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Commonwealth of Kentucky

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SECRETARY OF STATE OF KENTUCKY
FRANKFORT, KENTUCKY

OFFICE OF
SECRETARY OF STATE

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AUG 23 1977
DREXEL R. DAVIS
Secretary



SECRETARY OF STATE
FRANKFORT
KENTUCKY

RECEIVED

AUG - 8 1977
CK # 35

Commonwealth of Kentucky

Drexel R. Davis
SECRETARY OF STATE

FOREIGN LIMITED PARTNERSHIP APPLICATION FOR CERTIFICATE OF AUTHORITY

Pursuant to the provisions of Kentucky Revised Statutes Chapter 362, the _____
SPRUCE ASSOCIATES

a foreign limited partnership organized under the laws of the state of _____,
the home office address of which is 1618 S.W. First Avenue, Suite 305,
Portland, Oregon 97201

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 System
Kentucky Home Life Building, c/o C.T. Corporation Systems
whose address is _____
Louisville, Kentucky 40202
- (b) Designates the same address for its registered office.

Dated July 21, 1977

Signed *Joseph M. Newey* *M. Darrell Nilson*
Joseph M. Newey GENERAL PARTNER M. Darrell Nilson

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.

SHERMAN B. KELLAR

ATTORNEY AT LAW

305 HIVERA PLAZA

1818 S. W. FIRST AVE. SUITE 305

PORTLAND, OREGON 97201

TELEPHONE 227-6475
AREA CODE 503

SHERMAN B. KELLAR
MARGARET H. LEVY BRIDMAN

August 22, 1977

Secretary of State
Capitol Building
Frankfort, Kentucky 40601

Attention: Hal Brady

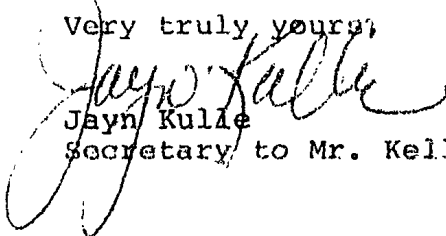
Re: Spruce Associates

Dear Mr. Brady:

It is my current understanding that this office need not file a statement of assumed business name. However, I cannot rework the enclosed check. Please cash the enclosed check and forward the refund of \$10.00 to this office at your earliest convenience.

Thank you for your cooperation.

Very truly yours,


Jayn Kullie
Secretary to Mr. Kellar

Aug. 25, 1977

Val. no. - 69301

State of Oregon

Department of Commerce Corporation Division

I, **Frank J. Healy**, Corporation Commissioner and Custodian of the Seal of the Corporation Division of the Department of Commerce of the State of Oregon, do hereby certify that I have carefully compared the annexed copy of the Certificate and Agreement of Limited Partnership of SPRUCE ASSOCIATES

with the record now on file in my office, and that the same is a correct transcript therefrom, and of the whole thereof. I further certify that this authentication is in due form and by the proper officer.

In Testimony Whereof, I have hereunto set my hand and affixed hereto the seal of the Corporation Division of the Department of Commerce of the State of Oregon this 18th day of July, 1977.



Frank J. Healy
Corporation Commissioner

By Shirley Smith

CERTIFICATE AND
AGREEMENT OF LIMITED PARTNERSHIP
OF
SPRUCE ASSOCIATES

FILE NO. LP-1915
FILED
IN THE OFFICE OF THE CORPORATION
COMMISSIONER OF THE STATE OF OREGON
JUL 8 1977
FRANK J. HEALY
CORPORATION COMMISSIONER

Effective Date: June 29, 1977

Parties: M. Darrell Nilson and Joseph Newey (collectively "GENERAL PARTNER") and Persons Signatory to this Agreement as Limited Partners ("LIMITED PARTNERS")

W I T N E S S E T H :

WHEREAS, in order to commence its intended business of acquiring and exploiting mineral rights and investing in securities, the Partnership requires that additional capital be made available by Limited Partners on the terms and conditions hereinafter provided; and

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein, the parties agree as follows:

ARTICLE I
ORGANIZATION

1.1. Admission and Withdrawal of Partners.

The General Partner is and shall be the General Partner of the Partnership. The Limited Partners whose names shall appear on the signature page of this Agreement are hereby admitted as Limited Partners of the Partnership. The General Partner and the Limited Partners may sometimes be collectively referred to herein as (PARTNERS) or, individual as (PARTNER).

