrepresentations or breaches by such Limited Partner of any of the warranties and representations contained in Section 5.3.

5.5 Further Documents; Power of Attorney.

(a) Each Limited Partner hereby agrees to execute such certificates and other documents as may be deemed by the General Partner appropriate to comply with the requirements of law for the formation and operation of a limited partnership and any amendment or cancellation of any of the foregoing instruments in any jurisdiction in which the Partnership conducts business.

(b) By the execution of this Agreement or a counterpart hereof (whether by the Limited Partner or by his attorney-in-fact), each Limited Partner does irrevocably constitute and appoint the General Partner (and any successor thereto by incorporation, merger, consolidation or otherwise), with full power of substitution, as his true and lawful attorney-in-fact and agent with full power and authority to act in his name, place and stead in the execution, acknowledgement, swearing, delivering, filing and recording of all certificates and any other documents which the General Partner deems necessary or reasonably appropriate:

(i) to execute the Partnership Agreement and the certificate of limited partnership;

(ii) to file the original certificate of limited partnership (or, in the General Partner's sole discretion, a copy of this Agreement);

(iii) to form, qualify or continue the Partnership as a limited partnership in Texas or in any other state;

(iv) to reflect a change in the identity of any Partner, the addition of any substitute Limited Partner pursuant to this Agreement, or an amendment of this Agreement made in accordance with this Agreement as required by any such change or amendment;

(v) to reflect the dissolution and termination of the Partnership after the same has been dissolved and terminated in accordance herewith, including instruments of conveyance.

The power of attorney granted herein shall be deemed to be coupled with an interest, shall be irrevocable and shall survive the death, incompetency or legal disability of any Limited Partner and shall be binding on any assignee or vendee of an Interest hereunder, or any portion thereof, including the distributive rights relating thereto.

5.6. Default by Limited Partners.

(a) In the event of any misrepresentation or breach of the representations and warranties contained in Section 5.3 by any Limited Partner in connection with his purchase of Interests then such Limited Partner shall be deemed a defaulting Limited Partner and the General Partner on behalf of the Partnership shall have the right, at its election, to rescind the sale of, and redeem or repurchase any such Interests of such Limited Partner and return to such Limited Partner his Capital Contribution or his capital account, whichever is lower, less all expenses and costs of the rescission, including without limitation the preparation and filing of an amended certificate of limited partnership and assumed name certificate and the related fees of accountants and attorneys. In addition, the General Partner may in its discretion retain all or part of such Limited Partner's Capital Contribution or capital account, as the case may be, and apply it in satisfaction of the indemnity contained in Section 5.4.

(b) In the event of any breach by a Limited Partner of any of the provisions of Article VIII of this Agreement or in the event of the violation or an attempted violation by a Limited Partner of Section 5.3 of this Agreement and such breach or violation is not cured by the defaulting Limited Partner within 30 days after written notice from the General Partner, then the Partnership shall have the right and option to (i) purchase the defaulting Limited Partner's entire Interest for an amount equal to the lower of his Capital Contribution or his capital account at the end of the month preceding such purchase (less all damages resulting from the default, expenses of curing the default and all expenses and costs of sale, including without limitation the preparation of updated written disclosure information and the preparation and filing of an amended certificate of limited partnership and assumed name certificate and the related fees of accountants and attorneys and all court costs and expenses of compelling execution of an amended certificate of limited partnership or any other document required to be executed under the terms of this Agreement), whereupon the defaulting Limited Partner shall cease to be a Partner in the Partnership, by either (x) reallocating the entire Interest of the defaulting Limited Partner to the other Limited Partners who are not in default pro rata or (y) selling the defaulting Limited Partner's Interest to another person or entity who shall become a substitute Limited Partner or (ii) terminate the defaulting Limited Partner's Interest as a Partner in the Partnership upon written notice to the defaulting Limited

Partner and the filing of an amended certificate of limited partnership whereupon he shall have no further rights as a Partner but only the rights of an assignee under the Act and, in the discretion of the General Partner, any payments due the removed Limited Partner in his capacity as assignee may be withheld and applied to cure the default or to compensate for any damages, expenses or costs resulting from the default.

(c) In the event of a failure of a Limited Partner (excluding the Special Limited Partner) to timely pay his Note, the Limited Partner shall be deemed a defaulting Limited Partner and may be subject to the subordination of his Interest in the Partnership and the foreclosure of the security interest granted by the Limited Partner to the Partnership. In the event of such a default, the beneficiary of the defaulting Limited Partner's Letter of Credit shall have the right to draw upon the Letter of Credit and apply the proceeds to payment of Partnership indebtedness secured by such Note, in which event the defaulting Limited Partner's Interest in the Partnership shall not be affected if the portion of the Note then due and owing has been paid (or applied) in full. Alternatively, the General Partner may make the payments under the Note failed to be made by the defaulting Limited Partner (or unable to be collected under the Letter of Credit) or may offer such opportunity to the non-defaulting Limited Partners, whereupon the defaulting Limited Partner's Interest in the Partnership shall be deemed to be subordinated to the Partners making such defaulted payments until each such Partner has been allocated Partnership revenues equalling 300% of the amount of the defaulted payments made by each such Partner. The Note is a personal liability of the Limited Partner and the remedies provided for herein are not exclusive of any other remedy which may be available to the Partnership at law or in equity.

(d) In the event of a failure of the Special Limited Partner to timely pay its Capital Contribution, the Special Limited Partner shall be deemed a defaulting Special Limited Partner and will be subject to the subordination of his Interest in the Partnership. The General Partner may make the payments failed to be made by the defaulting Special Limited Partner or may offer such opportunity to the non-defaulting Limited Partners, whereupon the defaulting Special Limited Partner's Interest in the Partnership shall be deemed to be subordinated to the Partners making such defaulted payments until each such Partner has been allocated Partnership revenues equalling 300% of the amount of the defaulted payments made by each such Partner. The Special Limited Partner's Capital Contribution is a personal

liability of the Special Limited Partner and the remedies provided for herein are not exclusive of any other remedy which may be available to the Partnership at law or in equity.

ARTICLE VI

Compensation and Reimbursement of General Partner

6.1. Compensation to General Partner. The General Partner shall be entitled to be paid and receive from the Partnership the following compensation and payments:

(a) The General Partner will receive as a management fee ("Management Fee") for managing the Partnership and supervising its operations (i) for 1981 an amount equal to 5% of Capital Contributions of the Limited Partners payable out of Partnership funds upon the formation of the Partnership and (ii) for all years thereafter, an annual, non-cumulative amount equal to 5% of Partnership net revenues from production (as defined in Section 7.3(b)(i) hereof), if any, payable from time to time by a special allocation and distribution of the Partnership's net revenues from production, if, as and when received by the Partnership.

(b) The General Partner will participate in the distributions, if any, of cash available for distribution and proceeds of liquidation and will be allocated revenues of the Partnership as specified in Article VII of this Agreement.

(c) The General Partner or its Affiliates will receive fees in the form of drilling and production overhead charges pursuant to Operating Agreements with respect to Partnership Prospects, if any, for which the General Partner or its Affiliates acts as Operator.

(d) The General Partner or its Affiliates may also perform other services for the Partnership not contemplated by this Agreement from time to time, and shall be entitled to receive compensation for such services actually rendered, which is fair and reasonable, and customary in accordance ith commercial and business practices in the oil and gas industry.

6.2. Reimbursement of General Partner. Except as otherwise set forth in this Agreement, the General Partner shall be entitled to be reimbursed for any and all Direct Partnership Costs paid or incurred by the General Partner on behalf of the Partnership.

ARTICLE VII.

Allocations and Distributions

7.1. Accounting Matters. The fiscal year of the Partnership shall be the calendar year, with the first fiscal year of the Partnership ending on December 31, 1981. The Partnership books shall be kept on the cash basis.

7.2. Determination of Profit and Loss. All income, expenses, gains, losses, deductions and credits of the Partnership shall be determined with respect to, and allocated to each Partner in accordance with, the terms of this Agreement for each Partnership fiscal year.

7.3. Allocation of Revenues and Expenses. All revenues and expenses of the Partnership for any year or part thereof, as determined for federal income tax purposes, shall be allocated to all of the Partners, as follows:

(a)(i) The First Year Management Fee and Sales Commissions will be allocated 99% to the Limited Partners (excluding the Special Limited Partner) and 1% to the General Partner.

(ii) Prior to Payout, the annual Management Fee, and Non-Capital Costs through the Tanks will be allocated 96% to the Limited Partners (excluding the Special Limited Partner), 3% to the Special Limited Partner and 1% to the General Partner; after Payout such costs will be allocated 93% to the Limited Partners (excluding the Special Limited Partner), 6% to the Special Limited Partner, and 1% to the General Partner.

(iii) Offering and Organization Expenses and Capital Costs through the Tanks will be allocated 100% to the General Partner.

(iv) Leasehold Acquisition Costs will be initially allocated 99% to the Limited Partners (excluding the Special Limited Partner) and 1% to the General Partner until such time as a Partnership well is determined to be a Productive Well, whereupon the General Partner will be allocated the proportionate part (based on dollars) of Leasehold Acquisition Costs that relates to the acreage contained in the well location of such Productive Well and appropriate charges and credits will be made to the capital accounts of the Partners.

(v) Direct Partnership Costs, Capital Costs and Non-Capital Costs after the Tanks and Operating Costs

(hereinafter collectively referred to as "Section 7.3(a)(v) Costs") will be initially allocated 96% (93% after Payout) to the Limited Partners (excluding the Special Limited Partner), 3% (6% after Payout) to the Special Limited Partner and 1% to the General Partner and the Partners' capital accounts will be adjusted quarterly on the Adjustment Date as of the end of the Partnership's fiscal quarter, subject to final annual adjustments for each Partnership fiscal year, by appropriate charges and credits to reflect an allocation of Section 7.3(a)(v) Costs among the General Partner, the Special Limited Partner and the Limited Partners as a group, respectively, 3% to the Special Limited Partner and the remainder in accordance with the ratio that the aggregate of all Partnership costs through the end of such fiscal quarter (or year, as the case may be) of the Partnership borne by each of the General Partner and the Limited Partners (excluding the Special Limited Partner) as a group, respectively, bears to the aggregate of all Partnership costs borne by the General Partner and the Limited Partners (excluding the Special Limited Partner) as a group, taken together. After Payout the Special Limited Partner shall be allocated an additional 3% of Section 7.3(a)(v) Costs (for an aggregate total of 6%) and such additional 3% shall result in a corresponding 3% arithmetical reduction of the portion of such costs that would have been borne by the Limited Partners (excluding the Special Limited Partner) and the portion of such costs that is borne by the General Partner shall not be affected by any such post-Payout adjustment in the allocations to the Special Limited Partner. At such date as either of the Limited Partners (excluding the Special Limited Partner) as a group have borne Partnership costs totalling $7,000,000 (prorated to the extent all 140 Units are not sold) or the General Partner, respectively, has borne Partnership costs totalling $6,000,000 (prorated to the extent all 140 Units are not sold), or the Partnership has been in existence for three years, then there shall be determined the ratio that the aggregate of all Partnership costs through the end of such fiscal period of the Partnership borne by each of the Limited Partners (excluding the Special Limited Partner) as a group and the General Partner, respectively, bears to the aggregate of all Partnership costs through the end of such fiscal period of the Partnership borne by the General Partner and the Limited Partners (excluding the Special Limited Partner) as a group, taken together, and (A) the Partners' capital accounts will be finally adjusted as of such date by appropriate charges and credits to reflect an allocation of Section 7.3(a)(v) Costs for the then current fiscal quarter of the Partnership as of such date between the Limited Partners (excluding the Special Limited Partner) as a group and the General Partner in accordance with such ratio and (B) the respective ratios in which Section 7.3(a)(v) Costs are borne thenceforward by the Limited Partners (excluding the Special Limited Partner) as a group and the General Partner shall be finally fixed in accordance with such ratio.

(b)(i) Commencing in 1982, the General Partner will receive for its Management Fee a special allocation in an amount equal to 5% of Partnership net revenues from production, if any, for each respective year, if, as and when received by the Partnership. For purposes of computing the annual Management Fee, "net revenues from production" shall mean Partnership gross revenues attributable to the sale of oil, gas or other minerals (including royalties) less Operating Costs.

(ii) Partnership revenues remaining after the allocation of the amount of the General Partner's annual Management Fee will be allocated between the General Partner and the Limited Partners as a group, respectively, in the same manner as Operating Costs are borne (to be adjusted quarterly on the Adjustment Date as of the end of the Partnership's preceding fiscal quarter, subject to final annual adjustments for each Partnership fiscal year, until the allocation of Operating Costs is finally fixed as described above).

(c) The status of all Partnership wells as a Productive Well or a Non-Productive Well will be determined by the General Partner on or before the end of each year. Any well not classified as a Productive Well by such date will be deemed to be a Non-Productive Well. If, in a subsequent year, a well's classification is shown to have been incorrect, such well will be reclassified for purposes of allocating costs incurred with respect to such well in such subsequent year only, and there will be no adjustment of allocations of costs incurred with respect to such well in earlier years.

(d) Costs and revenues allocated to the Limited Partners (excluding the Special Limited Partner) as a group will be allocated among them pro rata in accordance with the ratio that their respective Capital Contributions bears to total Capital Contributions of the Limited Partners (excluding the Special Limited Partner).

(e) All percentage interests of the Special Limited Partner stated in this Agreement shall be prorated to the extent that the Special Limited Partner was responsible for the sale of less than 140 Units.