1.2. Formation of Partnership.

The Partnership has been organized as a limited partnership under the Uniform Limited Partnership Act as enacted in Oregon, and the parties desire that the Partnership shall continue to qualify as a limited partnership thereunder. Promptly following the execution hereof, the General Partner, on behalf of the Partnership and each of the Limited Partners, shall execute or cause to be executed all such certificates and documents, and shall do all such filing, recording, publishing and other acts as may be necessary, or appropriate from time to time to comply with all requirements for the formation and/or operation of a limited partnership in the State of Oregon and all other jurisdictions where the Partnership shall desire to conduct its business. The General Partner shall cause the Partnership to comply with all requirements for the qualification of the Partnership as a limited partnership in any jurisdiction before the Partnership shall conduct any business in such jurisdiction.

1.3. Partnership Name. The name of the Partnership shall be SPRUCE ASSOCIATES; provided, however, that, subject to all applicable laws, the business of the Partnership may be conducted under any other name or names deemed necessary or advisable by the General Partner.

1.4. Purposes and Powers of the Partnership. The purposes of the Partnership shall be to engage in the business of owning and exploiting coal rights and to invest in securities. In furtherance of the purposes of the Partnership, the Partnership shall have the power to do any and all other things whatsoever necessary or desirable in connection with the foregoing or otherwise contemplated by this Agreement, but the Partnership shall not engage in any other business except to the extent that such other business is collateral to the business of owning and exploiting coal rights or investing in securities.

1.5. Principal Place of Business and Address. The principal place of business of the Partnership in the State of Oregon shall be 1618 S.W. First Avenue, Suite 305, Portland, Oregon, or such other address or addresses as the General Partner may designate by notice to the Limited Partners. The Partnership may maintain offices and other facilities from time to time at such locations, within or without the State of Oregon as may be deemed necessary or advisable by the General Partner.

1.6. Partnership Registered Agent. The registered agent of the partnership shall be Sherman B. Kellar, 1618 S.W. First Avenue, Suite 305, Portland, Oregon. The General Partner hereby designates the registered agent appointed above, and any successor registered agent as his personal registered agent and attorney upon whom may be served any process, notice or demand which arises out of the conduct of the partnership affairs and which is required or permitted by law to be served upon a General Partner.

1.7. Term. Unless sooner dissolved under the other provisions of this agreement, the Partnership shall continue in existence until, and shall dissolve on December 31, 2008.

ARTICLE II CAPITAL CONTRIBUTIONS

2.1. Contributions by the General Partner. The General Partner has contributed \$1,000.00 in cash to the capital of the Partnership and the first limited partner has contributed \$100.00 in cash to the capital of the Partnership.

2.2. Initial Contributions of the Limited Partners. Concurrently with the execution hereof, each Limited Partner, shall contribute to the Partnership, as his initial contribution

(an "Initial Contribution"), the amount set forth opposite his name on the signature page hereof in cash. The aggregate amount of Initial Contributions contributed by the Limited Partners is herein referred to as the "Initial Capital Contribution", and the proportion which a Limited Partner's Initial Contribution bears to the Initial Capital Contribution is herein referred to as a "Proportionate Share". The amount of each Limited Partner's Initial Contribution shall be credited to his capital account.

2.3. Margin Liability. A portion of the Initial Contribution will be used by the General Partner to invest in leveraged purchases of debt obligations of the United States Government or its Agencies. In order to leverage such investment, it will be necessary for the General Partner and each Limited Partner to become personally liable for their proportionate share of the margin obligation. In the event interest fluctuations are adverse to the Partnership's investment, it may become necessary for each Limited Partner to make an additional capital contribution to meet such margin call. If such a margin call does occur, each Limited Partner will be required to make an additional capital contribution in the same proportion as his Initial Contribution bears to the total Initial Contribution of all partners to the Partnership.

2.4. Limited Liability and Capacity of Limited Partners. Except for the obligation to make the Initial Contribution referred to in Section 2.2., and the Margin Liability referred to in Section 2.3., no Limited Partner shall have any personal liability or obligation for any liability or obligation of the Partnership. No Limited Partner shall be obligated to lend funds to the Partnership for any purpose. No Limited Partner shall be liable for the obligation of any other Limited Partner. No Limited Partner shall take part in the management of the business of the Partnership or transact any business for or in the name of the Partnership, and no Limited Partner shall have power to sign for or to bind the Partnership. No salary shall be paid to any Limited Partner. No Limited Partner shall have a Partnership drawing account. No Limited Partner shall be entitled to any distribution from the Partnership or to withdraw or demand the return of any part of his capital contributions except as specifically provided for herein.

2.5. Capital Accounts. There shall be established on the books of the Partnership a capital account for each Partner. The capital account for each Partner shall be credited with the capital contributions of such Partner and with the amount of

profits allocable to such Partner, pursuant to ARTICLE III hereof, and shall be charged with the amount of all distributions made to such Partner, and by the amount of all losses allocable to such Partner, pursuant to ARTICLE III hereof.