(f) In the event there is no Special Limited Partner in the Partnership, then all references to the Special Limited Partner shall be deemed to be deleted.

7.4 Allocation of Deductions, Credits and Recapture. To the extent permitted by law, all deductions and credits for federal income tax purposes shall be allocated in the same manner as those costs are borne which give rise thereto. The Partner

bearing the cost shall be entitled to such deductions and credits as are attributable to such costs in computing taxable income or taxable liability to the exclusion of any other party. The Partnership will elect to charge to expense all Partnership Intangible Drilling and Development Costs. Any recapture of deductions, depletion or tax credits for federal income tax purposes shall be allocated to the Partners on the same basis as were the deductions, depletion or tax credits which give rise to such recapture.

7.5. Distribution of Cash Available for Distribution. After providing for the satisfaction of current debts and obligations of the Partnership and appropriate reserves for working capital, the General Partner shall, as expeditiously as possible, make distributions of the cash available for distribution to the Partners out of Partnership funds to the extent available, 60 days after the end of each quarterly period (or part thereof) within each fiscal year (or part thereof), (a) 100% to the General Partner to the extent of the General Partner's Management Fee in accordance with Section 6.1 hereof, and (b) thereafter to the General Partner and the Limited Partners (pro rata in accordance with their respective Interests) in the same ratio as revenues are shared.

7.6. Capital Accounts. A separate capital account will be maintained for each Partner. Each Partner's capital account will be increased by such Partner's Capital Contributions and by his allocable share of revenues, gain or income and will be decreased by his allocable share of costs, expenses, losses, and deductions, and by the amount of distributions to such Partner of available cash for distribution and other distributions. Capital accounts will be adjusted quarterly on the Adjustment Date, a date 15 days after the end of each quarter, for purposes of reflecting expenses and revenues for such quarter, subject to final year-end adjustments.

ARTICLE VIII.

Transfers by, or Withdrawals, Death, Disability or Legal Insolvency of a Limited Partner

8.1 Transferability of Limited Partner's Interest in Partnership.

(a) Except as may be otherwise provided by this Agreement and by law, a Limited Partner may assign, pledge or otherwise convey or encumber an Interest in the Partnership or any right thereunder or with respect thereto (including the right to receive distributions) only if the following conditions are met:

(i) The Interest or right assigned must represent the entirety of the Interest of the assignor or a right with respect to the entirety of such Interest, unless that Interest is, in the opinion of the General Partner, sufficiently large to be divided, provided that no Interest may be subdivided to the equivalent of fewer than 3 Units.

(ii) The assignee must agree to hold the Interest in accordance with the terms under which it was held by his assignor and agree to execute a counterpart of this Agreement.

(iii) The assignment will be effective only if consented to in writing by the General Partner. This consent may be withheld by the General Partner for any reason in its sole, absolute discretion. Without limiting the foregoing, the General Partner will refuse to consent to any assignment which, in its opinion, might not comply with, or might cause the original sale of the Interests not to comply with, any applicable federal or state securities law. The assignment, if consented to, will not become effective until the first day of the month next following the giving of such consent.

(iv) No transfer of an Interest may be made unless the transferor furnishes to the General Partner for the benefit of the Partnership an opinion of counsel satisfactory to the General Partner to the effect that the transfer may be made without violation of the 1933 Act and any other applicable state securities laws.

(v) No transfer of an Interest may be made if as a result of such transfer 50% or more of the outstanding Interests in the Partnership (whether general or limited partnership interests) would have been transferred within a twelve month period.

(vi) The transferee shall pay to the Partnership all costs and expenses, including attorneys' fees, incurred by the Partnership in connection with the transfer.

(b) Even in the case of a transfer consented to by the General Partner in accordance with Section 8.1(a) or otherwise permitted by law, the transferee will not become a substitute Limited Partner unless the General Partner (on its own behalf and on behalf of the other Limited Partners, pursuant to its powers of attorney) first consents in writing to such substitution. Unless admitted to the Partnership as a substitute Limited Partner, the transferee shall have the rights of an assignee under the Act and, whether or not the transferee becomes a substitute Limited Partner, the assigning Limited Partner shall have no rights under this Agreement. The foregoing consent may be withheld by the General Partner for any reason in its sole, absolute

discretion. Prior to giving its consent to the proposed sale or assignment, the General Partner shall have the option to purchase all or such part of the Interest proposed to be sold, assigned or otherwise transferred at the same price and upon the same terms as the Limited Partner proposes to sell or transfer all or part of such Interest; provided that this option shall not apply to transfers by a Limited Partner of all, but not part, of his Interest to any one or more members of his immediate family (the term "immediate family" as used herein refers only to a Partner's spouse and children) or to the trustee of one or more trusts for the sole benefit of any one or more members of his immediate family. This right of the General Partner to purchase shall be deemed to have been waived if it does not notify such Limited Partner of its intent to exercise its option within thirty (30) days after receiving written notice from such Limited Partner, which notice shall contain the name and address of the proposed purchaser or transferee and the price and the terms of the proposed sale or transfer. In addition, the substitution of the Limited Partner will not become effective until the vendee and/or the assignee to be substituted, the General Partner, and all Limited Partners (either individually or by virtue of the General Partner's power of attorney) have executed and/or filed appropriate amendments to the certificate of limited partnership, and have executed and/or filed all other certificates, instruments and documents, and taken all such additional action as the General Partner may deem appropriate to preserve the limited liability status of the Limited Partners after the completion of the transaction.

(c) Any purported sale or assignment consummated without first complying with this Section 8.1 will, as between the Partnership, on the one hand, and the assignor/vendor and the assignee/vendee, on the other hand, be voidable by the Partnership, at the discretion of the General Partner, except as may be otherwise provided in Section 8.2 hereof or by law.

8.2 Death, Disability or Legal Insolvency of a Limited Partner.

In the event of the death or legal disability of a Limited Partner, the divorce or death of a Limited Partner's spouse, or the adjudication of bankruptcy of a Limited Partner, appointment of a receiver to handle his affairs or execution of an assignment for the benefit of his creditors, the Partnership shall not terminate and the personal representative of the estate, the trustee of a testamentary trust, the guardian, legal representative, beneficiary (upon settlement of the estate or dissolution of the trust), or other assignee, as the case may be, shall have the rights of an assignee under the Act (unless the General Partner determines in its discretion to admit such person as a substituted Limited Partner) upon complying with or causing compliance with the conditions set forth in Section 8.1(a)(ii), (iv), (v) and (vii).

ARTICLE IX.