ARTICLE III

ALLOCATIONS AND DISTRIBUTIONS OF CASH, PROFITS AND LOSSES

3.1. Definition of Cash Receipts. For purposes of this Agreement, the term "Cash Receipts" shall mean all revenues received by the Partnership in cash during any year, excluding therefrom the proceeds of any contributions, loans or advances by Partners to the Partnership.

3.2. Allocation of Cash Receipts. Cash receipts shall be applied by the General Partner in the following order of priority:

(a) To pay debt service on the Partnership's note to Atlantic Energy Associates (including authorization of principal and accrued interest, if any), and then to provide a reasonable reserve for such payments in the future;

(b) To pay any outstanding debts and obligations of the Partnership and then to provide a reasonable reserve for such payments in the future;

(c) To pay to the General Partner, an annual fee ("Management Fee") for services rendered as a General Partner to the Partnership, of \$500.00 (Five Hundred Dollars) per month plus an additional sum equal to .05 ¢ per ton of coal mined and sold for Cash by the Partnership; and

(d) Anything herein to the contrary notwithstanding, the General Partner may, in his sole discretion, create reasonable reserves for the payment of notes, debts, liabilities, taxes and expenses before making any distribution of Cash Receipts to the Partners as provided for in this ARTICLE III.

(e) To the extent that Cash Receipts available, from time to time, are in excess of amounts paid, committed or reserved for payment, as provided in this Section 3.2, to pay, to the Limited Partners, in accordance with their respective Proportionate Shares, 99% of such Receipts in the year 1977 and 85 % of such Cash Receipts in each year thereafter, and to the General Partner, 1% of such Cash Receipts in the year 1977 and 15% of such Cash Receipts in each year thereafter.

3.3. Definition of Profits and Losses. For purposes of this Agreement, the terms "Profits" and "Losses" shall mean, respectively, the net profits and the net losses of the Partnership for Federal income tax purposes, as determined by the Partnership's accountants.

3.4. Allocation of Profits and Losses. Profits of the Partnership shall be allocated 99% of such profits in the year 1977 and 85% of such profits in each year thereafter to the capital accounts of the Limited Partners in accordance with their respective Proportionate Shares, and 1% of such profits in the year 1977 and 15% of such profits in each year thereafter to the capital account of the General Partner. Losses of the Partnership shall be allocated 99% to the capital accounts of the Limited Partners, in accordance with the respective Proportionate Shares, and 1% to the capital account of the General Partner.

ARTICLE IV GENERAL PARTNER

4.1. Powers of the General Partner. The management and control of the business and affairs of the Partnership shall be vested exclusively in the General Partner, who shall do all things as it may in its absolute discretion determine to be necessary or useful in order to accomplish the purposes of the Partnership and to conduct its business, all in accordance with the provisions hereof, and, in furtherance thereof, shall possess and may exercise all of the powers, rights and privileges of a general partner in a limited partnership under the Uniform Limited Partnership Act as enacted in Oregon. In particular, and without limitation of the foregoing, the General Partner, in its sole and absolute discretion, shall have the full right, power and authority from time to time and at any time on behalf of the Partnership:

(i) To employ, such agents, attorneys and accountants (subject to Section 5.1 hereof) as it shall deem advisable;

(ii) To borrow money in connection with the

(iii) To consent to the modification, renewal or extension of any obligation of any person to the Partnership or of any agreement to which the Partnership is a party or of which it is a beneficiary; and

(iv) To execute, acknowledge and deliver any and all instruments necessary or useful in connection with any or all of the foregoing.

4.2. Services of General Partner. The General Partner shall render to the Partnership such services as are reasonably necessary for the management and conduct of the business of the Partnership. Except as provided in ARTICLE III, the sole compensation for performing such services shall be the fees provided for in subparagraph (c) of Section 3.2, payable as therein provided.

4.3. Indemnification of General Partner. The General Partner shall not be liable to the Partnership or to any Limited Partner for any act or omission in good faith and within the scope of the authority conferred by this Agreement. The Partnership shall indemnify and save harmless the General Partner from and against any and all liability, loss, cost, expense or damage incurred or sustained by reason of any act or omission in the conduct of the business of the Partnership in good faith and within the scope of the authority conferred by this Agreement. In particular, and without limitation of the foregoing, the General Partner shall be entitled to indemnification by the Partnership against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by the General Partner in connection with the defense of any suit or action to which the General Partner may be made a party by reason of having been designated or acted as the General Partner, to the fullest extent permitted under the provisions of the Partnership Law of the State of Oregon or any other applicable statute.