Dissolution and Liquidation

9.1 Dissolution of the Partnership. This Partnership shall be dissolved upon the occurrence of any of the following events:

(a) The written consent of the General Partner and a majority in Interest of the Limited Partners;

(b) The withdrawal, bankruptcy or adjudicated insolvency of the General Partner, or the appointment of a receiver for the General Partner, or an assignment for the benefit of creditors of the General Partner, unless all of the Limited Partners elect to continue the Partnership, provided that no "withdrawal" shall be deemed to have occurred in the event the General Partner is involved in an incorporation, merger, consolidation or other reorganization so long as the surviving entity shall execute a counterpart hereof;

(c) The sale or other disposition of all of the Partnership assets;

(d) The bankruptcy of or the appointment of a receiver for the Partnership; or

(e) January 1, 2050.

In the event of dissolution of the Partnership pursuant to the provisions of this Section, no further services shall be rendered in the Partnership name except the taking of action necessary for the winding up of the affairs of the Partnership and the distribution and liquidation of its assets. Maintenance of property and expenditures of Partnership funds for legitimate Partnership purposes to effectuate or facilitate the winding up or the liquidation of the Partnership affairs shall be authorized if the Liquidating Trustee, in the exercise of his business judgment, believes that the interest of the Partnership would be best served thereby and shall not be construed to involve a continuation of the Partnership. Upon dissolution of the Partnership, a true, just and final accounting of all transactions relating to the business of the Partnership shall be made. Liabilities of the Partnership shall be paid and assets of the Partnership shall be distributed in accordance with the provisions of Section 9.3 hereof as soon as is reasonably possible after the dissolution of the Partnership.

9.2 Liquidating Trustee. The General Partner shall act as the Liquidating Trustee in the event of a dissolution of the Partnership. In the event that dissolution results from the events set forth in Section 9.1(b) above, then a majority in Interest of the Limited Partners shall appoint a person or firm to act as Liquidating Trustee, who shall be entitled to

exercise all powers and rights otherwise vested in the General Partner, including the right to indemnification pursuant to this Agreement.

9.3 Payment of Liabilities and Distribution of Assets. Upon dissolution of the Partnership, the Liquidating Trustee shall determine and report ("Report") to all the Partners each Partner's capital account, amounts owing to the Partnership from any Partner, the interest of the Partnership in its properties and, by independent appraisal, the value of Partnership properties, equipment and other assets. The assets of the Partnership shall be converted into cash to the extent necessary to pay, and shall be distributed in payment of, the following obligations in the priority listed:

(a) To creditors of the Partnership other than Partners in the order of priority as provided by law.

(b) Then to the Limited Partners for loans, if any, made to the Partnership.

(c) Then to the General Partner for loans, if any, made to the Partnership.

Then, if there remain any Partnership assets (whether cash or properties), the Liquidating Trustee shall distribute to the Partners, pro rata according to each Partner's capital account, Partnership assets with a fair market value (as determined by the General Partner) equal to the balance of their capital accounts. The balance of Partnership assets shall be distributed in accordance with the ratios in which the Partners share Partnership revenues. The relative proportions of cash and undivided interests in the Partnership properties distributed to each Partner shall be as equal as practicable.

Notwithstanding the foregoing, until the repayment of any Partner's Indebtedness to the Partnership, the Liquidating Trustee shall retain such Partner's distributive share of cash and Partnership properties and offset such cash or the income from such properties against such indebtedness and the cost of operation of such properties during the period of such liquidation. If, after six months after the Liquidating Trustee's Report, a Partner's indebtedness to the Partnership has not been satisfied, such Partner's Interest may be foreclosed upon and sold at public or private sale at the best price immediately obtainable which shall be determined in the sole judgment of the Liquidating Trustee, the proceeds applied to the indebtedness and the balance of such proceeds, if any, delivered to such Partner as his liquidating distribution.

ARTICLE X.

Glossary of Terms

10.1 Affiliate. An affiliate of, or a person affiliated with, a specified person, is a person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

10.2 Capital Contribution. Capital Contribution means (i) with respect to a Limited Partner, $50,000 per Unit subscribed payable either 100% in cash at the time of subscription or 27% in cash and the balance by the delivery of a Note secured by a Letter of Credit (or suitable cash-equivalent collateral) in the amount of the Note and further secured by an assignment of the Limited Partner's Interest in the Partnership and (ii) with respect to the Special Limited Partner, if any, $1,000 in cash and its portion of Partnership expenses as and when due and payable by the Partnership, (iii), with respect to the General Partner, cash in the amount of 1% of the Limited Partners' Capital Contributions, the assignment to the Partnership of certain rights under the Exploration and Development Agreements, Offering and Organization Expenses, and its portion of Partnership expenses (not to exceed $7,000,000 assuming all Units are sold) payable within 30 days after the Determination Date.

10.3 Capital Costs. All costs that under federal income tax laws and the interpretation thereof must be capitalized for federal income tax purposes including, without limitation, all costs customarily associated with the acquisition of productive oil and gas leases, including lease bonuses, the costs of abstracts, lease acquisition, title examinations and title curative work, and geological and geophysical expenses concerning prospective lease acquisitions (except to the extent any such costs might qualify to be expensed for federal income tax purposes).

10.4 Casing Point. That point in time when a decision is made either to plug or abandon the well or set production casing in an attempt to complete the well. Other casing point definitions may be applied to the Partnership's interest in Prospects by virtue of the terms of an Operating Agreement or the terms of leases comprising a Prospect.

10.5 Completion. The process of finishing and equipping an oil or gas well for production after the well has been drilled to its total depth and tests have indicated that the well may produce commercial quantities of oil or gas.

10.6 Cost. When used in connection with Leases, property or equipment, (1) the sum of the price paid by or charged to the General Partner for the Lease, property or equipment, attorneys' fees, title insurance or examination costs,

brokers' commissions, filing fees, recording costs, transfer taxes, if any, and like charges connected with the acquisition of the same and (2) rentals and ad valorem taxes paid by or charged to the General Partner prior to the date of transfer to the Partnership, (3) all costs and expenses, if any, as are customarily in the industry allocable to such interest prior to the date of transfer of such interest to such Partnership, except costs of drilling wells which are not commercial producers, (4) and such portion of the General Partner's expenses for exploration, geological, land, engineering, drafting, accounting, legal and other services as is allocated to the Lease, property or equipment in accordance with generally accepted and customary industry practices. Cost also includes interest on funds employed by the General Partner to acquire or maintain such Leases, property or equipment. All items of cost except those specified in (1) above shall be limited to expenses incurred not more than 36 months prior to acquisition by the partnership. When used with respect to services, Cost means the reasonable and necessary expenses incurred by the General Partner on behalf of the Partnership in providing such services determined in accordance with generally accepted and customery industry practices.

10.7 Development Well. A well that is drilled in an effort to produce from oil or gas deposits that have been theretofore discovered and are being produced or are capable of being produced in a well or wells usually located near a well producing from the same reservoir, and which does not represent an attempt to discover a new pool of oil or gas or to greatly extend the limits of a pool already discovered.

10.8 Direct Partnership Costs. All costs related to administration or management of the Partnership's affairs, such as fees and expenses of preparing Partnership financial statements, tax returns and reports, reserve reports, legal fees and computer and other data processing expenses, but not including any allocation of General Partner overhead.

10.9 Dry Hole. A well that fails to encounter or fails to produce oil or gas in commercial quantities.

10.10 Exploratory Well. A well drilled (1) to find and produce oil and gas in an unproved area, (2) to find a new reservoir in a field previously found to be productive or (3) to extend greatly the limits of a known oil and gas reservoir.

10.11 Farm In. An arrangement whereby the owner of a Lease who does not desire to drill on the tract agrees to assign the Lease (or a portion thereof) to the Partnership to drill thereon. The Partnership will usually have an obligation under the agreement to drill one or more wells as a prerequisite to a completion of the transfer of the interest, and the assignor usually retains a completion of the transfer of the interest, and the assignor usually retains either an overriding royalty interest or a right to share in production after payout or some multiple thereof has been achieved by the Partnership.

10.12 Farm Out. An agreement whereby, in exchange for an overriding interest or other retained interest, the owner of a working interest assigns his interest to a person who agrees to drill one or more wells or agrees to some other performance in consideration of the assignment.

10.13 Intangible Drilling and Development Costs. Costs incurred in drilling, testing, equipping and completing wells for items that have no salvage value, including without limitation location and surface damages; drilling costs; drilling mud, chemicals, fuel and other materials and supplies; labor, repairs, hauling, clearing, draining, road making, surveying, cementing, utility charges and other services; drill-stem tests, core analysis and electric logs; well site engineering and geological services and dry hole contributions.

10.14 Interests. Limited partnership interests in the Partnership.

10.15 Lease. The rights (which may be fully or only partially owned by the Partnership) to conduct seismic and other pre-drilling surveys, drill Exploratory Wells and Development Wells, extract oil, natural gas and hydrocarbon minerals from a specific area, to own the extracted oil, natural gas and minerals subject to the mineral owners' retained royalty interest and any other royalty interests encumbering the mineral interests, and also subject to the requirement to pay gross production taxes to governmental authorities, and the right to market the extracted oil, natural gas and minerals.

10.16 Leasehold Acquisition Costs. All costs incurred by the Partnership for leasehold acquisition including the costs of acquiring leases to all the acreage covered under the Exploration and Development Agreements between the General Partner and Agip Petroleum Co., Inc., Premier Resources, Ltd., Mid-Texas Petroleum, Inc., Hallmark Petroleum, Inc., and Petroleum Corporation of Texas although the General Partner will assign to the Partnership only any acreage that may be earned by drilling a well and an Overriding Royalty Interest in the remaining acreage.

10.17 Limited Partners. Those persons who properly execute Subscription Agreements, contribute their subscribed amounts in accordance with the terms of the Partnership Agreement and are accepted as Limited Partners by the General Partner, as well as any person admitted as a substitute Limited Partner pursuant to the provisions of the Partnership Agreement.

10.18 Non-Productive Well. A Partnership Well that is not capable of classification as a Productive Well.

10.19 Non-Capital Costs. All costs that under federal income tax law and regulations are fully deductible currently for federal income tax purposes including without limitation Intangible Drilling and Development Costs, the cost of non-salvageable

tangible equipment installed in dry holes, Leasehold Acquisition Costs incurred in acquiring oil and gas properties that are not subsequently determined to be productive and are abandoned, delay rentals and Plugging and Abandonment Costs.

10.20 Offeree Representative. As defined by Rule 146 under the Securities Act of 1933, an offeree representative is a person engaged by an offeree to help him evaluate the merits and risks of an investment. The offeree representative must not be an Affiliate, director, officer or other employee of the issuer, must have sufficient knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the investment, and must be acknowledged in writing to be the investor's offeree representative. Prior to such acknowledgment, he must disclose to the investor any material relationship between him or his Affiliates and the issuer or its Affiliates which exists, existed at any time over the preceding two years or is understood to be contemplated and any compensation received or to be received as a result of such relationship.

10.21 Offering and Organization Expenses. All costs associated with the offering and sale of Units (other than sales commissions and finders fees) including travel, entertainment and other selling expenses, legal and accounting fees and expenses, printing costs, filing fees and miscellaneous related expenses.

10.22 Oil and Gas Operations Costs. All costs of leasehold acquisition and maintenance, geological, geophysical and seismic costs and costs of drilling and completing wells, Lease operating, production and the marketing of such production, including taxes and any other costs related to any of the foregoing.

10.23 Operating Agreement. Any agreement between two or more owners of Leases providing for the operation of the Leases with all Lease owners sharing the costs and revenues and designating which owner shall be Operator.

10.24 Operating Costs. Expenditures made and costs incurred in producing and marketing oil or gas from completed wells, including, in addition to labor, fuel, repairs, hauling, materials, supplies, utility charges and other costs incident to or therefrom, ad valorem and severance and other taxes, insurance and casualty loss expense and compensation to well operators or others for services rendered in conducting such operations.

10.25 Operator. A person, partnership, corporation or other entity that has the right, obtained contractually from co-owners, to exercise the direct supervision over the drilling of or production from a gas or oil well.

10.26 Overriding Royalty Interest. An interest in the oil and gas production attributable to a specific oil and gas Lease, or an interest in the value or proceeds from the sale of oil and gas production therefrom, which interest is carved out of the working interest and which interest is to be received without any obligation as to cost of drilling, development, operation or maintenance.

10.27 Partners. The General Partner and all Limited Partners where no distinction is required by the context in which the term is used herein.

10.28 Payout. Payout will be achieved when aggregate Partnership revenues (including net gains from the sale of Prospects or other Partnership assets) equal all Partnership expenditures (including Operating Costs), determined on a program basis.

10.29 Plugging and Abandonment Costs. Costs incurred in plugging and abandoning dry holes and abandoned wells.

10.30 Productive Well. A Partnership Well that is producing oil, gas or other hydrocarbons in commercial quantities if (i) such condition has continued for a period of at least 60 days or, (ii) in the opinion of a recognized independent petroleum engineer, the Well is capable of producing for at least as long as necessary to pay out the Partnership's costs of the Well.

10.31 Prospect. An oil or gas property which may be covered by one or more oil and gas Leases located in an area of geological interest.

10.32 Royalty. An interest in a share of gross production from an oil or gas well or Lease, which interest is unencumbered by any obligation as to cost of drilling, development, operation or maintenance.

10.33 Through the Tanks. All facilities for operations located or installed downstream of the Wellhead through the establishment of such well as a Productive Well including, without limitation, pumps, compressor plants, storage tanks, central tank batteries for secondary recovery, water wells and stations, secondary recovery facilities, saltwater injection wells and disposal facilities, gas products plants, pipelines, flow lines and other transmission and storage facilities.