4.4. Other Activities of the General Partner and the Limited Partners. The General Partner is authorized to manage the business of the Partnership in conjunction with its other business interests, activities and investments and, subject to the provisions of Section 4.2, will not be obligated to devote all or any particular part of its time and effort to the Partnership and its affairs. Except as provided in ARTICLE VIII hereof, neither this Agreement nor any activity undertaken on behalf of the Partnership shall prevent the General Partner or the Limited Partners from engaging in any other activities or businesses or from making investments, whether or not such activities, businesses or investments are similar in nature to the business of the Partnership, whether individually or jointly with others, without any obligation to account to the other Partners for any profits or other benefits derived therefrom, and without having to offer an interest in such activities, businesses or investments to the other Partners.

4.5. Failure to Take Action. The General Partner will not be liable to the Limited Partners for its failure to take any action, including, but not limited to, any action which may prevent the foreclosure of all or any portion of the property of the Partnership, on behalf of the Partnership, due to the Partnership's lack of sufficient funds therefor, provided the General Partner gives the Limited Partners prior notice thereof, so that the Limited Partners may, but shall not be obligated to, contribute such funds if they then desire that such action be taken. Moreover, in the event after such notice

is given such funds are not contributed to the Partnership by the Limited Partners, the General Partner shall have the power, but shall not be obligated to, (i) sell all or any portion of the property of the Partnership in order to raise such funds, or (ii) cause the dissolution of the Partnership or the abandonment of all or any portion of its property or both, without any liability whatsoever and without prejudice to any claim they or the Partnership may have against any Limited Partner for the breach of any provision of this Agreement.

ARTICLE V
RECORDS, REPORTS AND TAXES

5.1. Fiscal Year, Accounting and Reports. The fiscal year of the Partnership for both accounting and Federal income tax purposes shall be the calendar year, and, for accounting and Federal income tax purposes, the Partnership shall report its operations and Profits and Losses in accordance with the accrual method. At all times during the continuance of the Partnership, the General Partner shall keep or cause to be kept full and accurate books of account in which shall be entered fully and accurately each transaction of the Partnership. All of the books of account shall be open to the inspection and examination of the Limited Partners or their representatives, by appointment, during normal business hours. The books of the Partnership shall be audited annually at the expense of the Partnership by such public accounting firm as the General Partner shall designate (any such firm from time to time so designated being herein referred to as the "Partnership Accountants"), and annual financial statements of the Partnership, as certified by such accountants, shall be transmitted by the General Partner to each of the Limited Partners. The General Partner shall further transmit to each Partner annually, within a reasonable time after the end of each calendar year, a report setting forth (i) such Partner's share of the Partnership's Profits or Losses for such year, and (ii) such Partner's capital accounts as of the end of such year, adjusted pursuant to Section 2.5 hereof. The statements delivered hereunder may be changed from time to time to cure errors or omissions and to give effect to any retroactive costs or adjustments. All costs and expenses incurred shall constitute expenses of the Partnership.

5.2. Bank Accounts. The General Partner shall, on behalf of the Partnership, open and maintain a bank account or accounts, all within the United States, in which shall be deposited all of the capital, Cash Receipts and other funds of the Partnership. All withdrawals from the Partnership's account shall be made only upon checks or instruments signed by the General Partner or such other persons as the General Partner may designate.

5.3. Allocation in Event of Transfer of Partnership Interest During Year. In the event of the transfer of all or any part of a Partnership Interest (in accordance with the provisions of this Agreement) at any time other than at the end of the Partnership year, the distributive share, in respect of the Partnership interest assigned, of Partnership income, gains, losses, deductions and credits, as computed both for Partnership accounting purposes and for Federal income tax purposes, will be allocated between the transferor and the transferee, in the same ratio as the number of days in such year before and after the date of such transfer. The foregoing provisions of this Section will not be applicable to the distributive share, in respect of the Partnership interest assigned, of Partnership income, gains, losses, deductions and credits arising out of (a) the sale or other disposition of all or substantially all of the property of the Partnership, or (b) other extraordinary nonrecurring items, all of which will be allocated to the holder of such Partnership interest on the date such income, gains, losses, deductions and credits are earned or incurred.

5.4. Tax Elections. In the event of a transfer of all or part of the interest of a Partner, the General Partner may elect to adjust the basis of the Partnership's property pursuant to Sections 734, 743 and 754 of the Internal Revenue Code. All other elections required or permitted to be made by the Partnership under the Code shall be made by the General Partner in such manner as will, in the opinion of the Partnership's accountants, be the most advantageous to a majority in interest of the Limited Partners.

ARTICLE VI

WITHDRAWAL AND REPLACEMENT OF PARTNERS AND TRANSFER OF PARTNERSHIP INTERESTS

6.1. General Partner.

(a) The General Partner may not sell, assign or encumber all or any part of its interest in the Partnership or withdraw or resign as a General Partner or voluntarily dissolve or liquidate the Partnership, without the prior written consent of all of the Limited Partners.

(b) The General Partners, or either of them, may be removed for cause at any time upon written authorization and notice (specifying the cause for removal) from two-thirds in interest of the Limited Partners (i) if such General Partner shall have committed, or permitted, a material breach of any condition, covenant, representation, warranty or other agreement to be performed, observed or made by such General Partner under this Agreement; or (ii) if such General Partner shall be guilty of incompetence, willful misfeasance, gross negligence or a material breach of such General Partner's fiduciary obligations to the Partnership. Such removal and elections described in

subsection (c) below shall become effective on the thirtieth day after giving of such notice, and each Partner hereby consents thereto. If such General Partner shall be so removed, the business of the Partnership shall be continued subject to and upon the terms and conditions as are set forth in subsection (c) below.

(c) In the event the General Partner shall die or be adjudicated insane or incompetent or withdraw or retire (as permitted by subsection (a) hereof, or in contravention of the provisions of this Agreement) or shall prepare to dissolve or liquidate, shall be adjudicated a bankrupt, shall enter into an assignment for the benefit of creditors, or shall have a receiver appointed to administer its interest in the Partnership, or such interest shall be seized by a creditor prior to the appointment of a successor to the General Partner, then, in any such event, the General Partner or its legal representative shall promptly notify the Limited Partners thereof and shall dissolve the Partnership, unless all of the Limited Partners shall desire to continue the Partnership and shall appoint new general partner(s) as successor to the General Partner. Such successor shall have the right to acquire the General Partner's interest in the Partnership for an amount determined by the Partnership's accountants to represent the value of such interest at the date upon which the General Partner died, was adjudicated insane or incompetent, withdrew, retired, voted to dissolve or liquidate, was voluntarily dissolved or liquidated, was adjudged a bankrupt, entered into an assignment for the benefit of creditors, had a receiver appointed to administer its interest in the Partnership, or such interest was seized by a creditor, as the case may be. The rights hereunder of the Limited Partners to require the determination of such price shall be exercisable only within ninety (90) days after the later of the date as of which the General Partner's interest is to be valued hereunder or the date of notice to the Limited Partners of the event giving rise to such valuation. The acquisition of such interest shall take place, if at all, within forty-five (45) days after the date upon which such valuation is made (provided the Partners are timely notified).

(d) Any person who acquires, in any manner whatsoever, except as herein otherwise provided, the interest or any portion thereof of a General Partner, shall not be a general partner but shall be entitled to become a Limited Partner upon his written acceptance and adoption of all of the terms and provisions of this Agreement. Such person shall, to the extent of the interest transferred to him, acquire no more than such General Partner's share, if any, in the capital and Profits, and shall bear such General Partner's share of Losses of the Partnership, but shall not acquire any right or interest in any

payment or distribution to the Limited Partners, as such, pursuant hereto. No such person shall have any right to participate in the management of affairs of the Partnership or to vote with the other Limited Partners, and the interest acquired by such person shall be disregarded in determining whether action has been taken by any percentage in interest of the Limited Partners.

(e) A successor to a General Partner designated, as herein permitted, shall become and perform the functions of the General Partner hereunder and receive all allocations and distributions of Cash Receipts and Profits due to the General Partner hereunder, it being understood that such person or persons shall become signatories to this agreement, shall be bound by the terms and conditions hereof, and shall be known as a General Partner for the purposes of this agreement and otherwise. Any person or persons admitted to the Partnership pursuant to the provisions of this subsection 6.1(e) shall be subject to replacement thereafter in accordance with the provisions of this subsection 6.1.

6.2. Death, Incompetence, Dissolution or Withdrawal of a Limited Partner.

(a) Upon the death, legal incompetency, bankruptcy or insolvency of an individual Limited Partner (including a substituted Limited Partner), his legally authorized personal representative shall have all of the rights of a Limited Partner for the purposes of settling or managing his estate, and shall have such power as the decedent, incompetent, bankrupt or insolvent possessed to make an assignment of his interest in the Partnership in accordance with the terms hereof.

(b) Upon bankruptcy, insolvency, dissolution or other cessation to exist as a legal entity of any Limited Partner which is not an individual, the authorized representative of such entity shall have all the rights of a Limited Partner for the purpose of effecting the orderly winding up and disposition of the business of such entity and such power as such entity possessed to make an assignment of its interest in the Partnership in accordance with the terms hereof.