10.34 Unit. An Interest in the Partnership representing an $50,000 Capital Contribution.

10.35 Wellhead. The assembly of pipes, valves and fittings used to control the flow of oil and gas from the well.

10.36 Working Interest. An interest in an oil and gas Lease, which interest is subject to some portion of the expense of drilling, development, operation or maintenance, and which

also entitles its owner to receive a proportionate share of production from such oil or gas well or Lease after first deducting all royalty interest payments, overriding royalty interest payments and gross production taxes.

ARTICLE XI.

Miscellaneous Provisions

11.1 Notices. Notices or instruments of any kind which may be or are required to be given hereunder by any Partner to another shall be in writing and deposited in the United States Mail, certified or registered, postage prepaid, addressed to the respective Partner at the post office address appearing opposite such Partner's signature to this Agreement or at such other post office address as may be designated by such Partner by notice addressed to the other Partners. Notices shall be deemed to have been given by the General Partner two days after depositing same in the United States Mail within the United States and by the Limited Partners when received by the General Partner at its principal place of business.

11.2 Amendment. Amendments to this Agreement may be proposed in writing by the General Partner or by Limited Partners owning not less than ten percent (10%) in Interest. The General Partner, within thirty (30) days after receipt of the written proposal, shall submit to all Limited Partners a verbatim statement of the proposed amendment and shall, if a meeting of the Partnership has not been called for the purpose of voting on the amendment, enclose ballots. Partners shall have 30 days to return their ballots covering the proposed amendment. The affirmative vote of a majority in Interest of the Limited Partners will be required to adopt the amendment. Notwithstanding other provisions of this Article XI, amendments to this Agreement which are of an inconsequential nature and do not adversely affect the Partners in any material respect, or are necessary or desirable to comply with any applicable law or governmental regulation or are required or contemplated by this Agreement, may be made by the General Partner through use of the power of attorney granted by Article 5.5 of this Agreement. No amendment (other than one entered into in connection with the resignation of the General Partner) which changes the management or other rights of the General Partner may be made without the affirmative vote or written consent of the General Partner. No amendment which changes the limited liability status or participation in revenues and expenses of any Limited Partner may be made without the affirmative vote or written consent of such Limited Partner.

11.3 Meetings. Meetings of the Partnership may be called at any time by the General Partner and shall be called by the General Partner within 15 days after its receipt of a written request by at least 10% of the Limited Partners. The call shall state the nature of the business to be transacted.

Meetings called pursuant to Limited Partner request shall be held within 60 days of the date of the call. Partners may vote in person or by proxy at an such meeting, and shall be given written notice at least 10 days prior to such meeting.

11.4 Successors and Assigns. This Agreement, and all the terms and provisions hereof, shall be binding upon and shall inure to the benefit of the parties hereto, their spouses, and their (and their spouses') respective heirs, personal representatives, successors and assigns.

11.5 Construction of Agreement. The captions used in this Agreement are for convenience only and shall not be construed in interpreting this Agreement. Wherever the context so requires, the masculine shall include the feminine and the neuter, and the singular shall include the plural and vice versa, unless the context clearly requires a different interpretation. All references herein to a Partner shall include both the General and Limited Partners unless made applicable to or limited to the General Partner or to the Limited Partners.

11.6 Governing Law. All provisions of this Agreement shall be construed according to the laws of the State of Texas. The rights and liabilities of the Partners shall, except as otherwise provided in this Agreement, be as provided for in the Act.

11.7 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations of the jurisdictions in which the Partnership does business. If any provision of this Agreement or the application thereof to any person or circumstance is for any reason and to any extent invalid or unenforceable, the remainder of this Agreement and the application of such provision to the other persons or circumstances will not be affected thereby, but rather are to be enforced to the greatest extent permitted by law.

11.8 Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Certificate of Limited Partnership as of the 11th day of September, 1981.

SPECIAL LIMITED PARTNER

Name and Taxpayer Identification Number

A. Residence Address
B. Mailing Address

DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

By: Milo A. Moore
(Name)

A. 150 Washington NB Chatham Ave
Chatham, NJ 07928

By: _____
(Printed Name)

B. ~~I.D.~~ NB, SAME AS Above

I.D. No. 153-32-7366

THE STATE OF New York §
§
COUNTY OF New York §

The undersigned Notary Public in and for said State (or Nation) and County does hereby certify that on this 11 day of Sept., 1981, personally appeared before me Milo A. Moore, as Senior Vice President of Donaldson Lufkin & Jenrette, known to me to be the person who executed the foregoing instrument, who being by me first duly sworn, declared and acknowledged upon oath that he signed the foregoing Agreement and that the statements therein contained are true.

IN WITNESS WHEREOF, I have placed my hand and a fixed my notarial seal this 11 day of Sept., 1981.

Mary A. Bocopad
Notary Public in and for
_____ County, _____

MARY A. BOCOPAD
Notary Public, State of New York
No. 41-4654753
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1983

GENERAL PARTNER

Name and Taxpayer Identification Number

Address

TRANSCAPITAL ENERGY CORPORATION

Nine Greenway Plaza
Suite 2006
Houston, Texas 77046

By: Robert W. Wright
Robert W. Wright, President

I.D. No. _____

THE STATE OF NEW YORK §
§
COUNTY OF NEW YORK §

The undersigned Notary Public in and for said State and County does hereby certify that on this 11 day of Sept., 1981, personally appeared before me, Robert W. Wright, PRESIDENT of TRANSCAPITAL ENERGY CORPORATION, known to me to be the person who executed the foregoing instrument, who being by me first duly sworn, declared and acknowledged upon oath that he signed the foregoing Agreement and that the statements therein contained are true.

IN WITNESS WHEREOF, I have placed my hand and affixed my notarial seal this 11 day of Sept., 1981.

Mary A. Bogorad
Notary Public in and for
Harris County, Texas.

MARY A. BOGORAD
Notary Public, State of New York
No. 41-4654753
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1983

LIMITED PARTNERS

W P Goodson

William P. Goodson, as attorney in fact for Anile & Frankovitch, Margery H. Bailey and James R. Bailey, David B. Burroughs and Carol E. Burroughs, John S. Chalsty, J. Edward Charles, John A. Chmiel, Colorado TransCapital 81-A Joint Venture, Ann D. Davis, Jack Durliat, Diane Burgher Enholm, The Equity Division Investment Fund - 1981, W. C. Floersch, G & S Partnership, Kenneth M. Gang, William Grooms, Melvin E. Guthrie, Jr., Trustee, Thomas C. Hart, James L. Herold, Donald A. Huizinga, J. Taylor Hurst, James L. Johnson, W. W. Johnson and Pierrine B. Johnson, Harry J. Lewis and/or Carol Lewis, Trustees, Ralph H. Lewis and Nanette Lewis, Trustees, LFA Energy Limited Partnership, Gustav O. Lienhard, Peter A. Marx, Thomas B. McIntosh, Mehlich Partners, Charles S. Munson, Jr., Jane Rust Munson, Mary E. Nagler, Herbert F. Phillipsborn, Alexander S. Reese, George B. Reese, John R. Reese, George S. Reinhart, Charles G. Reynolds, John Clifford Robinson, David Rochat, Orville C. Rogers, Julius Saltzman, Frank S. Saville, Ronald Segal, Eugene J. Segre, Richard B. Sellars, Leona Whitehead Smith, Phillip J. Smith, Sombrero Oil and Gas 1981, Treduoc & Co. 1980, Treduoc & Co. 1981, Jack W. Tynes, John C. West, Wilmsen & Partners, and Robert Wong and Ellen Wong, Crashot Investors.

Addresses shown on Schedule 1 attached hereto

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

The undersigned Notary Public in and for said State and County does hereby certify that on this 19th day of September, 1981, personally appeared before me William P. Goodson, attorney-in-fact for the above listed limited partners known to me to be the person who executed the foregoing instrument, who being by me first duly sworn, declared and acknowledged upon oath that they signed the foregoing Certificate of Limited Partnership in the capacity stated above and that the statements therein contained are true.

IN WITNESS WHEREOF, I have placed my hand and affixed my notarial seal this 19th day of September, 1981.

Pam Bolton

Notary Public in and for
Harris County, T E X A S

My Commission Expires:
01/10/85

SCHEDULE 1

Limited Partner and Address	Initial Capital Contribution
Anile & Frankovitch 334 Penco Road Weirton, West Virginia 26062	$ 10,000
Margery H. Bailey and James R. Bailey 151 Farmington Avenue Hartford, Connecticut 06156	$150,000
David B. Burroughs and Carol E. Burroughs 81250 Leesburg Pike Reston, Virginia 22180	$ 50,000
John S. Chalsty 140 Broadway New York, New York 10005	$ 75,000
J. Edward Charles Route #441, By-Pass Marietta, Pennsylvania 17547	$200,000
John A. Chmiel 2900 Semiconductor Drive Santa Clara, California 95051	$ 50,000
Colorado TransCapital 81-A Joint Venture c/o Jeff Wortman 359 Main Street, Suite 3 Grand Junction, Colorado 81501	$500,000
Crashot Investors c/o Ellis Duell 730 Third Avenue, 25th Floor New York, New York 10017	$150,000
Ann D. Davis 75 Reed Ranch Road Tiburon, California 94920	$100,000
Jack Durliat c/o Jeff Wortman 359 Main Street, Suite 3 Grand Junction, Colorado 81501	$ 50,000

Limited Partner and Address	Initial Capital Contribution
Diane Burgher Enholm 4303 University Blvd. Dallas, Texas 75205	$ 75,000
The Equity Division Investment Fund - 1981 c/o Donaldson, Lufkin & Jenrette Securities Corporation 140 Broadway New York, New York 10005	$300,000
W. C. Floersch 150 Birchwood Deerfield, Illinois 60015	$ 50,000
G & S Partnership 2240 W. Walnut Chicago, Illinois 60612	$ 75,000
Kenneth M. Gang 30 Greenridge Avenue White Plains, New York 10605	$ 50,000
William Grooms P. O. Box 627 Columbia, South Carolina 29202	$ 75,000
Melvin E. Guthrie, Jr., Trustee 1512 Forest Avenue Evanston, Illinois 60201	$ 50,000
Thomas C. Hart 6211 West N.W. Hwy., Apt. 226 Dallas, Texas 75225	$150,000
James L. Herold 761 Cherry Street Winnetka, Illinois 60093	$ 50,000
Donald A. Huizinga 222 S. Riverside Plaza Chicago, Illinois 60606	$ 50,000
J. Taylor Hurst 200 South Wacker, 37th Floor Chicago, Illinois 60606	$ 50,000

Limited Partner and Address	Initial Capital Contribution
James L. Johnson P. O. Box 94 Potterville, New Jersey 07979	$150,000
W. W. Johnson and Pierrine B. Johnson P. O. Box 448 Columbia, South Carolina 29202	$150,000
Harry J. Lewis and/or Carol Lewis, Trustees 757 Beach Street San Francisco, California	$150,000
Ralph H. Lewis and Nanette Lewis, Trustees 757 Beach Street San Francisco, California 94109	$150,000
LFA Energy Limited Partnership 230 Park Avenue New York, New York 10169	$150,000
Gustav O. Lienhard P. O. 2316 Princeton, New Jersey 08540	$150,000
Peter A. Marx 5007 West 158th Street Oak Forest, Illinois 60452	$150,000
Thomas B. McIntosh 430 Roslyn Chicago, Illinois 60614	$100,000
Mehlich Partners Tuckahoe, New York	$100,000
Charles S. Munson, Jr. P. O. Box 507 - 368 Center Street Southport, Connecticut 06490	$ 75,000
Jane Rust Munson 27 East 95th Street New York, New York 10028	$ 50,000

Limited Partner and Address	Initial Capital Contribution
Mary E. Nagler 4833 Walnut Hill Lane Dallas, Texas 75229	$150,000
Herbert F. Phillipsborn 874 Grove Street Glencoe, Illinois 60022	$ 50,000
Alexander S. Reese 225 West 106 St., Apt. 10-F New York, New York 10025	$ 50,000
George B. Reese 40 Wall Street New York, New York 10005	$100,000
John R. Reese 120 Broadway New York, New York 10005	$ 50,000
George S. Reinhart 1038 Illinois Avenue Wilmette, Illinois 60091	$ 50,000
Charles G. Reynolds 55 Broad Street New York, New York 10004	$100,000
John Clifford Robinson 3413 Bryn Mawr Dallas, Texas 75225	$150,000
David Rochat Main Street Chelsea, Vermont 05031	$ 75,000
Orville C. Rogers 3840 West Bay Circle Dallas, Texas 75214	$ 50,000
Julius Saltzman 37 West 12th Street New York, New York 10011	$150,000

Limited Partner and Address	Initial Capital Contribution
Frank S. Saville 585 Elm Street Barrington, Illinois 60010	$ 75,000
Ronald Segal P. O. Box 1986 Columbia, South Carolina 29202	$ 75,000
Eugene J. Segre 3401 Hillview Avenue Palo Alto, California 94304	$100,000
Richard B. Sellars 501 George Street New Brunswick, New Jersey 08903	$150,000
Leona Whitehead Smith 5551 Yale Street Dallas, Texas 75206	$150,000
Phillip J. Smith 1350 N. Lasalle #107 Chicago, Illinois 60610	$150,000
Sombrero Oil and Gas 1981 c/o Colin Harley Davis Polk & Wardwell 1 Chase Manhattan Plaza New York, New York 10005	$150,000
Treduoc & Co. 1980 c/o Timothy Hart Pan American Building, 15th Floor New York, New York 10017	$150,000
Treduoc & Co. 1981 c/o Timothy Hart Pan American Building, 15th Floor New York, New York 10017	$150,000
Jack W. Tynes 1176 Campbell Centre Dallas, Texas 75206	$150,000