6.3. Substitution of Limited Partners. Each of the Limited Partners shall have the right, subject to the provisions of this Section 6.3 and compliance with applicable laws, to sell or assign any or all of his interest in the Partnership to any individual, firm or corporation, whether or not a Partner (except

a minor or person adjudged insane or incompetent); provided, however, that (a) such assignment shall be by instrument, in form and substance satisfactory to counsel for the Partnership, including an expression by the assignee of his intention to be substituted as a Limited Partner and his acceptance and adoption of all of the terms and provisions of this Agreement, as the same may be amended from time to time, and providing for the payment otherwise than by the Partnership of all reasonable expenses incurred by the Partnership in connection with such admission, including, but not limited to, the cost of preparing, filing and publishing the necessary amendment or amendments to the Certificate of Limited Partnership, (b) the General Partner shall have given its consent to such assignment, and (c) such assignment shall not result in a change of ownership, by reason of sales or exchanges, of fifty (50%) percent or more in the total profits and capital of the Partnership during the twelve (12) month period ending on the date of such assignment. Each substituted Limited Partner shall be entitled to the same rights and powers as were possessed by his assignor, including the right to sell or assign his interest in the Partnership in the same manner and subject to the same conditions.

ARTICLE VII
DISSOLUTION, LIQUIDATION AND TERMINATION

7.1. Dissolution. Except as herein otherwise expressly provided, the Partnership shall be dissolved upon the occurrence of the following events:

(a) The occurrence of any of the events referred to in Section 6.1(b) hereof unless the Limited Partners shall elect to continue in accordance with the provision of said Section 6.1(b) hereof;

(b) The agreement of all of the Limited Partners;

(c) Failure to appoint a Successor pursuant to Section 6.1 hereof within 120 days; or

(d) The expiration of the term provided in Section 1.6 hereof.

Dissolution shall be effective on the date of the event giving rise to the dissolution, but the Partnership shall not terminate until the assets thereof have been distributed in accordance with the provisions of ARTICLE V hereof, and the balance distributed to all Partners in accordance with their respective capital accounts. The death, insanity, incompetency, bankruptcy

or insolvency or similar event of dissolution or liquidation of a Limited Partner shall not dissolve the Partnership.

7.2. Liquidating Trustee. Upon dissolution of the Partnership, the liquidating trustee (which shall be the General Partner, unless it is subject of one of the events set forth in subsection (a) of Section 7.1, in which case a person selected by a majority in interest of the Limited Partners shall be the liquidating trustee) shall proceed diligently to wind up the affairs of the Partnership and distribute its assets in accordance with the provisions of ARTICLE III hereof. During the interim, the liquidating trustee shall continue to exploit the rights and properties of the Partnership consistent with the liquidation thereof, exercising in connection therewith all of the power and authority of the General Partner as herein set forth.

7.3. Accounting on Dissolution. Upon dissolution of the Partnership, the liquidating trustee shall cause the Partnership's accountants to make a full and proper accounting of the assets, liabilities and operations of the Partnership, as of and through the last day of the month in which the dissolution occurs.

7.4. Liquidation and Termination. As expeditiously as possible, but in no event later than one (1) year after the occurrence of an event of dissolution, the liquidating trustee shall pay all liabilities of the Partnership and establish a reserve, as provided for in subsections (a) and (b) of Section 3.2 hereof, and make the further payments and distributions provided for in ARTICLE III and this ARTICLE VII. Unless agreed to in writing by all of the Partners, the Limited Partners shall have no right to demand and receive property other than cash upon liquidation, and the liquidating trustee shall, in any event, have the power to sell Partnership assets for cash in order to provide for payment of liabilities and establishment of a reserve as aforesaid or otherwise. All saleable assets of the Partnership may be sold in connection with any liquidation at public or private sale, at such price and upon such terms as the liquidating trustee, in its sole discretion, may deem advisable. Any Partner and any partnership, corporation or other firm in which any Partner is in any way interested may purchase assets at such sale. Distributions of Partnership assets may be made in cash or in kind, in the sole and absolute discretion of the liquidating trustee.

ARTICLE VIII REPRESENTATIONS AND WARRANTIES

8.1. Representations, Warranties and Agreements of the Limited Partners. Each Limited Partner, severally but not jointly, represents, warrants, confirms and agrees with the other partners hereto as follows:

(a) Such Limited Partner has full right, power and authority to execute and deliver this Agreement and to perform each of his obligations hereunder. This Agreement has been duly executed and delivered by or on behalf of such Limited Partner and constitutes the valid and binding obligation of such Limited Partner in accordance with its terms. Such Limited Partner is not subject to any restriction or agreement which prohibits or would be violated by the execution and delivery hereof or the consummation of the transactions contemplated herein or pursuant to which the consent of any third person, firm or corporation is required in order to give effect to the transactions contemplated herein.

(b) Such Limited Partner (i) has such knowledge of business and financial affairs as is necessary to enable him to understand the highly speculative nature of and the risks attendant to investments in securities in general and to an investment in the Partnership in particular, and to understand the financial, legal and tax implications of the business to be conducted by the Partnership; (ii) has determined on the basis of consultations with his own legal and tax advisors that the purchase of an interest in the Partnership is consistent with his own investment objectives and income prospects; and (iii) has access to any and all information concerning the Partnership which he and his legal and tax advisors requested or considered necessary to make a proper evaluation of his investment.