Limited Partner and Address	Initial Capital Contribution
John C. West P. O. Drawer 13 Hilton Head Island, South Carolina 29938	$150,000
Wilmsen & Partners 2190 S. W. King's Court Portland, Oregon 97205	$150,000
Robert Wong and Ellen Wong 1400 Folsom Street San Francisco, California	$ 50,000

AFFIDAVIT

I, William P. Goodson, as the vice president-exploration of TransCapital Energy Corporation, a Virginia corporation, the general partner of TransCapital Energy Program 81-A, Ltd., a partnership organized under the Texas Uniform Limited Partnership Act, do solemnly swear that I am the duly authorized attorney under duly executed powers of attorney that have been delivered to me by Anile & Frankovitch, Margery H. Bailey and James R. Bailey, David B. Burroughs and Carol E. Burroughs, John S. Chalsty, J. Edward Charles, John A. Chmiel, Colorado TransCapital 81-A Joint Venture, Ann D. Davis, Jack Durliat, Diane Burgher Enholm, The Equity Division Investment Fund - 1981, W. C. Floersch, G & S Partnership, Kenneth M. Gang, William Grooms, Melvin E. Guthrie, Jr., Trustee, Thomas C. Hart, James L. Herold, Donald A. Huizinga, J. Taylor Hurst, James L. Johnson, W. W. Johnson and Pierrine B. Johnson, Harry J. Lewis and/or Carol Lewis, Trustees, Ralph H. Lewis and Nanette Lewis, Trustees, LFA Energy Limited Partnership, Gustav O. Lienhard, Peter A. Marx, Thomas B. McIntosh, Mehlich Partners, Charles S. Munson, Jr., Jane Rust Munson, Mary E. Nagler, Herbert F. Phillipsborn, Alexander S. Reese, George B. Reese, John R. Reese, George S. Reinhart, Charles G. Reynolds, John Clifford Robinson, David Rochat, Orville C. Rogers, Julius Saltzman, Frank S. Saville, Ronald Segal, Eugene J. Segre, Richard B. Sellars, Leona Whitehead Smith, Phillip J. Smith, Sombrero Oil and Gas 1981, Treduoc & Co. 1980, Treduoc & Co. 1981, Jack W. Tynes, John C. West, Wilmsen & Partners, and Robert Wong and Ellen Wong, Crashot Investors.

I further swear that pursuant to the authority as attorney-in-fact vested in me by the powers of attorney signed by the above named individuals, I did execute and sign the Certificate of Limited Partnership by and for their behalf.

W P Goodson

William P. Goodson, Vice President-Exploration of TransCapital Energy Corporation, the General Partner

Sworn to and subscribed before me by the said William P. Goodson this 19th day of September, 1981 to certify which witness my hand and seal of office.

Cam Bolton

Notary Public in and for
Harris County, T E X A S

My Commission Expires:
01/10/85

Designation of
Domestic Agent for Service of Process

Know All Men By These Presents:

That the undersigned TransCapital Energy Program 81-A, Ltd., a Texas limited partnership, hereby appoints CT Corporation Systems, Inc., Kentucky Home Life Building, Louisville, Kentucky 40202, its attorney in the State of Kentucky, upon whom may be served any notice, process, or pleading in any action or proceeding against it arising out of or in connection with the transaction of business in the State of Kentucky, or out of violation of the law of the State of Kentucky.

Dated: November 13, 1981.

TransCapital Energy Program 81-A, Ltd.

By: TransCapital Energy Corporation,
General Partner

By: _____
Robert W. Wright, President

Designation of
Domestic Agent for Service of Process

Know All Men By These Presents:

That the undersigned TransCapital Energy Program 81-A, Ltd., a Texas limited partnership, hereby appoints CT Corporation Systems, Inc., Kentucky Home Life Building, Louisville, Kentucky 40202, its attorney in the State of Kentucky, upon whom may be served any notice, process, or pleading in any action or proceeding against it arising out of or in connection with the transaction of business in the State of Kentucky, or out of violation of the law of the State of Kentucky.

Dated: November 18, 1981.

TransCapital Energy Program 81-A, Ltd.

By: TransCapital Energy Corporation,
General Partner

By: _____
Robert W. Wright, President

TO: Secretary of State of Kentucky
Commonwealth of Kentucky

As Chairman of the Board and on behalf of TransCapital Energy Corporation, a Virginia corporation, qualified to do business in Kentucky, I, JOSEPH F. CAMPAGNA, hereby consent to the use of the name "TransCapital Energy Program 81-A, Ltd." in the State of Kentucky by the Texas limited partnership of that name.

TRANSCAPITAL ENERGY CORPORATION

By: _____
JOSEPH F. CAMPAGNA, Chairman of the Board

TO: Secretary of State of Kentucky
Commonwealth of Kentucky

As Chairman of the Board of and on behalf of TransCapital Energy Corporation of Kentucky, a Kentucky corporation, I, Joseph F. Campagna , hereby consent to the use of the name "TransCapital Energy Program 81-A, Ltd." in the State of Kentucky, by the Texas limited partnership of that name.

TRANSCAPTIAL ENERGY CORPORATION OF KENTUCKY

By: _____
JOSEPH F. CAMPAGNA, Chairman of the Board

SULLIVAN, BAILEY, KING, BISHOP & SABOM
ATTORNEYS AT LAW
5000 WOODWAY
HOUSTON, TEXAS 77056
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MAILING ADDRESS:
POST OFFICE BOX 2482
HOUSTON, TEXAS 77001

NORMAN J. BERING
OF COUNSEL

January 4, 1982

FILE NO.:

SECRETARY OF STATE
RECEIVED
JAN 07 1982
COMMONWEALTH OF KENTUCKY

Secretary of State of Kentucky
State Capitol, Room 152
Frankfort, Kentucky 40601

RE: TransCapital Energy Program 81-A, Ltd.

Gentlemen:

The enclosed documents are being resubmitted for filing:

1. Foreign Limited Partnership Application for Certificate of Authority

2. Certified copy of the Articles of Partnership of TransCapital Energy Program 81-A, Ltd.

3. Designation of domestic agent for service of process

4. Written consent from TransCapital Energy Corporation

5. Written consent from TransCapital Energy Corporation of Kentucky

6. Our Firm's check in the amount of $35 for your filing fee and recording fee

Thank you for your assistance. Please contact me should you have any questions regarding this filing.

Very truly yours,

Dayle C. Pugh

DCP:pca
enclosures
cc: Robert W. Wright