(c) Such Limited Partner understands that the Partnership interests being acquired hereunder have not been registered under the Securities Act of 1933, as amended ("Act"), on the ground that investment in the Partnership is exempt under Section 4(2) of the Act as not involving a public offering. Such Limited Partner represents that he is acquiring his interest in the Partnership for investment for his own account with no present intention of reselling or otherwise disposing of the same, and understands that the reliance of the General Partner upon such exemption is predicated upon the lack of such intention. Such Limited Partner further realizes that in the opinion of the Securities and Exchange Commission the statutory basis for such exemption would not be present, if, notwithstanding such representation, such Limited Partner contemplates acquiring his interest in the Partnership for resale upon the occurrence or nonoccurrence of some predetermined event. In view of such opinion, such Limited Partner confirms the meaning of his representation to be that he does not now intend to dispose of all or any portion of his Partnership interest, that to the best of his knowledge and belief there are no circumstances in the foreseeable future, of which he is now aware, that would require the resale of any

portion of such interest and that he will in no event, sell, transfer or otherwise dispose of his interest in the Partnership or any portion thereof unless, in the opinion of counsel to the Partnership, such interest may be legally sold, transferred or otherwise disposed of either without registration or qualification under the Act, or both, and under other applicable state or Federal statutes, or such interest shall either have been so registered or so qualified, or both, and a registration statement shall then be in effect with respect thereto. Such Limited Partner further acknowledges his understanding that no trading market for interests in the Partnership does or will exist at any time and that his interest will at no time be transferable without potential adverse tax consequences. Such Limited Partner further understands that the disposition of his interest in the Partnership is also limited by other provisions of this Agreement.

8.2. Representations, Warranties and Agreements of the General Partner. The General Partner represents and warrants to, and confirms and agrees with, the other Partners hereto that it (i) has full right, power and authority to execute and deliver this Agreement and to perform each of its obligations hereunder; (ii) has duly executed and delivered this Agreement; (iii) has taken all action necessary to constitute this Agreement its valid and binding obligation, and this Agreement is its duly and validly binding obligation in accordance with its terms; (iv) is not subject to any restriction or agreement which prohibits or would be violated by the execution and delivery hereof or the consummation of the transactions contemplated herein or pursuant to which the consent of any third person, firm or corporation is required in order to give effect to the transactions contemplated herein; (v) will take all such action as may be necessary in order that the Partnership does and will continue to meet Internal Revenue Service requirements for advance rulings that the Partnership will be classified as a limited partnership for Federal income tax purposes; (vi) will permit no condition to exist which will make the Partnership unable to meet Internal Revenue Service Requirements for advance rulings that the Partnership will be classified as a limited partnership for Federal income tax purposes; and (vii) will take all such other action as will enable it to remain a General Partner in the Partnership and perform its obligations hereunder.

8.3. Representations and Warranties of the First Limited Partner and the General Partner. The First Limited Partner and the General Partner represent and warrant to the other parties hereto that prior to the date of this Agreement, the Partnership did not engage in any business other than seeking mineral rights for development and exploitation.

ARTICLE IX
GENERAL

9.1. Admission of New Partners. Except as otherwise specifically provided for herein, no new Partners may be admitted to the Partnership without the prior consent of the General Partner and all of the Limited Partners.

9.2. Notices. Any notice, consent or other communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be deemed to have been duly and properly given or served for any purpose only if delivered personally with receipt acknowledged or sent by registered or certified mail, return receipt requested, postage and charges prepaid and addressed to the address set forth opposite such person's name on the signature page hereof.

Partners may change their address for the purpose of this Section 9.2 by notice to the Partnership at its principal office in the manner herein provided for. Any such notice, consent or other communication shall be deemed to have been given the day it was (a) deposited in a regularly maintained receptacle for the deposit of United States mail or (b) personally delivered with receipt acknowledged.

9.3. Further Assurances. Each of the parties hereto agrees to execute, acknowledge, deliver, file, record and publish such further certificates, instruments, agreements and other documents, and to take all such further action as may be required by law or deemed by the General Partner to be necessary or useful in furtherance of the Partnership's purposes and the objectives and intentions underlying this Agreement and not inconsistent with the terms hereof.

9.4. Arbitration. Any dispute arising under, out of or in relation to this Agreement or its interpretation, the making or validity hereof or any breach hereof, shall be determined and settled by binding arbitration in Oregon pursuant to the rules then obtaining of the American Arbitration Association. Any award rendered shall be final and conclusive and binding upon the parties, and a judgment thereon may be entered in any court, state or Federal, having jurisdiction of, and service of process in, the State of Oregon.

9.5. Entire Agreement. This instrument incorporates the entire agreement among the parties hereto, regardless of anything to the contrary contained in any Certificate of Limited Partnership or other instrument or notice purporting to summarize the terms hereof, whether or not the same shall be recorded or published.

9.6. Amendments. This Agreement may not be modified or amended except with the consent of the General Partner and a majority in interest of the Limited Partners; provided, however, that when the consent or vote of all of the Limited Partners is required for the taking of action hereunder, the consent of all of the Limited Partners shall be required in order to modify or amend such provisions. Upon the effectiveness of any modification or amendment hereto, all of the Partners, whether or not consenting to such amendment, shall be bound by the terms and provisions thereof, as if they had so consented; provided, however, that no amendment hereof shall be effective to change the obligations or rights of any Limited Partner under Articles II, III and IV without such Partner's consent.

9.7. Gender and Number. Unless the context otherwise requires, when used herein, the singular includes the plural and vice versa, and the masculine includes the feminine and neuter and vice versa. A person is deemed to include a person, firm or corporation or other entity.

9.8. Benefit. This Agreement is binding upon and inures to the benefit of the parties hereto, their heirs, legal representatives, successors and assigns.

9.9. Captions. Captions are inserted for convenience only and shall not be given any legal effect.

9.10. Powers of Attorney. Each of the parties hereto, including persons who become parties to this Agreement or become entitled to the benefits of its provisions after the date hereof, hereby irrevocably constitutes and appoints the General Partner, as his true and lawful representative and attorney-in-fact, with full power and authority in his name, place and stead, to make execute, sign, acknowledge, or swear, deliver, record and file:

(a) Any and all instruments or documents (i) referred to in Section 1.2 hereof, or (ii) that may be appropriate to reflect (1) a change in the name or the location of the principal place of business of the Partnership, (2) the disposition by a Partner of his interest in the Partnership or any part thereof (3) the substitution or addition of a person becoming a Partner of the Partnership, (4) a distribution in reduction of the capital contribution of a Partner, and (5) a change in the capital of the Partnership;

(b) Any and all amendments or modifications of the instruments described in subsection 9.10(a) hereof;

(c) All documents and instruments which may be required to effect the dissolution and termination of the Partnership in accordance with this Agreement; and

(d) All such other documents or instruments, including, but not limited to, instruments of conveyance of General Partner deems necessary or appropriate in the conduct of the Partnership's business.

The foregoing power-of-attorney shall be deemed to be coupled with an interest and shall survive the death, insanity, incompetency, legal incapacity, bankruptcy, insolvency or dissolution of any party hereto, including, without limitations, a Limited Partner and the assignee of his interest in the Partnership.

In addition, the Limited Partner hereby agrees to execute and deliver to the General Partner, within five (5) days after receipt of the General Partner's request therefor, such other and further powers of attorney, and other instruments which the General Partner deems necessary to comply with any laws, rules or regulations relating to the formation of the Partnership or

Notwithstanding the foregoing provisions of this Section 9.10, when acting in a representative capacity, the General Partner shall have no right, power or authority to amend or modify this Agreement, except for amendments which are not of a material nature and do not affect the rights of the Limited Partner in any material respect or manner.

9.11. Execution. This Agreement may be executed in any number of counterparts, and each such counterpart will, for all purposes, be deemed an original instrument, but all such counterparts together will constitute but one and the same agreement.

IN WITNESS WHEREOF, each party has executed this Agreement of Limited Partnership this 29th day of June, 1977.

We, the undersigned, declare under the penalties of perjury, that we have examined this Certificate and Agreement of Limited Partnership and to the best of our knowledge and belief it is true, correct and complete.

M. Darrell Nilson
General Partner, M. Darrell Nilson

J.M. Newey
General Partner, J.M. Newey
218 Kearns Building
Salt Lake City, Utah.

Karen Remington Rogers
First limited partner
Karen Remington Rogers
856 Hilltop Road
Salt Lake City, Utah

\$ 100.00

Karen Remington Rogers
Limited Partner

856 Hilltop Road
Street

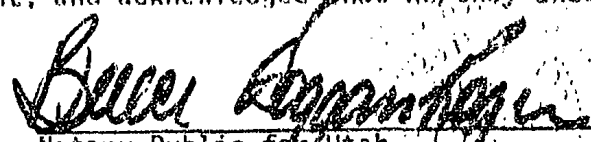
Salt Lake City, Utah 84103
City, State

529-52-1210
Taxpayer I.D. Number

STATE OF UTAH)

County of Salt Lake)

On this 29th day of June, 1977, before me personally came Karen Remington Rogers to me known to be the individual/s described in, and who executed the foregoing instrument, and acknowledged that ho/they executed the same.



Notary Public for Utah
My Commission expires: